4364. Also, petition signed by 20 citizens of San Bernardino, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4365. Also, petition signed by 34 citizens of Dulzura and Barrett, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4366. Also, petition signed by 47 residents of San Bernardino, Calif., protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

4367. Also, petition signed by 22 members of the Imperial Valley Chapter, Reserve Officers' Association, supporting the national defense act and institutions created thereunder, and urging that the United States Navy be brought up to treaty ratio, and protesting any reduction in the size of the Regular Army; to the Committee on Appropriations.

4368. By Mr. WYANT: Telegram of Ella B. Black, president Pennsylvania Woman's Christian Temperance Union, representing 45,000 women, protesting against passage of Beck-Linthicum bill; to the Committee on the Judiciary.

4369. Also, petition of A. J. Bierer, J. A. Williams, and Joseph Giordano, of Greensburg, and Frank E. Walker, Mount Pleasant, both of the State of Pennsylvania, protesting against passage of revenue bill of 1932; to the Committee on Ways and Means.

4370. Also, petition of Mary E. Mitchell, president, and Lily Miller, treasurer, Woman's Christian Temperance Union of Belle Vernon; Mr. and Mrs. S. C. Daugherty and James Edge, of Jeannette; and Maude Taylor, of Irwin, all of the State of Pennsylvania, protesting against the passage of the Beck-Linthicum bill; to the Committee on the Judiciary.

4371. Also, petition of clergy of the Pittsburgh diocese of the Russian Orthodox Greek Catholic Church, favoring immediate Federal aid to relieve the distress caused by unemployment; to the Committee on Appropriations.

4372. Also, petition of J. F. Dietrich, of Greensburg; Wilbert B. Duncan, E. R. Goshorn, William M. Noble, S. B. Bishop, F. L. Moberg, of Latrobe; Elias Katz, burgess and Frank A. Maddas, president Victor Brewing Co., Jeannette; and Fred Vigne, Monessen, all of the State of Pennsylvania, urging support of the Beck-Linthicum bill; to the Committee on the Judiciary.

SENATE

TUESDAY, MARCH 15, 1932

(Legislative day of Monday, March 14, 1932)

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

Mr. JOHNSON obtained the floor.

Mr. FESS. Mr. President, will the Senator from California yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from California yield for that purpose?

Mr. JOHNSON. I yield.

Mr. FESS. 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	Costigan	Johnson	Robinson, Ark.
Austin	Couzens	Jones	Robinson, Ind.
Bailey	Dale	Kean	Schall
Bankhead	Davis	Kendrick	Sheppard
Barbour	Dickinson	Keyes	Shipstead
Barkley	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Black	Fletcher	Lewis	Smoot
Blaine	Frazier	Logan	Steiwer
Borah	George	Long	Thomas, Idaho
Bratton	Glass	McGill	Thomas, Okla.
Brookhart	Glenn	McKellar	Townsend
Broussard	Goldsborough	McNary	Trammell
Bulkley	Gore	Metcalf	Tydings
Bulow	Hale	Moses	Vandenberg
Byrnes	Harrison	Neely	Wagner
Capper	Hatfield	Norbeck	Walcott
Caraway	Hawes	Norris	Walsh, Mass.
Carey	Hayden	Nye	Walsh, Mont.
Connally	Hebert	Oddie	Waterman
Coolidge	Howell	Patterson	White
Copeland	Hull	Pittman	

Mr. TOWNSEND. I wish to announce that my colleague the senior Senator from Delaware [Mr. HASTINGS] is unavoidably absent. I will let this announcement stand for the day.

Mr. ROBINSON of Indiana. I desire to announce the continued illness of my colleague the senior Senator from Indiana [Mr. WATSON]. I ask that this announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present. The Senator from California [Mr. JOHNSON] is entitled to the floor.

FOREIGN LOANS

Mr. JOHNSON. Mr. President, in conformity with the statement recently made I am going to devote myself, I hope, for a brief period, but I fear not, to a discussion of the foreign loans and the investigation recently held by the Finance Committee in regard to the foreign loans.

Mr. President, the story of our foreign loans is a sordid tale, at once grotesque and tragic. The picture presented by the testimony in the recent investigation under the Senate resolution introduced by me was by no means complete, but for the first time in our legislative history there were disclosed certain ugly facts which enabled us fairly to understand and thoroughly to resent what has been done to the investing American public. Within any ordinary time limits no investigation could uncover all details, and the purpose of the author of the resolution was, without expense or cost to the Government, with celerity to develop enough to indicate the tortuous ways of the security seller, the wrong done the unhappy buyer, and then, although the past might be remediless, by wise legislation to endeavor to prevent a recurrence in the future. The investigation of these foreign loans was unique in one aspect. It is the only investigation of consequence and importance ever carried on by the Senate without the expenditure of a dollar for assistants or expert aid. The small cost of this investigation has been solely for shorthand reporters and the telegrams which may have been sent by the chairman of the Finance Committee. No attorney was employed, no expert or technician assisted, and no aid of any kind or any character was paid for in the investigation, which in its sensational developments finally enabled our people to know how they had been separated by clever manipulators from their savings and which by its disclosures should be far-reaching in its results. I wish at the first opportunity that has been mine very gratefully to acknowledge my obligation to the members of the press, and particularly the younger members, who in their zeal for the truth and their enthusiasm for a just cause rendered me invaluable service. Without them the results attained never could have been accomplished. I never can forget the fine spirit with which these gentlemen, recognizing the difficulties under which we labored, gave so lavishly of their time and their effort that a dazed people, whose credulity had been played upon and whose pockets had been picked, might at least learn something of how it had been done. To the present Secretary of Commerce, the Hon. Robert P. Lamont, I am indebted for most courteous and helpful cooperation in all that I asked of him. The attitude of his department during this investigation stands in sharp contrast to that of another department of our Government.

Under existing circumstances the investigation, of course, was far from complete, but sufficient has been developed to enable us readily and logically to fill in the gaps and paint the complete picture. The loans, their extraordinary amounts, the mode in which all risks were passed on to our people, and the profits appropriated by our bankers; the utterly unrestrained duping of investors, the smug

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complacency of the great financial prestidigitators, are all in some degree shown by the testimony and afford us the highlights from which may be illumined the spaces between, and from which with accuracy we may understand how the game was played with a gullible people and the stakes appropriated by the supermen of finance.

Practically every State in the Union has now a blue-sky law, by which the State seeks to protect the investing public. It is only in the Federal Government where high finance in investments has been unrestrained. The sale of foreign securities was not only unrestrained by our Government, but the peculiar system adopted by the State Department enabled international bankers to foster sales, and either by direct reference or a mere statement of the fact to convey the impression that their securities were of a character satisfactory to our Government. For many years the State Department has asserted its practice to be one of noninterference. It has neither affirmatively approved nor disapproved loans made by international bankers abroad. In most instances, however, the international banker has advised the State Department of his intention to make a foreign loan, and under the fixed policy of the department has received a response stating merely "The Department of State offers no objection." The attitude of the department, as I understand it, has been that it has nothing whatever to do with loans abroad, even to governments, unless political reasons intervene. Of course, to investors, the statement, accurate in letter, that the particular investment had been submitted to the State Department and our Government had "no objection," was quite persuasive, and the ordinary American laboring still under the delusion that he participated by virtue of his citizenship in the Republic and that his Government would protect his interests as well as those of international bankers, fondly believed that if the State Department had no objection to his purchase of foreign securities his rights had been safeguarded. How his credulity was imposed upon, and how illusory was his belief concerning the protecting arm of his Government, his present plight demonstrates.

Prior to 1914 our experience as international bankers had been negligible. Suddenly we became a creditor nation. The banking houses of the Old World gave place to those of the new. Instead of the great English financiers ever in the front, the American house of Morgan took preeminence. This was the beginning of its great power, which has now so expanded that in the presence of its members the worshipful tread carefully and reverently. It finances not one government but many. Its knowledge is so omniscient and its power so great that without criticism, upon the theory of capacity to pay, it could lend to Italy $100,000,000 at 7 per cent immediately after the United States Government had settled its Italian debt for 23 cents on the dollar in long-deferred payments, with interest at one-eighth of 1 per cent. In justice, however, it should be remarked that in the sorry competition for South American loans, it was testified that the house of Morgan and Kuhn, Loeb & Co. did not participate.

With the world dominance of American bankers came the like meteoric rise of the American dollar. Money was plentiful. The people found themselves transformed overnight into investors. The mad orgy was on. Speculation ran riot; and speculation was encouraged not only by bankers greedy for profits but by the very Government itself. Of course, in one aspect the people themselves were to blame; but in another every rule of fair play, every tenet of fiduciary relation, every principle of forthrightness and honesty acquit those ignorant of finance who had been taught to rely upon their bankers for advice and aid and transfer the guilt to the men who knew, to the international bankers who coined the ignorance and confidence of their customers.

In a very recent and most interesting book by Thomas F. Lee entitled "Latin American Problems" the author describes what subsequently occurred in Latin America and what in only less degree is true concerning our foreign loans elsewhere. Mr. Lee says:

> But with little experience in lending money to foreign peoples we became a creditor nation; the "Coolidge bull market" engulfed us; optimism ran riot; we discounted the future and headed on into our present embarrassment. During that unhappy period of spiritual and financial inflation perhaps the most difficult task of the international banker or of any investment banker was to find something in the way of reasonably safe securities to hand out in return for the dollars of an eager and confiding clientele. Our best professional economists had definitely stated that we had entered an entirely new economic era wherein most familiar laws (with the exception of the law of gravity) might be relegated to the limbo of things obsolete. It seemed unnecessary to look for anything except the element of profit. The banker's agent in the republics to the south of us, prodded by his principal to bring home something more to sell, was more interested in securing the loan at any price and on any terms than in its necessity on the one hand and the security of the bond buyer on the other.

It was interesting to observe the lofty tone adopted by our international bankers when testifying before the Finance Committee and their constant emphasis upon morality. Their professions did them infinite credit, of course. The story of what transpired, unfortunately, is somewhat at variance with these professions. They told us how good the loans were that they had made to foreign governments and to corporations abroad. They asserted, with a convincing emphasis to those accustomed to obeisance in their presence, that all the loans made were good and all would be paid. Fervently do we hope their predictions will be fulfilled, but the American who has put his all into beautifully colored lithographs that are promises to pay of a government which has defaulted in its interest may be pardoned a bit of skepticism.

We are assured that the governmental loans made to Europe by international bankers, through American investors, are not doubtful and every obligation will be faithfully met. The only bad loans of European governments apparently are those held by the Government of the United States for all the people of the United States. These may require readjustment, as our President says, and already we have granted one moratorium. No such contingencies, according to our international bankers, confront the loans made by them. Our people, all of them, have had imposed upon them one moratorium, an additional burden of $250,000,000, which have been utilized to pay short-term securities of international bankers. The high moralists among these bankers will doubtless persuade our Government, if essential to protect their own holdings, to grant further moratoria, and, indeed, if they can have their way, to scale down the debts due to all of the people of the United States that they may realize their own; and then, with statesmanlike seriousness, we will debate again the balancing of our Budget and the necessity for additional taxes upon our people.

The international bankers are purchasers of foreign securities only for sufficient time to enable them, at a profit, to pass them on to the general public. It is a beautiful system for them, out of which, of course, because of their acumen, their ability, their morality, their high sense of service to the American public, they have made their enormous fortunes. The system, in brief, is his: A foreign country desires a loan of $100,000,000. Arrangements are made with one of our international bankers in respect to the loan. A contract is duly entered into by which the international banker buys the loan, say, at 90. He immediately takes in 1, 2, 3, or 4 of his associates at a step-up price of 91 or 92. The few associates who thus become a part of the loan select a larger body and a step-up price of 1, 2, 3 points is made.

The international banker to whom first is intrusted the loan makes his profit on the first step-up price to the very limited 2, 3, or 4 who join with him. This small coterie then make their step-up price of 1, 2, or 3 points, as the case may be, to the larger syndicate. The original international banker has thus relieved himself of responsibility and made his profit. He participates then in the second profit, and the second group have relieved themselves and made their profit in unloading upon the larger coterie. No liability now attaches to any of the original promoters of the loan. The larger group then formed allocate proportions of the loan to bankers and bond salesmen throughout the Nation. This last group may consist of some hundreds or even a thousand bankers in the United States. To them the issue

is sold at a fixed price and they are to dispose of it at a fixed higher price, which will enable them to make their profit. In the various profits the original houses participate, and the original houses, if of sufficient strength, can of course allocate to the ultimate group the proportions they assign with certainty of acceptance of these proportions, and then finally receive the ultimate purchase price. This mode may be varied at times with fewer syndicates. The spread, as the international bankers term it, between the original price, say, of 90 and the ultimate selling price, say, of 96 or 98, varies in different loans. The small banker, of course, is not crudely coerced into taking the allotment, which is given to him by the big New York international banker, but the small fellow knows full well that if he does not take what is allotted to him he will have his difficulties in the future. It is a perfectly safe game for the big international banker with his enormous connections, in which he really can not lose, and the profits from it are staggering.

During the progress of the investigation I received a number of letters from those who were interested in small banks, who complained bitterly of the compulsion put upon them. They told of how they had received allocations of foreign loans, how they accepted them because of abject fear, and the dire results that had resulted. I quote one letter, deleting names, that will indicate the results of the system:

The time seems opportune to put a curb on the bank "racket" of underwriting and bond selling.

And if ever there was a racket imposed upon the American people, almost worse than any other racket that late years have brought upon us from one cause or another, that racket is the racket that has been played upon American investors and those who were little able to stand the expense by the international bankers with the securities they retailed to our people.

I do not know—

Said this writer—

what caused the depression, but I think that the cupidity of bankers coupled with their crass ignorance of precedent and political economy contributed largely. It may interest you to have a good example of distribution of foreign bonds; indeed, of all bonds.

Inclosed you will find a list of bonds held by the ——— bank, which closed its doors on December 28. You will note that the par value of these bonds is $1,368,000. I understand $500,000 of these were pledged to secure municipal and State deposits. This would leave $868,000 invested in miscellaneous bonds, of which over $400,000 worth at par are those of foreign states or corporations.

The capital of this bank—

It was a little country institution that was serving its patrons, and following its little way joyously, until compelled and coerced to take, at the hands of these great New York bankers, their allotment of foreign bonds—

The capital of this bank was $125,000, and, according to the books, they had a surplus of something in the neighborhood of $250,000. Thus the foreign bonds held by them exceeded the entire capital and surplus.

It seems to me incredible that the officers of this bank would select such securities of their own free will. Apologetic statements of their friends indicate that they were coerced by interested banks, and this is a subject that must engage the attention of the committee.

There are many ways in which the profits of the international banker are enhanced. He becomes the agent for a particular country concerning its securities. He deals with the sinking fund and retirement of bonds, for which, of course, he receives his compensation. In his capacity as representative, for what he does undoubtedly he receives his pay.

A system of late has grown up in this country under which oftentimes those who control the powerful banking institutions interest themselves as well in investment trusts. These trusts primarily were supposed to enable the investor to obtain technical advice and expert assistance, which, of course, the ordinary investor lacked. Without other knowledge on his part the investor approached the investment trust to secure his savings and to invest them in such fashion as to enable him to receive a modest income. The investor bargains for the disinterested and honest advice and assistance which it is held out to him he hires when he deals with the investment trust. He learns in a period such as this, to his cost, that his investment trust, after all, was simply a part of the big international bank, and that this bank in some instances transferred a foreign loan from itself, at a profit, to its own investment trust, which in turn palms it off on the unwary customer.

Mr. John T. Flynn, an author of note upon investment trusts, has aptly described them to me in a recent communication:

The mechanism of investment banking houses is devised to take care of every phase of the business from selling a country or a corporation the idea of issuing bonds right up to selling the bonds themselves to the ultimate investor. One of the shameful phases of this excessive organization is the manner in which the investment banker has wandered across the line into the territory of the buyer and taken possession of the buyer's own machinery for buying, so that the investment banker finds himself on both sides of the bargain—representing the seller on one side of the counter and the buyer on the other. If a typical bond issuing and selling adventure can be followed from its inception to its very end it would be found that the investment banker has managed through many devices to control many of the instruments which the investor relies upon for exercising his choice. One of these, of course, is the investment trust.

The investment trust is organized to represent the buyer of securities—the distracted, bewildered, small investor who, in his ignorance of securities, goes to the investment trust under the impression that it represents his interests alone. It is one of the dark spots in the history of the last half-dozen years in this country that the investment banker—the merchant of securities—was permitted to take possession of the investment trust. Of course, in the portfolios of the investment trusts were found foreign bonds, and in many cases foreign bonds issued or marketed by the investment bankers who had organized and who controlled the investment trusts.

It is not easy to trace the influence of the sponsoring bankers in the selection of the foreign securities purchased by their trusts. As a matter of fact foreign securities were issued in large amounts by a limited group of investment houses. These same investment houses had investment trusts which they managed directly or indirectly. We can find in the portfolio of a given trust bonds marketed by the house sponsoring the trust and also bonds and stocks issued by other bankers who also had trusts, in whose trusts will be found the securities of the first bankers. In other words, there is at least some ground for suspecting that there was a good deal of back scratching by investment bankers and their investment trusts in the purchase of securities.

The investment trust, as thus described by Mr. Flynn, is simply another device of financial cajolery the ultimate result of which leaves the investor holding the bag.

The international banker constantly and unctuously dwells upon his extreme care in making foreign loans, his meticulous investigations, his yardstick of productivity, balancing budgets, and the like; but the indubitable fact established by the evidence is that in the keen competition among bankers for loans the rivalry was so pronounced that precautions and productivity were forgotten and only profits remembered.

During the period after the war and until the panic of the latter part of 1929 international bankers reversed the financial rule of the centuries, and in international loans the policy as described by Mr. Jones, of the Commerce Department, and others became one of the lender seeking the borrower rather than the borrower seeking the lender. Of course, under a system such as this, with lenders on the doorsteps of borrowers, pleading and begging for the opportunity to make a loan, and none too scrupulous as to how the privilege was obtained, it becomes obvious that the vaunted investigation of loans by bankers was little heeded. The bankers had just one thought and that was profits. The money so plenteous in the United States during that period, the anxiety of those who had little safely to place it in permanent investments, the peculiar financial intoxication which had communicated to all classes of society and all kinds of people, of course, contributed to the result and made it very easy for those international bankers, who were thinking of profits alone, to pass on to an unsuspecting public, but too anxious to invest, practically any kind of a loan under any circumstances.

The testimony of disinterested witnesses was ample to prove the kind of competition among international bankers, but we are not dependent upon these disinterested witnesses alone for our proof. The situation was very aptly described

by Mr. Thomas W. Lamont, of J. P. Morgan & Co., in a speech made in 1927, the following excerpt of which is in the record. Mr. Lamont then said—and his word, of course, will be received with absolute verity by every man within the sound of my voice and every individual who in high position constitutes a part of American citizenship. Mr. Lamont says—and this, of course, we may take as absolute, and disregard, if we please, Mr. Jones, Mr. Corliss, and the various others who testified before the committee as to the fact—Mr. Lamont says, sir:

From the point of view of the American investor it is obviously necessary—

This was in 1927, by the way, and he did not appear to recollect it very keenly when the Senator from Oklahoma [Mr. GORE] called it to his attention; but in 1927 he said:

From the point of view of the American investor it is obviously necessary to scan the situation with increasing circumspection and to avoid rash or excessive lending. I have in mind the reports that I have recently heard of American bankers and firms competing on almost a violent scale for the purpose of obtaining loans in various foreign money markets overseas.

Naturally it is a tempting thing for certain of the European governments to find a horde of American bankers sitting on their doorsteps offering them money. It is rather demoralizing for municipalities and corporations in the same countries to have money pressed upon them. That sort of competition tends to insecurity and unsound practice. The American investor is an intelligent individual and can be relied upon to discriminate. Yet, in the first instance, such discrimination is the province of the banker who buys the goods rather than of the investor to whom he sells them.

I may be accused of special pleading in uttering this warning, yet a warning needs to be given against indiscriminate lending and indiscriminate borrowing.

This the language of Mr. Thomas Lamont, of J. P. Morgan & Co. Reverently I utter the words, sir; but this the language of the house of Morgan in 1927.

What an indictment by one of their own is this of the American banker! Competing on a violent scale to obtain loans in foreign countries! A horde of American bankers sitting on the doorsteps of European governments offering them money! Of course, it was a tempting thing for European governments, but what will be said of American international bankers engaging in practices of this sort, taking anything which might be offered for the profit that was in it, immediately to transport it across the sea and then in ambiguous prospectuses, in some instances designed to deceive, by virtue of their very reputation as investment bankers, soaking the American public.

The blame for what has happened may in part be laid at the door of the American public. The international banker excuses himself because the public was overrich and mad to invest its money, and the banker asserts he but afforded the opportunity. But Americans have been taught not only confidence in their bankers, but something like reverence for them. Our people, in all matters relating to finances, over a long period had regarded the banker with a childlike confidence, and sought on occasions when any venture was taken with the family hoard his advice and counsel. The banker himself with money pouring in, with his fortune increasing beyond his wildest imagination, with his opportunities for getting rich overnight, and what he deemed his proud position in the financial world, began to regard himself as a superman, and soon in his egotism became convinced that the Lord had endowed him with a peculiar prescience and ability, which raised him into a royally created class, far more fortunate than his fellows, and far more blessed by a discriminating and wise Creator. He became convinced he was of finer clay than ordinary humanity. He was a self-made man who adored his creator. It is little to be wondered at if the ordinary investor with his modest life savings approached in some trepidation this gorgeous creature, begged the swollen banker for advice and counsel, and with gratitude accepted his direction. The poor investor, engrossed in his daily tasks, saw only one of God's anointed aiding him in preparing for a precarious future; but the anointed, none too proud to take any sum from any person upon any representation, thought only of the profits accruing. The international banker was the fount of all wisdom until the latter part of 1929. No economic problem but he could solve, no possible crisis but he could successfully meet and master. The hats of our people were doffed to this Jovelike creation. And then came the rude awakening, the smash of October, 1929, the repeated breaks thereafter, the ruin and the devastation all about, and the international banker stripped of his glamour and his pretense stood stark and naked before an astonished and a horrified people.

I append here a statement of the American holdings of European government issues showing their current value four months ago and their depreciation. Inserted in this list is the old Russian folly, merely that it may have a place in our story. The German lendings, some of that nation's outstanding citizens have recently complained, were made virtually because American bankers implored them to accept the loans. In this list are but 16 countries, which show actual cash invested by the public of the United States of $1,600,000,000 and a depreciation of $742,000,000.

Country	Par value of offerings now wholly or in part outstanding	Actual cash invested by public of United States	Par value of outstanding issues	Current value of outstanding issues	Depreciation from par	Depreciation (per cent)
Austria	$135,611,000	$127,273,900	$132,426,000	$91,520,130	$40,905,870	30.3
Bulgaria	13,500,000	12,870,000	13,348,537	5,209,605	8,138,932	62.6
Denmark	151,977,500	146,190,540	149,216,750	114,940,310	34,276,440	22.1
Estonia	4,000,000	3,780,000	4,946,500	2,967,900	1,978,600	40.0
Finland	70,000,000	65,225,000	62,948,260	36,564,370	26,383,890	41.0
Germany	711,192,600	656,239,950	649,089,110	277,413,160	371,675,950	57
Greece	26,000,000	23,330,000	25,603,000	14,985,480	10,617,520	41
Hungary	44,650,000	43,606,100	42,599,300	13,911,530	28,687,770	60
Ireland	15,000,000	14,550,000	3,612,500	2,709,375	903,125	25
Italy	187,150,000	176,150,000	171,610,655	137,386,302	34,224,353	20
Norway	170,500,000	165,002,325	166,343,000	135,322,146	31,020,854	10.8
Poland	122,075,750	114,718,250	108,280,030	61,052,800	47,227,230	43.9
Rumania	5,419,500	4,769,160	5,419,500	3,251,700	2,167,800	40
Russia	75,000,000	73,687,500	75,000,000	750,000	74,250,000	99
Saar Territory	11,500,000	11,052,500	7,834,000	5,481,170	2,352,830	30
Yugoslavia	49,286,400	45,992,200	49,285,000	22,093,000	27,192,000	55
Total	1,792,872,000	1,684,437,000	1,667,562,000	925,559,000	742,003,000	43

The purposes of some of the loans to Germany by these international bankers seem incredible in view of the bankers' oft-repeated protestations. Loans were made for the construction of workmen's dwellings, for every conceivable kind of private enterprise, for the erection of bathing facilities, parks, playgrounds, and even apartment houses. Some were made to public utilities, electric roads, and so forth; some to manufacturing plants engaged in competition with American enterprise. Imagine these smug international bankers prating in our country of individual initiative, strenuously demanding the divorcement of government and business, forbidding with their influence and power Government operation of what even was built with the people's money, taking with avidity loans upon every conceivable activity of government abroad, while denouncing any kind of that governmental activity at home. They were willing for the money

there was in it to forego the principles abroad which they maintained with such vigor at home, or they had no such principles at all.

The depreciation in the German securities is exceeded by that of some other loans. It will be observed that Bulgarian securities have dropped in value 62 per cent, Hungarian 60 per cent, and those of some other nations in very large percentages as indicated.

The bankers were not without warning concerning the German loans. Unfortunately these warnings did not permeate to the investing public but in good faith the bankers selling these loans to the general public should have warned their customers.

In 1926 the then Secretary of State wrote to the international bankers concerning their German loans. In this letter, which does Mr. Kellogg infinite credit, he told the international bankers that they should—

> Examine with particular care all German financing * * * with a view to ascertaining whether the loan proceeds are being used for productive and self-supporting objects * * *.

He added:

> In this connection I feel that I should inform you that the department is advised that the German Federal authorities themselves are not disposed to view with favor the indiscriminate placing of German loans in the American market, particularly when the borrowers are German municipalities and the purposes are not productive.

And then, after referring to the Dawes plan and the attitude of the agent general and the transfer committee, he said:

> It seems to the department, therefore, that before issuing such loans you should inform yourselves whether the transfer committee will place any priorities or obstacles in the way of transferring funds for the payment of principal and interest and that you should make clear to your clients the full situation.

Again on November 3, 1926, S. Parker Gilbert, agent general for reparation payments, in respect to certain German loans wrote:

> I am constantly amazed at the recklessness of American bankers in offering to the public the securities of German States on the basis of the purely German view of article 248 of the treaty of Versailles.

And in this letter Mr. Gilbert quoted from Sir William Leese, in which the latter held that certain prospectuses of loans were "substantially untrue and misleading."

Then in October, 1927, Mr. Gilbert presented a memorandum for the German Government with which the international bankers were familiar. In this memorandum Mr. Gilbert said:

> I have attempted to bring together in the foregoing pages the accumulating evidences of overspending and overborrowing on the part of the German public authorities, and some of the indications of artificial stimulation and overexpansion that are already manifesting themselves.
>
> These tendencies, if allowed to continue unchecked, are almost certain, on the one hand, to lead to severe economic reaction and depression, and are likely, on the other, to encourage the impression that Germany is not acting with due regard to her reparation obligations.

These warnings were given to the international bankers not only by an official abroad, but from the American Secretary of State. The Secretary of State in unmistakable terms told the bankers they should make clear to their clients the full situation in reference to German loans. The bankers did nothing of the sort. Their prospective profits outweighed their sense of duty. The empty pockets of American investors who trusted them are their indictment.

It may be argued that the warnings were in respect to Germany alone, because of the complicated situation in reference to reparations, and this is quite so. But even this warning went unheeded and never was passed on to the poor purchasers. It would have been well if the State Department, instead of passively encouraging, had sounded its warning concerning loans of other countries; but since Kellogg's letter the department has been mute, and its gigantic energies have not been employed in behalf of simple, ordinary American investors.

From 1914 to 1930 nearly $7,000,000,000 of European securities, governmental and corporate, were offered in the United States. In round numbers two and one-half billion of these are yet outstanding, and upon them there is a depreciation from par of nearly $800,000,000.

LATIN AMERICAN LOANS

Latin America, representing a large part of our continent and all of South America, notwithstanding its proximity, is little understood by our people. There ought to be between the people of this territory and our own the closest connections and the most cordial relations. These should exist first in our personal relations, for common interest binds us; and otherwise mere neighborliness dictates that the races south of us and our own should be closely knit. Latin America presents a fertile field for honest business and the finest opportunity for legitimate investment. But the business should be honest and the investment fair. These can be helped and fostered on our part by cultivating international relations that command confidence and respect, rather than relations which arouse suspicion and antagonism.

The investigation of Latin American lending by international bankers has been of inestimable aid in reestablishing the good opinion of our people formerly held by our neighbors. What they as peoples saw and felt in the financial transactions with our international bankers had led them to believe that the methods of some of these bankers were the methods of the whole American people, and that by our silence and apparent acquiescence we condoned anything done by men of our race for profit. For the first time, without fear or favor, we have laid bare, at least in some measure, the financial operations of international bankers of the United States with Latin America. We have stripped some of the hypocrisy from the near money great and have held up to the pitiless light of publicity some of their operations. In this we have performed not only a service to our own but no less a service, highly appreciated I know from my mail, to our Latin American brethren.

We endeavored by the testimony not only to prove defaults but to lay bare some of the reasons; and, in fairness, we showed not only the ultimate blame but some of the predisposing causes. We dealt with equal justice with those who took our money in foreign lands and those of our own who gave it to them. In government loans, of course, with wisdom and prudence exercised by both borrower and lender, there should be no defaults.

It is asserted, of course, by the agents for these loans, and by their apologists, here and elsewhere, that the defaults are due to the general world depression. It would be folly to say that this depression had not its influence, nor would any fair-minded individual claim that world conditions had not contributed to the defaults. But there was another contributing cause as well, and that was the mad anxiety of some international bankers to obtain foreign loans at all hazards and the ease with which the American investing public could be imposed upon. A few illustrations illumine the text. In one of the loans to Brazil by Dillon, Read & Co., eight millions were presumably to be used for the electrification of a railroad operated as a subsidiary by the Government. Just think of it, the electrification of a railroad owned by the Government! Suppose one suggested here that that should be done. What a chorus of dissent would be met from these gentlemen engaged in the international banking business. In the prospectus of the loan issued in 1922 under the title "Purpose of Issue" (and it must be remembered that upon the prospectus the loan was sold to the American people) it is stated:

> The proceeds of the loan are to be used in part to provide for the electrification of the suburban division of the railway, which is owned by the Government of Brazil and is without bonded debt.

This prospectus, dated June 1, 1922, was for a loan upon bonds due in 30 years, bearing interest at 7 per cent per annum. Up to this time there has been no electrification of the particular railway.

The Bolivian loan of 1922 was made to bolster up a tottering régime. The later loan was at first disapproved by our Department of Commerce, and from the testimony that has been adduced the most casual investigation would have demonstrated its risk and perilous possibilities.

The very method in which the Peruvian loan was made, of which more hereafter, would put the merest tyro upon inquiry, and in addition one of the experts of the banking house offering the loan reported against it, and a well-known Peruvian in great detail advised all bankers that the defaulted loans should not be made.

It has been developed in respect to some of the Brazilian loans that in order that a favorable balance might be shown milreis of Brazil were converted into dollars, and in the conversion the milreis was computed actually at more than two and a half times its value.

In Chile one of the banks participating in some of the loans was a party to frenzied financial jugglery, which deprived Chile of the very revenue necessary to meet its external obligations.

The risk of the Colombian loans a schoolboy there could have understood, but as Mr. Corliss, of the Department of Commerce testified, representatives of international bankers were seeking the privilege of lending. He says at one time at least 20 of these representatives were competing with one another.

The outstanding obligations of Latin America, which are held by people in the United States, aggregate, in round numbers, $1,600,000,000. Their market value on the 1st day of January, 1932, was $422,000,000, a depreciation of $1,175,000,000. The following is a list of these obligations, the figures of which are the latest at hand and from the very excellent work of Mr. Lee, to which I have referred. These figures I append without reading, if I may have permission to do so.

The PRESIDING OFFICER (Mr. THOMAS of Idaho in the chair). Without objection, permission is granted.

The statement is as follows:

	Amounts issued	Principal amounts outstanding	Approximate market value, Dec. 31, 1931	Contraction in values from par
Argentina	$420,418,500	$390,200,000	$160,760,000	$229,440,000
Bolivia	68,653,500	59,293,000	3,994,480	55,298,520
Brazil	420,030,000	365,850,000	56,648,520	309,201,480
Chile	296,112,000	283,016,500	34,929,553	248,086,947
Colombia	169,435,000	153,306,400	36,817,175	116,489,225
Costa Rica	9,800,000	9,180,000	3,634,870	5,545,130
Cuba	180,500,000	117,100,000	70,548,100	46,551,900
Dominican Republic	20,000,000	18,400,000	9,246,000	9,154,000
Guatemala	2,515,000	2,300,000	1,035,000	1,265,000
Haiti	16,000,000	11,400,000	6,954,000	4,446,000
Panama	21,000,000	19,300,000	11,506,000	7,794,000
Peru	94,500,000	91,286,000	6,472,030	84,813,970
Salvador	16,500,000	13,100,000	4,641,700	8,458,300
Uruguay	67,757,000	63,844,900	14,820,440	49,023,560
Total	1,803,221,000	1,597,575,900	422,007,868	1,175,568,032

Mr. JOHNSON. The bonds which are in default in Latin America with the banking agency, the date of the default and the amount outstanding, are as set forth in a table which I have. Here, then, in detail is the statement of each particular issue in South America that is now in default, and this I ask permission to insert in the RECORD without reading.

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

The statement is as follows:

Record of foreign dollar bonds in default

	Coupon dates	Paying agent (New York)	Date of default	Remarks	Amount outstanding
BOLIVIA					
Republic of Bolivia, 6's, 1917-1940	A. and O., 1	Chase National Bank	1931 Apr. 1	Interest and sinking fund not paid	$1,431,000
Republic of Bolivia, 8's, 1922-1947	M. and N., 1	do	May 1	55 per cent of coupons paid; sinking fund not paid	23,267,500
Republic of Bolivia, 7's, 1927-1958	J. and J., 1	Dillon, Read & Co.	Jan. 1	Interest and sinking fund not paid	13,590,500
Republic of Bolivia, 7's, 1928-1969	M and S., 1	do	Mar. 1	do	22,815,000
BRAZIL					
Federal Government:					
United States of Brazil, 8's, 1921-1941	J. and D., 1	Dillon, Read & Co.	Dec. 1	The Brazilian Government announced Oct. 18, 1931, that interest on these bonds would be paid in scrip for a period of 3 years.	31,352,500
United States of Brazil, 7's, 1922-1952	do	do	do	do	17,503,000
United States of Brazil, 6½'s, 1926-1957	A. and O., 1	do		do	56,108,000
United States of Brazil, 6½'s, 1927-1957	A. and O., 15	do		do	39,709,000
State governments:					
State of Ceara, 8's, 1922-1947	J. and D., 1	First National Bank, of New York; and Interstate Trust Co., of New Orleans.	June 1	Interest and sinking fund not paid; bondholders' protective committee formed under auspices of Interstate Trust Co.	1,980,000
State of Maranhao, 7's, 1928-1958	M. and N., 1	Bankers Trust Co.	Nov. 1	Interest paid Nov. 1, but sinking fund not paid; no further remittances being made.	1,682,000
State of Minas Geraes, 6½'s, 1928-1958	M. and S., 1	National City Bank	Sept. 1	Interest and sinking fund paid Sept. 1, out of reserve fund; no further remittances being made.	8,132,000
State of Minas Geraes, 6½'s, series A, 1929-1959.	do	do	do	do	7,812,000
State of Parana, 7's, 1928-1958	M. and S., 15	Chase National Bank	Sept. 15	Reserve fund used to pay interest; sinking fund not paid; no further remittances being made.	4,642,000
State of Pernambuco, 7's, 1927-1947	M. and S., 1	White, Weld & Co.	Sept. 1	Interest and sinking fund not paid	5,233,000
State of Rio de Janeiro, 6½'s, 1929-1959	J. and J., 1	E. H. Rollins & Sons, and Bank of America.		Funds to pay Jan. 1, 1932, interest and sinking fund on hand	5,961,000
State of Rio Grande do Sul, 8's, 1921-1946	A. and O., 1	Lee, Higginson & Co., and Ladenburg, Thalmann & Co.		Oct. 1, 1931, interest and sinking fund paid; no further remittances being made.	5,900,500
State of Rio Grande do Sul, 7's, 1926-1966	M. and N., 1	do	Nov. 1	Sinking fund paid Nov. 1, but interest defaulted	9,713,500
State of Rio Grande do Sul, 6's, 1928-1968	J. and D., 1	White, Weld & Co.	Dec. 1	Interest and sinking fund not paid	23,000,000
State of Santa Catherina, 8's, 1922-1947	F. and A., 1	Halsey, Stuart & Co.	(1)	Funding arrangement made in 1925, default on this agreement in May, 1928; new arrangement for lower schedule of payments; no payments made since February, 1930.	4,704,800
State of Sao Paulo, 8's, 1921-1936	J. and J., 1	Speyer & Co.	Jan. 1[2]	Interest paid but partial default on sinking fund	4,950,000
State of Sao Paulo, 8's, 1925-1950	do	do	do	Interest paid partly from reserve fund; partial default on sinking fund.	14,719,000
State of Sao Paulo, 7's, 1926-1956	M. and S., 1	do		$200,000 reserve fund on hand to meet Mar. 1, 1932, coupon	6,914,000
State of Sao Paulo, 6's, 1928-1968	J. and J., 1	do	July 1	Reserve fund used for July 1, 1931, payments; payments due Jan. 1, 1932, will not be made.	14,698,000
State of Sao Paulo, 7's, 1930-1940	A. and O.	do		No default expected	31,489,000
Municipal governments:					
City of Porto Alegre, 8's, 1921-1961	J. and D., 1	Ladenburg, Thalmann & Co., and Lee, Higginson & Co.	Dec. 1	Coupon not paid	3,320,000
City of Porto Alegre, 7½'s, 1926-1966	J. and J., 1	do		Jan. 1 coupon not expected to be paid	3,890,000
City of Porto Alegre, 7's, 1928-1968	F. and A., 1	do		Feb. 1 coupon not expected to be paid	2,211,000
City of Rio de Janeiro, 8's, 1921-1946	A. and O., 1	Dillon, Read & Co.		Apr. 1 coupon not expected to be paid	8,055,000
City of Rio de Janeiro, 6½'s, 1928-1953	F. and A., 1	White, Weld & Co.	Aug. 1	Coupon not paid	29,492,000
City of Rio de Janeiro, 6's, 1928-1933	A. and O., 1	do	Oct. 1	do	1,770,000

[1] 1925, 1928, and 1930.

[2] 1932.

Record of foreign dollar bonds in default—Continued

	Coupon dates	Paying agent (New York)	Date of default	Remarks	Amount outstanding
BRAZIL—continued					
Municipal governments—Continued			1931		
Rio Grande do Sul consolidated municipal loan, 7's, 1927–1967.	J. and D., 1	Chase National Bank	Dec. 1	Coupon not paid	$3,912,500
City of S ao Paulo, 6's, 1919–1943	M. and N., 1	do		May 1 coupon not expected to be paid	5,535,000
City ofSoa Paulo, 8's, 1922–1952	do	Bank of America	Nov. 1	Coupon not paid	3,157,000
City of Sao Paulo, 6½'s, 1927–1957	M. and N., 15	First National Corporation, of Boston.	Nov. 15	do	5,602,000
CHILE					
National Government:					
Republic of Chile, 6's, 1926–1960	A. and O., 1	Hallgarten-Kissel, Kinnicutt.	Oct. 1	Coupon not paid	40,116,000
Republic of Chile, 6's, 1928–Jan. 1, 1961	J. and J., 1	National City Bank		Jan. 1 coupon will not be paid	44,152,000
Republic of Chile, 6's, 1927–Feb. 1, 1961	F. and A., 1	Hallgarten-Kissel, Kinnicutt.	Aug. 1	Coupon not paid	25,935,000
Republic of Chile, 6's, 1928–Sept. 1, 1961	M. and S., 1	National City Bank	Sept. 1	do	15,577,000
Republic of Chile, 6's, 1929–1962	do	do	do	do	9,790,000
Republic of Chile, 6's, 1930–1963	M. and N., 1	do	Nov. 1	do	24,745,000
Republic of Chile, 7's, 1922–1942	do	do	do	do	15,094,000
Municipal governments:					
City of Santiago, 7's, 1928–1949	J. and J., 2	Hallgarten-Kissel, Kinnicutt.		Jan. 2 coupon will not be paid	3,600,000
City of Santiago, 7's, 1930–1961	M. and N., 1	do	Nov. 1	Coupon not paid	2,175,000
Chilean consolidated municipal loan, series A, 7's, 1929–1960.	M. and S., 1	Grace National, Brown Bros., E. H. Rollins.	Sept. 1	Interest and sinking-fund payments on Sept. 1, 1931, made from reserve fund.	14,684,000
Mortgage bank:					
Mortgage Bank of Chile, 6½'s, 1925–1957	J. 30 and J. 31	Kuhn, Loeb & Co. and Guaranty Trust Co.	July 31	Service completely suspended; interest being deposited in Chile in pesos.	18,882,000
Mortgage Bank of Chile, 6¾'s, 1926–1961	J. 30 and D. 31	do	Dec. 31	do	18,897,500
Mortgage Bank of Chile, 6's, 1926–1931	do	do	do	do	10,000,000
Mortgage Bank of Chile, 6's, 1928–1961	A. 30 and O. 31	do	Oct. 31	do	19,469,000
Mortgage Bank of Chile, 6's, 1929–1962	M. and N. 1	do	Nov. 1	do	19,900,000
COLOMBIA					
City of Medellin, 7's, 1926–1951	J. and D. 1	Hallgarten & Co	Dec. 1	Coupon not paid; it is understood that funds have been deposited in Colombia.	2,703,000
City of Medellin, 6½'s, 1928–1954	do	Hallgarten-Kissel, Kinnicutt.	do	do	8,527,000
PERU					
National Government:					
Republic of Peru, 7's, 1927–1959 (tobacco loan).	M. and S., 1	J. & W. Seligman & Co	Sept. 1	Complete default on interest and sinking fund	14,357,500
Republic of Peru, national loan, first series, 6's, 1927–1960.	J. and D., 1	J. & W. Seligman & Co.	June 1	do	48,383,000
Republic of Peru, national loan, second series, 6's, 1928–1961.	A. and O., 1	J. & W. Seligman and National City Bank.	Apr. 1	do	24,469,500
Provincial government: Province of Callao, 7½'s, 1927–1944.	J. and J., 1	J. & W. Seligman & Co.	Jan. 1	Interest and sinking-fund payments due Jan. 1 and July 1, 1931, were met partly from the reserve fund; no further remittances.	1,189,000
Municipal government: City of Lima, 6½'s, 1928–1958.	M. and S., 1	E. H. Rollins & Sons	Sept. 1	Interest and sinking-fund payments due Sept. 1, 1931, were met partly from reserve fund.	2,887,000
URUGUAY					
City of Montevideo, 7's, 1922–1[illegible] 2	J. and D., 1	Dillon, Read & Co	Dec. 1	Interest not paid	5,684,000

Mr. JOHNSON. The enormous sum of $815,468,300 is thus in default. It is likely there will be some recovery of a part of this amount, but at best it will be only a part. That there should have been unloaded bonds of this character upon the small investor in our country, upon the representations of international bankers, whose fortunes exceed the wildest dreams of avarice, is appalling.

It is utterly inconceivable that international bankers did not know what the best-informed public opinion of Latin America was fully cognizant of. The bankers simply did not heed the facts. They gave no thought to the impoverishment of American citizens who trusted them. They acted, apparently, only for the profits. They were perfectly willing by their loans to maintain dictators in power and to be party to the suppression of every natural right of citizens of South American republics. Indeed, they contributed the money, in some instances, for the destruction of liberty itself, and heavy upon them is the responsibility not only for the financial ruin of a vast number of American citizens but for the destruction of personal and political rights in Latin American states. Because the consequences of the actions of some of our international bankers are so succinctly and ably stated by the Bolivian ambassador to this country, I quote his letter to me, written during the investigation and made a part of the record:

LEGACION DE BOLIVIA,
Washington, January 25, 1932.

The Hon. HIRAM JOHNSON,
The Senate, Washington, D. C.

MY DEAR MR. JOHNSON: I am inclosing my article, Three Revolutions, which was published in the Washington Post a year ago, and I would appreciate it very much if you could be kind enough to have this article read at the next meeting of the Finance and Investigation Committee of the Senate and to have it included in the minutes, so it may serve as a reminder when any regulation should be studied toward checking the granting of loans, when I hope that my plea for the absolute refraining from making loans to dictatorial governments will not be ignored.

Lending money can only be detrimental to all parties concerned when the governments are running their countries without allowing freedom of public opinion or even permitting their congressmen to express their views regarding the loans. When the 1922 loan was contracted with Bolivia there were hundreds of people deported and jailed, and the press was absolutely muzzled during the negotiations, and when the 1923 loan was agreed upon even senators were persecuted and confined when they attempted to combat this borrowing.

It was in this way that American bankers helped such governments to remain in power and ruin their countries financially. The life of many a dictatorial and corrupt government has been prolonged or rescued by American bankers, and the money supposed to have been borrowed for the construction of public utilities has been squandered upon mercenary supporters and spies.

Hoping this may be of use to you and congratulating you again upon the most laudatory results being obtained by your arousing of public interest in these matters of such vital importance to both North and South America, I beg to remain,

Your most sincere friend and admirer,

LUIS O. ABELLI.

The Peruvians have a similar story to tell, which is well related by the present Peruvian ambassador to the Argentine Republic. I quote his letter to me during the progress of the investigation, and which was made a part of the record:

BUENOS AIRES, *January 12, 1932.*

Senator JOHNSON,
Capitol, Washington, D. C.

DEAR SIR: I have followed with very keen interest and attention the spectacular investigation of the senatorial commission regarding Latin American loans, specially Peru.

I am at present ambassador of Peru to the Argentine Republic, but for the last 11 years I was living in the United States and in Europe. Leguia deported me in September, 1919, and I was forced to live in exile till the end of his government, August, 1930.

As conditions in Peru were very familiar to me, I did everything to show the bankers and the American people the serious harm which every new loan inferred to Peru.

The New York Journal of Commerce, the Wall Street Journal, the Chicago Tribune, La Prensa of New York have published during the last 11 years many articles in which I exhibited the danger of the uncontrolled debauchery of Leguia's government supported by a series of unjustified and onerous loans.

In the year 1926, and as a warning to the bankers who were trying to float the $30,000,000 loan of that year, I sent to the Guaranty Trust Co. of New York, the National City Bank, Seligman & Co., Grace Co., and many other American concerns interested in Peruvian finance a very clear memorandum showing conditions in Peru and anticipating the future insolvency in which the country had to be thrown if such a loan should be floated. My advice was ignored. I include herewith a copy of said memorandum (1926).

The banker, F. Kent, of the Bankers Trust, went to South America to study financial conditions in Peru. After careful examination of the matter, he expressed an unfavorable opinion with regard to the prospective loans.

Conditions in Peru were well known to the American commercial attaché and officers of the American Embassy in Lima.

* * * * * * *

I published several articles as a protest against the financial domination of my country and I delivered a lecture in Columbia University, New York City, under the auspices of the Instituto de las Espanas, January, 1928, when I made a public denunciation of the method employed by certain banks while dealing with Peru, and I then predicted the approaching insolvency of my country—victim of a very abusing financialism. But everything was ignored, and the big loan was floated.

Excuse, Mr. Senator, my intruding in this affair, but it is so important to the vindication of my country.

I think that this letter will contribute a little to clear some facts.

I authorize you to make use of this letter as you may consider it useful or proper.

Very truly yours,

FELIPE BARREDA,
Peruvian Ambassador to the Argentine Republic.

I may add that the article upon the condition of Peru, its finances, its values, and the peril of its loans, was transmitted by the writer of the letter to various international bankers and the full and complete data concerning Peru thus presented may be found at pages 2107, et seq. of the record.

Not only were the facts detailed by these eminent gentlemen within the knowledge of our international bankers but a very distinguished research professor in international finances of Princeton University furnished them additional information. Prof. Edwin Walter Kemmerer, who testified before the committee, was president of a commission of financial advisers to the Bolivian Government in 1927 and made full and complete reports for himself and his commission concerning finances of Bolivia and Chile. These reports recommended the greatest care in regard to future loans, and the whole tenor was that such loans should not be made.

I refer to these particular matters and these specific loans because they are loans now in default, and because they are loans every penny of which is held by Americans who bought from these international bankers upon representations as to their validity and that they would be paid, when they knew, absolutely knew, they might never be realized.

Mr. Laurence Dennis, a gentleman of rare ability and an author of note, who has recently published a very remarkable volume entitled "Is Capitalism Doomed?" was at one time in the employment of J. & W. Seligman & Co., who sponsored the Peruvian loans that are hereafter referred to. Mr. Dennis spent a long time in Peru and investigated with thoroughness its finances. He stated repeatedly to the Seligman firm that the Peruvian loans were unsound and based his conclusions upon thorough and detailed investigations.

These very brief references to the record are made to demonstrate that there can be no defense of ignorance on the part of international bankers. They had at hand, and actually in their possession, the data proving the unsoundness of the loans they blithely floated in the United States, and they knew exactly what they were doing. If I am correct in these statements, no more scathing arraignment could be made, and that the arraignment is justified no disinterested reader of the record here can deny. Loans were made Latin American countries sometimes to maintain dictators in power, dictators who laughed to scorn every fundamental principle of liberty and every cherished right of peoples. They were sometimes made to go hand in hand with concessions, out of which princely profits might be realized. They were sometimes made upon importunities of the bankers merely to lend. They were sometimes made simply to obtain securities of unproven value, to foist upon the American people, and the methods of thus obtaining doubtful securities violated the plainest concepts of decent business.

That the lenders paid little attention to how the money was expended by the borrowing government is perfectly plain from the testimony. And that all these things contributed to the condition which now exists can not be gainsaid.

But some of our international bankers in order to market their doubtful wares did not depend wholly upon the supposed superiority of their knowledge or the relations which existed between them and their customers. They not only concealed the facts and violated the fiduciary relationship, which should have been held inviolate; but to give a false appearance to the value of some of their loans, they deliberately "rigged" the market. I quote from the testimony of Mr. Dennis, than whom there is no more experienced expert:

There was one thing I do think was particularly wrong, and that is that before some of these weaker Latin American loans were floated the bankers would "rig the market" for a new issue of bonds. That is to say, they would bid up the issue of that country on the New York Stock Exchange three or four points and would sustain an artificial market.

Q. You used the phrase "rigging the market." How did they do that? How do they manipulate it to give a false value?

Mr. DENNIS. You simply give orders to a broker to buy bonds. Suppose Peruvian bonds of a certain issue are selling at 84. You have a man to manage your syndicate; your market operations. He will buy at 86, 87, 88, 89, and 90. He will accumulate these bonds. These are not "washed" sales. Of course, "washed" sales are strictly forbidden by the New York law, and no one would make a "washed" sale, because it is a misdemeanor. These are genuine purchases. There is a genuine change of ownership. The man operating for the banker buys these bonds at higher prices until he gets them up to 91 or 92.

Q. He gives more for them than he can buy them for?

Mr. DENNIS. Yes. The quotation to-day might be 88. He will bid 89, and then he will buy to-morrow at 90; all that are offered at 90. Of course, the minute you put in an order to buy, you raise the price, as you bid a little above the market price. If you start buying at the market price, the market price goes up.

Q. Why do they do that?

Mr. DENNIS. So as to create a quotation. The next day the paper comes out and shows those bonds were sold at 89 and then 90. The syndicate operator keeps an order with the broker to purchase those bonds at 91. Of course, no one sells any bonds at 90, because everyone can sell the bonds to the syndicate operator at 91. He keeps the price of the bonds at that level during the duration of the syndicate. He acquires a "long" position in those bonds. He may acquire two or three hundred thousand, or a million dollars' worth of those bonds. Then when the syndicate is closed and they pull the plug out he proceeds to sell those bonds slowly In so doing he may take a loss on these syndicate operations of $200,000 or $300,000. That will be debited against the loan as expenses of the loan.

The circumstances thus related may explain some of the extravagant expenses in connection with the selling of these loans as they appear in tabulated form in the record—

But, during the period of maintaining that fictitious price the bonds are offered to new investors at the offering price. You can not bring out a 6 per cent Peru bond at 91 when other issues of 6 per cent Peruvian bonds are selling at 88. A dealer goes to his clients and says, "Will you buy Peruvian bonds at 91?" The client says, "I can buy them at 88." The bankers have to bring all Peruvian bonds of that class up to 91 in order to offer a new issue at 91. Then, after the bankers have marketed the new issue, they pull the plug and let the bonds find their proper level in a free and open market.

That process is not called "rigging the market" in America, but it has been called "rigging the market" by the Queen's Bench in London.

Q. That is simply a little financial finesse.

Mr. DENNIS. I think it is wrong myself.

Q. What I am curious about is whether or not that is a general practice in reference to these foreign securities.

Mr. DENNIS. It has been done quite often. It was done in the Peruvian bonds, and it was done in some others. It is a current practice. They call it "dressing up the market." That is what it is called.

Senator JOHNSON. For the rest of us.

The means by which some loans were obtained in Latin America were little short of infamous. The Peruvian loans were obtained by the purchase of the son of the President, and the very method should have restrained bankers with regard to either themselves or their clients from even dickering for them. The business was originally initiated by F. J. Lisman & Co., but the negotiations and ultimate consummation were by J. & W. Seligman & Co.

Juan Leguia was the son of the President of Peru. He was paid by Seligman & Co. a sum between four and five hundred thousand dollars after the loans had been obtained. Seligman & Co. claimed that they took over the negotiations from Lisman & Co. with an agreement to pay certain individuals commissions, and that among those who were to be thus paid was Juan Leguia. The extended examination of Mr. Breck, of Seligman & Co., left no doubt in the minds of those who heard it as to why this vast sum was paid to the son of the Peruvian President. Mr. Breck naïvely described the transaction as "illegal enrichment." Mr. Lisman describes it as blackmail. The characterization of it, however, is of little consequence. Whether it be called by one ugly name or another does not in the slightest degree alter the fact. The fact remains that in the mad race for Latin American loans some lenders had neither delicate sensibilities nor any particular scruples.

If this sum had been paid by the international bankers, and they themselves had furnished the money and it was now their loss, we might pass it by with a mere reference; but the bribe, for bribe it was, paid for the privilege of selling unsound Peruvian securities came out of the pockets of innocent American investors.

If a fair-dealing international banker in offering a bond issue had said to the American people that he had been required to pay either as blackmail, nuisance value, or bribery more than half a million dollars to obtain the privilege of marketing the securities, his sales would indeed have been limited.

Juan Leguia's account with Seligman & Co. was furnished to the committee, and it is remarkable that in this account his credits appear to be nearly $900,000. Among the credit items of that account are $60,000 from the National City Bank, $4,000 from the Equitable Trust Co., $10,000 from the Chase National Bank, $22,000 from the Royal Bank of Canada. This itemized account was furnished so late in the proceedings that the items of these credits from other banks are unexplained, and Seligman & Co. claim they have no knowledge of the source of the moneys.

From the statement filed with the committee by J. & W. Seligman & Co. of the issues of loans originated by them, it appears that the first loan of $15,000,000 was offered by Seligman & Co., the National City Co., E. H. Rollins & Sons, Graham Parsons & Co., F. J. Lisman & Co., and Ames, Emerich & Co.; the second loan of $50,000,000 was offered by J. & W. Seligman & Co., the National City Co., Blyth, Witter & Co., the Guaranty Co. of New York, F. J. Lisman & Co., and Central Union Trust Co.; the third loan of approximately $35,000,000 was offered by J. & W. Seligman & Co., the National City Co., Blyth, Witter & Co., Guaranty Co. of New York, F. J. Lisman & Co., and Central Union Trust Co. Of course, it may be that none of those in the original offering syndicate save Seligman & Co. knew of what had transpired in Peru; but to believe this is no tribute to their astuteness and sagacity but an awful wrench to our credulity.

THE BARCO CONCESSION AND THE NATIONAL CITY BANK LOAN TO COLOMBIA

The Government of Colombia granted a 55-year oil concession to Virgilio Barco in 1905. Barco developed the concession to the best of his limited resources but was unable to make a success of it. He came to the United States in 1917 and sold his concession. Subsequently E. L. Doherty purchased a 75 per cent interest in it. On February 2, 1926, the Colombian Government canceled the concession. Just prior to the cancellation the Gulf Oil Co.—the Mellon interests—acquired an option for the purchase of the Doherty interests. The Carib syndicate acquired the other 25 per cent interests. Within a short period after the cancellation the Gulf Co. consummated its purchase. From 1926 the Gulf Co.—that is, the Mellon interests—and the Carib syndicate, which certain witnesses stated they believed to be the Morgan interests, had title to the concession. The decree of cancellation subsequently was affirmed and the matter under Colombian law was taken into the courts there. There was a long delay and the State Department intervened in behalf of the concession owners. The matter thus rested until Doctor Olaya became President of Colombia. In 1930 the National City Bank agreed upon a short-term loan of $20,000,000 with the Government of Colombia. In March, 1931, while a considerable part of the loan had been retained by the National City Bank, a new concession was granted by President Olaya to the South American Petroleum Co., which was owned 75 per cent by the Gulf Oil Co.—the Mellon interests—and 25 per cent by the Carib syndicate—supposed to be the Morgan interests.

I deal with this incident with extreme brevity because of the time limit in making this address. I hope some day in the future to deal with it more at length, to show by the map the extent of the particular concession that was granted and the mode in which the original purchase was made. I proceed now with the barest outline of this particular proceeding because it not only interests us from the standpoint of the Government dealing with those who have, but it interests us, too, from the standpoint of the denial to a Senate committee by the Secretary of State of this country of the right of legitimate testimony.

It was essential that this new concession be adopted and ratified by the Colombian Congress. During the session of Congress in 1931 the National City Co. withheld portions of its loan. The State Department intervened in the matter of the loan of the National City Bank and transmitted the views of the Colombian President to the bank officials. President Olaya frequently communicated with Mr. Caffery, the United States minister to Colombia at Bogota, and insisted upon the bank paying the balance of the loan remaining unpaid. In telegrams to the State Department President Olaya pointed out that he had done everything that the Americans had asked of him—had passed certain laws relating to petroleum and had settled the Barco concession, and having done what Americans had required he insisted that he was entitled to the remainder of his loan. These telegrams were either read to or the substance of them communicated by the State Department to the bank. The President of Colombia earnestly besought his Congress to settle the Barco concession. In substance, he said in official messages that the settlement of the Barco concession would enable him to obtain such money as might be required by his Government. His views were transmitted to the State Department and through the State Department to the National City Bank and its attorneys. The Senate of Colombia acted with celerity in approving and ratifying the new concession. The House, however, held the matter for a long time; and during all the time it was holding the matter and debating it, the National City Bank was withholding $4,000,000 of the loan; and during the period of the withholding of the loan the State Department was, upon advices from Bogota, endeavoring to persuade the National City Bank to act. On June 18, the Colombian House of Representatives passed the Barco concession bill. On June 20 it was duly signed, and on June 30 the $4,000,000 which had been withheld by the National City Bank was paid to Colombia. A mass of testimony was taken in relation to these transactions which culminated in the Secretary of State refusing to permit Mr. Caffery to testify or to be called as a witness, and refusing to permit the Senate committee to have the dispatches which had passed between Caffery, the United States representative at Colombia, and the State

Department in reference to the loan and the concession. The communications were refused the committee upon the theory that they involved our international relations and were confidential. The request was made of the State Department for mere transcripts of what had been communicated by the State Department to the National City Bank and its attorneys. This was refused.

Do you follow me? The State Department telephoned one dispatch practically verbatim to the attorneys for the National City Bank, told the National City Bank and its attorneys the contents of other dispatches; and when asked to produce only the transcript of that which they had told international bankers, they flatly refused and declined to do it!

The State Department was asked to delete whatever the department might deem of irritating or confidential character concerning international relations and give to the Senate committee then the remainder of the telegrams which had been disclosed to the international bankers. This was refused. One of the grounds of refusal was the publicity which would be given to telegrams from a representative of ours abroad concerning another country.

Just follow that objection for a moment. The disclosure of these telegrams, however, was voluntarily made by Mr. White, of the State Department, in a statement he himself asked the committee to permit him to make; and the very telegrams that he recited in the presence of the press of the Nation, sitting there with him, the Secretary of State and he declined to give to the committee on the ground that they ought not to be given publicity. Marvelous reasoning! It appeals, I imagine, to many of our brethren. It has little appeal to me.

The specious response with which we have become familiar was made that any member of the committee might see the dispatches in confidence; and I replied for myself personally instantly that such a course would be in derogation of the dignity of a United States Senator, and that I would not consent to read a dispatch which I could not discuss with my fellow Senators, and I would not read in confidence dispatches which had been read to international bankers, and thus be precluded from comment or discussion of them. This, in brief, is the controversy which arose concerning the telegrams relating to the Barco concession and the loan of the National City Bank to Colombia.

I am not the keeper of the dignity of the United States Senate. I am the keeper of my own. For a Senator to read as confidential—and have his lips sealed thereafter—dispatches received by the State Department from a representative of the United States Government, which had been read to international bankers and their attorneys, would be, at least to one Senator, a pusillanimous and contemptible course of which he would not be guilty. The facts are that the National City Bank did not make its loan of $4,000,000 until after the Barco concession had been passed by the Colombian Congress; that within a very few days after the Congress had acted the loan was made; that Caffery was wiring concerning the Barco concession during 1931 and while the Congress was in session; that the Secretary of State, in person, took up the loan of the National City Bank to Colombia; that the President of Colombia in at least two official messages to his Congress—they are in the record here—dilated upon the importance of settling the Barco concession, in one message asserting it should be done in order to "bring about the economic and financial restoration of the Republic"; and in another saying, "It can be said without exaggeration that it—the Barco concession—has projections not only within the country but also economic and financial ones in the international field," and it should be adopted by the Congress because "it opens propitious horizons for the financial possibilities of the Republic abroad." Frequent mention is made of the Barco concession in the correspondence between the National City Bank and its representatives in Colombia. The President of Colombia bitterly complained to the United States Government and to the international bankers that he had done all that Americans asked, including the granting of the Barco concession, and was therefore entitled to the remaining portion of the National City Bank loan.

All of these facts indicate how inextricably connected were the executive and legislative action at Bogota concerning the Barco concession and the payment of the balance of the loan promised by the National City Bank. But, above and beyond all these things, the activity of our State Department, in view of its long-settled policy, may well be considered. Practically $100,000,000 in bonds issued by the Government of Colombia and its political subdivisions are in the hands of our people and facing possible default. Neither by word nor deed is our Government, because of what it asserts is its definite policy, able to do aught for those who hold the doubtful securities of Colombia. It can, however, when the occasion, in its opinion, demands it, act for a Barco concession owned by the Mellon or the Morgan interests in Colombia and be the go-between in a short-term loan of the National City Bank to that country.

Whatever excuses may be made, however the lips of American representatives abroad may be sealed, despite the pretense of protecting confidential communications that only international bankers may know, we find the controversy about the Barco concession running side by side with the controversy about withheld moneys of the National City Bank; and the concluding episode of the controversy, the passage of the Barco concession, and the payment of the amount of the loan withheld. Thus the Mellon interests received their "due," the Colombian Government got its money, and the State Department kept its secrets.

Our people are less fortunate than our international bankers. The last two years have been years of disillusionment for the American people; and among the sad lessons they have learned, not the least humiliating is the lesson that their Government is little concerned with them.

In speaking as I have of international bankers, it should be observed, of course, that all are not guilty of the practices which are related and which we condemn. Necessarily, we must speak in generic terms; but so far as Latin America is concerned and in no less degree Europe, it would be difficult to overdraw the picture.

Three contributing causes have there been to the disastrous events of the past few years in the matter of our foreign loans and to the shameful, and even infamous, exploitation of the American investing public. The money madness of our people, the greed and even worse of international bankers, and the smug complacency and supine indifference of Government, have contributed to the unhappy result. The money madness of ignorant investors could have been fairly directed by international bankers who had some other thought than profit, and the propensity of the times could have been controlled by a Government alive to its responsibilities to its people. The governmental attitude is well illustrated in the letter of the Department of Commerce to Mr. O. C. Townsend, dated May 20, 1927, wherein the spirit of the Government and of that department during that critical time was thus described:

> Right in this connection, I should like to emphasize that the spirit of the bureau follows the spirit of the American business, which is to make sales in spite of difficulties, or to find ways of doing seemingly impossible things. As officials we should be encouraging whenever possible and discouraging only in the last extremity. We are builders, promoters—even propagandists, although never to such an extent that we fail to recognize and point out difficulties.

Here is the doctrine of the Department of Commerce in 1927, just prior to some of the worst acts of exploitation by our international bankers. "We are builders, promoters, even propagandists, although never to such an extent that we fail to recognize and point out the difficulties." Builders, promoters, even propagandists! Behind a governmental policy such as this the worst of international bankers may hide, and the meanest of exploiters may skulk. When a government becomes promoter, even propagandist, if only in reference to small business transactions, scarcely can it

berate the so-called "merchant of securities" who himself becomes "promoter" and "even propagandist."

Mr. President, not a tithe of the sorry, sordid tale has been related to-day. Enough has been mentioned to arouse the hot indignation of those who are intrusted with the people's welfare and to require them, if a sense of duty and responsibility yet remains with them, to do what lies in their power to prevent a recurrence in the future. It is my purpose to press with all dispatch the bills which I have introduced in the hope of curbing the nefarious practices with which this investigation has made us familiar. Publicity I would insist upon for all foreign loans, that there may be some place where inquiries may be made and details ascertained. Methods such as are employed by the various States in regard to securities offered within the State I would endeavor to have adopted by the National Government concerning foreign loans. Above all, had I the power, I would take this Government out of the lethargy that has characterized it. I would awaken it to its responsibilities to its investing people. I would make it the arbiter in the offering of foreign securities and thus compel it to do that which it has, in the interest of international bankers, so carefully avoided—express itself, so that instead of deceiving the American public it may enlighten it. In short, what is essential to be done from the standpoint of the Federal Government is but a part of the age-old contest to make that Government the kind of government of Lincoln, the sort that the Republic was intended to be—a government responsive to all its people and not to a single class.

Mr. HARRISON. Mr. President, I am sure all have been very much enlightened and edified by the very splendid speech of the distinguished senior Senator from California [Mr. JOHNSON]. It was able, informative, and convincing. I served upon the committee which carried on the investigation to which he has referred, and I recall very vividly that when the resolution of investigation was offered and passed, and the committee began its work, no one thought much would be gained from the investigation. But as one member of the investigating committee, I want to say what I think is due the Senator from California—that he is to be congratulated by the country on the painstaking manner and the ability displayed by him in making the investigation and getting all these facts, which I am sure will prove most beneficial in the end. It was a tremendous task, and the investigation was conducted by him practically single handed. The investigation should influence the Congress to pass some legislation on the subject which I am sure will prove beneficial to the country.

FIXING TERMS OF PRESIDENT, VICE PRESIDENT, AND CONGRESS

The VICE PRESIDENT laid before the Senate a letter from the Governor of the State of New York, together with an engrossed copy of a concurrent resolution of the Legislature of New York ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, which, with the accompanying resolution, was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, March 11, 1932.

The honorable the PRESIDING OFFICER,
United States Senate, Washington, D. C.

SIR: I desire officially to inform you that the Legislature of the State of New York has ratified the proposed amendment to the Constitution of the United States passed at the first session of the Seventy-second Congress, relating to terms of the President, Vice President, Senators, and Representatives of the United States, time of assembling of Congress, and the method of succession to the Presidency and Vice Presidency.

I am inclosing herewith an engrossed copy of the concurrent resolution of ratification of the Legislature of the State of New York.

Very truly yours,

FRANKLIN D. ROOSEVELT.

Concurrent resolution of the Senate and Assembly ratifying the proposed amendment to the Constitution of the United States, relating to terms of the President, Vice President, Senators, and Representatives of the United States, time of assembling of Congress, and the method of succession to the Presidency and Vice Presidency. (Assembly, No. 2265.)

Whereas at the first session of the Seventy-second Congress it was resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein) that the following article be proposed as an amendment to the Constitution of the United States, which when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the said Constitution, viz:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission: Therefore,

"*Resolved* (*if the senate concur*), That the Legislature of the State of New York does hereby ratify the above-proposed amendment to the Constitution of the United States; and be it further

"*Resolved* (*if the senate concur*), That the governor be requested to transmit a copy of these resolutions and preamble to the Secretary of State of the United States of America at Washington, to the presiding officer of the United States Senate, and to the Speaker of the House of Representatives of the United States."

STATE OF NEW YORK,
IN ASSEMBLY,
March 11, 1932.

This bill was duly passed, a majority of all the members elected to the assembly voting in favor thereof, three-fifths being present.

By order of the assembly.

J. A. MCGINNIES, *Speaker.*

STATE OF NEW YORK,
IN SENATE,
March 11, 1932.

This bill was duly passed, a majority of all the Senators elected voting in favor thereof, three-fifths being present.

By order of the Senate.

HERBERT H. LEHMAN, *President.*

STATE OF NEW YORK,
Department of State, ss:

I have compared the preceding copy of concurrent resolution of the senate and assembly, ratifying the proposed amendment to the Constitution of the United States relating to terms of the President, Vice President, Senators, and Representatives of the United States, time of assembling of Congress, and method of succession to the Presidency and Vice Presidency with the original concurrent resolution on file in this office, and do hereby certify that the same is a correct transcript therefrom and of the whole thereof.

Given under my hand and the official seal of the department of State, at the city of Albany, this 12th day of March, in the year one thousand nine hundred and thirty-two.

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

AMENDMENT OF WORLD WAR VETERANS' ACT

Mr. NORRIS. Mr. President, yesterday I made a motion to discharge the Committee on Finance from the further consideration of Senate bill 929. Under the rules the motion

had to go over until to-day. I ask the Chair whether that motion is privileged to-day.

The VICE PRESIDENT. It is just like a resolution; it went over for the day and will be laid down the first day after the Senate takes an adjournment.

Mr. NORRIS. Does the Chair decide, then, that before that question can come up in the regular way, we must have an adjournment?

The VICE PRESIDENT. The Senate will have to take an adjournment.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by General Nelson A. Miles Camp, No. 1, United Spanish War Veterans, of Washington, D. C., favoring the passage of the so-called Gasque bill, being the bill (H. R. 7230) granting uniform pensions to widows and children and dependent parents of certain persons who served the United States in time of war, and for other purposes, which was referred to the Committee on Pensions.

He also laid before the Senate a resolution adopted by the Colorado Mining Association, Denver, Colo., protesting against reductions in the appropriations for the Bureau of Mines, especially in those items concerning the gathering of metal statistics, which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the second annual convention of the Allied States Association of Motion Picture Exhibitors, at Detroit, Mich., favoring the passage of Senate bill 3770, to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films, etc., and also the resolution (S. Res. 170) to investigate the organization, practices, and refinancing of the motion-picture industry, which were referred to the Committee on Interstate Commerce.

Mr. JONES presented a petition of sundry citizens, representing some 1,500 growers in the Yakima Valley, in the State of Washington, praying for the maintenance of the present tariff on cherries and protesting against continuous investigation of the tariff, which was referred to the Committee on Finance.

Mr. TYDINGS presented a resolution adopted by the Steamship Trade Association, of Baltimore, Md., protesting against the passage of legislation providing for the deportation of certain alien seamen, which was referred to the Committee on Immigration.

Mr. KEAN presented resolutions adopted by Group No. 323 of the Polish National Alliance, of Camden, N. J., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which were referred to the Committee on the Judiciary.

Mr. FRAZIER presented petitions of the Woman's Christian Temperance Unions of Bottinenau and Edinburg, N. Dak., praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification or repeal, which were referred to the Committee on the Judiciary.

Mr. BARBOUR presented the petition of members of Alpha Chapter of the Phalanz Fraternity, the Young Men's Christian Association, of Madison, N. J., praying for a cancellation of war debts due the United States from our former allies, with certain conditions, which was referred to the Committee on Finance.

He also presented a resolution adpoted by the Hoboken section of the Council of Jewish Women, of Hoboken, N. J., praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented the petition of Essex County branch of the Central Verein of America in the State of New Jersey, praying for the immediate modification of the Volstead enforcement act and the ultimate repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Red Bank, N. J., praying for the passage of legislation making kidnaping a Federal offense and providing capital punishment therefor, which was referred to the Committee on the Judiciary.

Mr. BLAINE presented a memorial of 33 citizens of the State of Wisconsin, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia, or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

He also presented resolutions adopted by the Woman's Christian Temperance Unions of Berlin and Brandon, Wis., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. BROOKHART presented resolutions adopted by the second annual convention of the Allied States Association of Motion Picture Exhibitors, at Detroit, Mich., favoring the passage of Senate bill 3770, known as the Brookhart bill, to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films, etc., and also the resolution (S. Res. 170) to investigate the organization, practices, and financing of the motion-picture industry, which were referred to the Committee on Interstate Commerce.

He also presented a petition numerously signed by sundry citizens of Waterloo, Iowa, and vicinity, praying for retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

Mr. WALSH of Massachusetts presented petitions and letters, in the nature of petitions, numerously signed by sundry citizens of the State of Massachusetts, praying for the passage of the bill (S. 3677) to provide for the establishment of a system of pensions for railroad and transportation employees and for a railroad pension board, and for other purposes, which was referred to the Committee on Interstate Commerce.

RELIEF OF CLOSED TRUST COMPANIES

Mr. WALSH of Massachusetts. Mr. President, I present and ask to have printed in the RECORD and appropriately referred copy of a resolution adopted by the Board of Aldermen of Medford, Mass., urging the passage by Congress of legislation which would establish a fund similar to that of the Reconstruction Finance Corporation, but which would apply to the relief of closed trust companies, and would make possible the release of frozen assets.

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

CITY OF MEDFORD,
IN BOARD OF ALDERMEN,
March 1, 1932.

Offered by Alderman George P. Hassett:

Be it resolved, That the Representatives in Congress be urged to hasten the passage of laws which would establish a fund similar to that of the Reconstruction Finance Corporation, but which would apply to the relief of closed trust companies, and would make possible the release of frozen assets. This fund would prevent the sale of securities and mortgages now held by the closed trust companies at prices below the market value and would prevent home owners from seeking to place their mortgages in other banks or institutions at great inconvenience and cost: Be it further

Resolved, That a copy of this resolution be transmitted to United States Senators WALSH and COOLIDGE and Representative DALLINGER.

In board of aldermen March 1, 1932; passed.

A true copy.

Attest:

CHARLES A. WINSLOW,
City Clerk.

REVENUE AND TAXATION

Mr. WALSH of Massachusetts. Mr. President, I also present copy of a resolution adopted by the Massachusetts Chamber of Commerce in opposition to a high tariff on petroleum products, together with a letter received by me from them relative to this subject, and favoring a general revenue tax upon manufactures at the source rather than

special taxes upon selected commodities and business. I ask that the resolution and letter be printed in the RECORD and appropriately referred.

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

Resolution adopted by board of directors of Massachusetts Chamber of Commerce, in meeting assembled February 23, 1932

Whereas there are now pending before Congress several bills designed to diminish or restrict the importation of petroleum products; and

Whereas the enactment of such legislation would greatly increase prices for such products to New England consumers and impose an economic hardship upon the business and people of this section; and

Whereas it is believed such legislation would prove discriminatory in that it would adversely affect all Atlantic seaboard States while working to the advantage of other sections of the country; and

Whereas it seems inevitable that an embargo or high tariff on fuel oil would result in an increase in price which would oblige practically all large users of that commodity in Massachusetts to convert back to coal; including more than 1,000 of our industries, many apartment houses and office buildings, State and municipal buildings, churches, hospitals, and other institutions; and

Whereas an increase in the price of fuel oil would not only add to living costs of more than 100,000 Massachusetts families using oil for heat in their homes but would also seriously affect the prosperity and future growth of the business of manufacturing oil burners for homes, one of our most active and most rapidly growing industries; and

Whereas an embargo or proposed high tariff on petroleum products would seriously affect the business and recreational activities of our people through an estimated increase of $30,000,000 per annum in the gasoline expenditures of our motoring public; and

Whereas the serious shortage in asphalt that would result from an embargo, or the large increase in its cost that would follow the imposition of a high tariff, would add to road-building and street-maintenance costs to an extent that would necessarily be reflected in the already burdensome tax rates of our cities and towns; and

Whereas the imposition of a special revenue tax upon imports of petroleum products would have the same effect as an embargo or a high tariff and would be even more discriminatory because the burden of the tax would be borne almost exclusively by New England and the other Atlantic seaboard States: Therefore be it

Resolved, That the Massachusetts Chamber of Commerce, a federation of local chambers of commerce and trade associations with direct representation of each member organization upon its directorate, by action of its board of directors and in behalf of the business and other interests which it represents, does hereby record its disapproval and protest against all legislation designed to place an embargo or high tariff on petroleum products or impose a special tax on such imports.

MASSACHUSETTS CHAMBER OF COMMERCE,
Boston, Mass., March 4, 1932.

Hon. DAVID I. WALSH,
Member United States Senate, Washington, D. C.

MY DEAR SENATOR: We are inclosing copy of a resolution which was adopted unanimously by the board of directors of the Massachusetts Chamber of Commerce on February 23, 1932. We believe this will be of interest.

For your information it may be well to advise that the Massachusetts Chamber of Commerce is a federation of 35 local chambers of commerce and trade associations, representing in the aggregate more than 26,000 business men in Massachusetts. Each member organization has direct representation upon the directorate of the chamber, in most instances the presidents of the respective organizations. This set-up enables our board to reflect, with reasonable accuracy, we believe, the sentiment of the interests which they represent.

It may be well to also advise at this time that the Massachusetts chamber has been placed on record, through unanimous action of its board of directors, as favoring a general revenue tax upon manufactures at the source in preference to special taxes upon selected commodities and businesses.

Respectfully yours,

C. C. MOWRY,
Executive Secretary.

CITIZENS' MILITARY TRAINING CAMPS

Mr. FLETCHER presented resolutions adopted by Jacksonville Chapter, seventh naval district, United States Naval Reserve Officers' Association, of Jacksonville, Fla., which were referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Whereas the citizens' military training camps conducted annually in various parts of this country are vital to an adequate national-defense structure and to the patriotic well-being of this Nation; and

Whereas thousands of youths are transformed into forceful, alert, energetic citizens, possessed of a new outlook on life and are made more devoted to this State and Nation through training at these camps; and

Whereas 53 such youths from Jacksonville will be afforded the opportunity this year to attend the camp at Fort Scriven, Ga., and more than 550 will have the opportunity of attending such camps from Florida; and

Whereas certain groups are desiring to eliminate such camps under the guise of economy: Now be it

Resolved by the Jacksonville Chapter, seventh naval district, United States Naval Reserve Officers' Association, That this organization is opposed to any move which would bring about termination of these camps; be it further

Resolved, That a copy of these resolutions be sent to each Member of Florida's delegation in Congress and that a copy also be sent to the Jacksonville Chapter of the United States Reserve Officers' Association, an organization of Army reserve officers.

WELFARE AND HYGIENE OF MOTHERS AND CHILDREN

Mr. JONES, from the Committee on Commerce, to which was referred the bill (S. 572) to provide that the United States shall cooperate with the States in promoting the general health of the rural population of the United States and the welfare and hygiene of mothers and children, reported it with an amendment and submitted a report (No. 428) thereon.

Mr. BINGHAM, from the Committee on Commerce, submitted the views of the minority to accompany Senate bill 572, above reported by Mr. JONES, which were ordered to be printed (Rept. No. 428, pt. 2).

ENROLLED BILLS PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 14th instant that committee presented to the President of the United States the following enrolled bills:

S. 1473. An act to authorize an appropriation for the relief of I. L. Lyons & Co.; and

S. 2822. An act for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. WALSH of Massachusetts:

A bill (S. 4083) for the relief of Edwin C. Jenney, receiver of the First National Bank of Newton, Mass.; to the Committee on Claims.

A bill (S. 4084) for the relief of James Irving Gillis; and

A bill (S. 4085) for the relief of Dominick Edward Maggio; to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 4086) authorizing a preliminary examination and survey relating to the construction of a canal between the Columbia River and Willapa Harbor in the State of Washington; to the Committee on Commerce.

A bill (S. 4087) to amend section 217, as amended, of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved January 11, 1929; to the Committee on Post Offices and Post Roads.

By Mr. FESS:

A bill (S. 4088) granting an increase of pension to Ellen Stanyard (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 4089) to authorize the Secretary of War to transfer to the Navy Department a tract of land at Fort Lewis in the State of Washington for use as an auxiliary landing field for naval aircraft; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4090) for the relief of Isaiah James Harrington; to the Committee on Naval Affairs.

By Mr. TYDINGS:

A bill (S. 4091) for the relief of Mildred F. Stamm; to the Committee on Claims.

By Mr. ROBINSON of Indiana:

A bill (S. 4092) for the relief of Myron M. Andrews; to the Committee on Finance.

A bill (S. 4093) granting a pension to Jennie Pool (with accompanying papers); and

A bill (S. 4094) granting a pension to Susan Harris (with accompanying papers); to the Committee on Pensions.

A bill (S. 4095) to amend an act entitled "An act to punish the unlawful breaking of seals of railroad cars containing interstate or foreign shipments, the unlawful entering of such cars, the stealing of freight and express packages or baggage or articles in process of transportation in interstate shipment, and the felonious asportation of such freight or express packages or baggage or articles therefrom into another district of the United States, and the felonious possession or reception of the same," by extending its provisions to provide for the punishment of stealing from passenger or Pullman cars, or from passengers on such cars, while such cars are parts of interstate trains, and authorizing prosecution therefor in any district in which the defendant may have taken or been in possession of the stolen articles; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 4096) relating to the premium rate on certain policies of Government insurance; to the Committee on Finance.

By Mr. FRAZIER (by request):

A bill (S. 4097) to permit relinquishments and reconveyances of privately owned and State school lands for the benefit of the Indians of the Acoma Pueblo, N. Mex.; to the Committee on Indian Affairs.

By Mr. KEAN:

A joint resolution (S. J. Res. 121) providing that there shall be no increases in salaries of Federal employees during the fiscal year 1933; to the Committee on Civil Service.

By Mr. WAGNER:

A joint resolution (S. J. Res. 122) directing the President of the United States of America to proclaim March 5 of each year Crispus Attucks Memorial Day for the observance and commemoration of the death of Crispus Attucks; to the Committee on the Library.

MAP OF PROPOSED HOPI INDIAN RESERVATION

Mr. HAYDEN. Mr. President, I ask unanimous consent to have included in Senate Document 64 as an illustration a map of the proposed Hopi Indian Reservation. Some days ago I secured permission to have the document printed. It is important that this illustration be included in the document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MANUSCRIPT ENTITLED "FOREST BANKRUPTCY IN AMERICA"

On motion of Mr. SHIPSTEAD, it was

Ordered, That leave be granted to withdraw from the files of the Senate the papers accompanying Senate Resolution No. 420, Seventy-first Congress, third session, entitled "A resolution providing for the printing of the manuscript entitled 'Forest Bankruptcy in America,' prepared by Lieut. Col. George P. Ahern," which was presented to the Senate on January 26, 1931, there having been no adverse report thereon.

MESSAGE FROM THE PRESIDENT

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

INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8397) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the senior Senator from North Dakota [Mr. FRAZIER], which will be stated.

The CHIEF CLERK. On page 18, line 21, strike out "$140,000" and insert in lieu thereof "$113,000," so as to read:

The expenses incidental to the sale of timber, and for the expenses of administration, including fire prevention, of Indian forest lands from which such timber is sold to the extent that the proceeds of such sales are sufficient for that purpose, $113,000, reimbursable to the United States as provided in the act of February 14, 1920 (U. S. C., title 25, sec. 413).

Mr. FRAZIER. 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	Costigan	Johnson	Robinson, Ark.
Austin	Couzens	Jones	Robinson, Ind.
Bailey	Dale	Kean	Schall
Bankhead	Davis	Kendrick	Sheppard
Barbour	Dickinson	Keyes	Shipstead
Barkley	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Black	Fletcher	Lewis	Smoot
Blaine	Frazier	Logan	Steiwer
Borah	George	Long	Thomas, Idaho
Bratton	Glass	McGill	Thomas, Okla.
Brookhart	Glenn	McKellar	Townsend
Broussard	Goldsborough	McNary	Trammell
Bulkley	Gore	Metcalf	Tydings
Bulow	Hale	Moses	Vandenberg
Byrnes	Harrison	Neely	Wagner
Capper	Hatfield	Norbeck	Walcott
Caraway	Hawes	Norris	Walsh, Mass.
Carey	Hayden	Nye	Walsh, Mont.
Connally	Hebert	Oddie	Waterman
Coolidge	Howell	Patterson	White
Copeland	Hull	Pittman	

The VICE PRESIDENT. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. FRAZIER. Mr. President, this amendment is on page 18, line 21. It seeks to deduct from the $140,000, reimbursable for the Klamath Indians, the amount of $27,000. The $27,000 is to come out of the appropriation for forest control, which amounts in the bill to $66,420. If $27,000 is deducted, a balance of $39,420 would be left. In addition to that, there is also an item of $20,000 for beetle control for the same timber.

In 1928, Inspector Trowbridge, of the Indian Bureau, made a report on the cost of operations for forestry on the Klamath Reservation. Among other things, he stated:

Construction of roads throughout the timbered area is, of course, necessary for fire protection, but this expenditure should be made from the 8 per cent reimbursable fund, the amount accruing for the fiscal year 1928 being $94,631.49.

That was the year of the largest sales of timber on the Klamath Reservation.

The average per cent of cost for forestry operations the last 5-year period was less than 3½ per cent—

Although 8 per cent had been set aside—

and leaves a margin for sufficient funds for road construction. During the past 18 months roads have been constructed through timbered areas with agency funds, and this is objected to by the Indians. The total thus expended for 13 miles of roadway was $24,952, which included 6 miles on the Kirk roadway, where there is very little travel, and beneficial largely for fire protection.

Trowbridge says that 3½ per cent is sufficient. The estimate of the amount of income from sales of timber for this past year is $328,000. Eight per cent of that would be $26,240. The average for the past five years of which Mr. Trowbridge speaks would be $745,715 per year. Three and a half per cent of that amount would be $26,100, which is almost the same as 8 per cent of the income they expected to have this past year from the sale of their timber.

Mr. President, if any private lumbering concern were in the same predicament the lumber interest there on the Klamath Reservation is in, the sales cut down from over a million dollars to about $300,000, it would cut down expenses, it would cut down overhead.

Mr. President, as I stated, if the $27,000 is cut out it still leaves $39,420 for the protection and the care of these forests, and an additional sum of $20,000 for beetle control, making a total of $59,420 for the coming year. I believe that is enough. The Indians want the deduction made.

The money comes out of their funds. Their income is going to be cut down materially next year, and their overhead should be cut down, too.

Mr. SMOOT. Mr. President, I think it is almost unnecessary for me to repeat what I have already said twice while this amendment has been before the Senate. Last year the appropriation was $250,000. The estimate for this year was $150,000. The House cut that estimate to $140,000. Thus the amount appropriated last year of $250,000 is cut to $140,000.

In the testimony before the committee it was stated that this ought to be done, that the House provision ought to stand, although as far as expense is concerned it is for the very purpose the Senator from North Dakota has stated. But the sale of the timber and the administration of it comprises one of the most important things to be done on the reservation. That is where the holdings of the Indians are. That is the property value they have as a band of Indians. Of course, we all understand that in the last year the sale of timber has been very materially decreased. In fact, they received from it this year less than $350,000. The year before it was over $1,000,000. To cut this item of $140,000 still further, it seems to me, is unwise.

Mr. FRAZIER. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. Certainly.

Mr. FRAZIER. I would like to ask the Senator from Utah if he does not think the sale of timber on the Klamath Reservation will be less this coming year than it was last year?

Mr. SMOOT. No; I do not think it will be less. I think it will be more.

Mr. FRAZIER. Those who live out there and know the situation think it will be less because of the low prices of timber.

Mr. SMOOT. The lumber men generally have the same amount of decrease or increase in sales as occurs on the Klamath Indian Reservation, and they are looking forward to at least a 20 per cent increase in business this year. I rather think that will be about the increase on the Klamath Reservation.

Mr. FRAZIER. Even if there was a little increase, I would like to ask the Senator if he does not think that $59,420, which would be left in the bill, is sufficient to take care of the situation?

Mr. SMOOT. If I did think that, I certainly would ask the Senate to adopt the amendment of the Senator from North Dakota, but I think its adoption would work a hardship on the Indians and that they would lose money by accepting the amendment. Therefore, I ask that the amendment be rejected.

Mr. HARRISON. Mr. President, may I ask the Senator from Utah if I correctly understood him to say that there will be a 20 per cent increase in the prices of lumber this coming year?

Mr. SMOOT. No; that is not what I said.

Mr. HARRISON. I understood the Senator to say that the lumber people expect a 20 per cent increase in the prices of their output.

Mr. SMOOT. I say the lumber people in the West think they will have a better sale for lumber than they had last year.

Mr. HARRISON. I merely wanted to get a slight ray of hope for improvement in the business situation, if I could get it from the Senator.

Mr. SMOOT. That is very nice of the Senator from Mississippi, and I am glad to give him any hope I can. It ought to make him feel happy.

Mr. HARRISON. Oh, yes; I feel very happy over the Senator's statement.

Mr. SMOOT. This item has been decreased from $250,000 to $140,000.

Mr. THOMAS of Oklahoma. Mr. President, the bill now before us contains an item for the payment of the expenses of the Osage Agency in Oklahoma. Last year the expense was $259,000. This year, at the request of the Indians, the amount has been cut to $175,000. I ask unanimous consent to have printed in the RECORD at this point a statement in the form of a telegram from the tribal council of the Indians justifying the reduction to $175,000.

The VICE PRESIDENT. Without objection, leave will be granted.

The statement is as follows:

PAWHUSKA, OKLA., *March 14, 1932.*

Hon. ELMER THOMAS,
Senate Office Building, Washington, D. C.:

We, the undersigned, chief, assistant chief, members of the Osage Tribal Council, respectfully request when Osage items from the Interior Department appropriation bill are reached by the Senate that you read the following telegram into the CONGRESSIONAL RECORD on Tuesday, January 12, 1932:

"Members of the Osage Tribal Council and Osage delegates representing the Osage Tribe of Indians in Washington presented to the House Appropriations Committee for the use of the committee a statement showing what positions could be abolished at the Osage Agency without impairing efficiency of the service at this agency. This statement appears on page 703, before subcommittee of House Committee on Appropriations. The positions recommended for abolishment in that recommendation were decided upon by the tribal council after a full investigation by committee consisting of members of the Osage Tribe and members of the Osage Tribal Council, which lasted nearly two months, and we are of the opinion that these positions can be abolished without impairing the efficiency of the service at this time.

"The total amount of salaries represented in that recommendation amounted to approximately $40,200. The number of cars maintained for these positions at Osage tribal expense amounts to 10, the average cost of operation of each car being $610 per annum. The abolishment of these positions, with the 10 cars eliminated, would have made a reduction in the Budget for Osage Agency of $46,300. The House of Representatives Appropriations Committee did deduct on the Budget estimate of $210,000 $35,000, leaving a total of $175,000 for Osage Agency expense for 1933. With this deduction we are entirely satisfied. Beginning on page 122, hearings before the subcommittee of the Committee on Appropriations of the Senate, Superintendent Murphy, of the Osage Agency, submits a justification for the $210,000 as asked for in House appropriation bill. Among other things itemized, purchase of new automobiles at $4,000. This we charge is nothing short of extravagance. On page 128 of the same hearings the superintendent of Osage Agency becomes unduly alarmed about the interests of certain citizens of Fairfax and Hominy because of the abolishment of subagencies in these two places. Again on page 130 he reiterates the same thing, with the following language: "Protests will undoubtedly be made by the chambers of commerce and other persons in Hominy and Fairfax districts."

"We wish to call the attention of the Senate to the revenues of the Osage Tribe for the year 1923, which amounted to $30,502,500. The appropriation made by Congress for Osage Agency expense for the same year was $210,000. The tribal income for the year 1931 was $2,827,169, and the appropriation for the Osage Agency expense was $286,800. The administration expense of the Osage Agency has always been maintained from Osage tribal funds, this being the first time in the history of the Osage Tribe the Osage Tribal Council or its representatives have appealed to Congress to assist in making what deductions we think are absolutely necessary. With the $175,000 as fixed now in the appropriation bill we are entirely satisfied until the next session of Congress, at which time we will furnish the members of the Appropriations Committee with a justification for further reductions in the appropriation for this agency."

Fred Lookout, chief; Harry Kohpay, assistant chief; Sam Kennedy, councilman; Dick Petsemoie, councilman; Francis Revard, councilman; Frank Lessert, jr., councilman; Clement Denoya, councilman; Charles Brown, councilman; Simon Henderson, councilman; George Alberty, councilman; F. N. Revard, secretary; William Pryor, interpreter.

Mr. KING. Mr. President, when we recessed last evening I was challenging attention to conditions on the Klamath Reservation, and attempting to prove that items of appropriations carried in the pending bill were unwarranted. The senior Senator from Utah [Mr. SMOOT], as I understood him, argued that the number of employees upon the reservation was less than indicated by me, and as shown in the House hearings commenced December 15 of last year, and continued into the present year. At the same time I exhibited a statement prepared and handed to me by Mr. Crawford, the intelligent representative of the Indian tribe, who has been in Washington for some time protesting against the policies of the bureau, the exorbitant demands made by it for appropriations from tribal funds to keep an army of white employees on the Klamath Reservation.

He has denounced the grazing policy imposed upon the Indians and the timber contracts that are unfavorable to

the Indians who own the timber and to the forestry policy which within a few years will leave the Klamath Indians propertyless and penniless.

I may say in passing that for several years Mr. and Mrs. Crawford have visited Washington as representatives of the Klamath Indians. They have appeared before the Bureau of Indian Affairs and pleaded for justice for the Indians, for reforms in the Indian Bureau; they have demanded reductions in the appropriations annually made by Congress, at the request of the Indian Bureau, appropriations from tribal funds which within a few years, if the bureau's policies are continued, will be exhausted.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to his colleague?

Mr. KING. Certainly.

Mr. SMOOT. I took it for granted that the Senator was speaking of forestry employees on the Klamath Reservation, only those engaged in forestry, and not all others. That is what I understood we were discussing. I now understand the Senator is discussing the question of all the employees.

Mr. KING. No; I stated, if I may be pardoned a repetition, that there were 50 so-called permanent employees who were denominated agency employees, and that there were approximately 103 employees, as I had been informed, who were called irregular employees. I added, however, in order to be entirely within the bounds of accuracy, that there were more than 50 of these irregular employees. What little work is performed by them is in the summer months and when the lumber mills are in operation. Most of them are unnecessary at any time, and none in the winter months if the permanent employees were required to perform a proper amount of labor. Yesterday I gave the names of the agency, or permanent employees, starting with Mr. Blair, the agent in charge, and went down the list of clerks and subclerks, supernumeraries, cooks, scalers, and others engaged in forestry service in the so-called permanent class.

Mr. SMOOT. The statement the Senator has just made, of course, takes in all the employees on the Klamath Reservation.

Mr. KING. Oh, no; my colleague is mistaken, if I understand his meaning.

Mr. SMOOT. Then I want to say that if it is only the forestry employees on the Klamath Reservation, there are 25 employees provided for in the bill, and no more.

Mr. KING. I do not agree with my colleague.

Mr. SMOOT. Then I ask permission to insert in the RECORD a list of every employee in the Forest Service on the Klamath Indian Reservation.

The VICE PRESIDENT. Without objection, leave is granted.

The list is as follows:

Forestry employees at Klamath

Position No.	Title	Gross salary
32	Forest ranger	$2,000
46	Forest examiner	2,600
47a	Forest ranger	2,000
48	do	2,100
50	Forest assistant	2,300
51	do	2,500
52	do	2,300
53	Forest guard	1,800
54	do	1,860
55	Scaler	1,980
56	do	1,920
58	do	1,920
60	do	2,040
61	Forest ranger	2,000
66	Senior forest ranger	2,300
67	Forest guard	1,740
68	Forest supervisor	3,300
77	Scaler	1,920
78	do	1,860
79	do	1,980
80	do	1,920
81	Senior forest ranger	2,400
82	do	2,400

Forestry employees at Klamath—Continued

Position No.	Title	Gross salary
83	Senior forest ranger	$2,300
93	Scaler	1,240
	Total	52,680
	Less deductions for quarters, fuel, and light	5,160
	Net salaries	47,520

Mr. KING. Mr. President, yesterday I gave a list of names of certain employees as shown by the House hearing. My colleague has just referred to a number of employees in the forestry work of the reservation, but he has not indicated all of them. On pages 620 to 623, inclusive, of the recent hearings before the subcommittee of the House Committee on Appropriations appear the names of more than 150 persons employed upon the Klamath Reservation. The pay roll for April, 1931, names more than 50 permanent employees, 27 of whom are forestry employees. There are 103 additional employees, their names appearing on the pages mentioned, as temporary scalers, line riders, liquor control, fire protection, road construction and maintenance, beetle control, agency grounds, and miscellaneous, miscellaneous improvements, and construction and maintenance of telephone lines. Congressman MURPHY, when the hearings were in progress, called attention to the fact that the outside number of persons that had been employed in a regular way was 60, but that the irregular employees had reached 105 in June, 1931. The Indians have for years protested against the Indian Bureau forcing upon them an army of employees most of whom were unnecessary. It must be remembered that the Klamath Indians are civilized; they have their own homes upon their own allotments, and some live in towns and cities built upon the reservation. They are taxpayers, and their children attend the public schools. The statement is made in the House hearings (p. 624):

> That the Klamath Indians have assimilated with the white people for over 40 years; you can not tell an Indian from a white man; the Indians know how to take care of their homes as well as their neighbors do.

Notwithstanding the fact that the Indians have their own homes and live not at the agency but in various parts of the reservation, the Government persists in maintaining a large agency center where no Indians live and an unnecessary number of employees, whom the Indians are compelled to support. The Government has unwisely and improvidently expended tribal funds to construct roads and buildings. There are nearly 200 buildings erected by the Government out of tribal funds not used by the Indians, many of which are unnecessary and should not be maintained. The Government furnishes the employees upon this reservation approximately 50 automobiles, the cost of operation and maintenance of the same being charged to the Indians.

Mr. Crawford has furnished me a list of the Government employees for 1931 on the reservation. Notwithstanding, as he has stated, the lumber operations have almost ceased, only two mills operating, the pay roll is still carried on through the winter months. "Civil-service employees have been doing irregular work around the agency, such as repairing buildings," and so forth. Mr. Crawford's memorandum, which I have before me, gives the names and the compensation of the bureau employees as of November 30, 1931. There are 50 of these so-called "permanent employees," and 103 irregular employees. He further adds that the Indians who formerly did some irregular work have been laid off in order to keep the white personnel.

> Last summer out of 19 contracts, which we have, only two companies were able to make their annual cut on account of the lumber market, and still this large personnel has been carried on.

Mr. President, I believe my colleague is in error in assuming that this bill carries but $140,000 for the expenses of the Klamath Reservation for the next fiscal year. This view has been challenged by the Senator from North Dakota [Mr.

FRAZIER]. In support of the position of the latter I invite attention to page 18 of the bill which carries an appropriation of $225,000. The item is as follows:

INDUSTRIAL ASSISTANCE AND ADVANCEMENT

For the preservation of timber on Indian reservations and allotments other than the Menominee Indian Reservation in Wisconsin, the education of Indians in the proper care of forests, and the general administration of forestry and grazing work, including fire prevention and payment of reasonable rewards for information leading to arrest and conviction of a person or persons setting forest fires in contravention of law on Indian lands, $225,000: *Provided*, That this appropriation shall be available for the expenses of administration of Indian forest lands from which timber is sold to the extent only that proceeds from the sales of timber from such lands are insufficient for that purpose.

Then there is an item of $140,000 appearing in the paragraph beginning at line 17. It is to this item the amendment offered by the Senator from North Dakota applies. It reads as follows:

For expenses incidental to the sale of timber and for the expenses of administration, including fire prevention.

It will be observed that the language of these two items is substantially the same. The item of $225,000 is for the administration of forestry and grazing work and the $140,000 is for the expenses of administration and protection of forest lands.

The books and accounts of the Indian Bureau are so kept that it seems impossible to determine the purpose for which various items of appropriation are applied. Neither the Budget nor the appropriation bills afford satisfactory evidence of the uses to which appropriations are applied. There are evident duplications, and items are so scattered through the bill apparently dealing with the same subject or with cognate matters as to make it impossible to determine the amount of appropriations for various subjects or the extent of duplication and overlapping.

Complaints have been made for years against the bookkeeping methods of the bureau and the plan adopted by which, from various funds apparently earmarked, subtractions may be made for utilization upon some other reservation or for different purposes. Bills are prepared which apparently limit appropriations to a particular object, but the language is so confusing and uncertain and often so broad that the appropriation may be diverted to one of a dozen various objects. Indian appropriation bills are filled with duplications and with appropriations, which, as I have stated, are so indefinite and ambiguous that they may be drawn upon to meet conditions in various reservations or situations which were not contemplated by Congress when the legislation was enacted.

Efforts have been made by the Senator from North Dakota to reform the bookkeeping and accounting system of the department and to make more specific and definite the appropriations and the purpose for which made. I am advised that the bill which he has offered has met with opposition at the hands of the bureau officials. Apparently they are opposed to a system of accounting that will enable Congress and the Indians and their representatives to determine the exact amounts appropriated for every and any purpose. As I have indicated, the item of $225,000 is to aid in the preservation of timber on Indian reservations, for general administration of forestry and grazing work, and so forth. What part of this amount is to be used upon the Klamath Reservation the bill does not indicate. It may be that the entire amount will be expended upon this reservation. The item on page 19 for $20,000 is specific and is to be expended for insect control on the Klamath Indian Reservation. However, on page 19, beginning in line 7, there is found the following provision:

For the suppression or emergency prevention of forest fires on or threatening Indian reservations, $40,000, together with $25,000 from funds held by the United States in trust for the respective tribes of Indians interested: *Provided*, That not to exceed $50,000 of appropriations herein made for timber operations and for support and administration purposes may be transferred, upon the approval of the Secretary of the Interior, for fire suppression or emergency prevention purposes and allotments of funds so transferred shall be made by the Secretary of the Interior only after the obligation for the expenditure has been incurred.

Senators will observe that $40,000 or $25,000, or both, are to be appropriated for timber operations and for support and administration purposes. These amounts may be transferred for fire prevention and may be expended entirely upon the Klamath Reservation.

On page 33 of the bill appears an item of $5,000 appropriated from the "funds held in trust for the Klamath Indians to be used for irrigation purposes." There are other items in the bill, including one for $75,000, which may be drawn upon by the bureau to meet expenditures upon the Klamath Reservation. Then there are a number of items made reimbursable, and which in the discretion of the Indian Bureau may be used in connection with the same reservation as shown. It is, therefore, impossible to determine the total amount carried by the pending measure that may be expended by the bureau upon this reservation. It is unfortunate that appropriation bills do not clearly indicate for what appropriations are to be used and the special objects to which they may be applied. In view of these ambiguities, it is impossible for anyone to say what amount the Klamath Indians will be charged with to meet the bureau expenses for the coming year. It is obvious that the item of $140,000 is only a part of the charge which they will be compelled to meet. An examination of the items which it may safely be assumed will be applied to the Klamath Reservation establishes that the Klamath Indians are charged with $225 per capita, which must come out of their tribal funds. This is an unjust burden to be placed upon them in view of their development and situation. This burden is imposed in order to maintain Federal employees and sustain a bureaucratic organization.

Attention has been called to the fact that the expenses of the Indian Bureau have been increased from five or six million dollars a few years ago to $28,000,000 for the fiscal year ending June 30 of this year.

The Klamath Indians desire to be emancipated from bureaucratic control, to organize into corporate form, and manage and control their own affairs. They have been pleading for this reform but have met with implacable opposition. Yesterday I briefly referred to the policy of the bureau in handling the timberlands of the Klamath Tribe. Speaking of these contracts which were forced upon the Indians, Senator WALCOTT, a member of the Committee on Indian Affairs, stated, as appears in the hearings of the committee on H. R. 15498 (February 25, 1931):

I admire the Indian; and I think he has had fearfully raw deals. I think that the Government, intentionally or otherwise, has taken from the Indian large tracts of land, and large tracts of valuable timber, and never paid him for it. * * * We are dealing with human souls who were the owners of this whole country at the beginning, and who have gradually been forced down, and nearly out. I have seen the Seminoles in the 20 years I have known them—and I know them very well, some of them—decline from about 3,500 to less than 200 in that great, glorious area in the southwest corner of Florida which is a paradise. * * * And so it is if you go all over the country and look at these sore spots. From my point of view the whole thing is a matter of administration. I do not think the Secretary can—I do not think he does—question the motive of this committee.

I have never seen men who were apparently more sincerely interested in the welfare of the Indian than there are in this group of which I am a member. * * * We owe the Indian, from my own observation in this committee, a great many hundreds of thousands of dollars, and we have owed it for many years. * * * There is no question in my mind that the United States Government has owed this money all the time; and so it goes, one abuse after another.

I went over some lumber contracts, that I, as a white man, having been connected with a large lumber business all my life, would no more think of making, would no more think of cutting the timber, no more think of letting it go, than I would think of cutting off my right arm. No more would I think of cutting stumpage at this time when it is the lowest in 20 years. Yet I am told by some of the Indians that a large contract may be let between now and next fall. It would be suicidal to the Indians to do a thing like that. We should wait until there is a market for stumpage before letting such a contract. It is distinctly an unfair contract from the Indians' point of view. * * *

I sit here month after month in these committee meetings, and with a group of very intelligent Indians, presumably the best representatives of their various tribes. I have talked to them afterwards. They seem to know the problems perfectly; they seem to have fairly good solutions; I can not question their judgment; I certainly do not question their motives. Yet, here we are, a

group of white men who are supposed to be intelligent, making, as far as I can see, no headway at all; and we take hours in discussing these problems.

Mr. President, the various hearings reveal that the Indians have repeatedly protested against the timber contracts forced upon them by the Indian Bureau and their modifications. Some protests have been made because of the believed unreliability of the contractors and the bonding policies which did not afford adequate protection, and also for other reasons. But these protests have been unheeded by the bureau.

In passing may I say that investigations made by representatives of the bureau which revealed the need of reforms in the bureau were ignored by it. In September, 1930, the chairman of the Klamath Business Committee appealed to the President of the United States and stated that the needs of the Klamath Indians, briefly summarized, were: (a) Greater economy in the expenditure of tribal funds; (b) more businesslike methods in contracting tribal timber; (c) breaking down of influence between timber interests and grazing interests of Klamath County with bureau officials; granting to the Indians a voice in the management of their affairs; the reduction of power now in the hands of civil-service employees; an entire change in agency personnel; more money for the higher education of children, and to enable the Indians to engage in industrial pursuits. Similar appeals have been made at various times to the bureau. The Indians claim that their appeals have been in vain.

In the hearings before the subcommittee of the Senate of the Committee on Indian Affairs, January 13, 1931, Mr. Wade Crawford, speaking for the Indians, stated that there were several thousand white people on the reservation and 1,276 Indians; that there were 18 lumber companies that had contracts given them by the Indian Bureau.

> The Indians are pitted against the timbermen's organization and the woolgrowers' organization. * * *
> We take the matter up with the Commissioner of Indian Affairs, and he has always made a decision in favor of those organizations. We don't any more have an Indian problem; it is an Indian Bureau problem, and if something is not done about it in the near future the lumbermen and the woolgrowers are going to ruin that reservation. I have a map here showing the reservation—which is colored—which shows the amount of timber under contract and the names of the companies which have contracting units. This map shows about three-fourths of the timber is under contract.

In the address or appeal to the President above referred to it is stated:

> The Bureau of Indian Affairs has become such an unwieldy political machine that the so-called Indian problem has vanished and in its wake has followed the Indian Bureau problem. * * * Bills that are introduced for the benefit of the Indians are, almost without exception, adversely reported by the bureau. * * * The Indians have tried to cooperate with the bureau and failed—neither can anyone else—because the bureau will not cooperate, and proof of this lies in the assertion of the Assistant Commissioner of Indian Affairs to the Klamath delegation, "We are running that establishment down there and do not intend to be dictated to by any United States Senators or anyone else."

The address contains an appeal to the President to effectuate reforms and to relieve the Indian property from the great inroads that are being made upon it, and continues:

> I respectfully submit that the Bureau of Indian Affairs' conduct and administration of the Klamath timber, irrigation, health, education, and general agency administration are in no wise different than before the advent of the present administration. That is all proof of record and conditions that actually exist. * * * The timber contracts, sheep-grazing permits, vouchers of administration expenses will prove that the Klamath Indians' natural resources and the returns therefrom are handled to the interests of the timbermen, woolgrowers' associations, and the members of the chamber of commerce; it is a wheel within a wheel. Mr. President, we respectfully make this appeal to you and pray that action, not idle talk, will henceforth be forthcoming from the Bureau of Indian Affairs, which action alone will prevent the impoverishment of the Klamath Indians within a very few years.

Mr. President, appeals of this character have frequently been made to the Indian Bureau, but the Indians contend that their appeals have been in vain. Evidence has been furnished to committees of Congress and to the Indian investigating committee of the unfairness to the Indians of the timber contracts. Notwithstanding the complaints, timber contracts have been entered into and grazing contracts have been executed which the Indians believed—and their belief seems justified by the facts presented—have been distinctly disadvantageous to them.

The evidence shows that the grazing territory within the reservation has been in part destroyed by white sheep owners, who have overgrazed the lands and made it practically impossible for the Indians to develop the stock industry as they desired. In other words, the grazing lands have been largely turned over to the white sheepmen and cattlemen against the protests of the Indians. The Indians have complained that concessions were made by the bureau to lumber lessees in violation of the contract; that stumpage charges were not maintained, resulting in losses to the Indians, and that contracts were given to persons who were not competent or able to meet their obligations.

Lee Muck, an official in the bureau, after a thorough investigation of the reservation and the timber contracts, reported that lessees were insolvent and that substantial losses had been sustained in connection with the operations of a number of them.

Mr. Crawford called the attention of the chairman of the Indian Affairs Committee in a letter dated January 6, 1931, to the fact that on one contract the Indians suffered a loss of $2.80 per thousand because the bureau accepted a bid from a defunct lumber organization which had been unable to fulfill its contract. Resolutions were adopted from time to time by the Klamath business committee requesting the Indian Bureau to refrain from giving contracts for the cutting of timber upon various units. It was claimed by the Indian representatives that since the timber was protected with tribal funds, that the sale of the same would deplete the Klamath resources; that the method pursued by the bureau in deducting 8 per cent in the timber cuttings resulted in the loss of thousands of dollars to the Klamath Indians.

Much could be said concerning these timber contracts condemned by Senator WALCOTT and which have been so disadvantageous to the Indians.

Concerning the action of the bureau in granting permits to white cattle and sheep men and the situation which has developed as a result thereof, Mr. Lee Muck in his report states:

> Existing conditions in the stock industry at this writing are more severe than they were one year ago and action looking forward to the entire elimination of the sheep accommodated on the Klamath Indian Reservation would materially disturb economic conditions in the Klamath region, undoubtedly result in failures in the stock industry, hazard the credit structure of some of the local banking institutions, and seriously depreciate the value of the livestock loans made in Klamath and Lake Counties by the Federal Land Bank of Spokane, Wash.

Does this not mean that the Indian lands are to be held for the advantage of the white sheepmen and for the banks in the Klamath Reservation section? The interests of the Indians are not to be considered, but only the financial and economic structure of the white people in that vicinity.

> This Government institution, which was created under authority of the Federal farm loan act for the purpose of stimulating the flow of capital from the Government and investors to the farm, has extended extremely liberal credit to the stockmen of Klamath County in order to assist in maintaining the industry on an even keel. In view of the fact that those loans were effected prior to the serious depreciation which has taken place in the value of livestock, the loans in this connection now reflect approximately 100 per cent of the total value of the livestock involved and the situation has resolved itself into one in which the Federal land bank is virtually in the sheep business with the owner holding only a comparatively limited equity. Any action, therefore, which will jeopardize the limited equity of the stock owners will seriously affect the value of the loans of the Federal land bank and through it the interests of the people of the United States.

Mr. President, no action was taken by the bureau following this report to terminate and restore the grazing lands to the Indians. I am not complaining because of its failure to immediately reverse the policy which it had pursued in the matter of leasing grazing lands to white men. I do complain, however, against a policy that subordinates the interests of the Indians in respect to their own lands and their own property to the interests of white men who have been

granted leases to lands which the Indians ought to have been permitted to graze, leases which were made over the protests of the Indians.

Mr. Muck continues:

In order that the pertinence of this contention may be fully appreciated, there is submitted herewith the call statement of the Federal Land Bank of Spokane, Wash., as at December 31, 1930, together with an analysis of the loans made by this institution to the stockmen of Klamath County holding grazing permits on the Klamath Indian Reservation—the former to exhibit the capital stock paid in the callable from the United States Treasury and the latter to present the facts with regard to the equity of the Federal land bank in the stock largely dependent on the Klamath Indian Reservation.

Mr. President, I have the exhibit, but shall not give the names of the debtors found therein. It might possibly affect their financial standing. I submit, however, the amounts due from various stockmen to the Federal land bank in Spokane. I might add there are other banks to whom cattle and sheep men who grazed the Indian lands were indebted.

The first name on the list which I have owed the Spokane Bank $40,365.06, and the exhibit states the value of the debtor's sheep to be $45,000. The next loan is $47,470.75, and the reported value of the debtor's sheep is $37,500. The next loan is $9,300, and the number of sheep owned by the debtor is given as 2,500. The next debtor owed the bank $8,100, and the number of his sheep grazing upon the reservation was 2,400, valued at $12,100. The next loan is for $34,000, and the number of sheep grazed by the debtor upon the reservation was 6,000. The next loan was $5,000, the debtor owning 800 sheep. The next debtor owed $4,000 to the bank; another lessee owed $6,600. A partnership loan amounted to $21,375, and the number of sheep owned and grazed by the association was 5,150. The next statement shows the owner owed $19,150 and grazed 4,000 sheep.

I am advised that there were other lessees who are indebted to other banks, but I do not have the names nor the number of lessees nor the amount of their indebtedness.

Mr. President, it is contended by the Indians and others that these leases were made in violation of law, as they did not receive the approval of the Indians. They insist that no lease is valid that is not approved by the tribe.

Yesterday I received a communication from Indians residing upon the Fort Peck Reservation in which they voice their opposition to the policy of the bureau in leasing their lands without their consent and over their protests. A copy of the protest which has been forwarded to me is addressed the Congress of the United States and is as follows:

POPLAR, MONT., *December 16, 1931.*

To the Congress of the United States:

By request of the Fort Peck Indians, of the Fort Peck Indian Reservation, Mont., we, the undersigned officers of the general council of the Fort Peck Indians, do hereby present to you for your consideration resolutions adopted by the Fort Peck Indians at a mass council meeting held at Wolf Point, Mont., November 16, 1931, together with a petition indorsing and approving the action of the said mass council.

Respectfully submitted.

RUFUS RICKER, Sr.,
Vice Chairman General Council.
MEADE STEELE,
Secretary General Council.

WOLF POINT, MONT., *November 16, 1931.*

MASS MEETING

The mass meeting called by the chairman of the Fort Peck General Council, Joshua Wetsit, dated November 5, A. D. 1931, was called to order at 1.30 p. m., and the following officers were elected:

Chairman, Isaac Miller.

Secretary, David B. Johnson.

The object of the meeting was announced, and the council proceeded to discuss the new policy covering agriculture and grazing leases. After a prolonged discussion the chairman asked the council how many members were in favor of the new leasing policy. There were none, and he asked how many were against it, and by a rising vote there were 62 against the new leasing regulations.

At this point Meade Steele moved the adoption of a resolution and the motion was seconded by Charles Owens, and by a unanimous vote of the council the resolutions were adopted as follows:

"Whereas the United States Department of the Interior has recently adopted a new grazing administration policy for the Indians by the issuance of new regulations; and

"Whereas it is understood by the Indians that the new leasing policy, as approved by the department, is not in line and is inconsistent with the intention of Congress to educate and civilize the American Indians into good useful citizens; and

"Whereas the new policy does not provide protection for the Indians as it is found to be most impracticable, ultimately most detrimental, and very dangerous to Indian welfare; and

"Whereas the department by its action has decidedly set the Indians back where they were 40 years ago—no voice, no knowledge, no consent in the management of their tribal affairs; and

"Whereas it is now time for Congress to reverse its attitude and position toward the American Indians and grant them an opportunity to work out their own problems, to permit them to decide for themselves what legislation is most beneficial for them in their struggle for life and existence: Now, therefore, be it

"*Resolved by the council of the Fort Peck Indians, duly in session this 16th day of November, 1931, at Wolf Point, Mont.*, That the council hereby does enter its most emphatical and vigorous protest against the action of the Interior Department in attempting to coerce the several Indian tribes to accept its so-called new leasing policy, and the council hereby does most earnestly request Congress to enact immediately new legislation to adequately protect and safeguard the property and other interests of the American Indians and to encourage the Interior Department to put into effect new, humane, and enlightened Indian policies agreeable to the Indians; be it further

"*Resolved*, That this council hereby does authorize and empower a delegation to carry this protest to Washington, D. C., with full power and authority to transact any and all tribal and other matters for the Fort Peck Indians, and the expense in connection with the visit of said delegation to Washington, D. C., shall be paid out of the Fort Peck tribal funds; be it further

"*Resolved*, That copies of these resolutions be immediately forwarded to the honorable Montana delegation in Congress and to the honorable Secretary of the Interior.

"ISAAC MILLER, *Chairman.*

"Attest:

"DAVID B. JOHNSON, *Secretary.*"

Then follows this note:

After the adoption of the resolution several members suggested that after authority was granted by the Indian Bureau a delegation is to proceed to Washington, D. C., under authority of this resolution.

Senators know that until authority is given by the Indian Bureau representatives of the Indians may not come to Washington to present their views to the bureau, or at any rate they may not have their expenses paid unless consent is given by the bureau.

The petition is signed as follows:

We, the undersigned, Fort Peck Indians, do hereby indorse and approve the action of the mass council meeting held at Wolf Point, Mont., November 16, 1931, in protesting against the new leasing regulations as approved by the Department of the Interior, and we further do hereby enter our protest against same.

There are several hundred names attached to the petition, but I shall not ask for their insertion in the RECORD.

Mr. President, the bureau has drafted a new form of lease accompanied by voluminous regulations. It is believed by many that the bureau, without the consent of the Indians, has no right to lease their lands. The statutes deal with leases I have before me; and as I interpret them, the bureau has acted without authority in granting leases upon grazing lands of the Indians as well as leases for the exploitation of timberlands. I am advised that the bureau attempts to differentiate between a lease and a permit. Apparently the bureau now concedes that it has no authority to grant leases without the consent of the Indians, but in order to carry out its purpose it grants permits. It seems to me that this is an evasion of the law and is a sophistical position to take, one which can not be supported.

The Klamath business committee recently passed a resolution, stating in effect, that necessary tribal range be reserved for the Indian stock; that any surplus range be granted under permits to cattlemen only, and that where leases are made to cattlemen or to Indian stockmen, above their regular number to be grazed free, that where trust allotments are enforced, the bureau pay to the Indian lessee his or her proportionate share of the lease money.

A memorandum sent me by the committee of the Klamath Reservation reads as follows:

If the department grants the 3-year grazing permit, it would result in a loss to the Klamath Tribe to the extent of $13.92 for each allotment.

An allotment, as Senators know, is that part of the reservation carved out of it and assigned or granted to a particular Indian. The memorandum states that there are 268 allotments within the tribal range and that figuring—

the land on an acreage basis, tribal and allotted land side by side, it figures $6.08 for every 160 acres, but the department is contemplating giving each allottee $20 per allotment. The total income that is paid in would be $28,040; there is a total acreage of land to be granted under these permits of 690,178.81 acres.

Of course, some of the allotted land is worth possibly $40 or $50 per allotment, but the department has set this arbitrary figure of $20 without consulting the Indians, and which is also unfair to a great many of them. The department has asked them to sign a power of attorney.

Mr. President, I have before me this proposed power of attorney. The document is a tribute to the ingenuity of the Indian Bureau. The Klamath Indians are asked to sign, notwithstanding its rather harsh terms and though the Indians have declared their opposition to it.

Again, reading from the memorandum:

The department has asked them to sign a power of attorney to the superintendent, and if the Indians do not sign such power of attorney permits will be granted for a 3-year period surrounding each allotment and they will use the Indians' land for nothing because he refuses to sign the power of attorney. The department asks the Indians to fence their land, and we all know out in that country that if we try to build a sheep-proof fence it would be entirely too expensive a proposition. It can thus be readily seen that this works a hardship upon the Indians. * * *

The reason for the Indians' protest in this matter is that the sheepmen have put the Indians out of business and will continue to put them out of business. The records all disclose from testimony by Indians to Inspector Trowbridge and to Senator FRAZIER'S committee information to this effect. The sheepmen have overgrazed the lands and have had an excess number of sheep in each grazing unit and have grazed the land right up to the Indians' ranches. The permits have been granted for a 6-month period in the past.

The Indians all know that their grazing lands were formerly one of the best grazing lands in the West prior to the department's putting sheep on these lands. Since that time they have seen it being wasted away each year, and it will take three or four years to put these lands back into their former condition.

In a letter dated June 11, 1928, addressed to Hon. CHARLES L. MCNARY, by E. C. Finney, Acting Secretary of the Department of the Interior, an argument is advanced against a tentative draft of a bill proposed to be introduced by Senator MCNARY. I quote from such letter:

"Section 9 provides that no lease of tribal land shall be made, extended, or renewed for more than one year without the consent of the tribal council. The act of February 28, 1891 (26 Stat. L. 795, sec. 397, ch. 12, title 25, Indians, U. S. C.), requires the consent of the tribal council to leases of tribal land. Hence there is no necessity for additional legislation of this nature."

The department is granting permits for this same area of land to the same sheepmen in order to get around the law above quoted and the Indians. Under the permit system it is forcing Indians to meet competitive bids which are unusually high, and they will not be able to make a success of running their stock. The fact is that all the sheepmen who are competing for this land against the Indians are people who have large loans from the Federal land bank of Spokane and the American National Bank at Klamath Falls.

Mr. President, the position of the Indians is that the law prohibits the Indian Bureau from executing leases without their consent, and that it is an evasion of the law to call leases "permits." The Indians insist that their interests should first be considered; that the grazing lands should be available to them and not turned over to white men. It has been brought to my attention that the policy of the department has, in a number of instances, destroyed the stock business of the Indians. I recall that upon one of the reservations the Indians owned a large number of cattle. In caring for them, they were furnished employment and the profits received from their herds contributed to their support. The Indian Bureau sold their stock, and the grazing lands were then leased to white men engaged in the cattle and sheep business. I think that it can not be disputed that reservations too often have been exploited by the whites to the serious injury of the Indians. The bureau for years has professed its desire to make the Indians independent and to enable them to engage in activities from which they might derive incomes, and yet the facts are that in many instances the policy pursued has prevented the Indians from becoming self-sustaining. I have had many letters protesting against the leasing operations of the Indian Bureau, and Indians have complained to me that they have been driven from their own lands, which were turned over to white men.

The report of Mr. Lee Muck, to which I have referred, indicates that bankers and white communities were, in effect, protesting against any policy that would turn the grazing lands of the Klamath Reservation back to the Indians; and that the white lessees, and the bankers to whom they were indebted, and the white communities in and about the reservation were first to be considered. The interests of the Indians were to be entirely subordinated to the whites. Mr. Lee Muck's statement is that it would be unwise and that it would shake the financial fabric of the Klamath section if the bankers were to collect the loans from the sheepmen to whom the Indian grazing lands had been leased.

Mr. TYDINGS. Mr. President——

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

Mr. KING. I yield.

Mr. TYDINGS. If a lease can not be granted for a period in excess of one year without the consent of the tribal council, why should not the tribal council have jurisdiction over leases of less than one year?

Mr. KING. Mr. President, the Klamath Indians, because of their advancement along the path of civilization and education, should have control over the leasing of their own lands. They are competent to pass upon this question. However, I do not concede that the bureau has authority to grant permits for any period whatever without the consent of the Indians.

Mr. TYDINGS. Is the basis of the present law the thought that the Indians are not able to manage their own affairs through their tribal council?

Mr. KING. Doubtless that is the theory. I admit that some tribes are not competent to exercise unlimited control over their property. It has been found that in a number of instances where unrestricted title has been granted to the Indians and they have had the right to sell or dispose of their property without governmental supervision or control, the Indians have been despoiled and, indeed, robbed at the hands of persons not of their race. The Indian has not been a match for the wit of the white man; but there are some Indians whose progress has been such that they should have a substantial control over their own property. Certainly the Government should not lease it over the protests and without the consent of the owners. I believe there are many dark chapters showing the unjust policies pursued by the Government in dealing with the lands and property of the Indians. The Senator knows, too, that when a bureau is once established it never voluntarily relinquishes its power and authority. Indeed, it is always seeking more power, and the Indian Bureau, like all others, is infected with the same malady.

Mr. TYDINGS. But does it not take more intelligence and more business acumen to make a lease for longer than one year which will be binding for a longer period than it does to make one for less than a year?

Mr. KING. Yes.

Mr. TYDINGS. So if the Indians have complete jurisdiction over the matter when it is in excess of a year, it seems to me they qualify to make leases which would be less injurious.

Mr. KING. The conclusion announced by the Senator can not be disputed.

Mr. TYDINGS. What argument is offered to deny to the Indians the right to have the power to make their own leases without the consent or approval of the Indian Bureau?

Mr. KING. I presume the bureau takes the position that the Indians are incompetent to manage their own affairs, and that it requires a powerful bureau of more than 6,000 Federal employees to control from 225,000 to 250,000 Indians. I repeat that most of the Indians do require the guidance of a generous and just guardian—one interested in their material and moral welfare. I am afraid the policy of the bureau

too often has rested upon the postulate that the Indians were a dying and degenerate race; that the lands which they and their ancestors had occupied from immemorial periods should pass into the hands of a more virile and dynamic race. Certain it is that the Indians have too often suffered unjust treatment and the protests made against the wrongs and injustices inflicted upon them have been unheeded by the Government.

Congressman Kelly, a few years ago, referred to the fact that the Indian Bureau in 1923 assigned a Government agent to every 10 Indian families. Since then the number of employees has increased. He added that for 90 years the Indians had been under the control of the Indian Bureau, and that—

> * * * During that time they have been forcibly driven off their homelands of the Eastern States and herded into reservations west of the Mississippi. These reservations whose bounds were laid out in sacred treaties have been cut in two, oftentimes without a word to the Indians concerned. Not a treaty made by the United States Government with the Indians has been kept, and these acts of faithlessness have either been initiated or approved by the Indian Bureau, this great protector of a helpless people. * * *

I believe, however, that there are in the bureau those who are sincerely desirous of doing justice to the Indians in advancing them along the pathway of civilization. If only bureaucratic methods and mechanics could be abolished and common sense, practical and humane methods carried into effect, unhampered by archaic rules and precedents, then I believe a new day would dawn for the Indians, and their friends in the bureau and elsewhere would have occasion to rejoice over the unmistakable evidence that would appear of the inherent capacity and power of the Indians to reach a high standard of intellectual and moral development.

Mr. TYDINGS. It occurs to me that under the present system for leases of less than one year the whole procedure is in the hands of the bureau, but if they are for over a year the Indians may veto a lease made by the bureau. Why should not the action on these leases originate with the Indians, and with the veto power in the bureau, rather than have it as at present set up?

Mr. KING. The Senator's question is an argument in favor of greater authority being conferred upon the Indians to deal with their own reservations. I do not, however, concede that the bureau may grant permits or leases without the consent of the Indians; and whether the movement to lease or grant permits originates with the bureau or with the Indians, certainly the consent of the Indians should be obtained before any permit or lease is granted.

Mr. TYDINGS. And only when there is a chance of some fraud, or when the Indians' rights are to be prejudiced in some way, should the bureau step in. I do not know much about the Indian question, but I do know enough to realize that the treatment of the Indians by this Government has been one of the most outrageous chapters in its history; and I do know that those who have spent a lot of thought on this question, and who have reduced their findings to writing, as Col. Jennings Wise has in a book which deals in extenso with the Indian question, make all of us feel as if we have mistreated the Indians very severely, denied them their rights, taken their property, and quite often moved them from a good piece of land, which we had formerly given them, to an inferior piece of land, when the first land was found to be valuable.

With proper safeguards I would be inclined, from what I do know of the subject, to see the Indians have more rights to manage their own affairs.

Mr. KING. Mr. President, there are about 225,000 to 250,000 Indians under governmental control. We are spending upon them a sum which, if the bureau were efficient and practical, could be cut in half, and then the Indians would derive greater benefit than they now derive from these enormous appropriations.

Mr. TYDINGS. Mr. President, will the Senator permit a further interruption?

The PRESIDING OFFICER. Does the Senator from Utah yield further to the Senator from Maryland?

Mr. KING. Certainly.

Mr. TYDINGS. As I have listened to the logic of the Senator's observations, I take it the Government is appropriating this money for white Indians rather than red Indians.

Mr. KING. I commend to my friend the testimony which has been given before committees of Congress and the reports made by the Interior Department with reference to the Indians. I have said that when I was in the House a few years ago the appropriation for the Indians amounted to $4,000,000 or $5,000,000 a year. For the fiscal year ended June 30 of this year it was $28,000,000. Notwithstanding these increasing appropriations I submit that the evidence shows that the Indians, except in rare instances, have not made that improvement and development which the expenditures should have produced, and that the fault does not lie with the Indians.

Mr. TYDINGS. The Senator said the appropriation this year is about $24,000,000, and that there are about 240,000 or 250,000 Indians in the country.

Mr. KING. Under the control of the Government—perhaps not so many.

Mr. TYDINGS. That would be $100 per Indian. I was just wondering how much of the per capita appropriation of $100 for those Indians under the control of the Government actually gets to the Indians in question.

Mr. KING. I do not know that I could speak accurately in answer to the Senator's question.

Mr. TYDINGS. I wonder if as much as 10 cents of the dollar really trickles down to the Indian who is supposed to be helped?

Mr. KING. The Klamath Indians have derived a considerable income from the sale of their timber, but the Indian Bureau has consumed no small part of the same to meet its expenses charged against the reservation. For instance, as I have before stated, there has been maintained upon the reservation a very costly bureaucratic organization with 50 permanent employees and more than 100 irregular employees. Large sums have been expended needlessly, wastefully, for buildings and roads and the payment of salaries of an army of unnecessary employees. It is apparent that with the reduced income from the sales of timber the Treasury of the United States will be called upon for contributions to meet the charges of this expensive bureaucratic organization. My recollection is that it costs $225 per capita to meet the expenses of the bureau in connection with the Klamath Reservation; that is, there are more than 1,200 Indians upon the reservation, living in their own homes and in cities, not at the agency, engaged in their own business and in their own affairs, and yet the Government expends in the bureaucratic control of the reservation $225 for each man, woman, and child. Substantially all of this sum is taken from the proceeds derived from the sale of Indian timber.

Yesterday I called attention to a letter written by Mr. Blair, the present superintendent of the reservation, in which he states that because of the reduced receipts from the sale of timber "a serious crisis has arisen." He means, of course, that if these 150 employees are to be retained at the reservation, the receipts from the sale of timber will be insufficient to pay their salaries and to provide for the wants of the Indians. I think it is true that a "crisis is imminent," not only upon the Klamath Reservation but other reservations and that reforms must be executed if the Government is to discharge its duty to the Indians.

I hoped that under the administration of Mr. Rhoads, the present Indian Commissioner, important reforms would be adopted. I believe him to sincerely desire the welfare of the Indians, and with his humane qualities, I think important reforms would be made if he could free himself from the bureaucratic chains by which he is more or less bound. Bureaucracy enmeshes those who come within its grasp, and they are almost powerless to execute what their

hearts and judgments desire. I have known of men of courage and ability who accept service in Government executive organizations, believing that they could reform bureaucratic methods and introduce economies and policies that would inure to the advantage of the Government and the people. I have seen some, after futile efforts, resign their positions, confessing that the contest was too great and their ambitions unrealizable.

Mr. TYDINGS. According to the figures which the Senator has given there would be 1 civil-service employee for every 40 Indians.

Mr. KING. I think there are more than that. When appeals are made by the bureau they have always been buttressed by demands for larger appropriations and a larger personnel. When complaints have been made because of the condition of the Indians, the bureau has replied "Give us more men and higher salaries and we will do something." So the salaries have increased, the personnel has increased, and the bureau has grown until, as I have indicated, its personnel exceeds 6,000.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Florida?

Mr. KING. Certainly.

Mr. FLETCHER. Has the Senator given any figures as to the Indian population to show whether it is increasing or decreasing?

Mr. KING. The figures I have seen are contradictory. I have figures in my office indicating the number of Indians in the United States under wardship and "free" Indians, as they are called, to be about 350,000. Those under control of the Government number about 225,000. I think my friend from Arizona [Mr. ASHURST] would be a better authority upon that than myself, although I have tried to learn the figures.

Mr. ASHURST. Mr. President, the Senator from Utah is substantially correct in his statement of the number.

Mr. KING. My information is that upon some reservations the number of Indians is constantly decreasing. I know of several reservations where the mortality is great and the decline in population compels the belief that unless the present rate of mortality is arrested it will not be many years before the Indians residing thereon will have reached the vanishing point.

I have been diverted by the questions which have been submitted from the memorandum furnished me by a representative of the Klamath Tribe. After referring to the Lee Muck report, from which I have read, the memorandum states that the report clearly shows that the sole purpose of granting these permits is to protect the banking interests.

The department has made an arbitrary figure in setting the amount of sheep that will be permitted on each unit in the grazing area. For example, the Chiloquin Ridge range-carrying capacity would be 1,800. The Indian only has 1,500 head of sheep for that particular piece of range. He would be forced to pay for 300 head even though he did not have that number. This same regulation applies to the Indian the same as to the white. These permits will tie up the Indians' tribal lands and allotted lands for three years.

Mr. President, I invite attention to Mr. Muck's report, concerning the Klamath timber leases, stating that the general plan of financing the lumber industry of the Klamath Basin has been largely one which has been characterized by a comparatively small original capital investment subsequently enlarged through the medium of paid-in surplus.

> This procedure in connection with the conducting of operations of the magnitude which obtains has been made possible through the timber-sale policy in effect on the Klamath Indian Reservation and the liberal industrial-bonding policy which has evolved during recent years. As a result underfinancing has been the rule rather than the exception, and the indebtedness incurred has been comparatively heavy. During periods of prosperity the situation obtaining has not been one of serious concern, since sufficient income was realized with which to meet existing obligations.

Then he refers to the period of depression, to the overcapitalization, and to the results which have followed the depression. He says:

> Overinvestment in plant and equipment is one of the very common business mistakes of the lumber industry generally. It is undoubtedly the chief cause of overproduction and the maladjustment of supply to demand which has continued to involve the lumber market during recent years. Next to undercapitalization and unbalanced financial structures, the lack of control in this connection has resulted in more business failures than has any other single ailment.

Proceeding, he says:

> A consideration, therefore, of the annual production required to amortize the fixed investment which exists indicates that the total volume will be depleted in from 30 to 35 years; and that if this investment is increased at the rate which has characterized the district for the past 10 years, there is a serious danger of the present estimated life period of the industry being cut in half. There appears to be every reason to believe that the history of the lake States and that of the southern pineries is about to repeat itself in the Klamath district; and that unless conservative control measures are instituted, the next few years will witness the permanent devastation of these vast resources, the passing of the chief industry of the locality, and the economic demise of the community.
>
> Although a policy which anticipates the wrecking of a substantial part of the productive industrial units of a dynamic business enterprise with a profit at its heels, for the purpose of insuring the perpetuation of the industrial life of the community into the distant future through the application of the principles of sustained forest yield, will undoubtedly meet with concerted opposition from the entrepreneurs of the locality, the time is rapidly approaching when it will prove necessary to choose between limited losses in plant investment as against the ultimate economic death of the entire community. Just what the future holds in the way of a solution to this involved economic problem is difficult of prediction and largely contingent upon the cooperation and coordination of the dominant factors. Perhaps it will prove possible to chart a practical intermediate course which would minimize the ultimate effect of the existing unbalanced condition. However, the die is cast—another top-heavy monument, devoid of a foundation of sound economic forest principles, has been erected to the lumber industry; and either the creators of this monument, the people of the community, or, as in the past, both factors will have to pay the fiddler.

That is the picture which this representative of the Government has painted with respect to the forests on the Klamath Reservation, referred to in such glowing terms during the debate upon the pending bill. In a few years, under the plan which has been adopted by the bureau, the forests will be exhausted, and the Indians, with their lands and timber gone, will be left without resources.

Mr. President, the policies which have been pursued by the Indian Bureau have been unwise and unsound, and yet it continues them and now demands large appropriations in order to maintain a horde of employees whose services are not essential.

The junior Senator from Montana [Mr. WHEELER] referred to the fact that while riding in this section with a representative of the Government, the agent in charge, he asked him how many scalers were employed, and the reply was there were some 12 or 15.

The Senator then asked if three would not be sufficient, and the agent confessed that three would be all that were needed; yet there are no separations from the service, and the Indians, from their tribal funds, must meet these unjust and unnecessary expenditures. When the tribal funds will have been exhausted, gratuities from the Treasury of the United States will have to be paid; the taxpayers of the United States will be called upon to care for the Indians, or they will be turned out to shift for themselves, without having been equipped and prepared to meet economic conditions.

Mr. President, I referred yesterday to Mr. Trowbridge, an inspector of the bureau, who, at its request, made an examination of conditions at the Klamath Agency. His report discloses that employees of the forestry department performed work for logging companies and received compensation from them therefor in violation of departmental regulations. In his report Mr. Trowbridge refers to a particular case of this kind. I ask to have inserted in the

RECORD at this point, without reading, and excerpt regarding it.

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

The matter referred to is as follows:

The Silvers case is really more aggravated than the others, as his duties specifically cover supervision over other employees, and he is expected to report any irregularities in the field. Being equally guilty he kept still. Furthermore, he had opportunity to disclose this transaction in the investigation conducted by Mr. Howarth and in his conference with Mr. Kinney. The superintendent had no knowledge of this transaction and discussion in his testimony is omitted, the incident arising subsequent to closing his examination. He was notified verbally, however, and intends to collect the amount of $112 erroneously paid Silvers for the period he performed no duty for the Government.

Mr. KING. There is one interesting observation he makes concerning the Klamath Reservation, which I desire to read:

This reservation has been considered a sort of entrance school where practical experience is to be obtained by new employees in the Forestry Service, which may account for an excess number of employees at certain times.

That is, the Indians are to pay for the training of Federal employees who are seeking a civil-service status.

If this policy is to be continued the training should be carried on in a systematic manner, which evidently is not followed at this time.

Mr. Trowbridge further states that the cost of forestry operations was less than 3½ per cent of the timber sales, but notwithstanding that fact the bureau took from the Indians 8 per cent of all sums received from the sale of timber and, of course, has used the same in part payment of the enormous expenses incurred by the bureau. This course, it seems to me, is not fair to the Indians, and yet under the terms of this bill the Klamath Indians, as well as all other Indians, will have taken from the proceeds of their timber sales 8 per cent, though 3½ per cent only would meet the cost of forestry operations.

Upon the Klamath Reservation many miles of roads have been constructed, roads wholly unnecessary, but for which the Klamath Indians were compelled to pay. Some of these roads were of great benefit to the lumber contractors and they should have paid for the same. I have here [exhibit] a map of the reservation showing miles of roads threading the forests, built by tribal funds, most of them without their consent.

When we come to the irrigation items I shall submit some amendments, one of which will deal with the so-called irrigation project upon the Klamath Reservation. Several hundred thousand dollars have been wasted upon this project. The Preston-Ingle report recommends its abandonment. It is maintained almost wholly for the purpose of furnishing positions for bureau employees.

Mr. President, I submit that the pending bill carries items amounting to several millions of dollars which should be eliminated. Certainly, the motion of the Senator from North Dakota [Mr. FRAZIER] reducing the $140,000 appropriation should prevail. The Indians are demanding that they shall not be compelled to have deducted from their tribal funds hundreds of thousands of dollars annually to maintain a large reservation agency and furnish jobs for more than 150 Federal employees thereon.

Mr. McKELLAR. Mr. President, I shall detain the Senate for a very few moments. I do not think I ever shook hands with more than two Indians in my life. If there are any Indians in my State or in the State in which I was born, I do not know it. Personally I know nothing about Indians. My reason for rising at this time and having a word to say about them is because of what I learned from the hearings before the subcommittee of the Appropriations Committee considering appropriations for the Indian Bureau for the next fiscal year. I just happened to be there when officials of the bureau were being examined in relation to this bill, and was struck very forcefully with the situation so far as the Klamath Indians were concerned.

As I understand, the Osage Indians in Oklahoma are the richest tribe of Indians in this country. Their riches are derived from oil lands. The next richest tribe is the Klamath Indians, and the reason of their riches is that they own very valuable pine forests in western-central Oregon, if I may so describe the location. Their entire reservation embraces about 1,800,000 acres, and they have about 800,000 acres of this wonderful pine forest land.

The Government is the trustee of those Indians and as such has been disposing of the timber from these pine forests, making contracts with those who cut the timber and to whom it is sold. The Government collects the money and is supposed to turn it over to the Indians. For a number of years during prosperous times the Government received from these forest contracts from $1,000,000 to $1,200,000 a year income from the sale of this timber. After paying the expenses the balance was distributed among the members of the tribe. There are about 1,200 members of this tribe on this reservation; and the result was that they sometimes received as much at one time, I believe, as $1,000. That was about the limit of what they received.

Ordinarily, when the income from this timber was from a million to a million and a quarter dollars, the expenses were about $200,000 to $250,000. Then the depression came; and when the depression came the income from this timber fell, I think, the first year about 50 per cent. It was about $500,000 instead of a million dollars. The expenses, however, remained the same. Then the next year the income fell again until it was about $300,000—I am speaking only in round numbers—and the expense still was over $200,000. This year, according to the testimony before our subcommittee, the income probably will be about $300,000, and it will all be taken except about $38,000. There probably will be $38,000 to be divided among 1,200 Indians.

All of that is just a recital of facts as shown by this record.

I next come to what the American Government is doing as trustees for these Indians.

They have a bureau; and, as I recollect, there are 32 white persons on this Indian reservation carrying out the trust of making these contracts, selling the timber, collecting the money, and dividing the proceeds. The highest paid of the employees out there receives about $5,000. I have forgotten whether the amount is $4,800 or $5,200. The lowest paid of the employees receives about $2,200. They must have thought these salaries were sufficient or they would not have accepted the places; but what else did we find? We found that every one of these employees had an automobile at the expense of the Indians. We found that out of the Indian fund were paid the gasoline and oil bills and repair bills and upkeep bills of these automobiles for the purpose of carrying out this trust. In addition to that, we found that when the employees went from one part of the reservation to the other they received a per diem for food. They all have houses, no doubt. I am not sure that the evidence in this particular case discloses it, but they are there for the employees of the trustee.

Think of it for a moment! Here are these Indians out there, 1,200 of them, who own this land. The Government is acting as trustee; and the representatives of the trustee are going out there and virtually living on the fat of the land, having their automobile bills paid, each one of them having an automobile, each one of them having a home, each one of them getting a fairly good salary.

The proof in this case shows a remarkable situation about the scalers. I am not enough of a timberman to know what a scaler is, unless it is one who measures the timber. I assume that that is what it means. The Senator from Oregon [Mr. MCNARY], who comes from that State, bows his head and says that that is correct. The scalers probably do not work over three months in the year. Every other lumberman's scalers are paid only when they work, but not so with the Government scalers. They are paid the year around. They are paid salaries. They are furnished with virtually everything, and are paid a very excellent salary; probably, according to the proof, more than lumbermen there receive.

Under those circumstances they are asking that this go on. They are asking that these men whom we have put

there as trustees for our Government, to look after the affairs of the Indians, shall continue to get all the cream, while the cestuis que trust, as we call them in law, get simply what is left.

When timber sales were large the Indians got a very good sum. They got a very good income. Now, however, when timber sales are small, they are getting nothing but the husks. Our white trustees, however, are still drawing the same salary. They are still getting the same *lagniappe*, if we may call it that; and, Senators, I think we ought to do away with that situation.

Mr. President, at this point in my speech I ask that there may be printed in the RECORD without reading my examination of several of the witnesses, showing the facts I have stated. I ask leave that there may be printed in the RECORD in the morning, so that anybody interested in the Indians may know what the facts are, the testimony from page 152 to page 160 of the Senate hearings on this bill; again, from page 174 to page 183; again, from page 187 to page 188; and again, from page 194 to 197. I have marked the portions to which I refer on the copy of the hearings that I will hand to the reporter, so that he can see just what should be inserted. The testimony in that examination substantiates the statements I have made here about what we are doing for those Indians.

The PRESIDING OFFICER. Without objection, the matter referred to by the Senator from Tennessee will be printed in the RECORD.

The matter referred to is as follows (pp. 152–160):

Mr. DODD. * * * I will say for the information of the committee that the Klamath appropriation for 1930 was $164,000; 1931, $148,000; 1932, $136,000; and the original Budget estimate for 1932 was $110,000. That shows a reduction of approximately 34 per cent in the appropriation from the Klamath funds over a 4-year period.

Senator JONES. The reduction has been made in the expenditures on the reservation.

Mr. RHOADS. We have practically cut it to the bottom.

Senator JONES. With the help of the department?

Mr. RHOADS. Yes.

Senator MCKELLAR. What was the percentage of decrease?

Mr. DODD. About 34 per cent.

Senator MCKELLAR. About 34 per cent?

Mr. DODD. Yes.

Senator MCKELLAR. The price of supplies has decreased about 34 per cent, has it not?

Mr. DODD. But a good deal of this is for salaries of employees, Senator.

Senator MCKELLAR. Yes; of course.

Mr. DODD. The situation there is this——

Senator MCKELLAR (interposing). The salaries have not been decreased, of course.

Mr. DODD. We have on that reservation a hospital; we also have an agency for the handling of the disbursement of Klamath funds; two per capita payments are made each year, and that involves a considerable amount of work. We have the timber operations. The employees engaged in timber activities are paid from the forestry appropriation, under the 8 per cent deduction item, but there are many and varied activities on the reservation that will come under this appropriation.

Senator MCKELLAR. Where are we going to get all of this money? I asked that question this morning.

Mr. DODD. This money does not come from the Treasury, Senator; it is a part of the fund derived from their timber sales.

Senator MCKELLAR. Of course, it comes out of the Treasury itself.

Mr. DODD. This comes from funds of the tribe; this is not a Treasury item.

Senator MCKELLAR. I understand that; but it has to be paid out of the Treasury; the Treasury bears the burden, does it not?

Mr. RHOADS. No, Senator.

Mr. DODD. The Treasury has no claim whatever on it; it simply lies there in the Treasury and draws 4 per cent interest, and the fund benefits to that extent.

Senator SMOOT. Or is paid out to the members of the tribe.

Mr. DODD. We use a large amount of the income of the Klamath Tribe in making per capita payments to the members of the tribe.

Senator JONES. We could not use any of that money that comes into the Treasury for the operation of the Government?

Mr. DODD. No; not a penny.

Senator JONES. No.

Senator MCKELLAR. I am asking those questions because I am not acquainted with the operation and I would like to know. Out of this $100,000 that you propose, how is that to be expended?

Mr. DODD. How will it be spent?

Senator MCKELLAR. Yes; how much for salaries?

Mr. DODD. There would be spent for salaries of regular employees $47,050.

Senator MCKELLAR. Are those Indian employees?

Mr. DODD. Only a small per cent of the employees are Indian. About $13,000 of it would be spent in miscellaneous and temporary labor, in which a large number of Indians would be employed. The remainder of the appropriation would be used in the purchase of supplies for the hospital; the purchase of necessary agency supplies; travel on the reservation, and transportation of supplies.

Senator MCKELLAR. How much of it is for miscellaneous supplies, hospital and agency supplies?

Mr. DODD. Under the revised figure which we have given you, about $20,000.

Senator MCKELLAR. And how much is for travel pay on the reservation?

Mr. DODD. About $2,500.

Senator MCKELLAR. How do they do their travel; that is, by automobile?

Mr. DODD. That covers gas and oil for automobiles, tire repairs, and so forth.

Senator MCKELLAR. About $2,500?

Mr. DODD. Yes.

Senator JONES. That is set out in the bill here, Senator.

Senator MCKELLAR. Yes. Now, of that $82,500, over half of it, $50,000, is not being spent or paid to Indians, but goes to outside persons?

Mr. DODD. A part of this appropriation.

Senator MCKELLAR. This is taken out of the Indian funds.

Mr. DODD. The superintendent in submitting his revised estimate gives the following items:

For health, $19,156.39; for schools, $1,120.

Senator MCKELLAR. What was that figure?

Mr. DODD. One thousand one hundred and twenty dollars.

Senator MCKELLAR. One thousand one hundred and twenty dollars?

Mr. DODD. Yes.

Office expenses, administration—that is, general expenses of the agency office—$22,675.20.

For construction and repair and maintenance of agency plant, $3,242.55.

For the purchase of necessary furniture and other fixtures for replacing of worn-out equipment and necessary new equipment, $1,079.67.

For irregular labor on the reservation, $6,380.

Senator MCKELLAR. Now, what does that mean, Mr. Dodd?

Mr. DODD. That means Indian employees on the reservation engaged in the upkeep of the property—2 men on the grounds, 1 operator for the telephone-exchange system, 2 employees engaged in the operation of the laundry, 1 housekeeper for the club, and 1 truck driver.

Senator JONES. How many Indians are there on this reservation?

Mr. DODD. About 1,200, in round figures.

Senator JONES. Twelve hundred?

Mr. DODD. One thousand two hundred and eighty, to be more nearly accurate.

Senator JONES. Are there any grown-up Indians on the reservation who do the work that has to be done or know how to do it?

Mr. DODD. Yes.

Senator JONES. Who are willing to work?

Mr. DODD. The Klamath Indians have shown a willingness to do work on the reservation. The allotment for this year of $25,000 from the road appropriation was for that purpose and the Indians working on that road got almost 100 per cent benefit from that.

Senator JONES. Do you employ them only in that type of work or in other lines of activity?

Mr. DODD. My understanding, Senator, is that previously all the Indians that could be employed were not employed in the work of the reservation. However, this matter was brought to the attention of the office and the superintendent, and at this time the Indians are being given all available work on the reservation. Of course, it should be understood that they are employed in the positions that do not come under civil service. If an Indian is qualified to pass a civil-service examination and has a civil-service status he is given preference in the Indian Service over other applicants.

Senator JONES. You are encouraging the Indians to do all of the work they possibly can do.

Mr. DODD. Yes.

Senator JONES. Of every kind?

Mr. DODD. Yes, sir.

Senator MCKELLAR. Let me ask you this: Here are salaries, a little less than half as much as is paid out for these Indians, and I would like to ask you what those salaries include; the amounts paid out to the individuals?

Mr. DODD. The superintendent draws $4,800 a year.

Senator MCKELLAR. Four thousand eight hundred dollars.

Mr. DODD. Yes. The physician, $3,000.

Senator MCKELLAR. Three thousand dollars for the physician; all right.

Mr. DODD. There is one clerk at $2,700 and one at $2,300.

Senator MCKELLAR. All right.

Mr. DODD. Special officer, $2,300.

Senator JONES. What are his duties?

Mr. DODD. Looking after law and order on the reservation, including liquor suppression.

A field nurse, at $2,200.

A head nurse at the hospital, $2,100.

There are three clerks, the average salary being $1,840.

Two nurses, one at $1,800 and one at $1,860.

A day-school representative who is paid one-half of his salary from this source, the total amount of which is $1,860.

There is a carpenter, at $1,800.

A stockman, at $1,740.

Two junior clerks, at $1,590; that is the average of those in that grade.

A cook in the hospital, at $1,380.

A laborer, $1,200.

A police private, at $540.

We have also on the reservation a home demonstration agent position, at $2,600.

I think that covers all of them.

Senator HAYDEN. All of those salaries are paid out of the tribal funds?

Mr. DODD. Yes; except the day-school representative. One-half of his salary is paid out of this fund.

Senator HAYDEN. If there was a material reduction in this appropriation, would it be necessary to curtail the work on the reservation?

Mr. DODD. It would be necessary to make curtailments in the work, and to withdraw employees who are considered absolutely necessary to properly administer the affairs of this reservation.

Senator HAYDEN. It might be the desire of the Indians not to pay this out of their funds, but to shoulder it on the taxpayers; that would be very advantageous to them.

Mr. DODD. The law-and-order cost on the reservation runs between $10,000 and $12,000. I do not have the exact figures just now; the cost of all of the items would be about $84,000.

Senator MCKELLAR. I am just in ignorance about it. I do not know just how the money is expended, but it just occurs to me that when we are spending $100,000 and over $50,000 is for administration purposes, it is rather a large item.

Mr. DODD. And you must remember that the income of the Klamath Indians up until last year has been over $1,000,000 a year.

Senator MCKELLAR. If it were over $1,000,000,000 a year, it would not justify us in paying it out in undue amounts for administration of the Indian business, even if it were a billion; it would not be right for us to take it from the Indians.

Mr. DODD. What would be the method to follow in that case, Senator?

Senator MCKELLAR. As I say, I am not familiar with it. But I think that where there is an expenditure of $100,000 out of their funds on the reservation for the benefit of the Indians and we are to pay over half of that for administration expenses, I am frank to say that it looks like it is too much.

Mr. SCATTERGOOD. For all purposes?

Senator MCKELLAR. In salaries of office help, clerks, etc.

Mr. SCATTERGOOD. That item includes payments for law and order, administration of the tribal funds, upkeep, and maintenance of the plant.

Senator MCKELLAR. Even though it included everything.

Senator HAYDEN. What will be the income for this year?

Mr. DODD. There will be a very large reduction; perhaps less than $500,000; possibly not more than $250,000.

Senator HAYDEN. The same situation exists there as we find in the other national forests; they can not sell their timber.

Mr. DODD. Yes; the timber operation has practically closed.

Senator HAYDEN. They can not find buyers for the timber.

Mr. DODD. No; and they are not operating; we have large timber mills there and they can not operate, of course, without finding a purchaser for the timber.

Senator JONES I think, perhaps, Senator MCKELLAR is not familiar with the kind of work that has to be performed there, Mr. Dodd. Would you mind just giving him some idea of the scale of work that has to be performed on that reservation?

Mr. DODD. In this particular reservation they have a very valuable timber asset; valued several years ago at $25,000,000, but down below $20,000,000 now. There is grazing on the reservation that has to be handled. As I said, there is collection and supervision of the money from the timber operations on the reservation; the collection of the amounts due to the Indians and the disbursement of the amount that goes into the individual Indian's hands each year. The handling of the details in connection with that work alone amounts to a great deal. We maintain a hospital on the reservation; we maintain law and order on the reservation, and may I say that there is a very broad field of endeavor on the reservation of activities of unscrupulous persons.

Senator HAYDEN. How much are the per capita payments?

Mr. DODD. They have varied, Senator. In 1928 we made two per capita payments of $300 each.

In 1929 we made two payments of $300 each.

In 1930 we made two payments; $400 and $300.

In 1931 two payments; one of $300 and one of $250.

Senator HAYDEN. That means that every man, woman, and child gets about $2 per day for their individual use?

Mr. DODD. Yes.

Senator HAYDEN. For each year that such amounts are paid out?

Mr. DODD. Yes.

Senator MCKELLAR. Why not, if they own it? The thought I had in mind is that we should be very careful about what we pay out of their own money; this entire fund is their money, and we ought to be careful how we spend it.

Senator HAYDEN. Absolutely.

Senator MCKELLAR. And if they have Indians there who desire to do the work, and could do the work, they should be permitted to do it.

Senator SMOOT. Do I understand from your statement, Mr. Dodd, that you think you could get along if you had $75,000?

Mr. DODD. No; we want $100,000.

Senator MCKELLAR. They wanted $25,000 more than that.

Senator HAYDEN. I have stated before, and I am going to take that position at all times, that I do not favor paying out one cent of the fund to the Indians per capita. I am glad to say that in Arizona the Navajo Indians do not want any money paid from the funds to themselves and are opposed to any per capita payments; they want it expended for the benefit of the whole tribe.

Mr. DODD. Yes; that is true in other tribes.

Senator HAYDEN. What is expended from the fund they want to go for the development of their roads, the improvement of their reservation, and for the upbuilding of the institutions that will benefit all of the tribe. I have always opposed any payment to them on a per capita basis of the funds derived from sales of timber or other property they own. Now, on the basis of the payments made here, these Indians receive $2 a day, on the average.

Senator MCKELLAR. If they own it, why should they not receive it?

Senator HAYDEN. They receive it in benefits for the whole tribe.

Senator MCKELLAR. It looks to me like you have too many employees there on the pay roll.

Mr. DODD. Let me say this, Senator——

Senator MCKELLAR. That is my idea. I think you have too much of the amount going for administration.

Senator SMOOT. I think you picked out an unusual one to question.

Senator MCKELLAR. That may be true. I raised some question about grasshoppers the other day in the agricultural bill.

Mr. DODD. That is all we have at present, Senator.

Senator SMOOT. Mr. Crawford, did you want to be heard?

STATEMENT OF WADE CRAWFORD, DELEGATE FROM THE KLAMATH INDIANS, CHILOQUIN, OREG.

Mr. CRAWFORD. Mr. Chairman, I am the authorized delegate of the Klamath Tribe. My name is Wade Crawford, Chiloquin, Oreg.

Mr. Chairman and members of the committee, I would like first to call your attention to the information that the Indian Bureau is now giving you as to the value of our property. I notice in the hearings on the House side that Mr. Dodd valued our timberland at about $24,000,000. He has just now stated to you that it was something like $20,000,000.

Mr. DODD. Below $20,000,000; and that was the estimate based on a more recent revision of the value of the timber on the reservation.

Mr. CRAWFORD. I would like to call your attention to this fact, that there is a letter, written to Senator FRAZIER, signed by Commissioner Rhoads, under date of February 3, 1932. It is an argument against the bill which Senator MCNARY has introduced, in advance of the report on the bill. Here is what the commissioner says about the value of the timber:

"The land timber on this reservation would probably be appraised at $10,000,000 to $12,000,000."

That is the information that was furnished by the commissioner to Senator FRAZIER in response to inquiries concerning Senator MCNARY's bill. He estimated the value of the timber to be between $10,000,000 and $12,000,000. Now they come before this committee and say it is worth from $20,000,000 to $24,000,000 when they are asking for large sums of tribal funds to be used for employees' salaries.

Senator SMOOT. What is the annual amount of the income on the average?

Mr. CRAWFORD. I beg your pardon?

Senator SMOOT. What is the annual income on the reservation, on the average?

Mr. CRAWFORD. The annual income? This year it was $238,000.

Senator SMOOT. What is the lowest you have ever had?

Mr. CRAWFORD. It has run for the last five or six years around $1,000,000.

Mr. SCATTERGOOD. It has been as high as $1,400,000. Now, with reference to the estimated value of the timber, nobody knows just what it is, whether it would be $10,000,000 or $25,000,000. No one can tell.

Senator SMOOT. Is the timberland being depleted; cut faster than the timber is being grown?

Mr. CRAWFORD. It can not be grown as fast as it is being taken away.

Senator SMOOT. The timber is being depleted?

Mr. CRAWFORD. Yes.

Senator SMOOT. Have you any idea how much the depletion is each year?

Mr. CRAWFORD. I do not have the correct figures with me, but I can secure them, showing the amount that is being taken each year, so far as that goes.

Mr. SMOOT. That is, the amount that is being cut?

Mr. CRAWFORD. Yes.

Senator SMOOT. The thought I had in mind is, can you give us an idea as to how long it will be before the timber will be entirely gone?

Mr. CRAWFORD. The superintendent of the timber project has estimated that it will be entirely depleted in 20 years.

Senator MCKELLAR. In what length of time?

Mr. CRAWFORD. The entire amount will have been taken off of the tribal land, at the rate they have been going, in 20 years.

Senator MCKELLAR. That is the only source of the tribal funds?

Mr. CRAWFORD. And the tribe has no further income from any source than timber and grazing; they have no independent money coming into their fund.

Mr. SCATTERGOOD. If I might interject a thought right there, Senator, as to just what is being done in regard to the timber. The scale of cutting that is now being carried out, which is being done on a scientific basis, means that it will be about 15 years, as I remember it, before they will need to cut down the present scale of cutting. When they reach that point, the amount of annual cut will be reduced so that thereafter it will be on a proportion in direct ratio to the actual growth of timber, so that thereafter the growth and the cut will bear about the same proportion.

Senator SMOOT. What is the policy followed now in cutting the timber?

Mr. SCATTERGOOD. They are not cutting below certain sizes and certain age timber now.

Senator MCKELLAR. That is a question I wanted to ask.

Senator SMOOT. Do they cut chiefly the old trees?

Mr. SCATTERGOOD. They are cutting largely now the trees that are ripe, and those, if left standing, would decay. That is the policy being followed.

Senator MCKELLAR. I do not think it should ever be depleted.

Mr. SCATTERGOOD. Under the policy being pursued it will not be. The amount cut now is large, because the old, ripe trees constitute the largest proportion of the timber area.

Senator SMOOT. It seems to me that the forest ought never to be depleted.

Mr. SCATTERGOOD. A very scientific method is being followed with the great timber companies that are operating there under contract. They are following the plan laid down by the bureau of taking the ripe trees, the trees that would soon begin to decay. That is the reason the cut is large now. At the end of about 15 years, however, the rate of cut will be reduced in order to keep it well within the increase in the growth of timber.

Senator SMOOT. Following the same policy used in Switzerland and Germany?

Mr. SCATTERGOOD. Yes.

Senator SMOOT. I do not see why that forest should ever be exhausted. I think it should be there for the Indians for a hundred or two hundred years.

Mr. SCATTERGOOD. That is exactly the line that we are working on and the plan is to provide an asset for the Indians for years to come, and it is only to be taken to the point where nature would destroy the timber that the cutting is to continue.

Mr. CRAWFORD. I would like to state that the policy that is being followed on the Klamath Reservation, is they are cutting timber, leaving about 3,000 feet on each acre of ground for reseeding; that is, about 3,000 feet of good, healthy trees for reseeding. But when you come to consider the fact that it takes from 200 to 300 years to grow those trees it can not be possible for them to have timber to cut over on each 40 or 50 year basis, as I understand their plan to be.

Senator JONES. They do not cut the trees of all sizes now, do they?

Mr. CRAWFORD. No; they have a certain scale; all trees that are 6-inch tops, I understand.

Mr. SCATTERGOOD. Six-inch tops?

Mr. CRAWFORD. Yes.

Senator JONES. What size butts?

Mr. CRAWFORD. For all timber. It varies; there are some tops at 6 inches, and they may be 4 feet across the butts.

Senator SMOOT. Do you mean to say that it takes 250 years to grow one of those trees?

Mr. CRAWFORD. Yes; it takes from 200 to 300 years to grow the kind of timber we have there.

Senator SMOOT. That is an unusual length of time. You can go through the Sihlwald Forest and for miles and miles in every direction the trees will be numbered. You can take the numbers of those trees and go to the office and get the exact amount of growth each year with just the same accuracy that you could of a man, and sometimes very much more completely.

Mr. CRAWFORD. I would like to say, Senator, that I have an article which I have submitted to Senator FRAZIER and which I will be glad to submit to the committee showing the age of the timber in the Klamath Indian Reservation and giving full information about the growth of that timber.

Senator BRATTON. What do you think should be done about the matter?

Mr. CRAWFORD. I would not like to enter into a technical discussion and take up the time of the committee, but I would like to say that the timber contracts should be rewritten; I feel that they should be rewritten.

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Mr. SCATTERGOOD. You came here the first day that Congress opened?

Mr. CRAWFORD. I will say, right at this point, that I wish the Indians in prior years had sent a representative down here to give you the true information regarding the actual conditions of the Klamath Indian Reservation. And I would like also to call to your attention that the appropriations that have been made have been running around $274,000 per year, being paid out of the tribal funds of the Klamath Indians, for the last 10 years.

Senator JONES. Do you have any suggestion to make as to how this can be avoided?

Mr. CRAWFORD. I would suggest that the appropriation be handled more along business lines that are applied to white men.

Senator JONES. Do you think this appropriation ought to be cut down very greatly?

Mr. CRAWFORD. I argue that the $110,000 should be reduced to $55,000 on the agency item, and I think it should be run on a business basis, according to the income. When the income was $1,000,000 a year, then Congress appropriated $274,000 for the operation under that large income. Now it has reduced, decreased to $328,000, and I think that the appropriation should be limited and the expenses should be reduced in proportion to the income.

Senator JONES. How do you think we could cut down the operating expenses to $55,000?

Mr. CRAWFORD. I argue that it should be half.

Senator JONES. How could we do it?

Mr. CRAWFORD. By cutting off all of the items there except health and education.

Senator JONES. What employees would you do away with? It is easy enough to cut the $110,000 to $55,000 on paper, but how would you handle it?

Senator MCKELLAR. Which one of the employees would you eliminate?

Senator JONES. Yes.

Senator MCKELLAR. That is the question we would like you to answer.

Senator JONES. Just which employees would you dispense with?

Mr. CRAWFORD. I had a list of the employees here. I would say that according to the justification submitted by the superintendent to the Commissioner of Indian Affairs under this revised estimate that it has some things that should be eliminated.

Senator JONES. Which one of those items?

Mr. CRAWFORD. Under this revised estimate he has personal services, regular, $48,000.

Senator JONES. Now, what service in that would you dispense with, or how much would you recommend?

Mr. CRAWFORD. I would recommend that personal services of $48,000 be reduced to $24,000.

Senator JONES. Which one would you cut out?

Mr. CRAWFORD. The number of those employees that exceed that amount in appropriations.

Senator JONES. Just indicate which ones you would cut out, the positions that are now filled.

Senator MCKELLAR. The sum you mentioned there was $48,000. Now, the first one on the list received $4,800. Would you cut him out?

Mr. CRAWFORD. Here is the list.

Senator MCKELLAR. I have the list before me. I am just taking them item by item.

Mr. CRAWFORD. I would take the first one, the salary of the day-school representative.

Senator MCKELLAR. What position?

Mr. CRAWFORD. The day-school representative.

Senator MCKELLAR. The day-school representative; this indicates $840.

Mr. CRAWFORD. The amount asked for him is over $1,800.

Senator MCKELLAR. $840.

Mr. CRAWFORD. $1,860.

Senator MCKELLAR. You would cut him off?

Mr. CRAWFORD. Yes; the tribal fund is now paying 45 cents for each Indian that attends the public school. That is for inspection, and for that particular purpose the Indians have to pay that tax in addition to paying a regular tax to the county, and that is paid out of the tribal fund and is being used also to pay for education.

Senator MCKELLAR. Now, what does this man do who fills that position?

Mr. CRAWFORD. He goes around and inspects different schools. The vouchers show that he runs around to different parts of the reservation and to different parts of Oregon.

Senator MCKELLAR. To the public schools?

Mr. CRAWFORD. To the Indian schools and the public schools, both.

Mr. DODD. One-half of his salary and expense is paid from the general school appropriation covering the work in the State of California, and only one-half of the amount comes out of the Klamath fund. The only part that is paid for out of the Klamath fund is the part for inspecting the public schools and seeing to it that proper service is rendered for the expenditures made. One-half of it is paid out of money provided for work in other territory.

Senator MCKELLAR. Mr. Crawford, you think that is unnecessary?

Mr. CRAWFORD. I do, when the tribal fund is paying 45 cents on each Indian that attends public school in Klamath County.

Senator MCKELLAR. I am just asking what do you think of it?

Mr. CRAWFORD. And I think it is unfair. When we pay Klamath County that rate I do feel that it is unfair to make us pay this man's salary out of the tribal fund. If we did not pay the money to Klamath County it would be a far different story.

Mr. SCATTERGOOD. Does he not also have to see that the children attend school?

Mr. CRAWFORD. Yes; he runs around in an automobile.

Senator MCKELLAR. Does he have a car?

Mr. CRAWFORD. He runs around over the Indian reservation and gets his expenses paid, mileage, gasoline and oil, hotel bills; that is all included; that is what he gets.

Senator MCKELLAR. He has an automobile?

Mr. CRAWFORD. He is furnished an automobile, gets his hotel bills and expenses paid.

Senator JONES. You do not need a truant officer, you think?

Mr. CRAWFORD. No; not when he is——

Mr. SCATTERGOOD (interposing). He is giving only part of his time there.

Mr. CRAWFORD. When he is in the States of Oregon, California, Nevada, or visiting those places, he is getting his expenses paid when he visits them.

This $1,800 all goes in as a part of those expenses.

Senator MCKELLAR. What other services do you think we ought to do away with?

Mr. CRAWFORD. They have a great many clerks there in the office that I think should be dispensed with. They have some eight or nine clerks, and I do not think it is necessary to have all of them. I think I would eliminate some of those clerks. It seems to me that a part of them are not necessary.

Mr. SCATTERGOOD. Which ones of them would you eliminate; can you tell us which ones?

Mr. CRAWFORD. I would eliminate some of the assistant clerks. I do not see any reason for keeping them; I would cut down some of the assistant clerks—Mrs. Lamb, Mrs. Andrews.

Mr. SCATTERGOOD. What are their titles; what is the nature of their duties?

Senator SMOOT. Yes; what service do they perform?

Mr. CRAWFORD. I do not think it is necessary to have a large force to argue with the Indians about their tribal funds; that is what Mr. Blair says they are doing. I have the item here, list of them which I will insert in the record, or I can read it if you wish.

Senator SMOOT. Which of the employees do you recommend that we fire?

Senator MCKELLAR. Yes.

Mr. SCATTERGOOD. And their positions.

Senator SMOOT. Mr. Crawford, which ones do you recommend should be fired?

Mr. CRAWFORD. Well, it seems to me that some of the assistant clerks should be eliminated.

Senator SMOOT. I know, but which particular ones?

Mr. CRAWFORD. They are in the agency, in the office.

Senator SMOOT. It is your contention that the office does not need that much help?

Mr. CRAWFORD. No; I do not think so. What I wanted to say was that Mr. Blair stated to the Commissioner of Indian Affairs that they are not doing their work out there but arguing with the few Indians about their expenses and the amount paid out of the tribal fund. Now, I would like to read from a letter dated September 4, 1931.

Senator SMOOT. This is in the record.

Mr. CRAWFORD. Yes; from C. M. Blair, addressed to the Commissioner of Indian Affairs, under date of September 4, 1931. He says: "I have a feeling that we are making practically no progress in developing this situation, particularly with reference to the Indians themselves. We have no organization doing extension work whatever. Outside of the forestry organization, we are doing practically nothing except try to control the expenditures these people are making from their own and their children's funds."

Senator SMOOT. He was wanting some additional help there?

Mr. CRAWFORD. And he said all they do is to argue about the individual Indians getting money.

Senator SMOOT. But he wanted additional help.

Mr. SCATTERGOOD. When he refers to children, he is speaking about minor children; and there is a tremendous amount of supervision necessary.

Senator MCKELLAR. You are asking here for an increase over the 1932 appropriation of $6,610, are you not, to be used in increasing salaries?

Mr. DODD. I do not think we are increasing salaries, Senator.

Senator MCKELLAR. That is what it says here.

Mr. DODD. This [indicating] represents the actual expenditure.

Senator MCKELLAR. The Interior Department appropriation for 1932; this says here that an increase was made of $6,610 with another item of $310, which makes a total of $6,920.

Mr. DODD. That is a balancing statement. If you will notice under the head of the 1931 appropriation, it shows the actual expenditure, and the statement that you read, showing an increase, is a balancing statement between $40,130 actually expended and the total gross authorized salaries for the fiscal year 1932 of $47,050.

Senator MCKELLAR. Yes; but that must have some meaning here in the 1932 appropriation. You have got a net amount of $6,610 plus $310, or a total increase, net, of $6,920. That must have some meaning or it would not be in here.

Mr. SCATTERGOOD. We have not increased the expenses; the expenses have been going down each year. I do not remember that particular item, but I know that the expenses of the agency have been growing less and less each year.

Senator MCKELLAR. I am simply reading from the bill.

Mr. DODD. The reason for that difference is that the position of the superintendent was not paid from this appropriation in 1931.

Senator MCKELLAR. No.

Mr. DODD. He is paid from it in 1932, and it comes in here on this appropriation.

Senator MCKELLAR. Yes.

Mr. DODD. Heretofore he was paid from what we call the school authorization, as I recall the Klamath pay roll.

Senator HAYDEN. That is a transfer in the item of the superintendent.

Mr. DODD. That is what I was explaining. That is not a payment from the Klamath funds, but a general authorization contained in the school section of this bill.

Senator HAYDEN. Yes.

Mr. DODD. And that item was not considered proper there. Its logical place was under the agency appropriation, and is changed from school activity to agency activity.

Senator HAYDEN. Then the amount was simply deducted and transferred?

Mr. DODD. Yes; this is a balancing statement in this table.

Senator HAYDEN. The deduction was made from one table and must show up somewhere.

Mr. DODD. Yes.

Senator SMOOT. The appropriation for last year was $136,000 and the estimate for this year is only $110,000.

Mr. SCATTERGOOD. Yes.

Senator MCKELLAR. How much of the $136,000 have you left?

Mr. DODD. $25,000.

Senator MCKELLAR. Available?

Mr. DODD. Yes.

Senator MCKELLAR. What becomes of it?

Mr. DODD. It is still in the Treasury to the credit of the tribal fund, and it will not be withdrawn unless for emergency use.

Senator MCKELLAR. That would be $110,000 expended.

Senator SMOOT. That is not taken out of the tribal fund.

Senator MCKELLAR. Now let us get back to these clerks. There are two assistant clerks here for $1,710. What do they do?

Mr. DODD. They may be handling the individual Indian's money account, or they may be handling some other subject, or they may have some general clerical work in the office; I can not tell offhand.

Senator MCKELLAR. You do not know that?

Mr. DODD. I am not familiar enough with the office work at that agency to tell you.

Senator MCKELLAR. Now, the field matron—what are her duties?

Mr. DODD. She works around all over the reservation, in the homes on the reservation.

Senator MCKELLAR. $1,680?

Mr. DODD. Yes.

Senator MCKELLAR. What do the junior clerks do?

Mr. CRAWFORD. While you are on that point, I would like to say that the field matron spends most of her time with her friends around Portland and other places, and does very little work on the reservation. She is not a nurse, by any means.

Senator MCKELLAR. Does she have a car?

Mr. CRAWFORD. Yes; and her expenses paid.

Senator MCKELLAR. Traveling expenses?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. How many cars have they out there, or how many cars have been bought for their use?

Mr. CRAWFORD. I think all told there are 43 automobiles.

Senator MCKELLAR. That have been bought with tribal funds?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. And they are maintained?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. And the repairs and maintenance paid from tribal funds?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. What does the stockman do?

Mr. DODD. He looks after the grazing work on the reservation.

Mr. CRAWFORD. There are two stockmen there, Senator, that I would like to call to your attention. There are two stockmen whose duties are practically the same, the one in the forestry. Mr. Phillips handles grazing work, and also Mr. Lovelace, who is under the agency's jurisdiction, and the other under the forestry, but their activities are practically the same; Mr. Lovelace's salary should be eliminated. Mr. Phillips has two assistants with him aside from the line riders.

Senator MCKELLAR. What account is that?

Mr. CRAWFORD. The forestry item.

Senator MCKELLAR. Forestry?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. Now, there is a carpenter here. What about the carpenter?

Mr. DODD. He is employed in handling and maintaining buildings at the agency, and there are times when he has to assist in home construction on the reservation.

Senator MCKELLAR. What about him, Mr. Crawford?

Mr. CRAWFORD. Mr. Bourell.

Senator MCKELLAR. What does he do?

Mr. CRAWFORD. I will say right there that we have on the reservation at least 25 Indian carpenters that can do the work as well as he; some of them are better equipped, far more equipped than this man Bourell to do carpenter work. We have advocated all along that when there was any building to be done that the Indians should be permitted to put up the buildings; that if they will advertise the jobs the Indians will bid on them, and the highest bidder would get the work.

Senator HAYDEN. You have a number of them who are willing to work?

Mr. CRAWFORD. Yes; the contract would have to be looked after by the superintendent, but he can check up on it and see that the contract is carried out.

Senator MCKELLAR. Does the carpenter have an automobile?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. The stockman?

Mr. CRAWFORD. Yes. I will say that every employee out there, the 53 regular employees, have the use of a car. There are 43 cars on the reservation.

Senator MCKELLAR. Does the superintendent have an automobile?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. Does the physician have one?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. Does the home demonstration agent?

Mr. CRAWFORD. That office has not been filled for the last year, but when she was there she had one.

Senator MCKELLAR. There is no appropriation for this year. The principal clerk, does he have an automobile?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. The financial clerk?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. The home demonstration agent?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. How about the field nurse?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. The field nurses have the use of an automobile?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. What do they use it for?

Mr. CRAWFORD. Use it in going around and visiting the Indians' homes on the reservation.

Senator MCKELLAR. How about the head nurse at the hospital?

Mr. SCATTERGOOD. I will say that we have a number of Indians on the reservation who do not know how to use the hospital, and it is necessary for the nurse to go 15 or 20 miles out to visit the family when they need attention.

Senator MCKELLAR. What about the nurse, the head nurse, at the hospital, does she have one?

Mr. DODD. No.

Senator MCKELLAR. The head nurse does not?

Mr. DODD. No.

Senator MCKELLAR. There is one. I will put a mark there. What about the clerks, do they have automobiles?

Mr. DODD. I do not think that any one of the assistants does.

Mr. SCATTERGOOD. I might say there, Senator, that the reservation is about 35 miles, north and south, and it is just as far east and west, and the Indians are scattered very widely. They are not concentrated in any particular place, and anybody that wants to go out there and see them, unless they want to go on foot, and spend their time walking, will have to have some means of transportation to get them from place to place.

Senator MCKELLAR. How many cars are there in use on the reservation?

Mr. DODD. Forty-three, of all kinds.

Senator MCKELLAR. On the reservation?

Mr. DODD. On the Klamath Reservation.

Senator MCKELLAR. What kind are they?

Mr. DODD. Twenty-one trucks.

Senator MCKELLAR. Twenty-one trucks?

Mr. DODD. Yes; there are 2 coupés with pick-up bodies; 15 coaches, 3 coupés, and 2 touring cars. Now, those machines are used in the forestry service, and in the road work——

Senator JONES. How are those automobiles used?

Mr. DODD. They are used in the activities on the reservation. When you consider the fact that the gross income of the Klamaths in 1928 was $1,183,000, it will give you an idea of the activities on the reservation.

Senator MCKELLAR. It does not make any difference what the gross income is, we ought not to take it away from them.

Mr. DODD. I was simply saying that there were a number of activities requiring attention.

Senator MCKELLAR. But we are trustees of that fund, and it would make no difference whether the income was a million or a thousand, it is our duty to safeguard the expenditure of it.

Mr. SCATTERGOOD. But there is this point, Senator, to keep in mind, this income comes from the operations of timber companies that are scattered throughout this forest in widely separated areas.

Senator MCKELLAR. Yes.

Mr. SCATTERGOOD. And each one of the companies when operating has to be checked up.

Senator MCKELLAR. Have you got roads all through the timber?

Mr. SCATTERGOOD. I beg your pardon?

Senator MCKELLAR. Do you maintain roads through the forest there?

Mr. SCATTERGOOD. It has been our policy, wherever possible, when a railroad track has been taken up to put in a road, at least, in such places that it will facilitate the Forestry Service in getting about in fighting fires.

Senator MCKELLAR. Do you have those all over the Indian reservation?

Mr. SCATTERGOOD. The road-building program has been largely built up, extensively built up, more in the nature of providing facilities for fire fightings. There is a great risk to this enormous asset from forest fires, as many of you know, who are familiar with the western areas, and you realize that in the past two years many forests have suffered enormous damage from forest fires. A timber fire may break out and burn hundreds of thousands of dollars in valued timber in a short while, so it is necessary for us to maintain our forest-fire fighters, and in order to get around over the forest it is necessary to have this machine equipment for them to use.

Then in addition to that each one of these lumber-cutting companies have to have a scaler, a man to go there and indicate the trees, pick out the trees that the lumber company is to cut down. All of that work has to be supervised every day that the companies are at work, and in order for them to get back to camp it is necessary to have some means of transportation. Those automobiles are in operation by the men in the actual service, marking trees, fighting fires, and performing the activities of people at work on the forest, supervising the work in the field, and the operation of these companies.

Senator MCKELLAR. How large is the area there?

Mr. SCATTERGOOD. It is quite large.

Mr. CRAWFORD. A million eight hundred thousand acres.

Senator ODDIE. How much?

Mr. CRAWFORD. Something like 1,800,000.

Mr. SCATTERGOOD. And a considerable part of that is timber?

Mr. CRAWFORD. There is about 800,000 acres of timber.

Mr. SMOOT. One million eight hundred thousand in the reservation?

Mr. CRAWFORD. Yes; of the tribal land.

Mr. SCATTERGOOD. And how much in timber did you say?

Mr. CRAWFORD. And 800,000 acres of timberland.

Now, for your information I would like to say this, that I think they have reduced the time to $75,000, according to the justification submitted here by the superintendent to the Commissioner of Indian Affairs, and he is asking for $54,500 for salaries and wages, and I want to put in the record, for your information, a list showing that when you deduct the $54,500 from the $75,000, it leaves $20,500 for general administration and $54,500 will go to salaries and wages alone. I will submit that for the record.

(The paper above referred to is as follows:)

Revised estimate; proceeds of labor, Klamath Indians, support, 1933

Personal services:	
Personal services (regular)	$43,500
Wages (irregular)	10,000
Medical services (irregular)	1,000
Total, personal services	54,500
Supplies and materials:	
Stationery and office supplies	500
Medical and hospital supplies	4,500
Scientific and educational supplies	25
Fuel	5,000
Gasoline for passenger-carrying vehicles	2,000
Forage and other supplies for animals	400
Provisions	4,000
Sundry supplies	2,000
Oil for passenger-carrying vehicles	500
Total, supplies and materials	18,925
Communication service:	
Telegraph service	100
Telephone service	300
Other communication service	5
Total, communication service	405
Travel expense:	
Commercial transportation	500
Subsistence while in travel status	1,000
Miscellaneous travel expense	500
Total, travel expense	2,000
Transportation of things: Freight and incidental charges	1,000
Printing, binding, and photographing: Printing and binding	100
Furnishing of heat, light, power, water, and electricity	1,000
Repairs and alterations:	
Miscellaneous repairs and alterations	2,000
Repairs to passenger-carrying vehicles	2,000
Total, repairs and alterations	4,000
Special and miscellaneous expenses: Expenses (not elsewhere classified)	1,000
Grants, subsidies, and contributions: Burial expense	500
Equipment:	
Passenger-carrying vehicles	3,000
Furniture, furnishings, and fixtures	500
Miscellaneous other equipment	1,000
Transporting and conveying and telephonic and telegraphic equipment	2,000
Fire-prevention and fire-fighting equipment	500
Total equipment	7,000

Structures and parts, and nonstructural improvements to land:	
Excavations, roads, embankments, and surfacing	$2,000
Nonstructural improvements (telephone)	1,000
Total, structures and parts, and nonstructural improvements to land	3,000
Reimbursable loans to Indians	5,000
Total	98,430

Mr. SCATTERGOOD. I would like to have the privilege of inserting in the RECORD also the statement of the superintendent.

Senator MCKELLAR. Yes; we would like to have that.

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Senator SMOOT. You think that about three-fourths of the employees could be dispensed with?

Mr. CRAWFORD. I think that it should be reduced by half, cut down our expenses by half.

Senator SMOOT. In what way?

Mr. CRAWFORD. Well, I would say that when the income is cut that the expenses should be cut; we have about 19 timber contracts that are alive now, and a number of these companies are not living up to their contracts. Seventeen of them are not operating, and if they are, it is on such a scale and does not require any use of the workers that we have there now.

Senator SMOOT. In what way do you think the cost could be reduced; which of the salaries could we dispense with?

Mr. CRAWFORD. I think that the contract should be lived up to.

Senator SMOOT. Do they not live up to them?

Mr. CRAWFORD. No; they do not; they certainly do not live up to their contracts.

Senator SMOOT. Wherein do they fail?

Mr. CRAWFORD. These contracts are given to them to take the Indian timber, running over periods from 15, 18, and 19 years; they sign up the contract, and the people that have them do not live up to their contracts.

Senator MCKELLAR. You want the contracts changed?

Mr. CRAWFORD. Yes.

Senator MCKELLAR. In what way?

Mr. CRAWFORD. I would say that the long-term contracts are not desirable.

Senator SMOOT. In what way have they failed to live up to the contracts? Can you point out the changes in the contracts that you would suggest that would take care of those that are not living up to them?

Mr. CRAWFORD. There have been individual contracts that have been drawn up for three to five years, but where their time has expired the commissioner has extended time.

Over a period of years, more than the amount specified, the annual cut is supposed to be made each year. It is not lived up to. And as time goes on and the increase in price in stumpage has risen from 20 to 40 cents a thousand in three years; and the next three years the commissioner will take that off, and it will go back to the original adjustment of the stumpage as an adjustment between the lumber people and the Indian Office. That is all a matter of record.

Well——

Senator SMOOT. I know, you have put it in the record.

Mr. SCATTERGOOD. The Indians have no capital of their own to risk in this business. It is not their capital that is invested in the plants, and whatever the costs are to cut, you understand, they pay a royalty on that, and they are cutting that, and it is to their own interest to cut it just as fast as they can, as fast as they can dispose of their products. We hope always that they will live up to their minimum and exceed those, and that they will be successful; but if they do not, then that tribe has not lost anything. The tribe has been the beneficiary from their lands, an income, to a greater extent than any tribe in this country outside only of the Osages from their oil income, and there have been times, however, as there are to-day, during times of depression, when these companies ask the privilege of not cutting and moving out the timber.

Senator SMOOT. Not cutting any amount?

Mr. SCATTERGOOD. The contract allows the exercise or discretion on the part of the Commissioner of Indian Affairs in deferring that cut.

Senator SMOOT. Then they have not violated their contract?

Mr. SCATTERGOOD. They have not.

Mr. CRAWFORD. I challenge that statement, and we will let the contracts and the reports speak for themselves.

Mr. SCATTERGOOD. I would like to say this, as far as the testimony of this witness is concerned——

Mr. CRAWFORD (interposing). All of our lumber mills closed last fall. All of the mills are closed. There are only two of the mills that went on and made their annual cut, but all of them are closed since that time.

Everybody knows that the same people are being carried on during the winter months, and the men that are drawing enormous salaries are carried on the pay rolls now, and doing irregular work, such as repairs to bridges, and doing outside jobs around the agency, which the Indians have been put out of. The Indians have been put out of the employment and they are letting these civil-service employees take their place.

Senator MCKELLAR. Which of these employees—

Mr. CRAWFORD (interposing). And that has been going on ever since.

Senator MCKELLAR. Which employees have been carried on the rolls of the department?

Mr. CRAWFORD. For instance, here is a list for November: Albert Christey, scaler, and there are two forest rangers, another forest ranger, another ranger, Mr. Weaver, an assistant ranger, another ranger, forester, assistant forester, guard, five scalers, two forest rangers, forest guard, supervisor, four more scalers, and a ranger.

Senator MCKELLAR. Your idea is that the Government has no use for these because the mills are shut down, and ought not to keep them on the Government pay roll?

Mr. CRAWFORD. Those men are not scaling logs when the companies are closed down. They can not work out in the timber, when there is 2½ or 3 feet of snow out in the woods. Those men are doing odd jobs, as I said, around the agency.

(Pages 194–197)

Mr. CRAWFORD. I would like also to submit the pay roll for December of 1931, for the record, with all of the foresters, and scalers, their titles and their monthly salary.

(The matter referred to is as follows:)

Albert Christy, scaler	$140.00
Micholas Welter, senior forest ranger	171.66
Earl L. Silvers, senior forest ranger	176.67
Warren B. MacMillan, forest examiner	200.00
Silas O. Davis, ranger	151.66
Harold Weaver, forest assistant	183.33
Edward Weave, ranger	160.00
Edwin Wessen, junior forester	151.66
Arlie W. Toole, forest assistant	171.63
Floyd H. Phillips, forest assistant	171.66
Alfred E. Hart, guard	135.00
Marion J. Gober, scaler	140.00
Clarence A. Middebusher, scaler	150.00
Olic K. Pace, scaler	145.00
George C. Hepworth, scaler	145.00
Frank G. Maness, scaler	155.00
Robert D. Holty, forest ranger	151.66
Allen F. Space, ranger	171.66
James S. Andrews, forest guard	130.00
Frederick R. Moffat, supervisor	250.00
Philip J. Duffy, scaler	145.00
Roy Rice, scaler	140.00
Clyde W. Flinn, scaler	150.00
Lloyd E. Lanb, scaler	150.00
Stranley J. Johson, ranger	171.67

Mr. CRAWFORD. I would also like to submit for the record a letter written by C. M. Blair, setting forth the financial condition of the reservation, which he paid out. This is a very interesting letter. The figures in September, 1929, show that our income was $222,000, and in 1930 it was $102,000; in 1931 it went down to $22,000.

Senator SMOOT. You are like some of the balance of us, are you not?

Mr. CRAWFORD. That was the income in the month of September for those three different years. I submit that information for the record.

(The letter above referred to is as follows:)

KLAMATH INDIAN AGENCY,
Klamath Agency, Oreg., October 10, 1931.

COMMISSIONER OF INDIAN AFFAIRS,
Washington, D. C.

SIR: I wish to refer to the financial situation facing the Klamath jurisdiction and the Indians enrolled here.

I have office letter of September 28, 1931, giving information in response to my radiogram of September 25, to the effect that the total resources in the Treasury of tribal funds of the Klamath Indians on June 30, 1931, were $793,967. On June 30, 1930, the tribal resources were $1,085,687.42, showing a reduction in resources during the last fiscal year of nearly $300,000. The proceeds received from timber sales from January 1, 1931, to the present date is approximately $328,000, and all logging camps have closed down. We are making a per capita payment this month of about $270,000. If one is made next spring, it will amount to approximately $200,000. Adding the operating costs for this fiscal year, there is going to be very little left on June 30, 1932. It is indicated below:

Per capita payment, October, 1931	$270,000
Per capita payment, April, 1932 (estimated)	200,000
Operating expense, fiscal year 1932 (estimated)	175,000
	645,000
Tribal funds, June 30, 1931	793,967
Estimated expenditures	645,000
	148,967
To which should be added timber sales for fiscal year 1932, estimated not to exceed	250,000
	398,967

It will be seen that not more than $400,000 can possibly be available for operating expenses of this agency and per capita payments during the fiscal year 1933. Does this not indicate

a critical situation? I do not believe your office wishes to take the last available dollar out of tribal funds. As far as I am able to learn, the lumber market is in bad shape, and it is going to be some time before there will be any considerable recovery. It seems apparent to me that your office will need to ask for supplementary assistance in operating this agency next fiscal year from gratuity appropriations. I feel it is my duty to call this situation to your attention at this time when appropriations are being considered by the committees of Congress. I realize that during times like this it is essential for the Federal appropriations to be reduced rather than increased. However, I feel that serious consideration must be given to the immediate future at Klamath. I have tried to show in this letter how the income of this tribe is being reduced. The following figures will probably throw additional light on the situation:

Timber sales during September, 1929 (approximately) --- $222,000
Timber sales during September, 1930 (approximately) --- 102,000
Timber sales during September, 1931 (approximately) --- 22,000

Very little in the way of surplus has been built up in tribal funds. The money has been paid out about as fast as it comes in. I feel that the situation here will be critical next year unless some change is made.

Very respectfully,

C. M. BLAIR.

Mr. CRAWFORD. And I would like to also submit this letter for the record, written by Mrs. Crawford and Mrs. Du Fault, setting forth some very interesting figures and argument in regard to the expenditures of the Klamath Indians which shows the per capita cost to the Indians of $130 per capita, this being taken from the tribal funds.

Now, we say that the Indians do not pay taxes. We are certainly taxed to the extent of the per capita $130 for every member of that tribe, taxed for that, and besides that, 150 of those Indians are paying taxes to the county, so we are doubly taxed.

(The letter above referred to is as follows:)

1028 WEST FIFTH STREET,
Santa Ana, Calif., February 11, 1932.

MY DEAR SENATOR: We are in receipt of the information that the Interior bill for the fiscal year 1933 has been reported to the House with a reduction of $45,000 for Klamath. The Klamath Indians, according to the records, will have the sum of $398,967 in the Treasury of the United States for the fiscal year 1933. The bureau's request was for $212,000—the reduction of $45,000 reduces the appropriation to $167,000. There are 1,280 enrolled Klamath Indians, which brings the per capita tax to approximately $130 and a per capita credit in the Treasury to approximately $180. Thus it is readily ascertained that the statement of J. Henry Scattergood, Assistant Commissioner of Indian Affairs, to the subcommittee on appropriations, 1933 House hearings, that only 8 per cent of the revenue of the reservation is expended for administration is erroneous and entirely misleading.

You will readily see from the above and from the evidence submitted by Mr. Wade Crawford, chairman of the Klamath business committee, to the subcommittee in the House hearings—Interior bill 1933—that it will be impossible for the Klamath Indians to retain upon their pay roll 22 forestry employees with a salary scale from $1,560 to $3,000, with not one single camp or mill operating upon the reservation at the present time. Many of the wives of the forestry employees are in the agency office on the regular pay roll at a salary of not less than $1,800.

We have read with much disgust the justification in the House hearings, 1933, of Mr. J. P. Kinney, Chief Forester in the Bureau of Indian Affairs, for the retention of the forestry personnel at Klamath. Surely the Congress will never accept such a justification. There is not a corporation, bank, or any industrial institution on the Pacific coast, and we doubt any other place, that is retaining their former personnel, waiting for better times to happen, expending approximately 50 per cent of the liquidated capital assets to do so; it is positively unheard of during the present crisis in the Nation's affairs and any other time, for that matter.

We know for a positive fact that the 22 forestry employees on the pay roll at Klamath are doing odd jobs repairing bridges, signs, machinery, etc. That so unjust and extravagant a situation will be tolerated by the Congress is entirely inconceivable to us.

The scaler and ranger positions should be abolished. The contention of Mr. J. P. Kinney that the men are retained to look after obsolete right of ways on the reservation is a flimsy excuse to keep the civil-service employees on the Klamath pay roll.

The per capita distribution to these Indians, numbering 1,280, can not possibly exceed $150 for the fiscal year 1933; and as stated above, the bureau is requesting a per capita tax of approximately $130. The majority of these people are children, dependent upon the per capita payment for food, clothing, and education; many are old, infirm people entirely dependent upon the per capita payments for the actual necessities of life.

The industrial condition for which the bureau is largely responsible has created this situation. Surely the humane relation of the Government of the United States to the Indians, together with the economic and industrial conditions obtaining, will be considered during these grave times.

We respectfully request that the opinion of Mr. Levi Walker, purporting to be the opinion of the Klamath Indians, be not considered. Admittedly, he is not familiar with the conditions on our reservation.

We beg of you to give this matter your most earnest and careful consideration and to lend your support to a reduction in the appropriation for Klamath equal in amount to the grave situation there obtaining. The trust funds of the Klamath Indians in the Treasury of the United States are liquidated capital assets and not income, and an appropriation of $167,000 from a capital of $398,967, part of which is to be expended for salaries and wages of scalers and rangers in a forest where no lumber activities are being conducted, is the height of injustice and extravagance.

Respectfully submitted.

IDA M. CRAWFORD,
Secretary Klamath Business Committee.
CELIA R. DU FAULT.

Mr. McKELLAR. So I want to say that I shall very cheerfully vote for the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to reduce this $140,000 item, on page 21, by the sum of $27,000. I believe that is the amount of the reduction. This is taken out of the Indian fund. This is to go to these unfaithful trustees. After having examined these gentlemen and examined other witnesses before the subcommittee, I want to say that in my judgment those who are serving or claim to be serving the American Government as trustees for the American Indians on the Klamath Reservation are unfaithful trustees; and if I were the head of the Indian Bureau I would discharge every one of them, from top to bottom.

I do not believe the Indian Bureau is going to do it, however. Why do I say that? For the reason that Mr. Dodd, a member of that bureau here in Washington, when I was asking about what I thought were the very large appropriations for our employees out there, said, "Why, Senator, that does not come out of the Government. That comes out of the Indian fund." In other words, if I understood his language—and I think I did—his argument was, "Oh, it does not make any difference so long as it does not come out of the Government. You"—meaning myself—"represent the Government. You want to cut down the appropriations for the Government. That does not make any difference in this case, because we are charging this money to the Indians."

In other words, the idea seemed to be that the Indian Bureau had a perfect right to despoil these Indians of what was theirs; and I believe that is what is being done on the Klamath Reservation. For that reason I shall very cheerfully vote for the amendment of the Senator from North Dakota, in justice to these Indians. In my judgment, Senators, we could cut that appropriation down to $25,000, and send one man and a few scalers out there, and the task would be better performed under a set-up like that than it is by these unfaithful trustees.

I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Ashurst	Couzens	Johnson	Oddie
Austin	Dale	Jones	Robinson, Ark.
Bailey	Davis	Kean	Schall
Bankhead	Dickinson	Kendrick	Sheppard
Barbour	Fess	Keyes	Shipstead
Bingham	Fletcher	King	Smith
Blaine	Frazier	Lewis	Smoot
Borah	George	Logan	Steiwer
Bratton	Glenn	Long	Thomas, Idaho
Brookhart	Goldsborough	McGill	Thomas, Okla.
Bulow	Gore	McKellar	Trammell
Capper	Hale	McNary	Tydings
Caraway	Harrison	Metcalf	Vandenberg
Carey	Hatfield	Moses	Wagner
Connally	Hayden	Neely	Walsh, Mont.
Copeland	Hebert	Norris	White
Costigan	Howell	Nye	

The VICE PRESIDENT. Sixty-seven Senators having answered to their names, a quorum is present.

Mr. KING. Mr. President, I send to the desk a telegram and ask that it be read in connection with the remarks which I made a moment ago about the grazing permits which are being issued now.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

POPLAR, MONT., *March 14, 1932.*

Hon. JOHN COLLIER,
37 Bliss Building, Washington, D. C.:

Upon telegraphic instructions from Dixon, superintendent has arbitrarily set grazing fee rate at 6½ cents per acre in bids to be

submitted and opened Tuesday. As result of grazing conference white livestock men have been granted their wishes, but Indians have received the worst of deal and they will be in much worse condition. Department is still attempting coercion upon Indians in grazing matter. Please enter our emphatic protest for the Fort Peck Indians.

MEADE STEELE.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from North Dakota [Mr. FRAZIER].

Mr. SMOOT. Mr. President, I want to call the Senate's attention to the fact that the pending amendment is found on page 18, reducing the appropriation of $140,000 by $27,000. The appropriation for this purpose last year was $250,000. We cut off $110,000. This is "for expenses incidental for the sale of timber, and for the expenses of administration, including fire prevention, of Indian forest lands," and so forth. The department says that if any further cut is made in this appropriation great risks will be run.

I ask for the yeas and nays.

Mr. KING. Mr. President, I think it is incorrect to assume that under the terms of the bill only $140,000 are appropriated for and may be used upon the Klamath Indian Reservation. I stated a few moments ago that the bill carried several appropriations which were specifically designed to be used in connection with the administration of the Klamath Reservation and that there were other items of appropriation from which the Indian Bureau might obtain large sums to be employed by it in connection with its administration of all matters connected with the Klamath Reservation. It is my contention that the item of $140,000 is not the sole fountain from which the bureau may draw supplies to be used for and in behalf of the Klamath Indians and their reservation for the ensuing year. It is true the $140,000 is one of the items from which certain expenses may be met; but in my opinion the $225,000 item found in line 12, page 18, is an available fund which may be drawn upon by the bureau to meet expenditures incurred by it in connection with the Klamath Reservation. The paragraph in which this item is found states that this amount is for the—

Preservation of timber on Indian reservations and allotments other than the Menominee Indian Reservation in Wisconsin, the education of Indians in the proper care of forests, and the general administration of forestry and grazing work, including fire prevention and payment of reasonable rewards—

And so forth.

The $140,000 item upon which my colleague lays particular stress contains similar language. It states—

That it is to be used for expenses incidental to the sale of timber and for the expenses of administration, including fire prevention of Indian forest lands from which such timber is sold—

And so forth.

It is to be observed that there is nothing in the language of the bill which specifically charges this $140,000 to the Klamath Reservation. The purposes for which it may be used are as indefinite as are the purposes so far as shown by the bureau for which the $225,000 just referred to may be employed, and I might add in passing that the Budget is as uncertain and indefinite with respect to these appropriations as are the appropriations in the bill to which I have just referred.

In addition to these two items, on page 19 an appropriation of $40,000 is provided—

For the suppression or emergency prevention of forest fires on or threatening Indian reservations * * * and $25,000 in addition from funds held by the United States in trust for the respective tribes of Indians interested.

Obviously the Klamath Tribe is interested in the prevention of forest fires, and so forth, and also has "funds in trust" so that the funds of this tribe may be drawn upon for the entire $25,000.

There is a remarkable provision in the paragraph containing the two items of $40,000 and $25,000 just referred to, which reads:

That not to exceed $50,000 of appropriations herein made for timber operations and for support and administration purposes may be transferred, upon the approval of the Secretary of the Interior, for fire suppression or emergency prevention purposes, and allotments of funds so transferred shall be made by the Secretary of the Interior only after the obligation for the expenditure has been incurred.

It is difficult to determine just what is intended, but the interpretation which seems to be not only justified but inevitable is that the $50,000 might be drawn from the $40,000 and the $25,000 or from the $225,000 or the $140,000 and taken from tribal funds and used in part upon the Klamath Reservation or any other reservation upon which timber is grown. One is justified in criticizing the ambiguities and uncertainties found in the language of the bill.

In addition to these items there is a further item of $75,000 found in line 8, page 57, which is a tribal fund taken from the Klamath fund exclusively to be used by the bureau for agency maintenance. If my colleague is right that the agency maintenance is to be taken from the $140,000 fund, then I ask what is the $75,000 item just referred to to be used for? The item of $75,000 follows a heading found on page 55, which states that—

For general support of Indians and administration of Indian property under the jurisdiction of the following agencies, to be paid from the funds held by the United States in trust for the respective tribes, in not to exceed the following sums, respectively.

Then follows a number of items of appropriations to various reservations, including the "Klamath Reservation in Oregon" and an item of $75,000 which I have just mentioned. There is also an item of $20,000 found on page 19, to be paid from the funds of the Klamath Indians "for insect-control work on the reservation." There is also an appropriation of $5,000 found on page 33 of the bill, line 9, "to be paid from the tribal funds and to be expended for miscellaneous irrigation activities upon the reservation."

I therefore respectfully insist that the appropriations available for use upon the Klamath Reservation for the next fiscal year are in excess of the $140,000, which has been the subject of debate.

Mr. SMOOT. Mr. President, I repeat what I said, and I shall read from the bill itself in order that Senators may see whether I made a misstatement or not. The bill provides:

For expenses incidental to the sale of timber, and for the expenses of administration, including fire prevention, of Indian forest lands from which such timber is sold to the extent that the proceeds of such sales are sufficient for that purpose, $140,000.

Mr. President, I say without a moment's hesitation, and I appeal to the Senator from North Dakota to verify my statement, that for that identical purpose the appropriation last year was $250,000.

Mr. FRAZIER. That is correct.

Mr. SMOOT. That is what I said. Further, I ask the Senator from North Dakota whether the pending amendment is not to decrease the appropriation of $140,000 by $27,000. Is not that correct?

Mr. FRAZIER. That is correct.

Mr. SMOOT. That is what I said.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from North Dakota [Mr. FRAZIER].

Mr. FRAZIER. Mr. President, I thought we were ready to vote; but inasmuch as the senior Senator from Utah [Mr. SMOOT], who has charge of the bill, made a statement, I want to make one.

The pending amendment proposes to cut $27,000 out of the appropriation of $66,420 of the funds of the Klamath Indians to take care of the forests. There is also included in the bill an appropriation of $20,000 for beetle control in the same forests, which will make a total of $59,420, if the amendment is adopted, for the control of those forests.

Mr. President, with sales going down from $1,000,000 to approximately $300,000, I believe the amendment should be adopted.

Mr. HARRISON. Mr. President, is there anything in conflict between what the Senator from North Dakota has said and what the senior Senator from Utah [Mr. SMOOT]

and the junior Senator from Utah [Mr. KING] have said? There is no conflict about it, is there?

Mr. FRAZIER. No; I do not think so.

The VICE PRESIDENT. The yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I have a pair to-day with the junior Senator from South Carolina [Mr. BYRNES], but I understand he would vote as I intend to vote on this question. Therefore I shall vote. I vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from South Carolina [Mr. BYRNES], and vote "yea."

Mr. SMITH (when his name was called). I have a pair with the Senator from Indiana [Mr. WATSON]. In his absence, being unable to obtain a transfer, I withhold my vote.

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER], who is absent. Therefore I withhold my vote.

Mr. WAGNER (when his name was called). I have a general pair with the junior Senator from Missouri [Mr. PATTERSON]. I have been unable to ascertain how he would vote if present, and therefore I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am unable to obtain a transfer, and so I can not vote. If at liberty to vote, I should vote "nay."

Mr. SMITH. I transfer my pair with the senior Senator from Indiana [Mr. WATSON] to the Senator from Ohio [Mr. BULKLEY] and vote "yea."

Mr. HATFIELD (after having voted in the affirmative). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote on this question, I withdraw my vote.

Mr. MCKELLAR (after having voted in the affirmative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND], who is absent. I transfer that pair to the Senator from Missouri [Mr. HAWES] and allow my vote to stand.

Mr. LOGAN (after having voted in the affirmative). I transfer my pair with the junior Senator from Pennsylvania [Mr. DAVIS] to the senior Senator from Alabama [Mr. BLACK] and allow my vote to stand.

Mr. SHEPPARD. I wish to announce that the following-named Senators are absent on official business:

The Senator from Nevada [Mr. PITTMAN], the Senator from Alabama [Mr. BLACK], the Senator from Missouri [Mr. HAWES], the Senator from Virginia [Mr. GLASS], the Senator from Ohio [Mr. BULKLEY], and the Senator from Louisiana [Mr. BROUSSARD].

Mr. FESS. I wish to announce that the junior Senator from Indiana [Mr. ROBINSON] is absent on official business. He has a general pair with the junior Senator from Mississippi [Mr. STEPHENS].

I also wish to announce that the senior Senator from Indiana [Mr. WATSON] and the senior Senator from Delaware [Mr. HASTINGS] are absent on account of illness.

The following-named Senators are detained at a meeting of the Committee on Banking and Currency: The Senator from South Dakota [Mr. NORBECK], the Senator from Virginia [Mr. GLASS], the Senator from Delaware [Mr. TOWNSEND], the Senator from Ohio [Mr. BULKLEY], and the Senator from Connecticut [Mr. WALCOTT].

I announce the following general pairs:

The Senator from New Mexico [Mr. CUTTING] with the Senator from Massachusetts [Mr. WALSH];

The Senator from California [Mr. SHORTRIDGE] with the Senator from Georgia [Mr. HARRIS];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Washington [Mr. DILL];

The Senator from South Dakota [Mr. NORBECK] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Tennessee [Mr. HULL]; and

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Nevada [Mr. PITTMAN].

The result was announced—yeas 52, nays 7, as follows:

YEAS—52

Austin	Copeland	Kean	Nye
Bailey	Couzens	Keyes	Oddie
Bankhead	Dale	King	Robinson, Ark.
Barbour	Fess	Lewis	Schall
Blaine	Fletcher	Logan	Shipstead
Borah	Frazier	Long	Smith
Bratton	George	McGill	Steiwer
Brookhart	Glenn	McKellar	Thomas, Okla.
Bulow	Goldsborough	McNary	Trammell
Capper	Gore	Metcalf	Tydings
Caraway	Harrison	Moses	Vandenberg
Carey	Hebert	Neely	Walsh, Mont.
Connally	Howell	Norris	White

NAYS—7

Ashurst	Hale	Kendrick	Smoot
Dickinson	Hayden	Sheppard	

NOT VOTING—37

Barkley	Dill	Morrison	Townsend
Bingham	Glass	Norbeck	Wagner
Black	Harris	Patterson	Walcott
Broussard	Hastings	Pittman	Walsh, Mass.
Bulkley	Hatfield	Reed	Waterman
Byrnes	Hawes	Robinson, Ind.	Watson
Coolidge	Hull	Shortridge	Wheeler
Costigan	Johnson	Stephens	
Cutting	Jones	Swanson	
Davis	La Follette	Thomas, Idaho	

So Mr. FRAZIER's amendment was agreed to. (N. Dak.)

Mr. FRAZIER. Mr. President, I send to the desk an amendment, which I ask may be read.

The VICE PRESIDENT. Let it be reported for the information of the Senate.

The CHIEF CLERK. The Senator from North Dakota offers the following amendment: On page 28, line 18, after the word "act," insert the following additional proviso:

Provided further, That no part of this appropriation shall be available for the extension of canals or ditches in connection with the Michaud division.

Mr. FRAZIER. Mr. President, this amendment does not change the amount of the appropriation in any way. I have a letter from the Indian council of the Fort Hall Reservation, to which the item relates, and also from the water users' association on the same reservation, composed of white farmers. They are all opposed to any of the appropriation being used at this time for the Michaud unit. I hope the Senator from Utah, who has charge of the bill, will accept the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

Mr. FRAZIER. Mr. President, I send to the desk another amendment which I offer.

The PRESIDENT pro tempore. Let the amendment be read for the information of the Senate.

The CHIEF CLERK. On page 61, line 17, after the numerals "$400,000," insert the following:

Of which $100,000 shall be immediately available for road and bridge construction on the Navajo Reservation.

So as to read:

For the construction, repair, and maintenance of roads on Indian reservations not eligible to Government aid under the Federal highway act, including engineering and supervision and the purchase of material, equipment, supplies, and the employment of Indian labor, $400,000, of which $100,000 shall be immediately available for road and bridge construction on the Navajo Reservation.

Mr. FRAZIER. Mr. President, this makes immediately available $100,000 out of the $400,000 for road purposes for

the Navajo Indians. I have pictures here showing the need for roads and bridges on this particular reservation.

Mr. HARRISON. Mr. President, is this a saving out of the funds of the tribe or out of the Treasury of the United States?

Mr. SMOOT. It is not a saving.

Mr. HARRISON. I want to get it clear in my own mind.

Mr. ASHURST. Mr. President, in reply to the question of the eminent Senator from Mississippi, this is only a limitation or allocation of moneys appropriated. It does not propose any additional appropriation at all.

Mr. HARRISON. But it is money out of the Treasury of the United States and not out of the tribal funds?

Mr. ASHURST. The original appropriation is a gratuity out of the Treasury.

Mr. HARRISON. Referring back to the amendment just agreed to, was that a saving out of the tribal funds?

Mr. FRAZIER. It is all out of the tribal funds.

Mr. HARRISON. I am glad to know that one economy we have been able to effect is from that source. Of course, such economies ought to be effected with relation to funds coming from the Treasury of the United States rather than funds of the Indians, funds which the American Government has treated so very badly in the past.

Mr. FRAZIER. I am sure the Senator from Mississippi is interested in saving the money of the Indians as well as money in the Treasury of the United States.

Mr. HARRISON. Absolutely; but it is a peculiar thing that we can not make some of these savings in funds of the Treasury of the United States as well as in funds of the Indians. We ought to employ our talents for retrenchment in some way that would affect the funds in the Treasury of the United States.

Mr. SMOOT. We have an "economy bloc" now and so we can have any kind of an amendment we want to appropriation bills.

Mr. McKELLAR. I hope the Senator from Utah will accept the economy amendment.

Mr. SMOOT. I did not say "economy amendment"; I said we now have an "economy bloc."

Mr. BLAINE. Mr. President——

Mr. FRAZIER. I yield to the Senator from Wisconsin.

Mr. BLAINE. I am merely seeking information. Will the amendment result in retarding the construction of highways in other Indian reservations?

Mr. FRAZIER. I do not think so. There are $400,000 appropriated, and the amendment allocates $100,000 to be available at once for this particular reservation.

Mr. BLAINE. How many reservations are there in the United States?

Mr. FRAZIER. I do not know the exact number, but this is probably the largest one in the United States, and they are in need of roads. The committee drove all over there last spring, and we got stuck several times. Here [exhibiting] are two photographs of a scene where hay was being hauled and the truck went down into the quicksands. It is shown that in endeavoring to pull the truck out with a tractor they pulled it in two.

Mr. SMOOT. Mr. President, I should like to say that all this amendment does is to make $100,000 immediately available instead of waiting until June 30.

Mr. BLAINE. Yes; but for one reservation and not for all the reservations.

Mr. SMOOT. Out of the $400,000 appropriated, $100,000 are made immediately available for one reservation.

Mr. BLAINE. Let the amendment be stated again.

The PRESIDENT pro tempore. The amendment will again be stated for the information of the Senate.

The CHIEF CLERK. On page 61, line 17, after "$400,000," it is proposed to insert "of which $100,000 shall be immediately available for road and bridge construction on the Navajo Reservation."

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

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from New Mexico?

Mr. FRAZIER. I am glad to yield.

Mr. BRATTON. Mr. President, the situation on the Navajo Reservation is bad, due to an extremely severe winter, perhaps an unprecedented one, but it is no worse on the Navajo Reservation than it is on the Zuni Reservation. I wonder if the Senator from North Dakota would not include the Zuni Reservation, so that the item will be both for the Navajo and the Zuni Reservations?

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

Mr. BRATTON. I am speaking by the courtesy of the Senator from North Dakota.

The PRESIDENT pro tempore. The Senator from North Dakota has the floor. Does he yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. SMOOT. I find that all this appropriation is made immediately available. Therefore the amendment of the Senator from North Dakota simply means that $100,000 of the total amount is to be expended on this particular reservation.

Mr. BRATTON. In view of that statement, would the Senator from North Dakota include the Zuni Reservation, so that it may go along with the Navajo Reservation?

Mr. FRAZIER. There is no question but that the Zuni Reservation needs assistance; but whether or not $100,000 will be sufficient for the two reservations I am not in position to say.

Mr. BRATTON. Of course, the Commissioner of Indian Affairs would be at liberty to use any part of the remaining $300,000.

Mr. FRAZIER. I have no objection to including the Zuni Reservation.

The PRESIDENT pro tempore. The Senator from North Dakota modifies his amendment; and as modified it will now be stated.

The CHIEF CLERK. It is proposed to strike out the word "reservation" and insert the words "and Zuni Reservations," so that it will read:

Of which $100,000 shall be immediately available for road and bridge construction on the Navajo and Zuni Reservations.

Mr. BLAINE. Mr. President, may I inquire of the Senator from North Dakota how many miles of highway on these two reservations are in need of reconstruction?

Mr. FRAZIER. I can not give the figure accurately, but the Navajo Reservation is, I think, the largest reservation in the United States.

Mr. BLAINE. Can the Senator give the number of miles approximately?

Mr. FRAZIER. Perhaps the Senator from Arizona [Mr. ASHURST] can give it.

Mr. ASHURST. Mr. President, the main reservation and the smaller reservations that happen to be within it embrace roughly about 20,000 square miles.

May I say a word for the amendment? The chairman of the Senate Committee on Indian Affairs [Mr. FRAZIER] was kind enough to show me the amendment before he offered it. I expressed my unqualified approval of it, and for the following reasons. It will be remembered that in the Indian appropriation bill for the past three or four years there has been carried a sum of money—for the first two years, $250,000; last year, $500,000; and this year, $400,000—to be used by the Commissioner of Indian Affairs on any reservation in the United States for the purpose of building roads and bridges wherever, in the judgment of the commissioner, such roads or bridges were necessary. Sums as low as $500 were spent on one reservation and as high as $20,000 on another reservation. As I have stated to the Senate upon two different occasions—and the Senators from New Mexico have likewise adverted to the condition—snowstorms of unusual ferocity have overwhelmed that great reservation. On account of the tremendous snowdrifts trucks carrying food and fuel were unable to negotiate the distances, and horsemen were not able to make headway, the roads being impassable.

The mission at Ganado, for example, although it had on hand a very good supply of coal, ran out of fuel, and those living there were obliged to take refuge in the basements of

three buildings for many weeks. Throughout the area the roads are now absolutely impassable. In my judgment, $100,000 ought to be spent in reconstructing the roads on that reservation, and I am very glad that the Senator from New Mexico has secured the inclusion of the Zuni Reservation. I think that is proper.

It may be said that a large proportion of the total sum is to be spent in New Mexico and Arizona. That is quite true, but it simply happens that they are the particular States within whose borders are the reservations the roads of which have been allowed to reach a shocking condition of disrepair; they happen to be the States out of which this enormously large reservation was carved. An appropriation, if it is justly needed, is not properly assailable merely because it is large. From my examination of all the facts in the case I believe that this appropriation is not only needed but that another $50,000 will be required in order to do the work efficiently. However, I do not feel that an amendment providing $150,000 additional would be adopted by the Congress, and, so far as I am concerned, I am advocating the amendment offered by the Senator from North Dakota and think it should be adopted. While it is well known to the Senate and the country that the esteemed chairman of the Committee on Indian Affairs and I have hotly disagreed on many subjects respecting the Indians, yet I am in hearty accord with his amendment; I congratulate him on his wisdom, his judgment, and his courage in offering it, and I hope it will be agreed to.

Mr. BLAINE. Mr. President, I want to ask a favor of the Senator from North Dakota. I desire to call his attention to the fact that on the Odanah Indian Reservation, in the northern part of my State, the snows are very deep and there are a great many swamps, necessitating portages between inland lakes. I have been appealed to by those Indians. Without roads it is utterly impossible for them to get about their reservation and to cultivate the many hundred acres of land which they are perfectly willing and anxious to cultivate, and from which they could obtain a living. The Indian Bureau tells me that it is utterly impossible to build such roads with the small amount of money that is appropriated in this bill, and if one-fourth of the total sum is to be taken away from all the other reservations, we are treating those reservations thus deprived of this amount rather unfairly. So I ask the Senator from North Dakota if he will not include the Odanah Reservation in his exceptions. It is a mighty appealing situation, and I see no help for these Indians unless something can be done to open up the territory where they are trying to make a living by their own hands and their own efforts.

Mr. FRAZIER. Mr. President, the Navajo Indians, I think, have been more neglected than probably any other large group of Indians in the United States. In comparison there has been less improvement on their reservation than on any other reservation. They have been self-supporting for all these years through the maintenance of their flocks, the sale of wool, and the sale of Navajo blankets. They are a wonderful group of people. Unfortunately this winter they have had bad storms; their sheep have died by wholesale; over 200,000 sheep have perished during the storms this winter, and probably many more of them will die during the spring before the grass shall grow. They are in need of financial assistance right now to keep body and soul together. They are asking for work. I had a letter from a trader only yesterday in which he said that six or seven Indians, ragged, cold, and hungry, had walked 20 miles to ask for work; they were not asking for anything else, but asking for work. If this money can be made available for those Indians, it will give them a chance to earn a living; and the same thing applies to other reservations.

Mr. BLAINE. The same story may be told of Indians on other reservations. The same or a similar story may be told of the Indians on reservations in my State. It is just a matter of treating them all alike. I do not know but that this appropriation should be increased; but we can not increase it under the rules of the Senate; and I am just appealing to the Senator in behalf of the Indians in Wisconsin to whom I have referred, who are in a desperate situation, that they may have an opportunity to work. That is all they are asking for.

Mr. FRAZIER. Of course, the remainder of the appropriation will be applied to other reservations in carrying on road work that has been started.

Mr. BLAINE. But the fact is that this appropriation is inadequate for the purposes; and when the appropriation is reduced by 25 per cent it is made still more inadequate.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from North Dakota [Mr. FRAZIER] as modified.

Mr. JONES. Mr. President, I hope the amendment will not be agreed to.

Under our general law we provided for $250,000 for roads on Indian reservations throughout the country and then increased the amount to $400,000. If we divide it up now by action of Congress, the money will go for an entirely different purpose than it was intended it should go for in the first instance.

If there is a special condition on the Navajo Reservation, it ought to be met in a special way, so far as that is concerned. The senior Senator from Utah [Mr. SMOOT] suggests that that can be done under the law. That is true; but the appropriation we have made in this act is under the general law and pursuant to the general law that authorizes us to appropriate the money. If it is desired to appropriate it for a special purpose, it ought to be appropriated separately from the other amount and for that special purpose; but when we go to dividing up this $400,000, Senators can see how Congress can distribute it.

I hope the amendment will be rejected and that we will take the amount in the bill and it will be distributed by the department. If in addition to that amount, however, it should be desired to provide an additional amount, very well.

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

Mr. JONES. I yield.

Mr. KING. For information, will this money be expended by the Indian Bureau or by the Bureau of Roads?

Mr. JONES. It will be expended by the Indian Bureau on the Indian reservations. That is true.

Mr. KING. The bill as it is reported carries, as I understand, $400,000, without allocation to any particular reservation.

Mr. JONES. Yes. We passed a general law authorizing appropriations for roads of this kind on Indian reservations, and this is pursuant to that law.

Mr. KING. This $400,000, then, would fall within the terms of the law to which the Senator refers?

Mr. JONES. Yes.

Mr. KING. And would be distributed or allocated as the bureau thinks would be wisest?

Mr. JONES. Yes. There are 10 or 12 reservations in my State.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from North Dakota [Mr. FRAZIER], as modified.

The amendment, as modified, was rejected.

Mr. McKELLAR. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. The Senator from Tennessee offers the following amendment: Insert at the proper place in the bill:

That in view of the decreases of all prices of material and in many cases decreases in costs of labor, and in view of the depleted condition of national revenue, and in the interest of economy and for the purpose of aiding in balancing the Budget, each and every item of appropriation and the totals thereof in this bill, except salaries fixed by law, are hereby decreased by 10 per cent; and the President is hereby authorized and empowered to consolidate and/or abolish bureaus, divisions, in whole or in part, and make any other changes in administration he may deem advisable in conducting this department so as to economize appropriations made herein and keep expenditures within the reduced appropriations made for its several activities herein set out.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I have a few words to say about this amendment. The latter part of it, of course, is subject to a point of order if any Senator wishes to make it. I take it that the point of order will not be made.

Mr. SMOOT. I will make the point of order, Mr. President.

Mr. McKELLAR. The Senator will make the point of order?

Mr. SMOOT. I certainly will.

Mr. McKELLAR. Meanwhile I have the floor, and at the proper time the Senator can make the point of order if he desires.

Mr. President, the President of the United States has sent to the Congress a communication asking for the very authority that is given him in part in this amendment. The only difference between what the President has asked for and what this amendment proposes is that while the authority is given to him, at the same time appropriations for the Interior Department are reduced 10 per cent all along the line.

In other words, if this amendment should be adopted, what we would virtually do would be to give the President $50,000,000 for running the Interior Department instead of $55,000,000, as is proposed by the bill. In the aggregate, giving round numbers only, the bill carries about $55,000,000. If the President desires to economize—and I assume, of course, that he does—my judgment is that the Secretary of the Interior, under the direction of the President, can run this department just as well on $50,000,000 as he can on $55,000,000; and I desire to say that it is my purpose to offer a similar amendment to all of the appropriation bills providing for the support of the various departments of the Government.

There is being discussed in the House to-day what is known as the sales tax. It is a tax designed to balance the Budget. The tax bill that is now being discussed over there proposes to raise something like $1,200,000,000, and it is said that that amount is necessary in order to balance the Budget. I presume it is. About half of the total additional tax is to be raised by a sales tax.

I desire to say very frankly at the outset that I am utterly opposed to a sales tax. I think that whatever taxes we ought to impose should be imposed upon those people who are best able to pay the tax, and not upon those people who are least able to pay the tax. I realize that it is right and proper to say, "If you do not favor the sales tax, what do you believe should be substituted for it?" I desire to tell the Senate what I believe should be substituted for it.

The first provision I would make would be to reduce all appropriations as recommended and as passed by the Congress, even after they are considered, by the amount of 10 per cent. Of course, we shall have to make exceptions to that. The first exception is the interest on the public debt. We can not reduce that. That will have to be paid in full. I take it that the sums to be allotted to the soldiers of all wars will have to be another exception. A third exception will have to be the President's salary and the salaries of members of the judiciary, and so forth. With those three exceptions, it seems to me that we can reduce by 10 per cent all the other appropriations carried by the Congress without injuring the administration of the departments a particle, but that on the contrary there will be brought about under this provision a system of consolidating bureaus and divisions in each of the departments which will not only bring about a saving of 10 per cent but will give us a better administration of the Government's affairs for a less amount of money.

So it is my purpose, as I stated a moment ago, to offer this amendment to every appropriation bill as it comes up. It is true that the agricultural appropriation bill is in conference, and we would have to pass a joint resolution about it if we agreed to this reduction of expenses for the various departments all along the line.

Senators, I never believed anything more sincerely or firmly in my life than that if we accomplish this saving in the administration of each one of the departments we will bring about a better administration of the Government; and it will be infinitely better to reduce appropriations than to put additional taxes upon the American people. I do not know how various Senators think about it; but the idea, at this time of perhaps the greatest depression we have ever known, of imposing upon the American people, and especially upon the consuming public, this enormous sum in taxes, when we can save enough out of present recommendations to do virtually the same thing.

I think it is absolutely indefensible for us to take the course of taxing the people instead of cutting down appropriations. We ought to cut down the appropriations. It is absolutely necessary. We can get a better administration of the Government if we do; and I want to say that we shall have to come to it before the present condition is over. The American people can not pay the increased burden that we will attempt to put upon them. We are spending money this year just as if our Treasury were full, when we already have a deficit of $2,000,000,000; and if we go on we shall have a bigger deficit next year, notwithstanding the additional $1,200,000,000 that we are going to impose according to the pending tax bill.

So much for the reduction of appropriations. Senators will want to know how I would make up the rest of the deficit that would result from failure to enact the proposed sales tax.

Mr. President, I come to an old friend when I come to the next item I would change. That old friend is war-tax refunds. In the first years they were very small, did not mean much, were just corrections of mistakes made. But the refunds of taxes since 1922 have not been a matter of bookkeeping, they have been a matter of business. That is one of the best businesses there has been in this country. Up to date we have refunded in cash, largely of excess-profits taxes paid during the war, $1,345,845,165.90. But that is not all we have refunded. We have refunded in credits, credits on current taxes, a much larger sum than that. We have refunded, largely of 1917 and 1918 taxes, paid during the war, the enormous sum of $2,530,317,850.28, making a total of taxes refunded, and very largely of excess-profits and income taxes paid during the war years, the enormous sum of $3,876,164,016.18. Virtually $4,000,000,000 has been refunded in the last 10 years in the way of refunds of war taxes, on account of mistakes made in assessing war taxes.

Senators will remember the case that was brought to our attention some few years ago when the Treasury Department refunded to the United States Steel Corporation, on account of an error committed in paying its taxes in 1917, the enormous sum of $59,000,000, $26,000,000 in cash, $33,000,000 in credits on current taxes. So the American Government has refunded, in the way of cash and by credits, the enormous sum of nearly $4,000,000,000.

What is happening in that regard now? Senators will remember that we passed a bill limiting those refunds. We required publicity in their making, and that saved over $100,000,000 the first year after that provision was enacted. But what is the situation now? Last year the Government refunded in cash $69,000,000 and in credits $213,000,000, a total of $282,000,000, and it is proposed this year to refund in cash some $89,000,000 more, and, in addition, the credits will run it up to nearly $300,000,000.

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

Mr. McKELLAR. I yield.

Mr. LONG. As I understand it, this bill was finally reported by the committee about 30 days ago, was it not?

Mr. McKELLAR. Which bill?

Mr. LONG. The bill the Senator is now debating, to which he is offering his amendment.

Mr. McKELLAR. Yes.

Mr. LONG. It was reported about 30 days ago?

Mr. McKELLAR. It was proposed in the House soon after Congress met. It was then debated and passed in the House and sent over to the Senate. I think it has been several weeks that we have had it.

Mr. SMOOT. Since February the 24th.

Mr. LONG. Is it not the Senator's understanding that the country has become a great deal more "Hooverish" in the last 30 days?

Mr. McKELLAR. No; I can not say that that is my understanding.

Mr. LONG. I mean in the effect on the general economic welfare, it is getting "Hooverish" throughout the 48 States, so that 90 cents means more than a dollar meant when this bill came here.

Mr. McKELLAR. I can not be certain about that. But I want to say this, that for the first quarter of the present year there has been a cash refund already of $22,000,000, and of credits of $64,000,000, and, based on that, if we adopt an amendment which I have prepared, and which I will offer at the proper time, an amendment which will suspend the payment of refunds and the making of credits for refunds on war taxes, there will probably be brought to the Treasury somewhere in the neighborhood of $250,000,000 for this year. Certainly it will bring $200,000,000. The two items alone will save 10 per cent, and the suspension of the refund provision, referring to war-tax refunds, will bring about a saving of $450,000,000, in my judgment.

I sent to the Secretary of the Treasury for the figures, asked him to have an examination made as to both of these items, and I want to read in part what he said about it; I am going to put the whole letter in the RECORD later. He stated:

> In your first paragraph you request estimates, first, as to the amount which will be saved to the Federal Government by the enactment of a resolution reducing appropriations, with certain exceptions, by 10 per cent, and, second, what would be saved by the enactment of a resolution providing for the suspension of consideration by the Treasury Department of claims for refunds of taxes paid during the period of the war. As indicated in my telephone conversation with you to-day, the Treasury is not able to furnish you with this information at the present time. The desired estimates would require a detailed analysis of appropriations and of pending claims for refund.

I get the figures, however, from the House hearings, on page 331. At this point I ask that the table on page 331 of the House hearings on the Treasury Department appropriation bill, Seventy-second Congress, first session, be printed as a part of my remarks, so that Senators may have the figures before them.

The PRESIDENT pro tempore. Is there objection?

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

Statement showing internal revenue receipts, additional assessments and collections, and overassessments of internal-revenue taxes (refunds, abatements, and credits) for fiscal years 1917 to 1931, inclusive, and first three months of fiscal year 1932

Fiscal year	Total internal revenue receipts	Amount of additional assessments and collections resulting from office audits and field investigations	Overassessments allowed by bureau		
			Amount of refunds of taxes illegally collected	Amount of credits and abatements	Total
1917	$809,393,640.44	$16,597,255.00	$887,127.94	(1)	$887,127.94
1918	3,698,955,820.93	29,984,655.00	2,088,565.46	(1)	2,088,565.46
1919	3,850,150,078.56	123,275,768.00	8,654,171.21	(1)	8,654,171.21
1920	5,407,580,251.81	466,889,359.00	15,639,952.65	(1)	15,639,952.65
1921	4,595,357,061.95	416,483,703.00	28,656,357.95	(1)	28,656,357.95
1922	3,197,451,083.00	266,978,873.00	48,134,127.83	[2] $134,237,470.05	182,371,597.88
1923	2,621,745,227.57	[2] 735,216,858.00	123,992,820.94	306,583,881.95	430,576,702.89
1924	2,796,179,257.06	[2] 739,225,261.00	137,006,225.65	355,628,775.65	492,635,001.30
1925	2,584,140,268.24	[2] 457,314,407.00	[4] 151,885,415.60	226,155,508.74	378,040,924.34
1926	2,835,999,892.19	[2] 553,404,633.00	[5] 174,120,177.74	339,237,700.53	513,357,878.27
1927	2,865,683,129.91	[2] 416,669,507.00	103,858,687.78	262,292,604.21	366,151,291.99
1928	2,790,535,537.68	[2] 414,251,490.00	142,393,567.17	199,194,252.14	341,587,819.31
1929	2,939,054,375.43	[2] 405,855,476.00	190,164,359.48	228,775,274.72	418,939,634.20
1930	3,040,145,733.17	[2] 303,055,027.00	126,836,333.22	199,937,206.97	326,773,540.19
1931	2,428,228,754.22	[2] 382,788,076.00	69,476,930.26	213,731,335.60	283,208,265.86
First quarter 1932	455,144,323.12	[2] 81,629,605.00	22,051,345.02	64,543,839.72	86,595,184.74
Total	46,915,744,440.28	5,809,619,959.00	1,345,846,165.90	2,530,317,850.28	3,876,164,016.18

[1] No record available; credits first applied in fiscal year 1922.
[2] Estimated; based on amount of claims allowed in 1922 ($182,371,597.88) less refunds allowed in 1922 ($48,134,127.83).
[3] Includes jeopardy assessments as follows:

1923	$132,525,380.55	1928	$45,685,725.88
1924	161,515,217.33	1929	50,865,425.55
1925	144,646,530.53	1930	36,124,226.60
1926	148,867,165.26	1931	50,425,493.68
1927	32,704,156.33	First quarter 1932	12,424,569.35

[4] Includes $17,777,642.45 refunded taxes under provisions of section 1200 of the revenue act of 1924 (25 per cent refunds of 1923 individual income taxes).
[5] Includes $206,115.29 refunded taxes under provision of above section of law.

Mr. McKELLAR. Mr. President, I want to say that, in my judgment, probably three-fourths of the four billions paid in refunds of taxes during the last 10 years is nothing in the world but legalized graft. If we had that money in the Treasury to-day we would not have to be taxing the American people. Who have drawn these big sums? Who have drawn these $4,000,000,000? People of great wealth in this country, who paid taxes in war time, when they were selling to the Government and when the taxes were included in the price of the goods which our Government and other governments bought. So I think we can easily expect somewhere in the neighborhood of $250,000,000 out of those two items of savings.

It is said, what is your precedent for it? My precedent for it is this, that in 1917 Senator Coe I. Crawford, of the State of South Dakota, introduced a bill to suspend the consideration of all claims by the Court of Claims on certain war claims. They had been entering judgments in such claims for years. He stopped that. None have ever been paid since. That is just exactly what we ought to do in this case. When our Government is almost facing bankruptcy refunds are being made secretly. No one except the Treasury Department knows about it until after it is done. They are paying back between two and three hundred million dollars a year in refunds, refunds in the way of credits and refunds in the way of cash. It seems to me that under those circumstances we could follow the precedent that was set by Senator Crawford in 1917, and simply suspend, until this provision should be repealed, the operation of that law.

The next item to which I want to call attention, where we can do something to take the place of the proposed tax, I will now state. If we are to levy any additional taxes, we ought to put those taxes on the people who are able to pay them. The House of Representatives has reported a provision which, it is estimated, will yield $112,000,000 in additional income taxes. They increased the rates in all of the smaller brackets. They took away the large exemptions which the general run of the public have had for a number of years. Then when they come to incomes of $100,000 and over they impose a surtax.

In my judgment, that should be a graded tax. Where the amount is $100,000 and less than $200,000, I propose to leave the tax at 40 per cent. Where it is over $200,000 and under

$400,000, I propose to make it 50 per cent. Where it is over $400,000 and under $600,000, I propose to make it 60 per cent. Over $600,000, I propose to make the tax 65 per cent.

It is said that will be hard on industry. There are 10,000,000 people unemployed in this country, many thousands of them hungry. If a man who has an income of a million dollars a year has to help the Government out at such a time, it will mean no distress to him. If he has an income of a million dollars, and has to pay a tax of, say, 65 per cent, he still will have a very large sum which he would have difficulty in spending. There is no reason in the world why he should be personally discommoded at all if such a tax were placed on his income. He would not suffer any deprivation. There would be enough for him to get along on. So that ought to be increased.

I am sorry to say that under the figures sent me by the Secretary of the Treasury that will mean an increase of only $14,000,000 in return.

As shown by the House bill, the House proposes to increase the corporation tax by 1 per cent. That will be passed on to the consumer, but supposing it is left there, it will yield $26,000,000.

I next come to the provision for an estate and gift tax, which it is estimated by the House committee will yield $50,000,000. It will be perfectly proper to add to the tax on the larger incomes so as largely to increase that sum, probably not less than $50,000,000 in that item.

The House proposes to tax stock transfers. Senators, we ought to tax stock sales. I think a large part of our financial woe, a large part of the cause of the present depression, comes from stock gambling on the stock exchanges, and we might easily put a small tax on such transactions, which would bring the Government an enormous income.

In these various ways it seems to me that we can easily propose something to take the place of the sales tax. We should not enact the sales tax. But the key to the arch is the reduction of expenditures of the Government. The first step taken in remedying the present situation is to bring down the appropriations for each department, with the exceptions I have named, 10 per cent. Whenever we do that there will be precious little need of making these other proposals. There will be no need for the sales tax at all.

I hope that the Senate will this afternoon show its interest in economy. Everyone connected with the Government is constantly shouting about economy, but when it comes to a vote there is always some reason why they can vote on the other side. We will go out on the hustings and talk about economy, but here is where we practice economy for the Government, if at all. It is the only place where it can be done. The only place where we can accomplish economy for the Government is in the Congress. I appeal to the Senate this afternoon, when we shall vote on this matter, to vote favorably upon it.

Mr. President, I ask that there be printed in full the letter from Mr. Ballantine, Under Secretary of the Treasury, part of which I quoted earlier in my remarks.

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

TREASURY DEPARTMENT,
Washington, March 14, 1932.

MY DEAR SENATOR: In response to your letter of March 12, 1932, the following is submitted in answer to the questions upon which you have asked for information:

In your first paragraph you request estimates, first, as to the amount which would be saved to the Federal Government by the enactment of a resolution reducing appropriations, with certain exceptions, by 10 per cent; and, second, what would be saved by the enactment of a resolution providing for the suspension of consideration by the Treasury Department of claims for refunds of taxes paid during the period of the war. As indicated in my telephone conversation with you to-day, the Treasury is not able to furnish you with this information at the present time. The desired estimates would require a detailed analysis of appropriations and of pending claims for refunds.

As already explained to you informally in connection with your second inquiry, the Budget for the fiscal year 1933, as summarized in the table on pages 25 and 26 of the Annual Report of the Secretary of the Treasury for the fiscal year 1931, includes amounts due in that year from foreign governments on their obligations to the United States. That is to say, the estimated receipts for the fiscal year 1933 already include $195,094,690 for interest and $74,831,881 for principal, making a total of about $270,000,000. On the other hand, expenditures for 1933 include $69,138,800 which represents the portion of the receipts due from foreign governments which would be required to be applied to the retirements of outstanding government obligations. I have interpreted your question as referring to the full fiscal year 1933, although you mention specifically the first month of that fiscal year; it so happens that no payments are due from foreign governments in the month of July, the first due in that fiscal year being a relatively small amount in the month of November. For the most part, the payments are made in December and June.

It is understood on the basis of our conversation that your third inquiry concerning the additional taxes which would be collected should the capital gains and losses provisions of the present law be repealed was intended to cover merely the repeal of the loss provisions. As I have already explained, the disallowance of losses incurred from dealings in property in a given year as deductions against income might in many cases make the collection of the tax impossible, since the proposal would mean that an individual whose operations in a given year had resulted in profits which were subsequently wiped out by corresponding losses would in fact have no income from such operations with which to pay the taxes due on his profitable transactions. The Treasury is not in a position to furnish an estimate of the effect of your proposal upon the revenues. Statistics tabulated from individual income-tax returns do not show the total amount of income received from profitable transactions in securities and the total losses from unprofitable transactions, but rather the net amount of profit or loss for each return.

As regards your request for estimates of the probable effect on revenues of certain increases in the surtax rates applicable to higher brackets of income, which would increase the maximum surtax rate to 65 per cent on amounts of income in excess of $600,000, it is estimated that in view of the sharp reduction which has taken place in the income reported in these high brackets the rates in question would provide about $14,000,000 of revenue in the fiscal year 1933 in addition to the $112,000,000 of additional revenue which it is estimated that the provisions of H. R. 10236 would yield exclusive of the effect of the administrative provisions of that act.

As to the question of finding relief in the present budgetary situation from a reduction in the sinking-fund retirements, as required by existing legislation, it should be borne in mind that the program upon which the Ways and Means Committee of the House of Representatives is acting is one which calls for the balancing of the Budget for the fiscal year 1933, exclusive of statutory debt retirements for that year. The amount of the deficit on the basis of the existing revenue law is estimated at $1,738,000,000. This figure includes $497,000,000 of statutory debt retirements, so that the deficit, exclusive of the latter amount, is $1,241,000,000, or $5,000,000 less than the amount provided for in the committee's program.

By the provisions of the Victory Liberty loan act approved March 3, 1919, as amended, the sinking fund was created and a definite program of debt retirement was set up with a view to assuring the orderly reduction of the public debt. The Treasury would be strongly opposed to any measure which would essentially alter this program even in years when, as in 1931 and the current fiscal year, increase in the debt is unavoidable, and when, as proposed for the fiscal year 1933, there will be no net reduction in the public debt. It is essential that the Government should continue to charge its Budget with an annual contribution to the sinking fund as provided for in the law. By so doing, it recognizes and accepts its obligation to fulfill the sinking-fund requirements which constitute a part of its undertaking with the holders of its obligations.

I regret that your letter did not reach the Treasury until this morning, so that it has been impossible for me to respond as promptly as you had hoped.

Verq truly yours,

A. A. BALLANTINE,
Under Secretary of the Treasury.

HON. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

Mr. VANDENBERG. Mr. President, I want to be heard on the point of order, if a point of order is to be made against the latter part of the amendment submitted by the Senator from Tennessee.

The PRESIDENT pro tempore. The point of order has not yet been made. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. ROBINSON of Arkansas. Mr. President, it does not seem possible, upon the consideration of this amendment, to settle the problems relating to a new revenue measure. Nevertheless every reduction that is made in expenditures under the general appropriation bills diminishes the magnitude of the problem relating to the balancing of the Budget. I know that it may be said that a horizontal reduction in appropriations is an unscientific method of accomplishing economy; but, Mr. President, it is a practical method of

accomplishing an end with which almost every Member of this body has avowed himself in sympathy.

When we analyze the increased expenditures of the Federal Government it becomes very apparent that Congress has yielded to entreaties and demands for the broadening of the sphere of Federal activities and for the intensification of Federal efforts. That process has not yet stopped. It is in progress now. There is not a Senator who hears me but daily receives urgent requests from constituents and from others for the establishment of some new Government agency, for the expenditure of additional Federal funds, and at the same time our mail is filled with appeals for the elimination of proposals for increasing the revenue.

We can not determine those questions on a single bill or amendment, but we can determine whether we are going to adopt an effective policy of making certain that we will operate the Government within the aggregate amount of its revenues. It is the Budget system crystallized and intensified. In years gone by we have frequently seen general appropriation bills fail of passage and in order to avoid extraordinary sessions of the Congress there have been passed joint resolutions making available lump-sum appropriations to be administered by the various departments of the Government, the specific appropriations for which had failed. This end can be accomplished in that way if we have a disposition to take hold of it and try to work it out.

The Department of the Interior is a very good one on which to begin. Many of its bureaus have become more or less antiquated or obsolete. Some of its principal activities have been diminished to the extent that the bureaus controlling them could be easily abolished. An outstanding citizen of this country, a gentleman of broad experience in both private and public matters, a student of the great problems which underlie the difficulties with which we are now confronted, in an article published by the National News Syndicate, has frankly advocated the abolition of the Department of the Interior. We have heard dozens of speeches made on the floor of the Senate advocating the reduction in size of the Federal Government. It is one of those things about which one speaks eloquently, but if anything is to be done there is only speechmaking and feeble action. This gentleman, Mr. Charles S. Barrett, formerly and for many years president of the Farmers' Union, expresses the opinion that the Department of the Interior may be abolished and such activities as are essential to be carried on may be transferred to other departments and continued there and notable economies thus accomplished. I ask unanimous consent to have printed in the RECORD at the end of my remarks the article to which I have referred.

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

(See Exhibit A.)

Mr. ROBINSON of Arkansas. As has already been stated, we are constantly talking about reducing the size of the Federal Government and reducing Federal activities. This amendment is not sufficient, in my judgment, to accomplish the balancing of the Budget because, when we have done this, we have only done a small part of what it will be necessary to do. It is about time that some one who favors abolishing bureaus, boards, commissions, and departments should specify some bureaus or boards that might be abolished.

It is about time we were getting down to a practical view of the subject. We all realize that it is not an easy thing to do. It is much easier to talk about it than it is to carry it into effect. It may be that we will go on seeking new sources of revenue and raising existing tax levies until the burden will become so oppressive that the whole structure will crumble in ruin. It is quite possible that might come if this so-called depression should continue throughout a prolonged period.

But the point I am emphasizing is if we are in earnest, if we want to take hold of this subject and demonstrate our earnestness, it is a practical way of accomplishing a wholesome end to make a horizontal reduction. We must admit when we present the issue that it will occasion difficulties and inconvenience. It may in some instances impair in a degree the efficiency of the service. But if the paramount object to be accomplished is to reduce Government expenditures and avoid imposing constantly increasing burdens of taxation, the time is at hand when we should take hold of the subject and deal with it aggressively and courageously.

EXHIBIT A

ABOLISH THE UNITED STATES INTERIOR DEPARTMENT

By Charles S. Barrett

The politicians, the statesmen, and everybody else rave against the centralization of power in Washington. The demand for the abolishment of departments, bureaus, and commissions is universal. The cry for reduction in taxation is also heard on every hand. This cry and demand are going to continue unless some one does something more than talk.

If the people, the dear people, knew how they had been imposed upon in this matter there would be more hell to pay than you have ever heard of. Just think of the number of men in Congress who have been here from 5 to 25 years, who came here talking about abolishing something or other and are still talking about it. They know that it sounds well to the voters.

PERFECT PLACE TO START

There were several speeches made about this same matter in the Senate last week. My dear friend, JAMES HAMILTON LEWIS, made a great speech, but he did not say anything about what particular department he would abolish. Now, Mr. Voter, let us put the boys on record. We are telling them where to start. The Interior Department should be abolished. It is a perfect place to start. I defy anyone to go over the record of this department as well as scrutinize its operations to-day and not agree, if he will be honest with himself, the Government, and the people, that not only is this the place to begin abolishing something but that a distinct service to the country will be rendered by abolishing this department.

UNWHOLESOME BEGINNING

Frankly, I shudder to think of the iniquities growing out of the Interior Department. Whatever, if any, arguments there were for justifying the establishment of this department have long ceased to exist. The tens of millions of dollars annually to be saved by abolishing this department would prove valuable in our important and necessary economy program.

The Interior Department, as many will recall who watched its inception and have followed its operations, was fostered and promoted through unwholesome motives of special interests who used this department to purloin much of our choicest public domain in the West. Not only did this mark its inception but all through the long years of its operation this department has been charged with incompetency and often flagrant graft.

SOME SCANDALS

One of the greatest, if not the greatest, scandals in the history of the Nation occurred through the machinations of this department. Information coming into my hands leads me to believe that there is prejudice, inefficiency, and concoonance in that department to-day.

My readers may, and most naturally will, ask, "What is to be done about handling matters of routine and detail in the various activities now under this department?" The answer to this is one of the easiest our statesmen could be called upon to make. In fact, it is so easy that they can scarcely find any excuse for delay in giving the Government and the people relief by abolishing this well-termed "iniquitous department."

EXCUSE FOR DEPARTMENT GONE

The excuse for creating this department was primarily to handle our vast public domain—the free or public lands in the West. Then from time to time additional duties were allocated to it.

Now, our public domain is practically gone. What has not been purloined with the knowledge and consent of officials of this department is of such minor value that we rightly may consider the public domain as a thing of the past. Of all the other activities of this department their allocation among existing departments would add to efficiency in handling them and could be done without serious burden on their existing machinery.

PUT SECRETARIES TO WORK

This might go to the extent of making some department Secretaries so busy they would be compelled to remain at their desks and work instead of traveling over the country making political speeches in support of whatever administration was in power. This might prove a political hardship, but would add immensely to the efficiency of government.

The activities of the Interior Department in their order as named in the appropriation bill before Congress for funds to carry on the operations of the department taken in the order named almost automatically reallocate themselves.

ALLOCATIONS NOT DIFFICULT

The General Land Office rightly belongs under the Department of Agriculture. What department is so adapted to handle everything in the land program? The Agriculture Department should embrace the Bureau of Indian Affairs. Scarcely an item of this bureau now but what the Department of Agriculture has an interest and an activity in. Let it take them all over.

The Bureau of Reclamation should never have been anywhere except under the Department of Agriculture. Geological Survey belongs in the Department of Commerce along with the Bureau of Mines. National Park Service, in view of forests, grazing lands, and roadways is logically for the Department of Agriculture.

SENSIBLE REPLACEMENTS

The Office of Education could well be allocated to the Department of Commerce in the best of wisdom. Government in Territories is so related to matters in which the Department of Agriculture now exercises great activity that Territories could wisely be allocated to this department.

St. Elizabeths Hospital belongs under the War and Navy. Columbia Institution for the Deaf and Howard University, along with Education, could well go under the Department of Commerce, as could the Freedmen's Hospital, where it would be as well administered as under the Interior Department, and likely with greater efficiency.

WORD TO FARMERS

The allocation of these activities is neither a difficult nor serious problem. The great issue is whether or not we shall permit the inexcusable continuance of the Interior Department. We have a right to call upon our statesmen to make good their complaints against centralization of government in Washington and begin some abolishing when the department to be abolished is so plainly discerned and the wisdom of abolishing it is so apparent.

In this connection I want to say a word to the American farmer. As you know, I headed a great national farm organization for nearly a quarter of a century. In that entire time it was never said or even intimated that I ever at any time misled, or tried to mislead, the American farmer.

TIME FOR ACTION

I am telling you now that you have been abused and defrauded through this department of government and that now is the time to strike for its abolishment. You do not need any consent from any Government official nor have to fill out any questionnaire. You only need to draw on your own intelligence and your own self-interest in better, more efficient, and honest Government to spur you to action.

You write now to your Senators and Representatives in Congress. Not one of them but knows of iniquities in this department. Many of them agree that the department should be abolished. These need to know of your interest and support. The others can be incited to action by your insistence and demands if they are made impressive enough.

RESULTS ARE CERTAIN

I know that there are bold, brave statesmen who claim that they pay no attention to communications. But I am telling you, out of a quarter of a century of experience watching Congress, that your letters and telegrams are heeded, especially when they come in vast numbers. They have never failed.

I am going to give you some startling facts in my statement next week concerning this department. These facts, based upon the records, and proven before I even thought of giving them to you, I know will stir your interest and action as I have been stirred. The scrutinizing eye of official investigation, where men and records can be summoned under oath may yet be necessary. Such an investigation of this department has never been made.

TURN TALK INTO ACTION

We are going into this fight with justice on the side of abolishing such a sore and useless spot in governmental life. The voice of every statesman, nearly, with a vote in Congress, has already been raised against useless departments, bureaus, and commissions. Now is the time for them to give some commendable performance.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. McNARY obtained the floor.

Mr. SMOOT. Mr. President——

Mr. McNARY. I yield to the Senator from Utah to make the point of order, if that is his desire.

Mr. McKELLAR. Mr. President, will not the Senator from Utah let it go over until morning so we can discuss it? I do not believe the amendment is subject to a point of order. I am not at all sure that it is.

Mr. VANDENBERG. Mr. President, I desire to discuss the point of order, too.

Mr. SMOOT. Then I will merely enter the point of order, and the Chair need not rule on it until to-morrow.

The PRESIDENT pro tempore. The Chair will not rule upon the point of order until Senators have been heard.

PROPOSED SALES TAX

Mr. NEELY. An exceedingly able and timely editorial entitled "The Sales Tax Confiscatory," appeared last Monday in the Wheeling Intelligencer, which is the leading Republican newspaper of West Virginia.

The editorial was written by the Hon. H. C. Ogden, one of the country's most famous newspaper proprietors and one of West Virginia's most capable and influential men.

I ask unanimous consent that the editorial be read from the Secretary's desk:

The PRESIDENT pro tempore. Out of order and, without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[From the Wheeling Intelligencer, March 14, 1932]

THE SALES TAX CONFISCATORY

Secretary of the Treasury Mills is certainly an official of a buoyant and airy disposition. Burdens which rest heavily on the ordinary man are disposed of by Mr. Mills as mere bagatelles.

Referring to the proposed 2¼ per cent manufacturers sales tax, Mr. Mills expressed the belief that it is so low that practically no one will feel it.

Either Mr. Mills never conducted a manufacturing operation and employed labor, or his path has been an unusually rosy one. Instead of a 2¼ per cent sales tax being negligible, it is more accurate to say that it approaches confiscation. If Mr. Mills will take a day off and study the income-tax returns that will be piling into the Internal Revenue offices during this week, he will find that the large majority of the manufacturers of the United States did not earn, in 1931, a profit of 5 per cent on their sales.

He will find that a very large percentage of them earned no profit.

He will find that the average profit of a highly successful manufacturer is barely 10 per cent of the volume of sales.

A proposal, under these conditions, to exact a 2¼ per cent tax means, in short, a special revenue tax of the most prosperous, of 22¼ per cent of their profits, and on many of them the complete confiscation of their profits, and on many more, the loading of an extra burden on heavy losses already incurred.

Manufacturers in the United States to-day pay an 11 per cent income tax. Add to that, in the case of the most prosperous, 22 to 25 per cent more, and we have approximately a 35 per cent income tax imposed on manufacturing industries. The manufacturing of the country is the basis of the country's prosperity. The men who work in the mills and factories and produce create the market for the American farmer. The factories employ more than half of our working population. To put a tax burden upon these industries, ranging from 35 per cent of the income to 100 per cent of the income, would be to create the greatest hindrance to the return of national prosperity.

Why should any man in his senses seek to build a factory and employ labor, take all the chances of accidents and loss, for the purpose of paying 35 per cent of his profits in taxes if he has profits, and the further purpose of pocketing all of his own losses if he has losses?

In the judgment of this newspaper, there are many less objectionable ways of raising necessary revenue than the saddling of such a burden upon business. An income tax is much more equitable. A luxury tax is far to be preferred. Finally, a reasonable bond issue, repaying to the American people part of the five or six billion dollars they have advanced toward retirement of the public debt in excess of legal requirements, might well be undertaken.

This is a time to assist business by encouraging employment, not to lay upon it a confiscatory tax.

PROHIBITION OF SOVIET IMPORTS

Mr. ODDIE. Mr. President, on behalf of the representatives of a large number of patriotic, civic, labor, business, and social organizations, I presented this morning a petition to the Hon. Ogden L. Mills, Secretary of the Treasury, protesting against the importation of Soviet products under the provisions of section 307 of the tariff act of 1930. I now ask permission to have the petition and the accompanying data published in the RECORD.

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

The matter referred to is as follows:

PETITION FOR THE ENFORCEMENT OF SECTION 307 OF THE TARIFF ACT OF 1930, AGAINST SOVIET PRODUCTS

MARCH 15, 1932.

Hon. OGDEN L. MILLS,
Secretary of the Treasury, Treasury Department,
Washington, D. C.

MR. SECRETARY: We desire to submit for your consideration certain facts and observations relating to the importation into the United States of articles produced by convict or forced labor in the Soviet Union, together with extracts from the constitution, laws, and decrees in force in that country, and other evidence of the practices of the Soviet régime, all of which have a direct bearing on the enforcement of section 307 of the Tariff Act of 1930.

The department has been advised by representatives of labor and agriculture, manufacturers, and producers of raw materials, individually and collectively, that imports produced under the conditions of virtual slavery which exist in the Soviet Union are a serious menace to many branches of industry and agriculture in

the United States. The Treasury Department is also aware that for years past patriotic societies, separately and together, have painstakingly investigated and established by unimpeachable evidence the true nature of the economic system which prevails within the boundaries of the U. S. S. R. It is the belief of all these organizations that American political and economic institutions are imperiled as a result of the commercial war which is being waged by the dictatorship in Moscow upon all civilized society.

In the light of these facts, and particularly in light of the position taken by the United States concerning the recognition of the Soviet régime, we can not believe that the Treasury Department will dispute the fact that section 307 of the tariff act of 1930 was enacted to protect American industry from the competition of forced labor as that term applies to conditions of labor in Soviet Russia. The intent of the statute is clear upon this point.

The existence of forced labor throughout Russia is a matter of general and common knowledge. Communism or state socialism as it exists in Russia involves unified economic effort and makes complete and rigid control over all economic activity essential. This is not a matter of dispute. It is a fundamental element and well-known principle of the soviet system.

We may expect to find evidence of this policy in the constitution and laws of Soviet Russia. Article 9 of the constitution declares that labor is a duty of all citizens. Article 61 of the criminal code makes refusal to perform compulsory services or to carry out work of national importance a criminal offense. Article 11 of chapter 3 of the labor code provides that where there is a deficiency of labor for the execution of important state tasks all citizens may be called to labor duty by a special resolution of the Council of People's Commissars. This is the basic law of the Soviet Union and its constituent republics. No one will dispute the fact that the 5-year plan of the U. S. S. R. is the "important state task" provided by the laws.

Abundant evidence of the active and effective enforcement of these laws relating to labor is already in the files of the Treasury Department. You also have in your possession a mass of decrees and other pronouncements taken from official Russian sources, a number of which are attached hereto as illustrative exhibits, which definitely establish that "forced labor" in the commonly accepted sense of that term prevails throughout Russia. Therefore there is no need to take time here and now to reexamine this mass of detailed evidence.

It is our belief that the evidence already in the possession of the department establishes that "forced labor," in the commonly accepted sense of that term, is a fundamental part of the Soviet system. Any evidence secured hereafter could do no more than corroborate the evidence which already is in the possession of the department. It is improbable that the Treasury Department will be able to secure any facts relating to specific shipments of Soviet products. It may, therefore, be reasonably concluded that the question of whether or not section 307 is an effective bar against the products of "forced labor" as it exists in Russia rests on facts already before the department, and must be decided upon the basis of these facts.

We are not asking that the Treasury Department declare its views as to the desirability or undesirability of excluding Soviet products under section 307. We are asking whether, under section 307, the intent of Congress to exclude the products of "forced labor" will be effectively enforced against the products of that country. We assert, in that connection, that all the facts are now before the department and that a prompt decision as to the action which the department intends to take should be rendered. If you believe the law is defective, it is our purpose to urge the enactment of effective legislation. We are hopeful that the decision of the Treasury Department will make this unnecessary.

This is a matter of deep and vital interest to the patriotic societies interested in the future welfare of the United States, as well as to American labor and American industry. If you, as the executive officer of the Government charged with the enforcement of the tariff act, are of the opinion that you do not have the means of enforcing section 307 against Soviet products, we ask a definite statement to that effect so that we can then present the matter to Congress for the necessary legislative action for the protection of American labor and industry from this ruinous and unfair competition and for the preservation of our economic, political, and social institutions.

American Alliance (Inc.), Walter L. Reynolds, secretary.

American Coalition of Patriotic Societies, John B. Trevor, chairman of the board.

American Farm Bureau, Chester H. Gray, Washington representative.

American Legion, John Thomas Taylor, legislative representative.

American Legion Auxiliary, Mrs. Frederick C. Williams, national president.

American Machine & Metals (Inc.), V. C. Stephens, treasurer.

American Manganese Producers' Association, J. Carson Adkerson, president.

American Manganese Development Corporation, Anthony J. Molesphini, secretary.

American Security League, Amos A. Fries, president.

American Vigilant Intelligence Federation, H. A. Jung, manager-director.

American War Mothers, Mrs. L. H. Stone, national president.

American Women's Legion, Mrs. Dorothy C. Bettelheim, president.

Amherst Mining Co., George H. Crosby, jr., treasurer.

Anglo-Saxon Federation of America, John Walter Stephens, chairman.

Anthracite Cooperative Association, Joseph F. Noonan, president.

Anthracite Institute, Brice P. Disque, executive director.

Arizona Asbestos Association, Lewis H. Brown, president.

Bear Canyon Asbestos Co., A. S. Blagden, president.

Berst-Foster-Dixfield Co., Ned G. Begle, president.

Brown Co., W. R. Brown, assistant treasurer.

Chamber of Commerce of the State of New York, J. Barstow Smull, president.

Crown, Zellerbach Corporation, M. R. Higgins, president.

Dames of the Loyal Legion, National Society, Mrs. Rhoda C. Y. Schelly, national president.

Daughters of the American Revolution, National Society, Edith I. Hobart, national president general.

Daughters of the Revolution, National Society, Mrs. Eugene J. Grant, president.

Daughters of the Revolution, of New Jersey, Charlotte C. Aycrigg, State regent.

Daughters of Union Veterans of Civil War, Harriet J. Goetz, national president.

Disabled American Veterans, Thomas Kirby, national legislative chairman; Vivian D. Corbly, national adjutant.

Domestic Manganese & Development Co., H. A. Pumpelly, vice president.

Evergreen Mines Co., D. C. Pettyjohn, assistant to general manager.

Fraternal Order of Eagles, J. C. Canty, grand worthy president.

Hy-Grade Manganese Co. (Inc.), Charles H. Massie, manager.

Hy-Grade Manganese Production & Sales Corporation, N. H. Mannakee, president.

Independent Petroleum Association of America, Wirt Franklin, president.

Industrial Defense Association (Inc.), Edward H. Hunter, executive secretary.

Joint Conference on the Russian Situation, George F. Zimmer, assistant to president.

Johnson City Central Labor Union, John B. Holcombe, president.

Junior Order of the American Mechanics, John H. Noyes, legislative representative.

Junior American Vigilant Intelligence Federation, Rachael E. Holmes, president.

Kentucky Cardinal Coal Corporation. J. C. Stras, president.

Leonia Women's Republican Club, Mary P. Shelton, regent.

Long Leaf Yellow Pine (Inc.), O. N. Cloud, secretary-manager.

Manganese Mines Co. of America, L. B. Hungerford, secretary.

Merchant Tailors' Society of the City of New York, John J. T. MacNamara, secretary.

Military Order of the World War, John Ross Delafield, commander in chief.

Minnesota Sintering Co., Stanley B. Trayer, superintendent.

Montana Prince Mining Co., Clinton J. Hanson, assistant treasurer.

National Confectioners' Association, Walter C. Hughes, secretary.

National Defense Committee of American Legion, Amos A. Fries, member.

National Exchange Club, Alfred A. Jenkins, national president; Herold M. Harter, national secretary.

National Immigration Legislative Committee, Demarest Lloyd, chairman.

National Grange, Fred Brenckman, Washington representative.

National Lumber Manufacturers' Association, C. W. Bahr, economist.

National Patriotic Council, Mrs. Noble Newport Potts, president.

National Patriotic League (Inc.), H. Ralph Burton, vice president and general counsel.

National Patriotic Association of Chicago, Rachael E. Holmes, executive secretary.

National Security League (Inc.), R. L. Bullard, president.

National Society Sons and Daughters of the Pilgrims, A. C. Reeves, governor general.

National Society United States Daughters of 1812, Mary Logan Tucker, chairman national defense committee.

National Sojourners (committee of 13), F. W. Sopford, C. A. C., president.

Naval and Military Order Spanish-American War, Robert Lee Longstreet, commander in chief.

New Hampshire Timberland Owners Association, W. R. Brown, president,

New York, Ontario & Western Railway Co., J. H. Nuelle, president.

North Range Iron Co., D. C. Pettyjohn, assistant to general manager.

Order of Independent Americans, A. S. Losh, State councilor, Pennsylvania.

Patriotic Builders of America, Mrs. William Cummings Story, president.

Patriotic Order Sons of America, Herman A. Miller, secretary.

Penn Anthracite Mining Co., Charles Dorrance, president: "Speaking for 1,000,000 citizens of the State of Pennsylvania whose names have already been affixed to petitions to the President of the United States for the exclusion under section 307 of Russian anthracite, we wish their signatures as being considered signed to similar petition dated March 15, 1932, to Secretary of Treasury."

Reserve Officers Training Corps Association, Col. Orvel Johnson, executive secretary.

Ridgewood Unit Republican Women, Katharine H. Stratton, vice president.

Silver Prince Mining Co., Inglis M. Uppercu, vice president.

Society of Colonial Wars, Norman S. Dike, governor.

Society of New England Women, New York City Colony, Mrs. L. Grant Baldwin, chairman.

Sons of the American Revolution, Josiah A. Van Orsdel, president general.

Southern New England Lumber Manufacturers Association, Elisha R. Bitgood, president.

Southern Pine Association, C. C. Sheppard, president.

Southern Vigilant Intelligence Association, George B. Helmer, president.

Southwestern Virginia (Inc.) (a regional chamber of commerce), H. K. Bowen, executive secretary.

Trenton Potteries Co., John A. Campbell, president.

Trout Mining Co., V. C. Stephens, treasurer.

Union League of Michigan, Walter C. Cole, vice president.

United Daughters of the Confederacy, Mrs. James Harvie Dew (New York).

United States Air Force Association, Col. J. Edward Cassidy, director general.

U. & S. Mining & Development Co., Leslie L. Savage, president.

Veterans of Foreign Wars of the United States, Darold D. DeCoe, commander in chief; L. S. Ray, chairman legislation committee.

Veterans of Foreign Wars, Ladies' Auxiliary, Dora E. Raffensperger, national president.

Virginia Federation of Women's Clubs, American citizenship committee, Helen Norris Cummings, State chairman.

Westchester Security League, Mrs. Henry Perez, president's representative.

West Coast Lumbermen's Association, W. B. Greeley, secretary-manager.

West Coast Manganese Corporation, Ernest A. Wiltsee, vice president.

White Band (Inc.), J. W. Scott-Sanders, brigadier general, department of mobilization.

Whitmarsh Mining Co., J. D. Enright, secretary.

Women of Army and Navy Legion of Valor, Mrs. Charlotte Rock, national president.

Women Descendants Ancient and Honorable Artillery, Mrs. Julia A. Jewett, president.

Women's Patriotic League of America, Mrs. Joseph L. McCarthy, president; Mrs. F. E. Grant, chairman committee on subversive activities.

PARTIAL LIST OF MEMBERS OF CONGRESS ACCOMPANYING DELEGATION TUESDAY MORNING, MARCH 15, TO PRESENT A PETITION THAT IMPORTS OF MANGANESE, LUMBER, MATCHES, COAL, OIL, PULPWOOD, ASBESTOS, AGRICULTURAL AND ALL OTHER PRODUCTS FROM SOVIET RUSSIA BE PROHIBITED ENTRY INTO THE UNITED STATES

Senators: Henry F. Ashurst, Arizona; James F. Byrnes, South Carolina; C. C. Dill, Washington; Frederick Hale, Maine; Carl Hayden, Arizona; Matthew M. Neely, West Virginia; Peter Norbeck, South Dakota; Tasker L. Oddie, Nevada; Frederick Steiwer, Oregon; and Thomas J. Walsh, Montana.

Representatives: Samuel Arentz, Nevada; Carl G. Bachmann, West Virginia; Robert L. Bacon, New York; Fred A. Britten, Illinois; George F. Brumm, Pennsylvania; Thomas G. Burch, Virginia; Wesley E. Disney, Oklahoma; Edmund F. Erk, Pennsylvania; Edward E. Eslick, Tennessee; Hamilton Fish, jr., New York; John W. Fishburne, Virginia; Godfrey G. Goodwin, Minnesota; Robert S. Hall, Mississippi; Willis C. Hawley, Oregon; David Hopkins, Missouri; Ralph Horr, Washington; Thomas A. Jenkins, Ohio; Lamar Jeffers, Alabama; Bolivar E. Kemp, Louisiana; Samuel A. Kendall, Pennsylvania; John C. Ketchum, Michigan; Charles H. Martin, Oregon; Malcolm C. Tarver, Georgia; Schuyler O. Bland, Virginia; Martin Dies, Texas; Zebulon Weaver, North Carolina; William Williamson, South Dakota; and Mell G. Underwood, Ohio.

Exhibits, description, and source of information

Exhibit No.	Description	Source
1	Extract from the constitution of the R. S. F. S. R.	Art. 9.
2	Extracts from the criminal code of the R. S. F. S. R.	Arts. 20, 61, 133, and 135.
3	Labor code of the R. S. F. S. R. (1922 edition, with amendments up to 1931).	Ch. III, arts. 11 and 12.
4	Annex No. 3 to labor code: Conditions of Labor in the Preparation and Floating of Timber.	
5	Circular of the People's Commissariat of Justice of the R. S. F. S. R., dated Jan. 14, 1929, No. 5.	Published in the Bulletin of Financial and Economic Legislation, No. 8 of 1929, p. 56.
6	Instruction of the People's Commissariat of Agriculture of the R. S. F. S. R., dated June 1, 1929.	Published in the Bulletin of Financial and Economic Legislation No. 26 of 1929, p. 35.
7	Decree of the Council of People's Commissars of the R. S. F. S. R., dated Oct. 5, 1929.	Published in the Bulletin of Financial and Economic Legislation, No. 42 of Oct. 18, p. 40.
8	Decree of the central executive committee and the Council of People's Commissars of the U. S. S. R. of Nov. 23, 1929, as to criminal responsibility for the production of inferior goods and failure to observe standards.	Published in the Bulletin of Financial and Economic Legislation, No. 3, Jan. 27, 1930, p. 51.

Exhibits, description, and source of information—Continued

Exhibit No.	Description	Source
9	Decree of the central executive committee of the R. S. F. S. R. (VTSIK) and the Council of People's Commissars of the R. S. F. S. R., dated Feb. 13, 1930.	Collection of Laws of the R. S. F. S. R., 1930, No. 9, Ch. 107.
10	Circular of the People's Commissariat of Labor of the R. S. F. S. R. and of the directorate of timber floating of the Supreme Council of National Economy of the U. S. S. R. of Feb. 13, 1930, No. 24, regarding the supply of workers for timber floating during the 1930 season.	Bulletin of Financial and Economic Legislation, No. 11 of Apr. 17, 1930, p. 41.
11	Circular of the People's Commissariat of Labor of the U. S. S. R. and R. S. F. S. R., of the Supreme Council of National Economy, of the People's Commissariat of Agriculture, and of the Collective Farm Administration of the U. S. S. R., Mar. 3, 1930.	Published in the Bulletin of Financial and Economic Legislation, No. 8 of Mar. 17, 1930, p. 56.
12	Circular of the People's Commissariat of Labor of the U. S. S. R. in agreement with the People's Commissariat of Transport and the central committees of the Local Transport Union, dated Mar. 22, 1930.	Published in the Bulletin of Financial and Economic Legislation, No. 16 of June 7, 1930, p. 47.
13	Decree of the People's Commissariat of Labor of the R. S. F. S. R. of Sept. 12, 1930, No. 83, regarding measures for securing workers for loading and unloading operations in the autumn of 1930.	Published in the Bulletin of Financial and Economic Legislation, No. 27 of Sept. 27, 1930, p. 64.
14	Decree of the Central Executive and the Council of People's Commissars of the U. S. S. R., Nov. 3, 1930.	Published in Izvestia of Nov. 12, 1930.
15	Decision of the People's Commissariat of of Labor of the U. S. S. R. regarding the reorganization of the labor market.	Published in Izvestia, Nov. 5, 1930.
16	Decree of the Council of People's Commissars of the R. S. F. S. R. of Dec. 8, 1930, concerning the employment of women in industry and in state and cooperative administrations.	Published in Izvestia of Dec. 20, 1930.
17	Decree of the Central Executive Committee and Council of People's Commissars of the U. S. S. R., dated Dec. 15, 1930.	Published in Izvestia of Dec. 17, 1930.
18	Decree of the People's Commissariat of Labor of the U. S. S. R. of Dec. 23, 1930, No. 374, concerning the registration and dispatch to work of persons seeking work.	Published in Izvestia of Dec. 29, 1930.
19	Resolution of the central committee of the All-Union Communist Party, of Oct. 20, 1930, relative to measures for plan-governed supply of labor manpower to national economic life, and struggle against the tendencies to frequent change of employment.	Izvestia, No. 292, Moscow, Oct. 22, 1930.
20	Resolution of the People's Commissariat of Labor, No. 314, dated Oct. 9, 1930, relative to suspension of unemployment allowances and the employment of those not working.	Za Industrializatsiu, No. 239, Moscow, Oct. 11, 1930.
21	Resolution of the People's Commissariat of Labor of the U. S. S. R., of Jan. 16, 1931, concerning the sending back to work on the railway lines of persons who formerly worked in the railway service.	Izvestia, No. 18, Jan. 18, 1931. Moscow.
22	Resolution of the People's Commissariat of Labor of the U. S. S. R. defining persons who are regarded as malicious disorganizers of production.	Izvestia, No. 19, Moscow, Jan. 19, 1931.
23	Order of the People's Commissariat of Labor, the Supreme Soviet of National Economy, and the Kolkhozcenter regarding the recruitment of workers.	Za Industrializatsiu, Moscow, No. 207, July 29, 1931.
24	Circular of the People's Commissariats of the U. S. S. R. and the R. S. F. S. R., of the Collective Farm Central Administration of the U. S. S. R., the Supreme Soviet of National Economy of the U. S. S. R., and the People's Commissariat of Agriculture of the U. S. S. R., dated Mar. 3, 1930, U. S. S. R. Labor Commissariat's No. 87, concerning the assignment of labor man power to work in seasonal industries.	Supply of man power to seasonal (periodical) industries (literally: * * * to seasonal branches of national economic life), collection of directives * * * issued by the Commissariat of Labor of the R. S. F. S. R., Moscow, 1930. (Published in Moscow Izvestia, No. 8, 1930.)
25	Excerpts from resolution of the central executive committee of the U. S. S. R. concerning the training of skilled laborers for the national economy of the U. S. S. R., signed by president of the central executive committee—M. Kalinin, and secretary of the central executive committee, A. Enukidze.	Izvestia, No. 14. Moscow, Jan. 14, 1931.
26	Resolution of the Collegium of the People's Commissariat for Supply of the U. S. S. R. of Jan. 13, 1931, No. 42.	Informative bulletin of the centrosoyuz of the U. S. S. R. and R. S. F. S. R., Nos. 4-6, Moscow, Jan. 31, 1931, p. 36.
27	Resolution of the all-Russian central executive committee and Soviet of People's Commissars of the R. S. F. S. R., concerning measures for the expansion of timber procuring and timber floating operations.	Izvestia, No. 45, Moscow, Feb. 15, 1930.

Exhibits, description, and source of information—Continued

Exhibit No.	Description	Source
28	Decision of the Collegium of the People's Commissariat of Labor of the U. S. S. R. instituting criminal liability for evading mobilization.	Za Industrializatsiu, No. 225, Sept. 25, 1930.
29	Circular No. 13 of the People's Commissariat of Justice of the R. S F. S. R. of Feb. 6, 1931, regarding extension of cooperation by organs of the prosecuting office to the carrying out of lumber operations. To the Kray and Oblast prosecutors.	Bulletin of Financial and Economic Legislation, No. 14, p. 27, May 17, 1931.
30	Excerpts from statute of the board of management attached to the chief administration of places of confinement of the People's Commissariat of the Interior of the R. S. F. S. R. "Combine of factory labor colonies of the State administration of places of confinement and enterprises of the committee of assistance" under the abbreviated name "Combine F. T. K. Gumz."	Sobranie Uzakoneni I Rasporiazheni Raboche.Krestianskovo Pravitelstva R. S. F. S. R. No. 45, June 18, 1930.
31	Directions issued by the court of the northern territory concerning lumbering 1930-31. Courts officially ordered to increase their output of convict lumbermen.	Sudebnaya Praktika (court practice) of the R. S. F. S. R., No. 17-18, Dec. 30, 1930, p. 18.
32	Translation of excerpts from the Soviet press relating to labor in the forests of the U. S. S. R.	Newspapers published during the period Nov. 22, 1929-Nov. 26, 1930.
33	Translation of excerpts from the Soviet press relating to labor in the coal mines of the U. S. S. R.	Newspapers published during the period Dec. 1, 1929-Oct. 25, 1930.
34	Newspaper article "The march of the farm laborers to the Donetz Basin."	Izvestia, No. 211, Moscow, Aug. 2, 1930.
35	Resolution of the Northern Kray Committee of the All-Union Communist Party (of Bolsheviks) regarding lumber operations and the work of kulaks and well-to-do peasants.	Pravda Severa, Archangel, No. 24, p. 1, Jan. 31, 1931.
36	An article regarding the decree of the Council of Labor and Defense of Sept. 14 (1930 ?) to stimulate lumbering by attaching extraordinary committees of six to respective district executive committees and the central executive committees of autonomous republics.	Pravda, Moscow, Sept. 19, 1930.
37	Article entitled "Compulsory timber service in Urals—Extraordinary triumvirates formed."	Za Industrializatsiu, Moscow, Sept. 23, 1930.
38	Article entitled "Compulsory service for unloading timber."	Pravda, Moscow, Sept. 27, 1930.
39	Excerpts from article entitled "Deserters should be returned to the forest and to timber cutting."	Pravda Severa, Archangel, No. 53, p. 3, Mar. 7, 1931.
40	Explanation of the plenum of the Supreme Court of the R. S. F. S. R. of Mar. 16, 1931, Protocol No. 3, regarding the manner of serving terms of compulsory labor for members of collective farms sentenced to compulsory labor by the courts.	Bulletin of Financial and Economic Legislation, No. 16, June, 7, 1931, p. 74.
41	Excerpts from a speech of Comrade Krylenko at the conference of the People's Commissariat of Justice and of representatives of the press on Apr. 4, 1931, subject "Tasks of the press connected with the struggle for revolutionary legality in the period of reconstruction."	Soviet justice, No. 12, p. 6, Apr. 30, 1931.
42	Excerpts from an article entitled "Kulaks who have failed to execute the tasks set must be brought to court within 5 days."	Pravda Severa, Archangel, No. 94, p. 8, Apr. 27, 1931.
43	Excerpts from an article entitled "To supervise daily the actual execution of set tasks by all kulaks."	Pravda Severa, Archangel, No. 94, p. 1, Apr. 27, 1931.
44	Excerpts from article entitled "The blows dealt to the enemies of floating should be increased." Criticism of lenity toward kulaks and well-to-do peasants.	Pravda Severa, Archangel, No. 114, p. 2, May 24, 1931.
45	Excerpts from article regarding the floating program being threatened by decrease in laborers.	Pravda, Moscow, No. 145, p. 3, May 28, 1931.
46	Excerpts from an article entitled "The work of collective farms."	Lumber operations of the third year of the 5-year period, p. 66, Archangel, 1931.
47	Newspaper article, "To answer in court for evading mobilization. Explanation of the prosecuting department of the Republic."	Za Industrializatsiu, No. 216, Moscow, Sept. 14, 1930.
48	Compulsory labor service for nepmen	Krasnaya Gazeta, Leningrad, Aug. 30, 1930.
49	Excerpt from newspaper article relative to guaranteeing an ample supply of labor for construction.	Economic Life, Moscow, Aug. 29, 1930.
50	Newspaper article "Not a single log to be left in the water; the program to be executed in full."	Pravda, No. 272, Moscow, Oct. 2, 1930.
51	Excerpt from a resolution of the Moscow Soviet, dated Oct. 4, 1930, relative to establishment of canteens and rationing of goods.	The Izvestia of the Moscow Oblast executive committee, No. 109, of Oct. 10, 1930.
52	Newspaper article, signed Semakov, member of the control commission, relative to institution of legal proceedings against the presidents of the Rodvin and Ustiansk rayon executive committees.	Pravda, No. 289, Moscow, Oct. 19, 1930.

Exhibits, description, and source of information—Continued

Exhibit No.	Description	Source
53	Excerpt from an article regarding desertions of workers from various districts; emphasis on necessity of kulak labor.	Pravda Severa, Archangel, No. 87, Apr. 18, 1931.
54	Excerpts from an article entitled "Party work in the forest."	Lumber operations of the third year of the 5-year period, page 65, Archangel, 1931.
55	Deserters of labor to be prosecuted	Krasnaya Gazeta, Leningrad, Mar. 17, 1930.
56	Excerpts from an article entitled "The seventh plant splits a thousand beams per day—A still greater number should be split." Recommends punishment for absentee workers.	Pravda Severa, Archangel, No. 93, Apr. 25, 1931, page 5.
57	Instruction concerning the preferential supply to members of shock brigades, issued by the Secretary of the All-Union Central Soviet of Labor Unions; Vice People's Commissar for Supply; Vice President of the Administration of the Centrosoyuz.	Trud, No. 96, Moscow, Apr. 7, 1931.
58	Summary of resolution of the central committee of the All-Union Communist Party of Feb. 5, 1930.	Economic Life, No. 30, Moscow, Feb. 6, 1930.
59	Advertisement for deserter	Izvestia, No. 43, Moscow, Feb. 13, 1931.
60	Central committee plan regarding party and labor-union work and the training of Cadees for the Nizhni-Novgorod automobile plant (excerpts from).	Pravda, Moscow, No. 113, Apr. 24, 1931.
61	Newspaper article "Production trial of rapacious workers and deserters from the transport service."	Izvestia, No. 48, Moscow, Feb. 18, 1931.
62	Newspaper article "Severe measures should be applied toward labor deserters."	Izvestia, No. 42, Moscow, Feb. 12, 1931.
63	Advertisement for deserters	Za Industrializatsiu, No. 12, Moscow, Jan. 12, 1931.
64	Order of Shadunts, Chairman of the Board of the Central Asiatic Cotton Combine, dismissing Deserter Gorielov.	Pravda Vostoka, Tashkent, No. 210, page 1, Aug. 2, 1931.
65	Notice from the Moscow Oblast Prosecution Department publishing names of labor deserters and giving warning of criminal prosecution.	Za Industrializatsiu, No. 228, Sept. 28, 1930.
66	Excerpt from newspaper article relative to leniency shown to labor deserter.	Za Industrializatsiu, No. 129, Moscow, May 12, 1931.
67	Advertisement for deserter	Za Industrializatsiu, No. 49, Moscow, Feb. 19, 1931.
68	....do	Za Industrializatsiu, No. 47, Moscow, Feb. 17, 1931.
69	....do	Za Industrializatsiu, No. 38, Feb. 8, 1931, Moscow.
70	....do	Za Industrializatsiu, No. 25, Jan. 26, 1931.
71	....do	Za Industrializatsiu, No. 23, Jan. 24, 1931.
72	....do	Za Industrializatsiu, No. 21, Jan. 21, 1931.
73	....do	Za Industrializatsiu, No. 18, Jan. 18, 1931.
74	....do	Za Industrializatsiu, No. 16, Jan. 16, 1931.
75	....do	Za Industrializatsiu, No. 55, Moscow, Feb. 23, 1931.
76	Newspaper article, Comrades' Court in Judgment Over Labor Deserters.	Economic Life, No. 196, Oct. 19, 1930.
77	Message of the central committee of the All-Union Communist Party (of Bolsheviks): To all party, economic, labor union, and Communist Youth organizations (excerpts from).	Izvestia, No. 243, Moscow, Sept. 3, 1930.
78	Explanation of the types of penitentiary colonies.	Small Soviet Encyclopedia, vol. 8, column 977, Moscow, 1931.
79	Description of Bab-Cuba convict timber camp (sketch of a small timber camp).	Solovetskie Ostrova, the monthly journal, the organ of the management of the Solovetsky camp of the O. G. P. U., No. 7, p. 10; printed and published at the Solovetsky Island camp in the White Sea, July, 1926.
80	Newspaper article giving adverse living conditions of lumbermen in the northern forests; causes.	Ekonomicheskaya Zhizn, Moscow, July 29, 1928.
81	Excerpt from an article on "State trade collection enterprise of the Moscow places of confinement."	Vsia Moskva, 1930.
82	Excerpt from English language article entitled "Obligatory labor or forced labor;" a defense of obligatory labor.	V. O. K. S., No. 2, p. 7, 1931.
83	Excerpt from an article on penal labor colonies.	Soviet Penal Labor Law, Moscow, 1931 (p. 90).
84	The replacing of prisons by labor colonies for convicts (excerpts from).	Soviet Penal Labor Law, p. 89, Moscow, 1931.
85	Convict timber colonies trebled since 1929.	Sovietskoye Ispravitel-no-trudovoye Pravo, the official university course on Soviet penitentiary labor justice published by the Commissariat of the Interior of the R. S. F. S. R. for the State Institute for studying crime and criminals, Moscow, 1931.
86	Definition of labor colonies (excerpts)	Small Soviet Encyclopedia. Moscow, 1930.

Exhibits, description, and source of information—Continued

Exhibit No.	Description	Source
87	Order dated Oct. 23, 1931, of Lintin, acting director of the chief administration of penitentiary labor institutions to the Kray and Oblast boards of management of penitentiary labor institutions; concerning the remuneration for the labor of persons banished and performing penitentiary labor.	Sovietskaya Yustitsia, No. 30, p. 33, Nov. 7, 1931.
88	Circular No. 105 of Sept. 14, 1931, signed by Lintin, acting director of the chief administration of places of confinement, to the chiefs of the Kray and Oblast boards of management of places of confinement, etc., regarding the industrial and financial plan for the fourth quarter of 1931.	Sovietskaya Yustitsia, No. 28, page 31, Oct. 10, 1931.
89	Excerpts from article entitled "Shameful situation on the Vamsherenga River"—lumber work threatened by distortion of socialistic organization of workers.	Pravda Severa, Archangel, No. 108, p. 3, May 17, 1931.
90	An order of the central executive committee, and of the Soviet of People's Commissars of the U. S. S. R. dated June 30, 1931, regarding privileges to peasants migrating for seasonal work.	Za Industrializatsiu, Moscow, No. 179, July 1, 1931.
91	Resolution of the central executive committee and Soviet of People's Commissars permitting enterprises, institutions, and organizations of the socialized sector to hire workmen and employees without applying to labor organs.	Izvestia, Moscow, No. 259, p. 4, Sept. 19, 1931.
92	Summary of lecture by Comrade P. I. Stuchka at sector of law of the Institute of Soviet Construction and Law on "The transition from compulsory labor by court sentence to voluntary labor."	Sovetskaya Yustitsia (Soviet Justice) organ of the People's Commissariat of Justice of the R. S. F. S. R., Apr. 10, 1931.

EXHIBIT NO. 1

EXTRACT FROM THE CONSTITUTION OF THE R. S. F. S. R.

ART. 9. The Russian Socialist Federated Soviet Republic recognizes labor as the duty of all citizens of the Republic.

EXHIBIT NO. 2

EXTRACTS FROM THE CRIMINAL CODE OF THE R. S. F. S. R.

ART. 20. Measures of social protection of a correctional character are the following:

(b) Deprivation of liberty in correctional labor camps in remote parts of the U. S. S. R.

(c) Deprivation of liberty in general places of confinement.

(d) Compulsory labor without deprivation of liberty.

(g) Banishment from the R. S. F. S. R. or from a particular locality, with or without compulsory settlement in other localities, or with or without prohibition to reside in particular localities.

ART. 61. Refusal to perform compulsory services or national tasks or to carry out work of national importance entails:

For the first offense—A fine, imposed by the competent authorities, not exceeding a limit of five times the cost of the task, service, or work imposed. For the second offense—Deprivation of liberty or compulsory labor for a period not exceeding one year.

Acts committed by a group of persons by previous agreement, in manifestly active opposition to the authorities in the execution of such service, task, or work, entail deprivation of liberty for a period not exceeding two years, with confiscation of property in whole or in part, with or without banishment from the locality concerned.

ART. 133. * * * The subjection of workers, in violation of the regulations on the protection of labor, to conditions of work which deprive or might deprive them of their capacity for work entails deprivation of liberty for not more than two years or compulsory labor for not more than one year or a fine not exceeding 500 rubles.

ART. 135. The obstruction of the lawful work of factory and local committees, of trade-unions, or of their delegates, entails deprivation of liberty or compulsory labor for not more than one year, or a fine not exceeding 1,000 rubles.

EXHIBIT NO. 3

LABOR CODE OF THE R. S. F. S. R. (1922 EDITION, WITH AMENDMENTS UP TO 1931)

Chapter III

The procedure to be followed in drawing citizens of the R. S. F. S. R. to labor duties:

Article 11. In exceptional cases (struggle against natural calamity, lack of labor for the execution of extremely important State tasks) all the citizens of the R. S. F. S. R., with the exceptions given in articles 12 to 14, may be drawn to work by way of labor duty in accordance with a special resolution of the Soviet of People's Commissars or of organs invested with authority by the Soviet of People's Commissars.

Paragraph 1. The procedure to be followed in drawing to labor duties for struggle against natural calamity (earthquakes, catastrophes, train accidents, fires, floods, epidemics, freeing of railways from ice and snow, struggle against mass attacks of pests, locusts, beasts of prey, etc.) shall be regulated in accordance with the provisions concerning the manner of drawing the population to labor and transportation duties, approved by the All-Russian Central Executive Committee and the Soviet of People's Commissars of the R. S. F. S. R. on July 18, 1927, amended on January 1 and July 30, 1928, on August 19, and on September 16, 1929. * * *

Paragraph 5. Persons who are drawn to participate in labor or transport duty and who do not present themselves at the appointed place and time, or refuse to perform such duty, shall be held responsible under article 61 of the criminal code.

Paragraph 8. The mobilization of the members of the city soviets for leading work in the village soviets and rayon executive committees in the regions of complete collectivization has been provided for by the circular of the Presidium of the Central Executive Committee of the U. S. S. R., dated February 16, 1930. (Collection of decrees of the U. S. S. R., No. 12, art. 140.)

Paragraph 10. The People's Commissariat for Labor of the U. S. S. R. in concurrence with the Supreme Soviet of National Economy of the U. S. S. R., has been entrusted with the carrying out of a mobilization of specialists on the floating of lumber, and on the improvement of floating routes, including the mobilization of practitioners and students. * * *

Concerning the transfer of engineers and technical workers from the administration to production at enterprises of the timber industry, subordinate to the Supreme Soviet of National Economy of the R. S. F. S. R., see resolution of the People's Commissariat for Labor of the R. S. F. S. R. of April 15, 1930 (Izvestia of the People's Commissariat for Labor of the U. S. S. R., No. 13).

Article 12. The following persons shall be exempt from calling up for compulsory labor service: (a) Persons temporarily incapacitated for work on account of illness or injury during the period requisite for their recovery; (b) pregnant women during a period of eight weeks before confinement, and women during a period of eight weeks after confinement; (c) nursing mothers; (d) men disabled in employment or in the war; (e) women with children under 8 years of age if no one is available to take care of such children.

Additional exceptions and relaxations in respect of various kinds of compulsory labor service shall be specified by the C. P. C., the C. L. D., and the P. L. C., with due regard to health, family circumstances, the nature of the work, and conditions of life.

EXHIBIT NO. 4

ANNEX NO. 3 TO LABOR CODE: CONDITIONS OF LABOR IN THE PREPARATION AND FLOATING OF TIMBER

Young persons over 14 years of age may be employed on light work such as the preparation of bast, or bast fiber and tan bark, and on the trimming of small wood.

No work shall be done on the following holidays:

(a) January 1, New Year's Day.

(b) January 22, anniversary of the 9th of January, 1905.

(c) March 12, anniversary of the overthrow of autocracy.

(d) March 18, anniversary of the Paris Commune.

(e) May 1, day of the International.

(f) November 7 and 8, anniversary of the proletarian revolution.

EXHIBIT NO. 5

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF JUSTICE OF THE R. S. F. S. R. DATED JANUARY 14, 1929, NO. 5

(Published in the Bulletin of Financial and Economic Law, No. 8, of 1929, p. 56)

Effective application of the law of May 21, 1928, regarding forced labor.

To all presidents of regional, provincial, and district courts and the procurators of these courts.

Copies to the people's commissariat of justice of the autonomous republics and distributing commissions.

By decree of a joint meeting of the All-Union Central Executive Committee and the Council of People's Commissars of the R. S. F. S. R. of the 26th of March, 1928, the people's commissariat of justice was instructed to take urgent measures to insure that thereafter the sentence of short-term deprivation of liberty should not be imposed as a measure of social protection.

In fulfillment of this Government decree, the People's Commissariat of Justice and the supreme court, in a letter of instructions dated August 20, 1928, directed the courts to pass sentence of short-term deprivation of liberty with the utmost circumspection and to substitute in all cases wherever possible forced labor, fine, discharge from post, expulsion, and other measures of social protection, in accordance with the appropriate article of the criminal code. Moreover, in a special circular, No. 25/a of the 30th of July, 1928, the People's Commissariat of Justice decreed that distributing commissions everywhere should immediately transfer to forced labor all prisoners sentenced to short-term deprivation of liberty not exceeding one year.

Notwithstanding the above-mentioned directions, the actual position continues to be most unsatisfactory. Not only have courts not comprehended the perfectly clear and unmistakable instructions of the Government, but they have also failed to carry out the not less categorical and direct instructions of the People's Commissariat of Justice. As a result, whereas the number of persons in the Republic sentenced to deprivation of liberty not exceeding one year was, on the 1st of March, 1928, 24,583, or 24.8 per cent of the total number of those incarcerated; those in custody pending trial, 36,024, or 32 per cent; and the total number

deprived of liberty, 111,806; on the 1st of December, 1928, the number sentenced to deprivation of liberty not exceeding one year was 31,026, or 27.3 per cent; those in custody pending trial, 29,216, or 25.7 per cent; and the total number deprived of liberty, 113,555.

Thus, instead of the anticipated marked reduction, we have an absolute and real increase in the number of short-term prisoners and only a slight fall in the number of those in custody pending trial.

An investigation carried out simultaneously showed that local forced labor was not, in most cases, organized, and this fact was cited by several courts as their reason for continuing the old line of penal policy.

The People's Commissariat of Justice, considering the continuance of such a state of affairs absolutely intolerable, cancels Circular No. 149/9 of the 23d of November, 1928, and in extension of earlier circulars instructs as follows:

1. The strictest measures are to be taken to insure that from the moment of receipt of this circular by the local courts the people's court shall thenceforth pass no sentence of short-term deprivation of liberty not exceeding one year. The courts are notified that in any case of any infringement of this instruction being established, the judge who passed the sentence shall himself be indicted for nonfulfillment of the orders of the Central Government and shall learn from personal experience the meaning of forced labor.

Exceptions, which should be exceedingly rare, may be admitted only in the case of habitual criminals sentenced more than twice. In such cases, as a rule, the sentence should be permanent banishment to some distant place, in accordance with article 35 of the criminal code.

2. The courts are instructed, in all cases where the sentence under the criminal code is deprivation of liberty not exceeding one year, to pass without exception sentence of forced labor, fine, expulsion, or other measures of social protection, in accordance with the rules laid down in article 51 of the criminal code, and on no account to permit, in evasion of the present instruction, the passing of long-term sentence of deprivation of liberty for minor criminal offenses.

EXHIBIT No. 6

INSTRUCTION OF THE PEOPLE'S COMMISSARIAT OF AGRICULTURE OF THE R. S. F. S. R., DATED JUNE 1, 1929

(Published in the Bulletin of Financial and Economic Legislation No. 26, of 1929, p. 35)

Procedure for the utilization of forced labor in forestry and improvement work

GENERAL INSTRUCTIONS

The present instructions are the first attempt to utilize on timber and improvement work the labor of persons sentenced to forced labor without detention under guard. Considering this experiment of exceptionally great importance, the People's Commissariat of Agriculture instructs all agricultural organizations to begin forthwith from the current season to explore all existing possibilities of utilizing the labor of persons sentenced to forced labor for forestry and improvement work of a mass character and to establish for this purpose permanent relations with the Bureau of Forced Labor. In putting into practical effect the utilization of forced labor agricultural organizations must observe the rules laid down in the following instructions:

1. Forced labor of persons sentenced thereto without detention under guard shall be utilized for forestry and improvement work in accordance with the directions contained in the instructions of the People's Commissariat of the Interior of the R. S. F. S. R., dated the 28th of November, 1928, regarding the utilization of forced labor without detention under guard (Bulletin of the People's Commissariat of the Interior, No. 45, of 1928).

2. Persons serving a sentence of forced labor in the localities where their work or service for hire is carried out must be supplied in these localities with living quarters and food if the place of work is situated more than 10 kilometers from their place of residence, and also with special service clothing where such is prescribed for seasonal work. At the request of the person sentenced the cost of these supplies may be paid in cash, but only after completion of the whole period of forced labor, or in the event of the completion of the work prior to the completion of the term of forced labor.

5. Forced labor, as a rule, is utilized for work of an unskilled character, and standards of labor output are fixed for each type of work carried out by forced labor.

The standards of labor output are the average standard prescribed for such work by decrees of departments of labor or customarily accepted by State organizations where such work is their principal work.

EXHIBIT No. 7

DECREE OF THE COUNCIL OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R., DATED OCTOBER 5, 1929

(Published in the Bulletin of Financial and Economic Legislation, No. 42, of October 18, p. 40)

Authorization of local executive committees to enforce compulsory labor for the carrying out of work of loading and unloading grain cargoes

The Council of People's Commissars of the R. S. F. S. R. decrees—

In accordance with the decree of the central executive committee of the U. S. S. R. of the 25th of September, 1929, to authorize the Councils of People's Commissars of Autonomous Republics, regional and provincial executive committees to enforce temporarily compulsory labor in carrying out the loading and unloading of grain cargoes up to the 1st of February, 1930.

EXHIBIT No. 8

DECREE OF THE CENTRAL EXECUTIVE COMMITTEE AND THE COUNCIL OF PEOPLE'S COMMISSARARS OF THE U. S. S. R. OF NOVEMBER 23, 1929, AS TO CRIMINAL RESPONSIBILITY FOR THE PRODUCTION OF INFERIOR GOODS AND FAILURE TO OBSERVE STANDARDS

(Published in the Bulletin of Financial and Economic Legislation, No. 3, January 27, 1930, p. 51)

Side by side with the immense growth in quantity of the production in state industry, there has recently been observed, in a series of cases, a falling off in the quality of goods produced not only for the open market but also for the needs of state industry and transport. Numerous enterprises are trying, by lowering the quality of the products, to solve the very important problem of how to lower costs by rationalization and by increasing the productivity of labor. This phenomenon acts as a serious obstacle to the work of the socialist reconstruction of the national economy, and also does great harm to the interests of workers and peasants, as consumers, of goods. In order to insure the work of socialist construction, it is essential that there should be a definite quality of production.

With the object of intensifying the struggle against the production of inferior goods and the failure to observe fixed standards, the Central Executive Committee and the Council of People's Commissars of the U. S. S. R. decree—

That on the basis of the second part of article 3 of the fundamental principles of the penal code of the U. S. S. R. and allied republics (U. S. S. R. Collection of Laws, 1927, No. 12, par. 122), the executive committees of the allied republics be instructed to provide in their criminal codes:

(1) As penalty for the systematic or mass production of inferior goods by industrial or commercial enterprises—deprivation of liberty for not more than five years, or forced labor for not more than one year.

(2) As penalty for failure to observe the standards laid down—deprivation of liberty for not more than two years, or forced labor for not more than one year.

EXHIBIT No. 9

DECREE OF THE CENTRAL EXECUTIVE COMMITTEE OF THE R. S. F. S. R. (VTSIK) AND THE COUNCIL OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R., DATED FEBRUARY 13, 1930

(Collection of Laws of R. S. F. S. R., 1930, No. 9, Ch. 107)

No. 107. Regarding the measures to be taken in order to increase the productivity of the timber industry

The Vtsik and the Council of People's Commissars decree—

1. Rural soviets are empowered to undertake, as a self-imposed task of the village as a whole, a definite task in preparing and hauling timber (by this is understood the employment of their own means of haulage) in those districts where a resolution has been passed by a general meeting of citizens (a rural assembly), and where, in connection with this undertaking, the self-imposed task has been allotted amongst the separate economic units; and in cases where the decision of the rural assembly has not been executed, to inflict summary fines upon those economic units which have not fulfilled the said decision, not exceeding five times the value of the work allotted to them. In case of default of payment of fines so inflicted rural assemblies are empowered to sell by public auction the property of the persons so fined.

Means of haulage belonging to rich peasants (kulaks) who do not fulfill their allotted tasks of preparing and hauling timber are liable, by the decision of the rural assembly, to confiscation for the needs of the timber program.

2. In the event of any person or persons resisting the fulfillment of the allotted task in the preparation and haulage of timber, and likewise should any person or persons refuse to fulfill their allotted task, the rural assembly is empowered to institute criminal proceedings against such person or persons under article 61 of the Criminal Code of the R. S. F. S. R.

3. The fines which are so imposed on separate economic units which have not fulfilled, in accordance with the resolution passed in a rural assembly, the self-imposed task undertaken by the village as a whole for the preparation and haulage of timber, are compulsorily allotted in the following proportions: As to 25 per cent to the funds devoted to the cooperativization and collectivization of poor peasants and as to 75 per cent to the local budget. This applies to cases where the fines have been imposed either summarily by rural councils or by judgment of the court under article 61 of the Criminal Code of the R. S. F. S. R.

4. Central executive committees of the autonomous republics and provincial executive committees are empowered, in regions where the preparation and haulage of timber is carried out, and where it is found that all other means of providing an adequate supply of labor and/or means of haulage have been exhausted, to institute compulsory paid labor and/or haulage in order to fulfill the needs of timber preparation and transport.

Rich peasant (kulak) elements are to be engaged, having regard to local conditions, at a lower rate of pay.

The present decree is to be put into force by telegraph.

EXHIBIT No. 10

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE R. S. F. S. R. AND OF THE DIRECTORATE OF TIMBER FLOATING OF THE SUPREME COUNCIL OF NATIONAL ECONOMY OF THE U. S. S. R. OF FEBRUARY 13, 1930, NO. 24, REGARDING THE SUPPLY OF WORKERS FOR TIMBER FLOATING DURING THE 1930 SEASON

(Izvestia of the People's Commissariat of Labor, No. 8, of 1930, p. 174; Bulletin of Financial and Economic Legislation, No. 11, of April 17, 1930, p. 41)

To the people's commissariats of labor of the autonomous republics, to the regional and provincial departments of labor, and to chiefs of timber-floating areas.

Timber-floating work during the 1930 season should be regarded as an especially important part of the politico-economic campaign.

The production program (R. S. F. S. R.) of timber floating for the 1930 season has been laid down at a figure of 91,300,000 cubic meters, which shows a general increase in the volume of timber floating of more than 80 per cent as compared with last year.

This increase in volume has occasioned a considerably increased demand for workers in comparison with last year, and it is thus necessary to attract to this work fresh contingents of workers who have never before been engaged in it.

In view of all these circumstances, the state of the labor market for the forthcoming timber-floating operations promises to be especially strained, and this renders it necessary to establish the most rigorous discipline in the labor market and the observance of a "shock tempo" in all work of the labor organizations connected with the preparation and carrying through of the timber-floating campaign.

The People's Commissariat of Labor of the R. S. F. S. R. and the directorate of timber floating of the Supreme Council of National Economy of the U. S. S. R., in conformity with the existing directions regarding the carrying out of timber-floating operations during the 1930 season (decree of the special plenipotentiary of the Council of Labor and Defense for wood and timber preparation of January 15, 1930, the decree of the collegium of the People's Commissariat of Labor of the U. S. S. R. and of the Supreme Council of National Economy of the U. S. S. R. of January 30, 1930, No. 31) recommends the acceptance, for guidance on the territory of the R. S. F. S. R., of the said regulations and of the following procedure for securing workers for the timber-floating campaign:

(1) On the basis of information regarding the need for labor received from economic organizations (in conformity with the circular of the People's Commissariat of Labor of the U. S. S. R., the Supreme Council of National Economy of the U. S. S. R., the People's Commissariat of Transport, the People's Commissariat of Labor of the R. S. F. S. R., the Supreme Council of National Economy of the R. S. F. S. R., and the People's Commissariat of Agriculture of the R. S. F. S. R. of August 14, 1929, regarding workers for wood and timber preparation and timber floating during the 1929–30 season (Izvestia of the People's Commissariat for Transport of the U. S. S. R. for 1929, No. 36), the People's Commissariat of Labor of the autonomous republics and the regional, provincial, and area labor departments must hasten the preparation of plans of operation for providing labor for the timber-floating campaign in the districts under their control.

The plans of operation shall include the most exact territorial subdivision or distribution of the labor markets for timber-floating workers amongst individual economic organizations and lay down hard and fast calendar periods for the supply of labor for timber floating.

(2) When plans of operation are drawn up the most serious attention must be paid to the correct definition of the demand and available supply of labor.

Plans for the supply of labor for timber-floating operations must be elaborated in collaboration with the chiefs of the timber-floating areas concerned, on the basis of the actually attainable standards of output and with a view to increase the productivity of labor.

When determining the existing reserves of labor, the transition to collective agriculture methods must be taken into account, and in this connection it is necessary, through the local collective farm groups, to discover a surplus of labor which can be used for timber-floating work, and to conclude, with the collective farm groups, agreements regarding the procedure for obtaining collective farm workers for timber-floating operations. Each district shall be limited, for the purpose of the supply of workers, to a definite timber-floating river (although several organizations may be working on that river). The recruiting of pilots and specialists for the construction of timber-floating shoots may be effected for several timber-floating rivers in one and the same district.

(3) Agreements with collective farms regarding the procedure for attracting labor, and also agreements with timber-floating organizations regarding the procedure for placing workers at their disposal, are to be concluded by the labor organizations in all districts not later than February 25, 1930.

(4) All timber-floating organizations at present conducting timber-preparation work must at once start to detail, for timber-floating work for 1930, those workers who are now engaged in preparing timber but who are willing to do timber-floating work.

The allotment of workers for timber floating and for timber-preparation work is to be effected similarly (circular of the People's Commissariat of Labor of the U. S. S. R. and Supreme Council of National Economy of the R. S. F. S. R. of February 21, 1929, No. 54, regarding the supply for the season 1929–30 of timber-preparing organizations with detachments of workers—"Izvestia of the People's Commissariat of Labor of the U. S. S. R.," 1929, Nos. 9–10).

(5) The following is the general procedure for the allotment of labor:

(a) Strict attention must be paid to the class line (circular of People's Commissariat of Labor of the U. S. S. R. of November 19, 1929, No. 360, regarding intensification of the work of labor organizations in the class selection of labor cadres—"Izvestia of the Peoples Commissariat of Labor of the U. S. S. R.," 1929, Nos. 48–49);

(b) It is to be carried out with the participation of representatives of the agricultural and forest workers' trade-unions;

(c) Allotted workers are to be registered in group nominal rolls in duplicate, one of which is to be kept by the timber-floating organization and the other by the group;

(d) Immediately after the allotment of workers engaged on timber preparation the timber-floating organization must notify those labor organizations to whom were submitted requests for workers, with information regarding the number of workers allotted, their trades and the districts in which they reside;

(e) Summoning of workers detailed for timber-floating operations (in those cases where it is impossible to effect a transfer of workers from timber preparation to timber floating without causing a stoppage of work) is to be undertaken direct by the timber-floating organizations themselves and an immediate notification made to the labor organizations;

(f) Organizations must start immediately the allotment of forest workers for timber floating without waiting for the end of the timber-preparation work, in order that the allotment may be fully effected not later than March 5, 1930.

(6) The recruitment of workers for timber-floating work is to be effected only through the machinery of the labor organizations.

The transfer of this recruitment to the timber-floating organizations themselves is only allowed in exceptional cases by mutual agreement on conditions of the complete operative subordination to the labor organizations of all recruiting operations carried out, and the places where the economic organizations carry out recruitment independently must be fixed not later than February 25, 1930.

(7) In those places where the labor organizations have special machinery for the recruitment of workers for wood and timber preparation this machinery must be used also for recruiting workers for timber floating.

The cadre of recruiters must be carefully examined, and class enemies and unsuitable persons eliminated from it.

(8) All operations of the labor organizations in connection with the recruitment of workers must be paid for by the timber-floating organizations. On making agreements regarding the procedure for the recruitment of labor the timber-floating organizations must pay the departments of labor an advance of not less than 35 per cent of the total amount of remuneration accruing to them for producing the whole number of workers asked for.

(9) In every hamlet or village where timber-floating recruits are living a delegate is appointed from amongst them.

The appointment of a delegate is made by the person conducting the recruitment in agreement with the village workers' committee.

It is the duty of the delegate to inform workers of the proposed dates for starting work and also to organize the assembling of the workers for travel to the place of work in accordance with the notifications received from the labor organizations or economic organizations. The delegate can not exercise any other functions. When considerable groups of workers are sent off a delegate of the labor organization must be present.

(10) The dispatch of workers to the place of work must be effected according to a fixed plan to be drawn up jointly by the labor organization and the economic organization concerned. If under this plan the workers must be transported a long distance, the labor organization must in good time, through the appropriate organization (commercial and cooperative), arrange that on the journey the workers receive their food regularly and are provided with articles of food of which there is a shortage.

In conformity with the plan mentioned, every workers' delegate must be informed where and when workers are due to arrive for the execution of the work or for entrainment and subsequent journey to the place of work. Information in this sense must be given to the delegate not later than five days before the day fixed for the dispatch of workers.

(11) On arrival of the workers at the place of work the functions of delegates cease.

The distribution of the workers on individual tasks and the appointment of the superintending personnel is carried out solely by the administration of the economic organizations irrespective of their former grouping and of the delegates appointed to represent them.

NOTE.—All contracts for executing timber-floating work concluded by timber economic organizations with the All-Russian Association of Timber-Cooperatives and with the general directorate of local timber preparation work are unaffected by the present circular.

(12) When carrying out timber floating during the 1930 season, the timber-floating organizations must prepare to create cadres of permanent workers for timber floating by trying to utilize these selected cadres of workers for other work in the period between timber-floating campaigns, for instance, for loading and unloading, etc.

Timber-floating organizations must at the end of the timber-floating season of 1930 allot for their work in 1930–31 not less than 50 per cent of the timber-floating workers engaged with them during the present season.

(13) Labor organizations in agreement with the chiefs of timber-floating areas must register all trained workers, such as pilots, shoot-construction specialists, the operative personnel connected with steam tugs, etc., sending them to work in timber-floating organizations in an organized manner.

(14) In connection with the regulation of labor and living conditions of workers on timber-floating work the timber-floating organizations must take the following measures:

(a) The provision of dwellings for timber-floating workers with the necessary fittings, and the introduction of control over the sanitation of these dwellings.

(b) The provision of each place of work and each rafting unit with the necessary quantity of standard medicine chests, organizing with the assistance of health detachments the training of persons in charge of medical supplies, and also sanitary educational work amongst the timber-floating workers.

(c) The maximum realization of rationalization measures of timber floating, with a view to increase the productivity of labor, etc.

(15) Recruitment of workers for timber-floating operations must be carried out with the maximum utilization of local reserves of labor, and in this connection it is necessary to start extensive recruiting operations in the villages and obtain for this task the help of all village authorities (village soviets, peasants' mutual assistance committees, etc.).

(16) Departments of labor in conjunction with the chiefs of timber-floating areas should at once institute a verification of the preparations on the spot for conducting timber-floating operations, and also for the creation of normal living conditions on timber-floating work.

Local departments of labor and chiefs of timber-floating areas must give practical indications to their subordinates on the basis of these directions.

EXHIBIT No. 11

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. AND R. S. F. S. R., OF THE SUPREME COUNCIL OF NATIONAL ECONOMY, OF THE PEOPLE'S COMMISSARIAT OF AGRICULTURE, AND OF THE COLLECTIVE FARM ADMINISTRATION OF THE U. S. S. R., MARCH 3, 1930

(Published in the Bulletin of Financial and Economic Legislation, No. 8, of March 17, 1930, p. 56)

No. 87. Regarding the dispatch of labor from collective farms to seasonal branches of the national economy

8. The dispatch to work of members of collective farms must be carried out only upon the order of labor organizations, or, with their authority, upon the order of economic organizations direct; the first to be dispatched, qualifications being equal, should be the farm laborers and poor peasants from among the members of collective farms.

These orders must state:

(a) The number of persons liable for despatch, by separate professions and trades;

(b) The date of dispatch;

(c) Place of dispatch;

(d) Exact address of the place of destination, with instructions as to where and to whom the draft must report.

The administration of the collective farm is held responsible if it dispatches members of collective farms according to their professions or trades, but not in accordance with the order.

9. The administration of the collective farm must, immediately upon receipt of the order, itself issue orders to those of its members who are liable to be dispatched. These orders must state the date of departure and the place of assembly.

The nonfulfillment by members of a collective farm of an order of the administration must be considered as the nonfulfillment of the rules governing the internal affairs of the collective farm.

10. Administrations of collective farms must, not later than three days after the dispatch of their members to work, inform area labor organizations and the area collective farm unions of the time of dispatch and the strength of the draft, according to separate professions and trades.

EXHIBIT No. 12

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. IN AGREEMENT WITH THE PEOPLE'S COMMISSARIAT OF TRANSPORT AND THE CENTRAL COMMITTEES OF THE LOCAL TRANSPORT UNION, DATED MARCH 22, 1930

(Published in the Bulletin of Financial and Economic Legislation, No. 16, of June 7, 1930, p. 47; No. 121, regarding loading and unloading operations)

To the People's Commissars of the Allied Republics, and to the Chief Inspectors of Labor in Transport

4. Any demand for labor in respect of the following is considered as a matter of extreme urgency and is to be satisfied immediately and completely: The loading and unloading of grain on railway and water transport and all enterprises connected with transport work (grain dumps, flour mills, groat mills, elevators, train warehouses, grain drying plants, etc.); the loading and unloading of import and export goods in all ports and stations (timber export, etc.).

7. Refusal to do loading and unloading work, without adequate excuse, by any unemployed person who has been passed as suitable for such work, entails his being struck off the register and loss of unemployment benefit, according to the general rules laid down. (Decree of the People's Commissariat of Labor of the U. S. S. R., dated February 21, 1930, No. 59; Izvestia, People's Commissariat of Labor of the U. S. S. R., 1930, No. 8.)

EXHIBIT No. 13

DECREE OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE R. S. F. S. R. OF SEPTEMBER 12, 1930, NO. 83, REGARDING MEASURES FOR SECURING WORKERS FOR LOADING AND UNLOADING OPERATIONS IN THE AUTUMN OF 1930

(Published in the Bulletin of Financial and Economic Legislation, No. 27, of September 27, 1930, p. 64)

In view of the irregularity in the supply of workers for loading and unloading operations, and also the forthcoming increase in goods turnover during the autumn in connection with the transport of consignments of grain and other foodstuffs, the People's Commissariat of Labor of the R. S. F. S. R. decrees:

1. In the event of a dearth on the spot of detachments of porters for loading and unloading work during September-November, 1930, all those unemployed on the register of the labor organizations, whether they be physical or intellectual workers, who are physically fit and generally suitable for such work, must be compulsorily dispatched to work.

A refusal by the unemployed worker to undertake loading and unloading operations without valid reasons is to be considered as a refusal to perform work of any kind, with the consequences arising therefrom (removal of his name from the register, deprivation of relief, etc.).

EXHIBIT No. 14

DECREE OF THE CENTRAL EXECUTIVE AND THE COUNCIL OF PEOPLE'S COMMISSARS OF THE U. S. S. R., NOVEMBER 3, 1930

(Published in the Izvestia of November 12, 1930)

(a) Regulations regarding disciplinary punishments in respect of transport

2. As "duty offenses" are regarded the infringement of rules of an internal character and other rules, regulations, and instructions defining the duties and obligations of workers, as well as the nonfulfillment of the orders of heads of departments.

As "duty offenses" are also regarded failures on the part of the head of a department to use his disciplinary authority to combat duty offenses committed by workmen under his control.

Disciplinary punishments are inflicted also in respect of duty offenses not entailing criminal proceedings.

3. The present regulations establish the following disciplinary punishments:

(a) Reprimand.

(b) Severe reprimand.

(c) Arrest for a period not exceeding three months with service.

NOTE ON (c).—The worker serving this sentence is lodged in prison and freed daily in order that he may carry out his usual duties.

(d) Arrest for a period not exceeding three months without service.

(e) Degradation to lower-grade work for a period not exceeding a year.

(f) Discharge.

(g) Discharge, without permission, for a period not exceeding one year, to serve in transport work in any capacity or in any definite work.

NOTE 1.—The regulation regarding detention of a person under arrest, and the place of arrest, shall be determined by instructions issued by the commissiariat of communications in conjunction with the O. G. P. U. and the commissariat of internal affairs of the allied republics.

7. Disciplinary punishments, such as arrest, can be inflicted by heads of departments who have the right to engage or discharge the workman in question.

Arrest may be inflicted—

(a) For a period not exceeding three days—by heads of administrative stations, by heads of constructional sections, and subsections.

(b) For a period not exceeding seven days—by heads of regional railways, directors of repair shops, heads of regional sea basins, chiefs of commercial ports, heads of regional (district) road transport organizations.

(c) For a period not exceeding 15 days—by directors of railways, managers of sea-fleet basins, managers of local State river fleets, heads of the chief road transport organizations of allied republics, heads of constructional administrations, heads of regional (district) offices of the transport union organizations, heads of exploitation and planning administrations, the chief director of railways, heads of all-union branch combines and central administrative organizations of the Commissariat of Communications.

Note 1. The chief director of railways and heads of branch combines and central administrative organizations of the Commissariat of Communications can arrest all workmen subordinate to them with the exception of those appointed by the Commissar of Communications.

11. Any of the heads of departments above mentioned may, within the limits of the rights prescribed to him for inflicting disciplinary punishments, inflict directly such disciplinary punishments without referring to his immediate superior.

15. The infliction of a disciplinary punishment does not preclude the institution of criminal proceedings for the same offense. However, in cases where the sentence has not yet been carried out, the enforcement of such punishment is postponed until judgment has been pronounced in the criminal case. The withdrawal of the charge, or an acquittal on the criminal count, does not preclude the execution of the disciplinary punishment unless the reasons for acquittal or withdrawal of the prosecution are based on a refutation of the evidence relevant to the offense. In such cases the disciplinary punishment can not be inflicted later than 15 days after receipt of notice of acquittal or discharge, by the official who sentenced the accused.

17. Before a disciplinary punishment can be inflicted, the head of the department must demand an explanation from the accused. The accused may, not later than three days after the remand has been made, furnish either verbal or written explanations. Failure to give an explanation within that period is to be no obstacle to the infliction of the punishment.

19. Disciplinary punishments inflicted in respect of a worker are indorsed on his personal record, the worker signing a declaration to the effect that it is done with his knowledge. At the same time notice of the conviction is sent to the district in which the convicted person is employed, in such manner as to insure that the conviction is brought to the notice of all workers in his district.

EXHIBIT No. 15

DECISION OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. REGARDING THE REORGANIZATION OF THE LABOR MARKET

(Published in Izvestia, November 5, 1930)

Having heard the report of Comrade Vasileva, a member of the Collegium of the People's Commissariat of Labor, on the reorganization of labor exchanges, the Commissariat of Labor has recognized as essential the reorganization of the labor exchanges as directorates of labor cadres charged with the organization and control of the preparation of labor and with supplying it to the national economic system according to plan.

Directorates of labor cadres will be organized in all industrial areas. In nonindustrial areas and rural districts recruiting offices will be established. The directorates must carry out their work in close contact with the economic trade-union organization and the great mass of the working public.

The hiring of labor must be effected exclusively through the directorates of labor cadres. Only by their permission may the economic organizations themselves effect the engagement and recruiting of labor.

The most important branches of national economy must have the first call on labor, in particular the coal industry, unskilled labor in the metal industry, transport and capital construction in the heavy industries (giant factories).

The directorates of labor cadres must select and register as workers both adults and young persons from among the toilers of the urban and rural population. The selection of labor must be effected according to class origin, qualification, and physical conditions.

The directorates of labor cadres are entrusted with the control over the regular supply of labor to enterprises. Any excess of labor must be transferred to other important branches of industry in which there is a shortage of labor of these cadres.

The number of persons having the right to register at the directorates of labor cadres and to be assigned to work is considerably extended.

The Commissar has recognized that it is essential to register and assign to work the undermentioned categories of persons seeking work (provided they are not deprived of electoral rights): Members of trade unions, members of workers', employees', and students' families who have slack periods in their work; the children of workers, employees, and farm laborers, even if they have no specialized training and have not worked for hire; members of workers' and employees' families serving in the Red Army; and also persons discharged from the Red Army, provided that they have applied to the directorates of labor cadres not later than one year from the day on which they were taken on the register of the organs of the local military command.

The following are also subject to registration: Members of industrial cooperatives who have worked in such enterprises for not less than three years; men invalided out of labor or the army; farm laborers; poor peasants; members of cooperative farms; and all single women who have worked for not less than six months in workshops organized by organizations for the protection of mothers and children.

Persons seeking work and registered at the directorates of labor cadres do not enjoy any unemployment benefits.

All persons registered at the directorates of labor cadres must be sent to work not later than three days after the day of registration. Soldiers and persons discharged from the Red Army are sent to work on the day of registration.

To industrial enterprises there will be sent, besides the basic cadres of workers, members of workers' families, members of industrial cooperatives, farm laborers, and poor peasants of the villages. Members of "shock" workers' families enjoy a preferential right to be sent to and engaged on work in industrial and transport enterprises in which members of their family are working.

Persons who have been combed out of establishments and enterprises under the first category are registered at the directorates and told off for unskilled labor only.

Persons combed out under the second and third categories are registered on a general basis, but they can not be sent to work in those districts, departments, and enterprises in which they have been forbidden to work by the combing-out commission.

Deserters and "fliers" are placed by the directorate of labor cadres in a special register and for six months are not sent to work in industrial enterprises but are employed on physical gang labor.

Persons who refuse work offered for which they are particularly qualified are placed on a special list with deserters and "fliers" and are sent to physical gang labor. If they refuse the latter, they are struck off the register altogether.

Illness vouched for by medical certificates, and lack of living accommodation on transfer to work in another place, are considered valid reasons for refusing work. Women with husbands and children can not be sent to work in another place without their own consent.

EXHIBIT No. 16

DECREE OF THE COUNCIL OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R. OF DECEMBER 8, 1930, CONCERNING THE EMPLOYMENT OF WOMEN IN INDUSTRY AND IN STATE AND COOPERATIVE ADMINISTRATIONS

(Published in the Izvestia of December 20, 1930)

In order to satisfy the labor demands of rapidly developing industry and other branches of national economy, and in order to attract more and more women into active socialist construction, it is essential to develop the employment of women in all branches of the national economy. The increased attraction of women into industry will, in addition, make possible the maximum utilization of local labor resources and will contribute to the creation of solid and permanent workers' cadres.

Past experience of the employment of women in the industrial life of the country fully demonstrates the possibility and propriety of an extensive employment of women even in those branches of national economy in which women have hitherto not worked at all or only in negligible numbers. Meanwhile the directors of state and cooperative institutions and organizations do not show the requisite initiative and perseverance in the matter of the extensive utilization of women as workers.

EXHIBIT No. 17

DECREE OF THE CENTRAL EXECUTIVE COMMITTEE AND COUNCIL OF PEOPLE'S COMMISSARS OF THE U. S. S. R., DATED DECEMBER 15, 1930

(Published in Izvestia of December 17, 1930)

Procedure for the engagement and distribution of labor and the campaign against the fluidity of labor

The immense successes in the socialistic industrialization of the country and the rapid tempo of collective and state farm construction have brought about the complete liquidation of unemployment.

In this connection it has become necessary, simultaneously with the training of new labor cadres, to utilize more fully and rationally the existing labor forces in all branches of the national economy.

Planned utilization can only give the best results if it is coupled with measures permitting the wider extension of socialistic forms and methods of work (socialist competition, shock-brigade tactics, etc.). At the same time planned utilization of labor is impossible without a decision and systematic campaign against all disorganizing elements in production.

In view of the above, the Central Executive Committee and the Council of People's Commissars of the U. S. S. R. decree:

1. Labor organizations are charged with the duty of insuring the planned distribution of labor within the limits approved by the competent planning organs.

2. All undertakings, institutions, organizations, and individuals are obliged to engage workers and employees only through the labor organizations, except in the cases mentioned in this decree.

3. The employment of persons who have passed through higher educational institutions or technical schools is effected in accordance with the special laws regarding their allocation to employment.

4. The People's Commissariat of Labor of the U. S. S. R. shall fix the category of persons to be registered with labor organizations as seeking employment, and the procedure to be followed in placing them in employment. In this connection it should be borne in mind that persons who by their social position are nearest to the working classes should be set to work in industry and transport.

5. As an exception to article 2 of this decree, the following persons may be engaged without resort to the labor organizations:

(a) Responsible administrative-technical workers and specialists;

(b) Workers leaving one undertaking, institution, or economic organization for another with the consent of the management of the undertaking, institution, or organization in which they are employed;

(c) Apprentices to handicraft workers, or to craftsmen working on their own or employing not more than two hired workers;

(d) Poor peasants, male or female, in 1-man peasant farms, and shepherds in peasant farms;

(e) Domestic servants;

(f) Other workers, by special agreement with the labor organizations.

Lists of the situations for which, in accordance with (a), the employer is permitted to engage workers directly, and also the procedure for making agreements under (f) shall be fixed by the People's Commissariat of Labor of the U. S. S. R.

8. In order to insure a supply of skilled workers and specialists, for enterprises of the most important branches of the national economy (iron and steel, coal and chemical industries, machinery construction, capital construction, transport, and the electrical industry) at the expense of the less-important branches or the less-important undertakings of such branches, the People's Commissariat of Labor of the U. S. S. R. has the right, on notifying the economic organizations and in agreement with the trade-unions, to carry out, with the sanction of the Council of Labor and Defense, the transfer of skilled workers and specialists to other branches of the national economy or to other localities for utilization in the work for which they are specially qualified.

13. Malicious disorganizers of output, who leave their work in the socialized sector without authorization and without satisfactory excuse, are not, in the event of their applying for work to labor organizations, given employment in industry or transport for a period of six months.

The People's Commissariat of Labor of the U. S. S. R. is instructed to define within one month the category of persons falling within the purview of this article.

14. Persons registered with the labor organizations who refuse without satisfactory excuse to accept employment on work for which they are specially qualified, and to which they are directed by the labor organizations, are removed from the register for a period of six months.

EXHIBIT No. 18

DECREE OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. OF DECEMBER 23, 1930, NO. 374, CONCERNING THE REGISTRATION AND DISPATCH TO WORK OF PERSONS SEEKING WORK

(Published in Izvestia of December 29, 1930)

The severe shortage of labor caused by the tremendous growth of socialist construction necessitates the bringing in of fresh cadres into all branches of the national economy. To this end it is essential to widen the circle of persons registered by the reorganized labor exchanges (administration of cadres).

The registration of persons seeking work

1. All members of trade-unions may be registered at the reorganized labor exchanges.

Of the number of persons who are not members of trade-unions, such of the following as have the right to vote at the elections for the soviets may be registered:

(1) Children of wage-earning and salaried employees, persons in military service; those under training in educational centers (although they may not have previously been employed for remuneration and have not received any special instruction);

(2) Wives, divorced wives, and widows of wage-earning and salaried employees, of those in military service, and of students (although they may not have previously been employed for remuneration or received any special training);

(3) Other members of families of wage earners and persons in military service whose work for remuneration has been interrupted, irrespective of the length of such interruptions;

(4) The members of families of wage-earning and salaried employees who are dependent on those called up for service in the Workers' and Peasants' Red Army.

(5) Members of families dependent on wage-earning and salaried employees who are sent to work on collective state farms; and members of urban soviets who are selected for aggricultural work.

(6) Wage-earning and salaried employees whose work for remuneration has been interrupted, irrespective of the length of such interruptions;

(7) Persons discharged from the Workers' and Peasant's Red Army, if they have applied to the reorganized labor exchanges not later than one year from the time of their discharge from the Workers' and Peasants' Red Army;

(8) Those who have been discharged from service with the militarized auxiliary forces and the militarized fire brigades, at the expiry of their period of service, or as the result of reductions of establishment or on account of illness, if they have applied to the reorganized labor exchanges not later than one year from the time of their discharge from the auxiliary forces;

(9) Former Red guards and Red partisans;

(10) Persons who have received an order of the Soviet Union;

(11) War and labor invalids who have been classified as such by a commiteee or medical board in accordance with their medical condition and their vocational calling, and are recognized as fit for labor (having regard to their disability), and also the wives, divorced wives, widows, and children of labor and war invalids;

(12) Former members of artels, which are incorporated into the system of industrial cooperatives, in cases where such members have worked in cooperative workshops and undertakings during the three years prior to their leaving the artels, and have applied to the reorganized labor exchanges not later than six months after their leaving;

(13) Children of members of industrial cooperative organizations and of individual handicraft workers;

(14) Inventors who are the holders of patents or certificates from organizations which assist inventors;

(15) Farm laborers, poor peasants who work their land themselves, members of collective farms and their children;

(16) Mothers living alone and women living alone, who are registered with the public-health or social-insurance organizations;

(17) Women who belong to the aboriginal population of the East;

(18) Persons who have undergone any form of sentence (deprivation of liberty, compulsory labor, etc.), if, before proceedings were instituted against them, they belonged to one of the categories enumerated above, and had applied to the reorganized labor exchanges not later than six months after they had undergone their sentence.

2. Reorganized labor exchanges must also register persons who are not working at their own occupations, should they desire to transfer to another job in their own trade or profession, if there is a shortage in that trade or profession. Such persons must not be removed from their work by the reorganized labor exchanges until they can be given work in accordance with their qualifications. This article does not apply to persons who are employed in transport, in constructional work, or any seasonal work.

3. The persons enumerated in article 1 are only to be registered at the reorganized labor exchanges nearest to their permanent place of residence.

Members of collective farms must be registered at the office of the collective farm which communicates lists of registered collective farm workers to the nearest reorganized labor exchange.

4. Registration with the reorganized labor exchange does not give the right to any form of privilege.

10. Malicious disorganizers of production, or persons who, of their own free will, leave their work in socialized undertakings will not be sent to work in industry or transport for six months after applying to the reorganized labor exchanges.

A special register of such persons shall be kept by the labor exchanges.

The class of person falling within the scope of this article shall be defined in a special decree of the People's Commissariat of Labor of the U. S. S. R.

11. Persons refusing, without good reason, an offer of work in their own trade or profession (even if in another part of the country) or refusing to undergo training in another trade or profession if their own trade or profession is slack, will be removed from the register for a period of six months.

Such persons, in the event of their applying for work within the period during which they are off the register, may be utilized in mass physical labor (forestry, timber-preparation work, peat cutting, loading and unloading operations, snow clearing, etc.).

The following will be considered as adequate reasons for refusal to take up work offered by the reorganized labor exchanges:

(a) Illness, if supported by a medical board attached to the administration of the cadres.

(b) A refusal based on the nonreceipt of sufficient living accommodation on transfer to a new locality.

(c) The refusal by a wife of work which would entail her departure from the place where her husband resides.

EXHIBIT No. 19

[Source: Moscow Izvestia, No. 292, October 22, 1930]

MEASURES FOR PLAN—GOVERNED SUPPLY OF LABOR MAN POWER TO NATIONAL ECONOMIC LIFE, AND STRUGGLE AGAINST THE TENDENCIES TO FREQUENT CHANGE OF EMPLOYMENT

(Translation)

Resolution of the Central Committee of the All-Union Communist Party of October 20, 1930

The tremendous success of the socialistic industrialization of the country and the rapid rate of building up collective farms and Soviet farms have led to the complete elimination of unemployment in the Soviet Union and have created the need for additional hundreds of thousands of laborers. The shortage of labor man power in industry and in other sectors of national economic life has in the current year become a difficulty (literally, "tight place") which prevents the adoption of rapid rates of progress in socialistic construction work. The proper solution of this question is the most important economic-political task which, in all its gravity, confronts the organs of the commissariat of labor.

Notwithstanding this the Commissariat of Labor has been displaying a clearly bureaucratic attitude to economic tasks and instead of organizing a speedy distribution and utilization of the required labor man power it has been paying allowances to hundreds of thousands of so-called "unemployed" who were drawing tens of millions of rubles, no measures whatsoever being adopted against malingerers and floaters. The apparatus of the Commissariat of Labor as well as its local organs were unable to adapt their activities to the tasks of the reconstructive period confronting them; they were displaying an unpermissible slackness in the work and sundry individual officials in prominent positions were trying to camouflage the existing defects in the apparatus in connection with the task of solving the principal problems in the sphere of procuring labor man power, thereby bringing about a sham welfare.

The Central Committee of the All-Union Communist Party regards these facts as manifestations of practical right-wing opportunism within the former management of the Commissariat of Labor of the U. S. S. R.

With a view to guaranteeing to industry and the other sectors of national economic life sufficient labor man power, the Central Committee of the All-Union Communist Party has resolved:

1. Noting the extreme slowness and lack of plan in the matter of training labor man power for the most important branches of national economic life, such as metallurgy, the mining industry, the chemical industry, the transport service, and construction work, to make it incumbent upon the Supreme Soviet of National Economy, the Commissariat of Ways of Communication, and the Commissariat of Labor of the U. S. S. R. to arrange for these branches a plan-governed training and distribution of labor man power, appointing for this purpose personally responsible persons, who are to supervise the training and the correct distribution of laborers to the various establishments.

The supplementary man power of skilled labor required for the year 1931 for the principal branches of industry amounts to 1,300,000, and this number must be found by training and retraining suitable persons, this to be done by the various organs of industry, the transport service, and the Commissariat of Labor, through the schools of works and factory apprenticeship, through the metallurgical apprentice schools, through accelerated training courses in industry itself, through the Central Institute of Labor, and through brief training courses arranged by the organs of labor, and also by means of promoting the existing cadres to work requiring higher skill.

To make it incumbent upon the Commissariat of Labor, the Supreme Soviet of National Economy, the Commissariat of Ways of Communication of the U. S. S. R., and the All-Union Central Soviet of Labor Unions to draw up within 20 days a practical plan for training labor man power for the year 1921 for the needs not only of the existing enterprises but also of those that are now in course of construction, and to furnish them with all that is necessary not only for the training of laborers but also for satisfying their needs in respect of housing, etc.

2. In view of the acute shortage of labor man power in all branches of economic life, to instruct the Commissariat of Labor to register at the labor organs the following categories, apart from those catagories of toilers which are now entitled to such registration:

(1) Members of families of laborers and employees who are not members of labor unions and who have not been working without interruption, no matter how long these periods of interruption have been.

(2) Children of laborers and employees, even without special training and not employed for hire.

(3) Wives and widows of laborers and employees who are not members of labor unions and have no special education.

(4) Members of cottage-industrial cooperatives who were formerly working for hire, and children of cottage workers who are working without hired help.

(5) Farm laborers who are not members of labor unions, bednaks, and collective farm workers.

Such registration has to take place according to the place of permanent domicile, and is not to imply any privileges in connection with unemployment.

To instruct the Commissariat of Labor, jointly with the All-Union Central Soviet of Labor Unions and the interested organizations, to elaborate within 10 days a method of assigning to work all these persons registered in such a way that members of families of laborers, cottage workers who are members of industrial cooperatives, and farm laborers and bednaks may be sent to the sundry industrial enterprises.

In the event of any of the persons registered refusing to accept the work to which they have been assigned, they are immediately to be taken off the lists by the pertinent organs of labor.

Within 20 days the labor exchanges are to be recognized, so that they may prepare and distribute labor man power in a plan-governed way.

3. With a view to supplying the principal branches of national economic life with skilled (literally, qualified) labor, to grant the Commissariat of Labor of the Union and the commissariats of labor of the several federal republics the right, by agreement with the labor unions and in response to indentations on the part of the economic organs, to remove and transfer skilled laborers and specialists from less-important branches of national economic life, enterprises, and institutions to more important ones, such as the coal branch, berrpis metallurgy, the transport service, and large capital construction work, as well as from one rayon to the other.

4. To make it incumbent upon the Supreme Soviet of National Economy, the Commissariat of Labor, and the All-Union Central Soviet of Labor Unions to check and scrutinize systematically the qualifications of laborers with a view to transferring them to higher posts, raising their skill and qualification through specially organized training courses.

Such skilled-labor man power as will be found by the economic organs and labor unions to be employed outside the sphere of their specialty at the given enterprises shall be transferred to other enterprises in a manner to be established by the organs of labor.

5. For not releasing labors and persons of the administrative-technical personnel who are subject to such transfer for incorrectly utilizing persons belonging to trades in which a shortness of man power is felt at the given enterprise, for luring laborers and technical personnel away from other enterprises, for violating the rules established in the collective contracts in regard to wages, and for employment of labor over and above the numbers required under the plan the managers of enterprises and institutions and also members of the technical personnel who avoid transfer shall be held responsible.

6. In view of the strong tendencies on the part of laborers and the technical personnel to change their places of employment frequently, and noting also the insufficiently energetic struggle against this phenomenon, to make it incumbent upon the economic organs and the labor unions to adopt the following measures for the secure attachment (adscription) of labor and technical personnel to the given establishments:

(a) With a view to preserving the existing cadres of skilled laborers at the works and factories, to prohibit, for the next two years, the nomination of laborers from the workbench to any posts in the administration apparatus, nominating laborers from the workbench only for higher posts in the sphere of direct production work at the factory, and in the sphere of labor union activities;

(b) Laborers and members of the technical personnel who have rendered good account of themselves in the sphere of direct production work (as members of labor shock brigades and participants in socialistic emulation), who are putting out work of the highest quality, and also persons who are employed at a considerable length of time at a given enterprise, who are coming forward with valuable proposals, suggestions, and inventions, shall be given encouragement by being granted preference in the matter of obtaining housing accommodation, of being sent to higher technical and other training establishments, to homes of rest, and to health resorts, in the matter of being sent abroad for their studying technique and the organization of production, and in the matter of supply with goods in respect of which a shortage of supply is experienced, etc.;

(c) Members of the family of a laborer belonging to a labor shock brigade, such as wife or husband, and children, shall have preference in respect of admission to work at the industrial enterprises at which the principal members of their families are employed. Such persons shall enjoy preference in the matter of admission to training courses, to works and factory apprentice schools, to higher technical, and other training establishments.

7. Laborers who have been employed for two years, commencing with November 1, 1930, in the mining industry, the metal industry, the chemical industry, the building-material industry, and at large construction works shall be entitled, in addition to the ordinary leave of absence established by law, to three days' extra leave, or a monetary compensation in lieu thereof amounting to three days' wages; also laborers employed in the textile industry and in the transport service shall be entitled to an extra leave of absence over and above the ordinary leave established by law, to the extent of three days, or to a monetary compensation amounting to three days' wages.

8. To instruct the Commissariat of Labor of the U. S. S. R., the Supreme Soviet of National Economy of the U. S. S. R., and the Commissariat of Ways of Communication, jointly with the State Plan Commission of the Union, and with the All-Union Central Soviet of Labor Unions, to elaborate by January 1, 1931, suitable measures for eliminating the motley character in the matter of wages of laborers of equal skill, employed at one and the same enterprise or at different enterprises of one and the same district.

To instruct the Commissariat of Labor, jointly with the Supreme Soviet of National Economy, to prepare cadres for the technical standarization of labor at the various interprises, and to increase the control exercised by the organs of labor in the matter of technical standardization of labor at the several enterprises; and with this end in view to increase the cadres of the labor organs by means of organizing special courses.

9. Being aware of the fact that industrial establishments have been contaminated by socially alien elements, it shall be incumbent upon the Commissariat of Labor of the U. S. S. R., jointly with the Supreme Soviet of National Economy and the All-Union Central Soviet of Labor Unions, to adopt measures for their elimination.

Deserters and floaters shall be deprived, for a period of six months, of the right to be sent to work at industrial enterprises.

It shall be incumbent upon the Commissariat of Labor of the U. S. S. R. to revise the rules regulating the internal life of establishments, as well as the tables providing fines and measures of punishment, in such a way as to promote the strengthening of labor discipline, the rational utilization of labor man power, and to stimulate the attachment (adscription) of the laborers to the enterprises.

10. Noting the fact of self-attachment (self-adscription) on a mass scale of laborers belonging to labor shock brigades for periods covering the time required for completion of the 5-year plan, this initiative on the part of the laborers should be given every encouragement; the All-Union Central Soviet of Labor Unions should be instructed to start a broad explanatory campaign among the labor masses concerning the importance of such initiative for the successful execution of the industrial and financial plan, and to see that this should take place on the principle of voluntary participation; in this connection the said soviet should in no case permit the collective contracts being set aside nor should it tolerate any administrative pressure.

11. Noting the exceedingly unsatisfactory composition of the body of qualified party workers in the apparatus of the labor organs, it shall be incumbent upon the secretariat of the control committee to map out measures for strengthening the Commissariat of Labor of the Union, as well as its local organs, by an infusion of qualified party workers.

12. With a view to intensifying the practical work of the labor unions in the organs of labor, the All-Union Central Soviet of Labor Unions shall be instructed to map out concrete measures for drawing the labor masses into the work of the organs of labor,

bringing those masses as near as possible to the direct operative work of the organs of the Commissariat of Labor (preparing qualified cadres of laborers and specialists, questions of protectional labor, wages, schedule, and rationalization work).

13. To instruct the Commissariat of Labor of the U. S. S. R. to draw up and carry out, within one month, the necessary alterations in labor legislation and social insurance in conformity with this resolution.

EXHIBIT No. 20

[Source: Moscow Za Industrializatsiu (For Industrialization), No. 239, October 11, 1930]

THE PAYMENT OF UNEMPLOYMENT ALLOWANCES HAS BEEN SUSPENDED. THE UNEMPLOYED ARE IMMEDIATELY SENT TO WORK

Resolution of the People's Commissariat of Labor No. 314, dated October 9, 1930

[Translation]

The People's Commissariat of Labor has resolved:

1. In view of the immense shortage of labor in all spheres of national economy, insurance-fund officers are instructed to suspend the payment of unemployment allowances.

No assignments for the payment of unemployment allowances have been provided by the budget of social insurance for the supplementary quarter of October-December, 1930.

2. It is incumbent upon the organs of labor to take all measures toward the immediate dispatch to work of unemployed—in the first place, persons entitled to unemployment allowances.

3. The unemployed should not only be directed to the fulfillment of work in accordance with their specialty but should also be directed to other work not demanding specific qualifications. Simultaneously, the organs of labor, taking local conditions for their point of issue (the need in one or another specialty), should develop more broadly the work of restraining and training.

4. No excuses whatsoever, excepting that of sickness, confirmed by a medical certificate, for refusal to engage in work offered should be taken into consideration. Refusal to work will lead to removal from the registration lists of the labor exchange. Medical certificates must be issued to the unemployed by medical consultations and by medico-control commissions. An allowance reckoned as an unemployment allowance but paid from the security appropriation against temporary disability is paid to those unemployed who possess hospital certificates.

5. Personal responsibility for the timely and regular putting into effect of the present resolution is placed upon the managers of labor departments (and where labor departments do not exist, upon the directors of labor organs) and upon the chairmen of insurance offices.

6. Article 1 of the present resolution is to be put into effect by telegraph.

TZIKHON,
People's Commissar of Labor of the U. S. S. R.
KOTOV,
Chief of the People's Commissariat of Labor of the U. S. S. R.

EXHIBIT No. 21

[Source: Moscow Izvestia, No. 18, January 18, 1931]

RESOLUTION OF THE PEOPLE'S COMMISSARIAT FOR LABOR OF THE U. S. S. R., OF JANUARY 16, 1931, CONCERNING THE SENDING BACK TO WORK ON THE RAILWAY LINES OF PERSONS WHO FORMERLY WORKED IN THE RAILWAY SERVICE

[Translation]

In view of the importance of the railway transport for socialistic upbuilding work, and in order to obtain the required railway personnel, the People's Commissariat for Labor of the U. S. S. R. resolves:

To send back to work on the railways all former transport workers of the categories enumerated below who have worked on the railways within the last five years.

1. Directors of enterprises and institutions (except transport enterprises and war industries) are bound to ascertain, with the help of local public organizations, and to discharge within 10 days from the day of publication of this resolution, paying them two weeks' wages as a discharge allowance, all persons belonging to the categories enumerated below, submitting lists of such persons to the local labor departments:

(a) Engine drivers and their assistants.

(b) Skilled laborers who have repaired rolling stock (locksmiths, turners, smiths, boilermakers, founders, mechanics, welders, electric welders, fitters, assistant foremen, etc.).

(c) Skilled laborers of the line service (station masters on duty, station masters, employees in the line service offices, officials for making up trains, chief conductors, train dispatchers, rolling-stock foremen, instructors of engine drivers, instructors-inspectors for the repair of rolling stock and for the line service, etc.).

(d) Engineers and technical transport specialists.

2. Persons guilty of detaining and hiding persons who are required to be sent back to the transport service will be held responsible for such acts by the labor organs in accordance with criminal law.

3. Chiefs of railway lines have to submit to the labor organs within 10 days from the day of publication of this resolution, through the chiefs of regional stations, depots, and sections of the line, requests for transport personnel.

4. Special officials at the local labor departments shall be appointed for the general direction of the registration of transport workers, and of their distribution among railway lines, coordinating their work with the administration of the respective railway district and the Railway Workers' Union.

5. Former transport workers enumerated in article 1 of this resolution must appear within five days after their discharge from their former post, at the local labor department at their place of residence, in order to obtain information concerning their new appointments.

6. In case there should be no demand for transport workers at their place of residence, chiefs of railway lines shall send them to other sections of the same railway line. In case there should be no demand for labor on the whole line, chiefs of lines must immediately inform the People's Commissariat for Labor of the U. S. S. R., and the Labor and Personnel Administration of the People's Commissariat for Ways of Communication, stating the number and qualification of the available transport workers, so that they may be transferred to other railway lines.

7. Republican, regional, and oblast labor departments must submit every five days to the People's Commissariat for Labor of the U. S. S. R. and the People's Commissariat for Ways of Communication reports concerning the dispatch of workers to the railway service, stating the number of persons who have been sent back, their qualification, the places to which they were sent, and from where they were taken.

8. The entire work of sending back former transport workers to the railways must be completed on or before March 1, 1931.

9. In view of the great importance of the recruitment of skilled laborers for the transport service, the people's commissars for labor of the constituent republics and the chiefs of labor departments are made personally responsible for the timely fulfillment of this resolution.

Penalties will be impcsed on persons guilty of nonfulfillment and delay in fulfilling this resolution.

TSIKHON,
The People's Commissar for Labor of the U. S. S. R.
RUKHIMOVICH,
The People's Commissar for Ways of Communication of the U. S. S. R.
ALEXEEV,
Member of the Collegium of the People's Commissariat for Labor of the U. S. S. R. and Chief of the Department for the Training and Supply of Labor.

EXHIBIT No. 22

[Source: Moscow Izvestia, No. 19, January 19, 1931]

DEFINITION OF PERSONS WHO ARE REGARDED AS MALICIOUS DISORGANIZERS OF PRODUCTION—RESOLUTION OF THE PEOPLE'S COMMISSARIAT FOR LABOR OF THE U. S. S. R.

[Translation]

In order to make the fight against disorganizers of production more effective, the People's Commissariat for Labor of the U. S. S. R., in accordance with article 13 of the resolution of the Central Executive Committee and Soviet of People's Commissars of December 15, 1930, "concerning the employment and distribution of labor and the struggle against the fluctuation of labor" (Izvestia of the Zik of the U. S. S. R. and the Vzik, No. 346, of December 17, 1930), resolved as follows:

1. The following persons shall be regarded as malicious disorganizers of production:

(a) Persons who have left their work in enterprises and institutions of the socialized sector on their own authority without notifying the administration in due time, without awaiting their replacement by other laborers, and before the expiration of the term of work agreed upon when hired.

(b) Persons who have left on their own authority the work to which they were assigned after the completion of their education, if they left their work before the expiration of the fixed term.

(c) Persons discharged on account of violation of labor discipline, which found its expression in:

(1) The willful damaging and spoiling of instruments, machinery, and materials.

(2) Systematic loafing.

(3) Systematic production of defective goods.

(4) Absence from work without good reasons.

(5) Refusal without good reasons of work if such a refusal has caused the nonfulfillment of the production program or of an urgent task.

(6) Leaving work before the end of the working day (or work on duty), if this work was important for the whole or part of the enterprise, also if thereby the lives of the laborers were endangered (electric power station, engine department, boiler department, locomotive, etc.).

(7) Hooliganism in production.

(8) Reporting for work in a drunken condition.

(9) Insulting the administrative and technical personnel during the execution of their official duties.

(10) Stealing of property belonging to the enterprise or institution.

2. The reasons for discharge must be entered by the administration in the labor booklet.

If a discharged person is not in agreement with the reasons given for his discharge, he is entitled to file a complaint in accordance with existing regulations.

3. Persons enumerated in article 1 of this resolution applying for work to the cadre administrations of the labor organs must be registered separately and must not be sent to work in industry and transport before the expiration of six months.

KRAVAL,
Assistant People's Commissar for Labor of the U. S. S. R.
ALEXEEV,
Member of the Collegium of the People's Commissariat for Labor of the U. S. S. R.
TSYBULSKI,
Coordinated with the All-Union Central Soviet of Labor Unions.

EXHIBIT No. 23

[Source: Moscow Za Industrializatsiu, No. 207, July 29, 1931]

TO ALL LABOR ORGANS, COLLECTIVE FARMS AND COLLECTIVE FARM ORGANIZATIONS, AND TO ALL ECONOMIC ORGANIZATIONS

[Translation]

For the practical execution of all directives of the party and government, and with a view to assuring the successful progress of the operations for supplying national economic life with labor cadres in the second half of the year 1931, the People's Commissariat for Labor of the U. S. S. R., the Supreme Soviet of National Economy of the U. S. S. R., and the Kolkhozcenter of the U. S. S. R., with the concurrence of the People's Commissariat for Agriculture of the U. S. S. R., the All-Union Central Soviet of Labor Unions, and the People's Commissariat for labor of the R. S. F. S. R., establish the following rules for guidance:

1. The commissariats for labor of the several constituent republics and the oblast labor sections, jointly with the economic organs, and with the participation of the collective farm unions shall, within 10 days, sum up the results of the recruitment of labor in the several rayons and localities where recruitment is being done, and, taking into consideration the new orders and applications of the economic organs for the recruitment of labor in the third and the fourth quarters, they shall inform the rayon organizations of how many and what workmen, and by what economic organs, will be recruited within the territory of the given rayon in the course of the second half year. In this connection partial alterations may be introduced in the allocation of recruitment rayons, taking into consideration any new conditions in the recruiting of labor as well as the progress of the execution of the orders made in the several rayons.

2. The rayon labor organs, jointly with the economic organs, and with the participation of the rayon collective farm unions, and basing themselves on the tasks given them, shall apprise every economic organ of what village soviets and collective farms have been assigned to it for purposes of recruitment. In doing this the number of the able-bodied population under the given village soviet, the number of collective farm members, the economic strength of the one or the other collective farm, and its production plan shall be taken into consideration.

3. In allocating the rayons and localities for recruitment, the labor organs shall assign to the economic organs for recruitment those rayons which customarily used to provide migratory labor for these economic organs for work, endeavoring to arrange matters in such a way that in any given locality, or collective farm, such recruitment is carried on, if possible, only by one economic organization. In this connection the larger labor-employing concerns and the collective farms should be permanently assigned (in Russian zakrepit), and such assignment to one another must be put into effect before the end of 1931.

4. Not later than 10 days after having been notified by the labor organs to which collective farms they have been assigned for purposes of recruitment, the economic organs shall conclude with them contracts concerning the designation by them of migratory workmen and assistance in the matter of recruitment. These contracts are to be mutually binding obligations (Articles 5 and 6).

5. The collective farms shall assume, as a rule, the following obligations:

(a) To adopt measures for the best possible organization of labor within the collective farm, and for making the largest possible surplus of labor available for migratory work.

(b) To designate the number of migratory workmen required by the economic organ, and let them go to work with the economic organ without impediment.

(c) In lieu of providing migratory labor, the collective farms may conclude a contract for carrying out a certain task by their members, such as, for instance, the cutting and removing of timber on and from a given tract, the carrying out of loading operations at a given landing stage or wharf, in the course of a given period of time, etc.

6. The economic organizations shall assume, as a rule, the following obligations:

(a) To render to the collective farm assistance in the matter of organizing labor by means of detailing their own workers to the collective farm for a temporary period, or, if the collective farm supplies large number of laborers, by maintaining at the collective farm at the expense of the given economic organ a special worker for organizing labor;

(b) To render to the collective farm assistance in the matter of drawing up the production and labor plans, and in the matter of improving the financial and accounting work of the collective farm by means of temporarily detailing their own economists, plan workers, and accountants to the collective farm;

(c) To grant to the collective farms for each migratory workman supplied special sums for improving their production work in conformity with the rules established in the resolution of the People's Commissariat for Labor of the U. S. S. R., dated July 17, 1931 (No. 202), concerning the granting by economic organs of special sums to collective farms for the purpose of providing migratory labor;

(d) To organize at the enterprise or at the collective farm training courses for training qualified cadres from among the number of the collective-farm members for the needs of the enterprise as well as of the collective farm.

7. Apart from the obligations enumerated in articles 5 and 6, the economic organs and the collective farms shall be entitled to include on their own initiative in the contracts also other provisions concerning mutual aid that would assure the amplest possible supply, by the collective farms, of migratory labor to the permanent as well as seasonal branches of natonal economic life.

Soviet farms and soviet timber farms shall be entitled to take upon themselves the obligation of rendering assistance to a collective farm situated in the vicinity by supplying it with implements of production, draft power, and in the shape of repairing at its workshops the agricultural implements of the collective farm.

Enterprises may send to the collective farms artisan brigades for repairing implements and to supply at fixed prices any metal scrap, shavings, etc., that can be utilized at the collective farm.

Building organizations may render assistance to collective farms by drawing up projects for, and supervising building work at the collective farms.

8. Land and collective farm organs shall be instructed to set aside from the total amount of agricultural machinery in every rayon—a special reserve of such machinery for distribution to those of the collective farms that are supplying the largest numbers of migratory laborers. In this connection not only the absolute numbers of migratory laborers provided by the given collective farm shall be taken into consideration but also the percentage of such migratory labor in comparison with the total number of able-bodied members of the collective farm. Special privileges shall be given to collective farms which have fulfilled, and overfulfilled, their contracts with the economic organs.

The norms and the mode of preferential supply of agricultural machinery to collective farms (on the basis of this article) shall be established not later than August 1 by the commissariats for agriculture and the kolkhozcenters of the several constituent republics, but in the R. S. F. S. R. by the corresponding kray and oblast organizations.

9. At the same time that contracts are concluded with the collective farms, the recruiting organizations shall conclude then and there individual or group contracts with the collective-farm members, stipulating the duration, nature, and place of work, the housing accommodation and the food supply to be furnished, traveling expenses to and from the place of work (at the completion of the term of the contract), per diems, and principal conditions of work (wages, rate of pay, etc.), in conformity with the resolution of the People's Commissariat for Labor of the U. S. S. R., of March 30, 1931, sub No. 180.

10. In view of the great importance attached to the speedy effectuation of the directives of party and government, concerning the adoption of new methods of procuring labor man power, it shall be incumbent upon the commissariats for labor, the kolkhozcenters, and the economic combines of the several constituent republics, upon the kray and oblast labor sections, collective-farm unions, and economic organizations to mobilize the necessary number of workers for the speediest possible effectuation of this directive, and also to send to the more important localities where migratory work is being conducted, as well as to outlying districts, workers of their staff for the purpose of rendering assistance in the matter of inaugurating the new methods of procuring labor man power.

11. The economic organs and recruiting organizations must overhaul their recruiting staffs by August 1 and replenish them with seasoned and qualified workers who are conversant with conditions of production as well as with the conditions prevailing in the rayons where the recruiting of labor is to be done. At the same time, responsible persons shall be selected in all recruiting organizations for supervising the recruiting of labor.

12. Information concerning the execution of this instruction must be submitted not later than by August 5, 1931.

TSIKHON,
People's Commissar for Labor of the U. S. S. R.
FIGATNER,
Supreme Soviet of National Economy of the U. S. S. R.
GEI,
Kolkhozcenter of the U. S. S. R.

Concurring:

DZHIAN,
People's Commissar for Agriculture of the U. S. S. R.
ALEXSANDROV,
All-Union Central Soviet of Labor Unions.
SHELISHEV,
Commissar for Labor of the R. S. F. S. R.

EXHIBIT No. 24

[Source: Supply of man power to seasonal (periodical) industries (literally: * * * to seasonal branches of national economic life, collection of directives * * * issued by the Commissariat of Labor of the R. S. F. S. R., Moscow, 1930]

CIRCULAR OF THE PEOPLE'S COMMISSARIATS OF LABOR OF THE U. S. S. R. AND THE R. S. F. S. R., OF THE COLLECTIVE FARM CENTRAL ADMINISTRATION OF THE U. S. S. R., THE SUPREME SOVIET OF NATIONAL ECONOMY OF THE U. S. S. R., AND THE PEOPLE'S COMMISSARIAT OF AGRICULTURE OF THE U. S. S. R., DATED MARCH 3, 1930, U. S. S. R. LABOR COMMISSARIAT'S NO. 87, CONCERNING THE ASSIGNMENT OF LABOR MAN POWER NO. 87, CONCERNING THE ASSIGNMENT OF LABOR MAN POWER TO WORK IN SEASONAL INDUSTRIES

(Published in Moscow Izvestia, * * * No. 8, 1930)

[Translation]

The rapid rate of development of socialistic construction work and the growth of industry require a correct organization of the labor market in the seasonal industries.

In connection with a number of rayons and okrugs having adopted wholesale collectivization, the supply of man power to industry depends wholly on the labor drawn from the collective farms. The collective farms and the various labor organs should therefore apply themselves to procuring man power for seasonal industries with particular care and in an organized way.

In connection therewith, the People's Commissariats of Labor of the U. S. S. R. and the R. S. F. S. R., the Collective Farm Central Administration of the U. S. S. R., the Supreme Soviet of National Economy of the U. S. S. R., and the People's Commissariat of Agriculture of the U. S. S. R. urge the following rules to be taken into consideration:

1. Man power should be directed to seasonal industries in a plan-governed and organized way, on the basis of agreements to be concluded by the organ of the People's Commissariat of Labor, or by economic organs authorized by them, with the respective boards of management of collective farms. The Collective Farm Central Administrations of the several federal republics are to apportion within three days to the sundry oblasts and okrugs their share of the control figures concerning seasonal labor required, passed down from the Collective Farm Central Administration of the U. S. S. R.

2. By way of further particularizing the control figures, the okrug labor organs, jointly with the okrug collective farm combines, are to formulate within a week plans for levying man power from the individual collective farms in conformity with the plans for supplying labor to the sundry branches of national economic life, such as the building trade, timber floating, agriculture, loading and unloading work, etc., and for distributing such man power between the various rayons and economic organs.

Construction laborers who are members of collective farms should be the first to be attached to building enterprises figuring in the pertinent lists as concerns entitled to preferential treatment in the matter of supply of labor man power.

3. Immediately upon elaboration of the plans for the utilization of man power, as referred to in article 2, the okrug organs are to conclude agreements with the managing of the collective farms, concerning man power to be directed from the collective farms to work in seasonal industries.

All operations in connection with the conclusion of agreements must be completed by April 1.

4. Only the labor organs are entitled to conclude agreements with the administration boards of collective farms concerning the sending of members of collective farms to work in seasonal industries. The economic organs may conclude such agreements only on special authority from the labor organs.

Members of collective farms, attached in 1920 to economic organs in conformity with the resolution of the commissariat of labor of the U. S. S. R., dated July 16, 1929, sub No. 225, concerning the organization of national economic life (vide izvestia of the Commissariat of Labor, No. 30), are to be summoned for work in compliance with the rules set forth in that resolution, through the administration boards of the respective collective farms. The administration board of the collective farm is to notify the member of the collective farms of such a summons being received. (This appears to be the meaning of the passage which in the Russian text is an obvious error, reading: "The collective farm members are to notify the administration board * * * of such summons * * * being received." Translator's note.) In no case shall the boards of management of collective farms prevent collective-farm members attached to industrial enterprises from proceeding to work consequent upon such summons.

5. In the agreements concerning labor man power, the following data must be given:

(a) The numbers of laborers, according to their trades and specialties, that will be placed at the disposal of the labor organs or the economic organs, including also the number of women and juveniles under 18 years of age.

(b) The approximate duration of the work if the labor man power is to be placed directly at the disposal of the economic organs.

(c) The time when the laborers are to be dispatched.

(d) The places of destination and the period of time within which the laborers are to arrive at destination.

(e) Traveling conditions.

6. In such agreement must be provided in all cases the sending, along with the qualified laborers, also of a certain number of semiqualified and nonqualified laborers within the limits of the plan mentioned in article 2, who at the place of work are to be attached to brigades of qualified workers.

7. The remuneration of the work of the collective-farm members is not to exceed the rates of pay stipulated in the collective contracts of the pertinent economic organs.

8. Members of collective farms are to be dispatched to work only on the strength of requisitions issued by labor organs or upon the authority of the latter, on the strength of requisitions issued directly by the economic organs; in the event of qualifications being alike, the first to be sent are farm laborers and bedniaks from the number of collective-farm members.

In such requisitions should be stated:

(a) The numbers of seasonal laborers to be sent, specifying of what trades and specialties.

(b) Time of sending them.

(c) Place where to be sent from.

(d) Exact address of place of destination, stating where and to whom to report.

The board of management of the collective farm is to be held responsible for dispatching collective-farm members whose trade or specialty does not correspond to what is stipulated in the requisition.

9. Immediately upon receipt of the requisition the board of management of the collective farm is in its turn to issue orders to those of its members who are to be dispatched for work. In these orders the time of departure and the place of assembly should be stated. Noncompliance with such orders of the board of management on the part of members of the collective farm is to be regarded as nonfulfillment of a resolution of the board of management as well as nonfulfillment of the rules regulating the internal life of the collective farm.

10. Not later than three days after its members have been dispatched for work the boards of management of collective farms are to inform the okrug labor organ and the okrug collective-farm combine of the time of dispatch, and the number of persons dispatched, specifying their trades and specialties.

11. Managing boards of collective farms may recall their members engaged in seasonal work in the socialized sector of national economy before the completion of such work only with the consent of the economic organs for which the respective collective-farm members are working.

12. When drawing up their production plans the boards of management of the collective farms are held:

(a) To make provisions for such numbers of collective-farm members being sent to seasonal work in national economic life as are stipulated in the plans for utilizing their man power, mentioned in article 2, but at any rate not fewer members than were actually sent to such work in 1929;

(b) To distribute the volume of work over the various periods of the year between the individual collective-farm workers in such a way as to assure the number of workers required within the limits of the plan for seasonal work being sent in full.

Any construction work within the limits of the collective farm itself should be done as a rule during the slack time in the seasonal industries, and in the summer period only such work should be attended to as can not be delayed on account of climatic conditions.

13. The organs of labor and the okrug collective-farm combines should provide in their plans the supply of man power to seasonal industries, and the extension of the markets for seasonal labor by means of using the man power of such collective farms and rayons that would be able to supply man power to all seasonal industries.

14. The okrug labor organs must keep special records of the man power dispatched from the collective farms to seasonal work. Once a month they are to submit to the territorial and oblast labor sections, and to the okrug collective-farm combines, and the latter to the labor commissariats of the federal republics, and the oblast collective-farm combines, respectively, tables containing data concerning the man power sent from the collective farms to the various seasonal industries, as well as the number of seasonal workers left at the collective farms.

15. The labor commissariats of the federal and autonomous republics, and the oblast and territorial labor sections should immediately send their representatives to all the principal regions requiring seasonal labor for the purpose of assisting the okrug labor sections in their work of preparing an organized distribution of the seasonal laborers from the collective farms.

SPECIMEN OF AGREEMENT CONCERNING THE SUPPLYING OF LABOR MAN POWER FROM COLLECTIVE FARMS TO SEASONAL INDUSTRIES, APPROVED BY THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. AND THE COLLECTIVE FARM CENTRAL ADMINISTRATION ON MARCH 12, 1930, SUBLABOR COMMISSARIAT'S NO. 106

In the town of ------, ------, 1930. We, the undersigned, ------ labor section (or economic organ, as the case may be) ------, hereinafter called the labor section (or the economic organ), represented by ------ acting on the basis of an authority issued by the ------ labor section on ------, sub-No. ------, on the one hand, and the administration board of the collective farm ------, situated in rayon ------, ------ okrug, hereinafter called "the collective farm," represented by ------ acting on the basis of an authorization issued by the administration board of the collective farm, dated ------ No. ------, on the other hand, have concluded the following agreement in conformity with the circular of the People's Commissariat of Labor, the Collective

Farm Central Administration, the People's Commissariat of Agriculture, and the Supreme Soviet of National Economy of the U. S. S. R., dated March 3, 1930:

1. The collective farm undertakes to appoint and send to work, in conformity with requisitions of the labor section (or the economic organ), in the period between _____ and _____, 1930, members of the collective farm to the total number of _____, the various trades being represented in this total number as follows: _____.

Among the persons sent should be _____ women, and _____ juveniles between 16 and 18 years of age.

2. The labor section (or the economic organ) should issue requisitions for members of the collective farm to be sent to work in such time that the members of the collective farm would have three days for preparations.

3. As regards trade and qualifications, the workers appointed by the collective farms should fully answer the requirements stated in the requisitions.

4. The collective farm undertakes to dispatch the appointed members of the collective farm to the full number stipulated to that place which has been specified by the labor section (or the economic organ) not later than three days after the receipt of each separate requisition.

5. Within three days after the execution of each requisition received the collective farm shall be bound to inform the labor section and the Okrug collective farm combine of the execution of the requisition.

6. The labor section (or the economic organ) undertakes to provide work for the appointive collective-farm members to the total number and of trades as specified in article 1 not later than on _____, 1930, and for a period of not less than _____ months.

The labor section (or the economic organ) is to provide such work in _____ rayon or in _____ of the economic organ.

NOTE.—The dates of dispatching the collective-farm members and the duration of their work are to be fixed on the basis of the plans for supplying labor man power to the various seasonal branches of production and on the basis of the latter's working plans.

7. In sending its members to work the collective farm is to furnish them with lists certified by the administration board of the collective farm, such lists to contain information concerning the deductions to be made from the earnings of the said members for the benefit of the collective farm.

8. The labor section undertakes to give work to the members of the collective farm not later than five days after they have arrived at their place of destination, in conformity with the corresponding requisition, and to furnish them with housing accommodations not later than 48 hours after their arrival.

NOTE.—If the agreement is signed directly by the economic organ authorized to do so by the labor organs, article 8 is to be eliminated and to be replaced by the following: "The economic organ undertakes to furnish work to the arriving collective-farm members not later than within 48 hours and housing accommodations not later than within 24 hours."

9. All collective-farm members start work on the conditions of the collective contract in operation at the given economic organ.

10. From the moment the collective-farm members are dispatched to work outside the limits of the collective farm the latter ceases to be responsible for them.

All claims of the economic organ against the collective-farm members at work, and vice versa, of such collective-farm members against the economic organs, are to be settled in the ordinary way.

The economic organ is to notify the collective farms of any violation of the rules regulating internal life on the part of the collective farm members at work.

11. The collective farm undertakes not to recall its members from work before the expiration of the season for the particular kind of work, not even in the period of the agricultural summer season.

12. This agreement is to become effective on the day it is signed.

13. The legal addresses of the contracting parties are (of the labor section, and of the economic organ)——.

EXHIBIT No. 25

[Source: Moscow Izvestia, No. 14, January 14, 1931]

RESOLUTION OF THE CENTRAL EXECUTIVE COMMITTEE OF THE U. S. S. R., CONCERNING THE TRAINING OF SKILLED LABORERS FOR THE NATIONAL ECONOMY OF THE U. S. S. R.

[Translation of excerpts]

* * * Having heard and discussed the report made by the People's Commissar for Labor of the U. S. S. R., concerning the training of skilled laborers for the national economy, the Third Session of the Central Executive Committee of the U. S. S. R. resolves as follows:

1. The People's Commissariat for Labor of the U. S. S. R. and the economic organs are instructed to take measures to insure in due time, that the number of laborers and employees (not including the seasonal branches) are increased in 1931 by 2,000,000 persons, in strict accordance with the national economic plan of the U. S. S. R. (control figures).

First of all, heavy industry, transport, industrial building work, and the most important branches of agriculture must be supplied with skilled labor.

The People's Commissariat for Labor of the U. S. S. R. is instructed to submit, for approval, within one month, to the soviet of labor and defense, plans for the training, utilization, and distribution of skilled labor for 1931 throughout the U. S. S. R., according to branches of national economy, and according to regions.

The State Plan Commission, Supreme Soviet of National Economy, and the People's Commissariat for Labor of the U. S. S. R. are instructed to elaborate within two months a plan for mechanizing the production process in those branches of national economy where the greatest shortage of labor is felt (coal, building work, timber procurement, loading and unloading work, peat production, etc.).

2. National economy must be supplied with skilled labor by way of training new cadres, as well as by the more rational utilization of the existing cadres (struggle against excessive labor, and labor fluctuation at the enterprises and institutions, improvement of the organization of labor, etc.).

Chiefs of economic organs and enterprises (Supreme Soviet of National Economy, People's Commissariat for Ways of Communication, People's Commissariat for Agriculture, People's Commissariat for Supply, Centrosoyuz) shall be made personally responsible for the rational utilization of labor man power.

The People's Commissariat for Labor of the U. S. S. R. shall be charged with the supervision of the execution of this resolution, instituting proceedings against persons guilty of concealing excessive numbers of laborers and of an irrational utilization of labor, as well as against persons who do not fight against labor fluctuation, which is the most disorganizing factor in production.

3. The People's Commissariat for Labor of the U. S. S. R. must become the fundamental organizing, regulating, and planning center in matters pertaining to labor and labor utilization. All departments and organizations are bound to conduct their planning and operative work in the spere of labor, by agreement with the People's Commissariat for Labor of the U. S. S. R. Cultural and social work must be conducted in such a manner as to support the organs of the People's Commissariat for Labor of the U. S. S. R. in the matter of recruiting and training labor man power, and in the matter of struggling against labor fluctuation.

The People's Commissariat for Labor of the U. S. S. R. is instructed to transform and strengthen its organs within the shortest possible period of time, in order to accelerate and improve the quality of work, fighting at the same time against all forms of red tape in supplying national economy with labor.

4. * * *

5. The training of skilled labor cadres (besides raising the qualification of laborers by way of socialistic emulation, shock brigades, start-to-finish brigades, industrial-financial counter plans, etc.) must take place in the following manner:

(a) Through the factory schools ("fabzavuch"), schools organized at industrial building work ("stroiuch"), schools organized at agricultural building work ("selkhozuch"). These three forms of education must become the fundamental form of training skilled laborers from among juveniles.

The factory schools, "stroiuch," and "selkhozuch" schools must, in addition to the usual number of pupils, train in 1931 700,000 juveniles—children of workmen, employees, handicraft workers, labor hands, collective farmers, bedniaks, and acredniaks—so that the number of pupils would reach a total of 1,200,000 persons. Of this number at least 100,000 must be children of labor hands. About 50 per cent of all persons accepted at the factory schools must be girls.

* * * * * * *

(b) Through brief training courses organized by labor organs, especially by the branches of the Central Labor Institute (TSIT).

The brief training of skilled laborers must be organized by the organs of the People's Commissariat for Labor of the U. S. S. R. at institutions attached to the enterprise, building work, or establishment. In 1931 at least 500,000 persons must be trained in such a manner.

(c) By promoting laborers from a lower to a higher qualification.

This promotion to higher qualification must embrace, in 1931, not less than 600,000 men by way of direct promotion and through evening lectures, schools for youths, and production courses.

It is necessary at the same time to increase the instructing of laborers directly at production, introducing the highest forms of organization of labor.

6. The principal sources for the supply of national economy with skilled labor shall be:

(a) Family members of laborers and employees.
(b) Labor hands.
(c) Persons occupied in handicraft-production cooperatives.
(d) Collective farmers.
(e) Bedniaks and seredniaks from the individual sector of agriculture.

7. Particular attention must be paid to the raising of the qualification of women, and their participation in production.

The People's Commissariat for Labor of the U. S. S. R. is instructed to elaborate within two months, and to submit for approval to the Soviet of People's Commissars of the U. S. S. R. measures to increase the participation of women in production. For this purpose living conditions must be changed (creation of public dining rooms, dwellings, creches, infant schools, laundries,

canteens, etc.), in order to liberate the women from unproductive, stupefying domestic work.

8. * * *.

9. The unused reserves of labor man power at collective farms must be maximally utilized. The People's Commissariat for Labor of the U. S. S. R. is instructed to elaborate corresponding measures within one month, with the concurrence of the People's Commissariat for Agriculture of the U. S. S. R. and the Kolkhozcenter.

10. * * *.

M. KALININ,
President of the Central Executive Committee of the U. S. S. R.
A. ENUKIDZE,
Secretary of the Central Executive Committee of the U. S. S. R.

MOSCOW, KREMLIN, *January 10, 1931.*

EXHIBIT No. 26

[Source: Moscow Informative Bulletin of the Centrosoyuz of the U. S. S. R. and R. S. F. S. R., Nos. 4–6, January 31, 1931, p. 36]

THE INTRODUCTION OF A UNIFORM SYSTEM OF SUPPLY TO THE TOILERS ON RATION TICKETS IN 1931

Resolution of the Collegium of the People's Commissariat for Supply of the U. S. S. R. of January 13, 1931, No. 42

[Translation]

For the purpose of establishing a uniform system of supplying the population with main food products and manufactured goods, of making the ration supply documents uniform, and of facilitating the work of the local organs in the matter of issuing ration tickets, the Collegium of the People's Commissariat for Supply of the U. S. S. R. resolves:

1. The population of all cities of the U. S. S. R. is to be divided from January 1, 1931, for the purpose of issuing ration tickets into the following categories:

First group—Laborers

"A." Industrial laborers.

"B." Other laborers, persons occupied in manual labor, and some other categories placed on the same level.

Second group—"Toilers"

Employees, members of laborers' families, members of employees' families, and other toilers.

Third group—Children up to 14 years of age

2. To Group "A" belong—

(a) Laborers in industrial enterprises.

(b) Laborers (and persons placed on the same level) occupied in the railway, water, and local transport service, communication service, communal household, according to the attached list. (This list has not been translated, as it was not considered of sufficient importance.—Translator's note.)

(c) Persons occupying elected post at the place of their permanent work (for the length of time they occupy elected posts), if these persons belonged to Group "A" prior to their election.

(d) Laborers promoted to higher posts, formerly supplied under Group "A," during the first year of their service in institutions.

(e) Engineer and technical personnel, working directly in production—in a factory, plant, at structural or construction work, building of railway lines, investigation work, etc.—as well as scientific workers and apprentices in factory laboratories.

(f) Commanding and political personnel of the Red Army and Navy, of the O. G. P. U. troops, militarized defense force of the People's Commissariat for Communications, People's Commissariat for Post and Telegraph, Supreme Soviet of National Economy of the U. S. S. R., from the third category upwards, as well as the younger commanding personnel serving in excess of the length of active military service, if they do not receive rations in kind from the stocks of the war department.

(g) Active militiamen and active workers of the criminal investigation department.

(h) Students, instructors, and permanent teachers in factory schools.

3. To the first Group "B" belong:

(a) Laborers and persons occupied in manual labor not directly in production in industrial enterprises (cold-storage rooms, slaughterhouses, stores, elevators, soviet farms, pig-breeding establishments, etc.)

(b) Laborers (and persons put on the same level) employed in the railway, water, and local transport service, communications service, and communal households, according to the attached list. [TRANSLATOR'S NOTE.—This list has not been translated, as it was not considered of sufficient importance.]

(c) Persons occupying elected posts at the place of their permanent work, if they belonged to Group "B" prior to their election.

(d) Laborers promoted to higher posts, formerly supplied according to Group "B," during the first year of their service in institutions.

(e) Handicraft workers who are members of cooperatives, working in joint workshops or at home fulfilling the orders of an artel, as well as invalids working in production artels; persons performing cartage work according to contracts concluded with state organs or cooperatives for a period of at least one year, provided they work the whole working day.

(f) Students in industrial schools, industrial technical institutes, and labor faculties, in transport and communication schools, as well as the permanent teachers in these schools.

NOTE.—The list of these educational establishments must be confirmed by a commission formed in accordance with article 12 of this resolution.

(g) Pensioners with personal documents from the People's Commissariat for Social Welfare, People's Commissariat for Finance, and the People's Commissariat for Military and Naval Affairs; members of the Society of Political Convicts, incapacitated for work, and of the Society of Old Bolsheviks.

(h) Persons performing manual labor, working in institutions and enterprises of the sanitary department, trade establishments, etc.

4. To the second group belong employees, members of families of laborers of Groups A and B, students in nonindustrial schools, technical schools, and training courses, pioneers (except those persons who have documents from the People's Commissariats for Social Welfare, Finance, Military, and Naval Affairs), invalids depending only on their pensions, unemployed, and other toilers who are performing socially useful work and who do not exploit others for profit and who are not in the service of the Government, cooperative and other public institutions and organizations—particularly persons who receive a share of the profit in cooperative and other organizations—handicraft workers who are not members of cooperatives, individual craftsmen with registration certificates (personal craft certificates of the first category), invalids with gratis certificates, persons performing cartage (provided they are not connected with agriculture), private physicians, masseurs, artists, sculptors, economists, private teachers registered in educational organs, members of the board of legal advisers, and other persons of free professions, as well as persons dependent on others.

5. To the third group belong children up to 14 years of age (born in 1917, regardless of the date of birth) of all groups of the population (regardless of the occupation of their parents).

6. The ration tickets shall be issued exclusively in places entered in the lists of the People's Commissariat for Supply of the U. S. S. R., special list and list No. 1, and in places entered in the lists No. 2 and No. 3 of the kray (oblast) supply departments; the number of persons to be supplied on the basis of these lists shall be established by the People's Commissariat for Supply of the U. S. S. R.

7. In cities where the supply according to the special list and lists Nos. 1, 2, and 3 takes place simultaneously the issue of ration tickets to the population shall take place according to groups of the population mentioned in article 1, as follows:

(a) Laborers, employees, and members of their families must receive ration tickets with distinguishing marks of those lists to which their enterprises belong.

(b) Other toilers, not connected with a certain enterprise or plant, must receive ration tickets issued for the corresponding group according to the lowest list.

There are, let us suppose, three factories and an important railway junction in a certain city. One factory belongs to the special list, the railway workers to list No. 1, the remaining factories to list No. 2, and the rest of the population to list No. 3. In such a case the ration tickets must be issued as follows:

The laborers, employees, and members of their families without independent earnings must receive ration tickets of groups I "A," I "B," and group II of the special list, without any distinction lines.

Railway workers, laborers, employees, and members of their families must receive ration tickets of group I "A," I "B," and II of the same color as those of the special list, but with one vertical line on all coupons.

Laborers, employees, and members of their families of the other two factories must receive ration tickets I "A," I "B," and II with two vertical lines on each coupon.

Laborers, employees, members of their families, and other toilers of the city must receive ration tickets I "A," I "B," and II with three vertical lines on each coupon.

Children up to 14 years of age of all groups of the population must receive ration tickets of group III. They have to be supplied from the special children's supply fund of the respective city.

8. Seasonal laborers (builders, peat workers, persons occupied in loading, etc.) have to be organized into a special supply group, to be supplied according to special rations and according to special half-monthly coupons.

9. The following categories of the population are to be deprived of their ration tickets, together with the members of their families regardless of whether or not they reside with them, if they are materially dependent on the head of the family (excluding children under 14 years of age):

(a) Disfranchised persons, and persons performing no public useful work; lessees living on earnings not derived from labor; owners and coowners of special offices, hospitals, bureaus, etc., if they use hired labor; lessees of trade and industrial establishments, and persons who have invested money in such establistments; private contractors and suppliers, private brokers, traveling agents of private enterprises; servants of religious worship of all faiths and doctrines, teachers and supervisors of religious communities; artists working for church councils and religious societies; publishers and editors of religious magazines, etc.

(b) Market, bazaar, and street venders; owners of tea rooms, beer shops, dining rooms, and similar establishments.

(c) Persons who have changed from a nontoiling occupation to a toiling one, if less than one year has elapsed since the change of occupation.

(d) Persons who purposely fail to procure registration documents showing their occupation or profession, as well as persons who fail to produce documents showing that they perform public useful work, or showing that they are unemployed, or materially dependent on some one else.

10. In order to improve the work concerning the issuance of ration tickets, the Centrosoyuz is instructed to designate within 10 days a person from among the members of the management, and to create a special organization for the practical fulfillment of this resolution, registration of the population, and registration of the ration tickets issued.

11. The Centrosoyuz is ordered to elaborate within one month a detailed instruction concerning the issuance of ration tickets in a centralized manner; in particular, to submit for confirmation to the People's Commissariat for Supply of the U. S. S. R., an instruction concerning the issuance of ration tickets according to groups in cities, where there are enterprises belonging to the special list, and lists Nos. 1, 2, and 3.

12. All oblast and kray supply departments are advised to form, during the time ration tickets are issued to the urban population, special commissions for the supervision of this work, consisting of the following persons: representatives of the kray or oblast executive committees, of the supply departments, workers' and peasants' inspection, central workmen's cooperative, and the labor union soviet.

13. During the time ration tickets are issued, a strict registration of the entire urban and suburban population must take place under the control of public opinion and of the laborers, organizing an actual inspection of the occupants of every house.

14. The kray or oblast supply departments shall issue obligatory orders making the administration of dwelling houses responsible for the strict fulfillment of all instructions concerning the issuance of ration tickets.

VOLKOV,
Vice People's Commissar for Supply of the U. S. S. R.
KUMYKIN,
Assistant Manager of Affairs of the People's Commissariat for Supply of the U. S. S. R.

EXHIBIT No. 27

[Source: Moscow Izvestia, No. 45, February 15, 1930]

RESOLUTION OF THE ALL-RUSSIAN CENTRAL EXECUTIVE COMMITTEE AND SOVIET OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R., CONCERNING MEASURES FOR THE EXPANSION OF TIMBER-PROCURING AND TIMBER-FLOATING OPERATIONS

[Translation]

The All-Russian Central Executive Committee and Soviet of People's Commissars of the R. S. F. S. R. have resolved:

1. In cases when a general meeting of citizens (village meeting) has resolved to assume, as a task self-imposed by the whole village, the execution of certain work pertaining to the procurement, haulage, and floating of timber (including also cases when the undertaking stipulates the use of own teams), and when, in consequence, the undertaking has been allocated to each of the several farm holdings, the village soviets are permitted to impose of their own administrative authority on farmers who have failed to carry out in due time the above-mentioned resolution of the village meeting, fines up to three times the value of their quota, and in case of nonpayment, to sell at public auction the property of the persons concerned.

The teams belonging to kulak farm holdings which have failed to execute their quota of timber haulage and floating are to be appropriated by resolution of the village soviet for the needs of timber procurement.

2. In cases of resistance to the execution of timber procurement and timber floating, as well as in cases of group refusal to carry out the above-mentioned work, the village soviets are instructed to start against such persons criminal proceedings in accordance with the corresponding sections of article 16 of the criminal code of the R. S. F. S. R.

3. (Summary.) This article provides that 25 per cent of the money received as fines is to be applied to the fund for assisting the indigent peasants to become members of cooperatives and collective farms, while the remaining 75 per cent is to be applied to the revenues of the local budget.

4. In cases when all other means of supplying logging and floating work with labor and teams have been exhausted, the central executive committees of the autonomous republics and the executive committees of krays and oblasts are permitted to proclaim logging and floating work a forced service and to commandeer labor and teams for a remuneration.

Persons belonging to the kulak class shall be made to perform that work at reduced pay, depending on local conditions.

The present resolution is to be made effective by telegraph.

M. KALININ,
President of the All-Russian Central Executive Committee.
A. KISELEV,
Vice President of the Soviet of People's Commissars of the R. S. F. S. R.

MOSCOW, KREMLIN, *February 13, 1930.*

EXHIBIT No. 28

[Source: Moscow Za Industrializatsiu, No. 225, September 25, 1930]

CRIMINAL LIABILITY FOR EVADING MOBILIZATION.—DECISION OF THE COLLEGIUM OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R.

[Translation]

The Collegium of the People's Commissariat of Labor of the U. S. S. R. discussed yesterday the progress of the mobilization of specialists for construction work on a large scale, and decided to institute legal proceedings against persons who resist such mobilization, as well as against engineers and technicians who have been already removed from their former work but have not yet proceeded to their new places of destination. It was proposed to make public the lists of such specialists, and to institute criminal proceedings against them for desertion from production work.

It was further resolved to investigate without delay how the mobilization of the specialists in the Ukraine is going on, and if it should transpire that the situation has not changed for the better, to institute legal proceedings against the workers of the Ukrainian People's Commissariat of Labor.

The mobilization must be finished by all means by October 1.

The collegium has instructed the Cadres sector, jointly with the various public organizations, to scrutinize the work of the organs of the commissariat of labor in connection with the mobilization of specialists, and subsequently to institute proceedings against those of the workers who have been displaying insufficient energy in the pursuit of this work.

EXHIBIT No. 29

[Source: Bulletin of Financial and Economic Legislation, May 14, 17, 1931, p. 27]

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF JUSTICE OF THE R. S. F. S. R. OF FEBRUARY 6, 1931, NO. 13.—REGARDING THE EXTENSION OF COOPERATION BY ORGANS OF THE PROSECUTING OFFICE TO THE CARRYING OUT OF LUMBER OPERATIONS

To the Kray and Oblast prosecutors. Copy: To the prosecutors of autonomous republics.

[Translation of excerpts.]

On January 26, 1931, the Soviet of Labor and Defense approved the resolution regarding the results of the lumber operations during the special quarter of 1930 and regarding the measures to be taken to carry out lumber operations in the first quarter of 1931.

The nonexecution of the plan of the special quarter (36.3 per cent of marketable lumber was prepared, 36.2 per cent being shipped; 58 per cent of fuel was prepared, 42 per cent being shipped), the necessity to execute in full the plan of the trust lumber industry for 1931, and, particularly, the elimination of the gap which occurred in the special quarter, demand that all local organs take the most active part in carrying out that work. The organs of the prosecutor's office, some of which last year also devoted sufficient attention to lumber operations, should increase the pace of their work and should regard it as one of the first order.

It is imperative to effect supervision over the work of the lumber trusts with regard to the execution of industrial programs and plans and to the bringing of the latter down to the lower economic units, particular attention being devoted to questions pertaining to the recruiting of labor and horsepower, to their transfer from one rayon to another, and to the execution by the organs of labor of the orders they receive, and by collective farm and forest cooperatives of contracts for the supply of labor.

Decisive struggle against all kinds of kulak sallies and kulak resistance should be carried on, the guilty persons being brought to court under the chapter of counter-revolutionary crimes.

Kulaks and well-to-do peasants who do not fulfill the tasks set to them in connection with lumber operations should be brought to court under article 61 of the criminal code.

* * * * * * *

The rates of speed attained in examining cases pertaining to grain collections should be attained in cases pertaining to the undermining of lumber operations.

The work of participation of organs of justice in the campaign of lumber operations should be clarified in reports submitted every 10 days.

ROGINSKY, *Acting Prosecutor of the Republic.*

EXHIBIT No. 30

[Source: Sobrante Uzakoneni I Rasporiazheni Raboche-Krest-Ianskovo Pravitelstva R. S. F. S. R., No. 45, June 18, 1930]

STATUTE OF THE BOARD OF MANAGEMENT ATTACHED TO THE CHIEF ADMINISTRATION OF PLACES OF CONFINEMENT OF THE PEOPLE'S COMMISSARIAT OF THE INTERIOR OF THE R. S. F. S. R. "COMBINE OF FACTORY LABOR COLONIES OF THE STATE ADMINISTRATION OF PLACES OF CONFINEMENT AND ENTERPRISES OF THE COMMITTEE OF ASSISTANCE" UNDER THE ABBREVIATED NAME "COMBINE F. T. K. GUMZ."—APPROVED BY THE PEOPLE'S COMMISSARIAT OF THE INTERIOR ON FEBRUARY 25, 1930

[Translation of excerpt]

1. General provisions

Paragraph 1: In accordance with the resolution of the All-Union Central Executive committee and of the Soviet of People's Commissars of the R. S. F. S. R., dated May (date illegible), 1926, "concerning management boards attached to state institutions"

and with the resolution dated September 27, 1926, and articles 227-231 of the penal labor code for the purpose of realizing an effect of labor correction on the convicts and of utilizing the labor of persons condemned to compulsory labor without keeping them under guard, as well as of granting temporary labor to persons liberated from places of confinement and to members of families of convicts, an enterprise named "Combine of Factory Labor Colonies of the State Administration of Places of Confinement" (and of enterprises of the committee of assistance) will be established under the general supervision of the People's Commissariat of the Interior and of its chief administration of places of confinement, and will be situated in Moscow.

Paragraph 2: The combine of factory labor colonies will consist of:

1. Weaving and knitting colony.
2. Metal-stamping colony.
3. Chemical colony.
4. Silicate colony.
5. Colony of nonmining deposits.
6. "Kombinat" colony.
7. Burepolomsk factory labor colony.
8. Kazan factory labor colony.
9. Sardansk factory labor colony.
10. Vetluga lumber camps.
11. Avdotino-Tikhvin agricultural colony.
12. "Yushino-Voskresenskoe" agricultural colony.
13. Agricultural colony "Lobanovo."

Paragraph 3: The combine is an independent economic unit acting upon the principles of economic calculation, is entitled from the day of registration of the present statute at the People's Commissariat for Trade to all rights of a juridical person, and carries responsibility only within limits of the property, which is at its disposal and has not been exempted from circulation.

The Chief Administration of Places of Confinement, the People's Commissariat of the Interior of the R. S. F. S. R., and the state treasury are not held responsible for the debts of the combine.

NOTE.—From the moment of registration of the present statute, the statutes of "the combine of industrial enterprises of the VKPZ," and of the "trade and collection enterprises of Moscow places of confinement" are regarded as no longer valid.

NOTE 2.—The statute of the combine of Factory Labor Colonies will be submitted for registration to the People's Commissariat for Trade of the R. S. F. S. R. within two weeks from the date of receipt of the funds granted to the enterprise.

Paragraph 4: For the purpose of realizing its task, the combine is granted the right to perform all operations authorized by the law, such as:

(a) The right to conclude every kind of contract, obligation, and agreement pertaining to its economic and industrial activity;

(b) The right to purchase all material, property, and equipment required for production and to sell the product of enterprises entering into the combine, and of places of confinement of the R. S. F. S. R.;

(c) The right of obtaining credit in state and cooperative institutions for the purpose of developing industry;

(d) The right of opening industrial enterprises, departments, stores, warehouses, etc., within the limits of the R. S. F. S. R.

Paragraph 5: In its industrial and trade activity the combine will be subject to all acting regulations regarding industry and trade if such regulations are not amended in respect of enterprises of places of confinement by the Penal Labor Code of the R. S. F. S. R. and by subsequent provisions in development thereof.

Paragraph 6: The industrial activity in enterprises of the combine is effected by: Convicts, persons condemned to compulsory labor without being kept under guard, and by persons under patronage (among them by members of the families of the convicts), hired employees being only admitted in the capacity of instructions, warehouse, responsible bookkeeping, and administrative technical personnel.

NOTE.—Free hired labor is permitted within limits established the People's Commissariat of the Interior by agreement with the People's Commissariat for Finance.

Paragraph 7: With the exception of cases provided for by general regulations and instructions of the People's Commissariat of the Interior of the R. S. F. S. R. to the Chief Administration of Places of Confinement, and by the present statute, no state institutions or official persons are authorized to interfere in the administrative, economic, and operative activity of the combine.

Paragraph 8: The combine will have a stamp representing its name.

EXHIBIT No. 31

COURTS OFFICIALLY ORDERED TO INCREASE THEIR OUTPUT OF CONVICT LUMBERMEN

(Published in Sudebnaya Praktika (Court Practice) of the R. S. F. S. R., No. 17–18, December 30, 1930, page 18, edited by P. I. Stuchka, President of the Supreme Court of the R. S. F. S. R.)

[Translation]

Directions issued by the Court of the Northern Territory Concerning Lumbering, 1930–31

Having observed in its letter that in the conditions of the northern territory lumbering is the most important economic-political campaign of the present year, the court of the territory directs that the organs of justice of the territory, and in particular those situated in the districts of the timber industry, shall devote exceptional attention to lumbering.

Each people's judge shall be firmly aware that lumbering during the present year will be carried on in circumstances of acutened class war.

The kulak, with a view to disrupting the lumbering program, will strive to disrupt lumbering operations, will in every way injure these operations, will carry on hostile agitation and not shun any means of kulak terrorism.

Therefore, fierce and crushing combat against the kulak is the chief task of the organs of justice of the territory during the present lumbering campaign.

The lumbering campaign demands the adherence to the class-line with exceptional strictness. While dealing crushing blows at the kulak, while isolating him at the proper moment, the court must, in regard to the seredniaki, the bedniaki, and collectivized peasants, be an organ to influence them and must apply to them measures of judicial repression which, like other pronouncements of the court, will play the part of instruments to mobilize their labor power; the court must be a means of uniting their ranks in the interest of fulfilling the lumbering program of the present year.

The court must also wage decisive war on persons allowing inactivistlessness, open practical opportunism, which are unquestionably harmful to the progress of lumbering.

Each people's judge in this extraordinarily responsible lumbering campaign must decide cases not only quickly and in full agreement with the policy of our party but must also take an active part in the campaign, must be bound up in the closest way with the timber industry of his district, must know the conditions of work in the forests and, together with the whole of the soviet public spirit, must be in the first ranks of the champions fighting for the execution of the lumbering program of the present year.

This is why the court of the territory, not limiting itself to the giving of mere political directions to the local courts of the territory, considers as absolutely necessary at the same time to form the whole machinery of justice in such an organized way that this or that section of the people's court, especially sections situated in the district of the timber industry where lumbering is in progress shall not be distinguishable from champions on the front for the fulfillment of the lumbering program.

For the direct and vital management and control of the whole of the lumbering campaign the court of the territory itself enters into this organization by attaching its members (to it) as responsible directors of a number of sections of the people's court.

In view of what has been explained above, the people's courts and the court of the territory, in an organized way at the front for the struggle to fulfill the lumbering plan, shall be formed in the following way:

1. Each people's judge, especially if he is in the lumbering district, shall thoroughly study all the places and sections of work and the speed at which they are working.

2. The people's court shall vigilantly look out for weak spots in the work, ascertain the reasons for diminishing the speed of work, discover persons guilty of disrupting work and those guilty of reducing speed.

3. Each people's court of a district in which direct lumbering or a timber industry is not being carried on shall nevertheless not release lumbering from its field of vision. The people's court shall in these cases help forward the mobilization of the living labor power in its district and the mobilization of the means necessary for lumbering operations, shall further the supplying of lumbering districts with grain products, means of transport, and the like. The judge in such a district shall attentively watch the activity of the kulak, who unquestionably will strive in every way to injure and impede the recruiting of living labor power and the supplying of lumbering districts with all necessities. Here it is necessary to make timely discoveries of the undermining activities of the kulak, the wrecker, and the opportunist and to direct against them betimes the sharp edge of proletarian judicial repression.

4. On the other hand, for the purpose of imparting constant instruction, for observation and rendering necessary and timely assistance to the people's courts in connection with the lumbering campaign, and to enable full responsibility for this campaign, members of the court of the territory shall be attached to groups of districts engaged in lumbering and the timber industry, and each member shall be held personally responsible for the work of the people's courts in matters concerning lumbering in the group of districts under his charge.

Thus, for the real and full execution of the lumbering program this year and in order to render the greatest assistance to the lumbering operations, the court of the territory instructs:

1. In order to make clear the extent of the lumbering plan in the district served by each people's court—to maintain the closest contact with directive and economic organs (the timber industry and others) in charge of the program for lumbering and study in detail the measures which are being taken by these organs to insure the full execution of the lumbering program.

2. To maintain also throughout the lumbering campaign the closest contact with the prosecuting inspectorate for general and real judicial work for the fulfillment of the program for the current year.

3. To be constantly informed about the progress of the lumbering campaign in the separate sections of the front and to

direct the chief judicial blows of proletarian repression against the sections which, influenced by wrecking and extreme carelessness, are the most backward.

4. To work on mass political lines throughout the lumbering campaign in conjunction with the prosecuting inspectorate, to explain the decisive importance to the whole 5-year plan of the fulfillment of the lumbering program.

5. During concrete cases before the court of wrecking and rupture of the lumbering plan by the class enemy, to reveal without mercy the essential class nature of his activity.

6. Also without mercy to lay bare any opportunist attitude on the part of administrators toward the class enemy, the kulak.

7. In respect to kulak class enemies brought to justice for willful refusal to fulfil duties undertaken by them, to apply to them article 61, part 3, of the Criminal Code.

8. In all other cases counterrevolutionary agitation by kulaks, their wrecking activity on the front of combat for the lumbering program—to qualify their activity under articles No. 58–No. 10 and 58–No. 7 of the Criminal Code.

9. To qualify terrorist acts on the part of kulaks under article 58–No. 8 of the Criminal Code.

10. In regard to seredniaki, bedniaki, and members of collective farms, who may also be prosecuted for activity which disturbs lumbering and for refusal to perform the tasks self-imposed by the village assembly, the measure of social defense applied must agree with the political condition set forth in paragraph 11 of the present directions, and must follow the line of exerting influence on them by this or that judicial pressure which must preferably be in the form of compulsory labor.

11. All persons sentenced to compulsory labor by the people's court must be utilized to serve their sentences in lumbering.

12. The same order to be established for the regional court of Komi with regard to the Komi region.

13. On receipt of these directions the court of the territory must be immediately informed of the initial measures taken by the local courts.

14. Every 10 days the people's courts shall send reports to the organizing department of the court of the territory, with detailed information of the work done by them for the fulfillment of the lumbering program, set out as follows to show:

(1) What has been done by the judge in his district to secure maintenance of the speed of lumbering.

(2) To what degree public-political work has been unfolded among laborers; how the initiative of the timber-felling masses is manifesting itself (socialist emulation, shock service, etc.); in what ways productivity is being increased; and, particularly, what the judge has done to improve these stimuli.

(3) Class warfare in connection with lumbering (unfulfillment of prescribed standards, abandonment of work, wrecking, destruction of property, striving for personal gain, tolerant attitude toward the kulak; what work the judge has publicly undertaken to combat these phenomena).

(4) What faults are observed in the work of the organizations for lumber work and supplies in the districts under report, and what is being undertaken by the judge to remove these faults (abuses, indifference, inebriety, cheating of laborers, withholding wages, living conditions of timber hewers, forest service, and what the judge has done to remove these deficiencies).

(5) How many journeys the judge has undertaken into the forest, the number of reports and conversations (themes).

(6) The number of demonstrative trials.

(7) The total number of prosecutions in connection with lumber work and the number of condemned: Kulaki, seredniaki, bedniaki, officials;

(8) Length of time taken in bringing cases to court;

15. The first report by all people's courts must be dated November 10; i. e., for the first 10 days of November, and subsequently reports must be sent to the organizing department of the court of the territory every 10 days with the highest degree of punctuality.

EXHIBIT No. 32

[From the Moscow Economic Life, No. 249, October 27, 1930]

(Translation of excepts from the Soviet press relating to labor in the forests of the U. S. S. R.)

TIMBER CUTTING PROGRESSING SLOWLY

Leningrad, October * * * In the timber-cutting districts the cadres of qualified workers are being mobilized for the purpose of sending them to the timber areas. (From our own correspondent.)

[From the Moscow Economic Life, No. 269, November 22, 1929]

A SHOCK-BRIGADE TEMPO MUST EE ADOPTED IN THE TIMBER-CUTTING AREAS

* * * As was the case in the grain-purchase campaign, also the measures adopted for pushing the cutting and preparing of timber, meet, as the rule, with active resistance on the part of the kulak groups in the timber-growing regions. The sabotaging work of the kulaks should be countered by the development of mass political activity in the districts where timber-cutting operations are going on. The best cadres of timber cutters should be lined up and organized, methods of socialistic emulation should be applied more broadly among the various timber collectives, as well as within them; labor shock brigades should be organized, and in a general way the vast experience in mass work, which has been accumulated in the recent past at industrial establishments as well as in the villages, should be turned to account at the timber-cutting operations * * *

[From the Moscow Economic Life, No. 272, November 26, 1930]

FROM LOBOV'S SPEECH AT THE SECOND SESSION OF THE FOURTEENTH ALL-RUSSIAN CENTRAL EXECUTIVE COMMITTEE ON THE SUBJECT OF PREPARING TIMBER FOR SALE

* * * Things are bad also in regard to labor man power which is not furnished in a sufficient measure with food supplies and dwelling accommodation; the average wages of the laborer in the timber industry is lagging behind the average pay in other branches. The question of labor should be solved in a radical way, if we indeed mean to colonize on a broad scale the large, timber-growing areas, more particularly in the north. We should also increase supervision and control so that the timber specialists may be dispatched to work in the timber industry direct, as well as in forestry work. In the current year, 180 specialists who have completed their course of training at the Leningrad Forestry Academy, have settled down in Leningrad offices. This way of utilizing workers of the highest qualification should no longer be tolerated.

[From the Moscow Economic Life, No. 284, December 10, 1929]

SVARDIOVAK, December 8.—The Ural Oblast committee has resolved, in view of the shortage of labor, to mobilize in the oblast 10,000 Communist Youth Unionists to help in the timber-cutting operations. This mobilization is to be completed by February 1, 1930.

ARCHANGEL, December 9.—The timber cutting in the territory is still going on at a slow (literally, creeping) pace. Instead of 27 per cent of the plan for the year, only 14.4 per cent was completed by December 1. For his lack of activity, for neglect, and for failure to create cadres of permanent laborers, the director of the Archangel timber collective, Tiurikov, has been removed from his post. A number of directors have been reprimanded, and they have been warned that they will be dismissed and legal proceedings taken against them if by December 15 they will not have extended the timber operations on a larger scale. (From our own correspondent.)

[From the Moscow Economic Life, No. 8, January 10, 1930]

IN THE TIMBER-CUTTING REGIONS SOMETHING IS WRONG—PROCEEDINGS AT THE BUREAU OF THE CENTRAL COMMITTEE OF THE ALL-UNION LENINIST COMMUNIST UNION OF YOUTH

The last session of the bureau of the central committee of the All-Union Leninist Communist Union of Youth dealt with a report concerning the situation in the timber-cutting regions.

The Communist Union of Youth has mobilized a huge army of 50,000 for work in the timber regions. However, the economic organs which have become used to the unorganized ebb and flow of voluntary peasant labor have turned out unable to absorb this vast army of new woodcutters.

Notwithstanding the exceedingly nonsolicitous attitude to the Youth Unionists on the part of the timber-cutting collective groups, the first results of the work of the Youth Unionists were positive. Part of the Moscow Youth Unionists have exceeded the daily output of 3½ cubic meters as established for the local woodcutters.

The bureau of the central committee of the All-Union Leninist Communist Union of Youth has recognized that the principal causes of the plan of output of timber not being fulfilled are carelessness and inactivity on the part of the timber organizations, which border close on the criminal. It has been resolved to apply to the plenipotentiary of the Soviet of Labor and Defense in the matter of timber operations, Comrade Syrtsov, with a view to having legal proceedings instituted against the specific persons who are guilty of this. It has been resolved to appoint responsible workers from the central committee of the All-Union Leninist Communist Union of Youth, to be furnished with pertinent authority from the central committee of the said union, from the Soviet of Labor and Defense, and from the Central Control Commission and the Labor-Peasant Inspection—to scrutinize the situation in the timber-cutting areas, and to adopt the necessary measures. Further, to submit to the Central Control Commission and the Labor-Peasant Inspection the question as to the advisability of a speedy scrutiny and purge of the timber organizations from top to bottom, with utilization for this purpose of the light cavalry of the Communist Union of Youth and of the shock brigade of the central committee of the agricultural and forest workers.

[From the Moscow Economic Life, No. 21, March 27, 1930]

THE APPARATUS OF THE WHITE RUSSIA TIMBER TRUST SHOULD BE HANDED OVER TO THE COURT

* * * The people of the White Russia Timber Trust have failed to mobilize public opinion around the timber operations. * * *

In the Hainikov subdistrict the jobbers of the White Russia Timber Trust were paying the kulaks, who had been mobilized on the basis of the cartage liability law, at the same rate as the bedniaks and seredniaks who are working of their own free will. * * *

All this has led up to the cartage liability becoming disorganized, and it proves that the apparatus of the White Russia Timber Trust as a whole does not carry out and is not able to carry out the tasks confronting it.

[From the Moscow Economic Life, No. 26, April 2, 1930]

MOBILIZATION OF SPECIALISTS

To the 28 organizations engaged in the floating of timber, approximately 1,100 specialists should be assigned, principally raftsmen and partly hydrotechnical workers. In Moscow the Commissariat of Labor of the Union has recently created a mobilization headquarters, upon which it is incumbent to extract from the various institutions the persons required for floating timber. The raftsmen and hydrotechnical workers who have crept into the various offices will be sent out where there is really a crying need for them; that is, into the thick of the forests and to the floatable rivers and rivulets.

On the premises of those headquarters there is a lively coming and going all day long. Young and old are putting in an appearance, and the headquarters staff ascertain their ability and assign them then and there to suitable work.

In the course of four or five days about 150 persons have been mobilized. On the whole, the mobilization is going on satisfactorily, but some of the institutions are reluctant and are trying to keep the workers at their offices out of sight. By orders of the Commissar of Labor, Comrade Unglanov, the said headquarters has lodged a complaint with the Moscow oblast prosecutor, Comrade Maryshav, against the timber department of the Supreme Soviet of National Economy of the R. S. F. S. R. and against the administration of the Northern Railways, which do not want to let their specialists go. The managers of the said institutions will be legally proceeded against. The same will be the case in respect to a number of other economic workers.

Among the mobilized are a few score of students of the third and fourth year at the hydrotechnical section of the Timiriazov Agricultural Academy. The majority of these young people are quite willing to go, but there is a small group of students displaying selfish tendencies. The students' committee and the party germ call of the academy should give attention to this matter.

Along with the above, another fact should be noticed, namely, the voluntary mobilization for timber floating of 12 prominent specialists of the water section of the Wood-Exploring Institute. All these people are sent to the weakest sector of the front—to the north.

[From the Moscow Izvestia, No. 253, September 13, 1930]

THE TIMBER FLOATING UNDER THE MENACE OF DISORGANIZATION—THE TIMBER PROPAGANDA CAMPAIGN HAS YIELDED INSIGNIFICANT RESULTS

LENINGRAD, September 12 (by telegraph from our own correspondent).—A conference of the timber-floating organizations of the important basin of the Rivers Sjasa, Oyati, and Pasha has taken place. The managers of the floating operations in the basin of the River Ovati and Sjasa stated that the timber now afloat will be icebound unless heroic measures are adopted. Every one of the timber-floating managers is indebted to the laborers in tens of thousands of rubles, which negatively tells on the question of enrolling new laborers.

[From the Moscow Izvestia, No. 257, September 17, 1930]

NOT A SINGLE CUBIC METER OF WOOD MUST BE ALLOWED TO REMAIN IN THE WATER OVER THE WINTER

The Soviet of Labor and Defense has mapped out a number of urgent measures with a view to assuring the floating, the shipment, and the unloading of timber. It has been decided to employ 182,000 laborers on this work. The Soviet of People's Commissars of White Russia, the territorial and oblast executive committees, and the Soviet of People's Commissars of the Autonomous Republics have been instructed to give within 24 hours to each rayon its tasks concerning the recruiting of labor man power, and to appoint for the purpose of promoting and controlling the execution of this task the necessary number of responsible workers. The operations for recruiting labor should be started by the rayon executive committees immediately. It shall be incumbent upon the Commissariats of Labor of the U. S. S. R. and the R. S. F. S. R. to give by telegraph full directives concerning the conduct of recruiting operations, and to dispatch to the most threatened oblasts and regions responsible workers to take up the general management of operations. In addition to this, the official authorities, jointly with the timber organizations, labor unions, and cooperatives, are to elaborate within two days concrete measures for retaining the labor man power at their work of floating, loading, and unloading timber, resorting in this respect on a broad scale to the issue of bonuses and gratuities, issues of goods in kind, payment by the piece, etc.

For the work in connection with floating, loading, and unloading timber, as well as the necessary preparations, the required man power must be supplied fully not later than September 23, 1930.

The Timber Trust of the Union, the various timber organizations, and the consumers' cooperatives shall be held to let the laborers engaged in timber-floating operations have industrial merchandise only on the condition that the said laborers have fully completed the amount of work imposed upon them.

[From the Moscow Economic Life, No. 172, September 21, 1930]

THE TIMBER-FLOATING OPERATIONS IN JEOPARDY

* * * Extraordinary committees of six have been organized in the timber-floating districts at the instance of the government, and additional quantities of food supplies and industrial merchandise have been made available for stimulating the said operations; the state steamship concerns have been instructed to attend first of all, and in the greatest possible measure, to the timber-floating operations. All these measures render it possible to extend the timber-floating operations in an energetic way. This possibility has been all the more assured since the party organizations have mobilized for this purpose great numbers of Youth Unionists and party workers. The Timber Trust of the Union has given permission to its local branches in the most-threatened localities to temporarily stop work at the sawmills, employing all the labor for extracting from the rivers timber which has arrived.

The necessary measures for bringing about a change for the better have already been adopted. At present the outcome of the timber-floating operations depends only on the extent to which the local organizations will be able to materialize the broad powers and possibilities which have been given them. The efforts of all Soviet society, of all party, Soviet, and labor-union organizations must be concentrated upon the task of accomplishing the timber-floating program by the middle of October in order to avoid the excessively high percentage of damage to rafts, and to reduce as much as possible delays in operations. The timber-floating campaign must fully satisfy the requirements of our timber-export plan, as well as the colossal requirements of our capital construction work.

[From the Moscow Economic Life, No. 173, September 25, 1930]

DISORGANIZATION OF TIMBER-FLOATING OPERATIONS IN THE NORTHERN REGIONS

Archangel: The figures characterizing the carrying out of the timber-floating plan in the northern region are likely to cause serious apprehension. * * * On September 15 there was a shortage of 37,000 laborers. Just now a mobilization of labor is being carried on with a view to filling in this breach.

[From the Moscow Za Industrializatsiu, No. 277, September 27, 1930]

SHORTAGE OF LABOR CAUSES DISORGANIZATION OF TIMBER FLOATING

The telegraph reports from Leningrad:

"The menace that the timber may remain over the winter on the spot where it has been taken out of the rivers increases ever more and more. On September 25 the quantities which had not yet to be pulled out of the water amounted to 828,000 cubic meters, or 11.2 per cent. Four hundred and fifty thousand cubic meters, or 7.1 per cent, are yet to be bound into rafts.

"There is an acute shortage of labor. Instead of 45,000 laborers, only 11,370 are employed in the timber-floating operations. The labor liability against pay, which was proclaimed by the rayon executive committees, has yielded unsatisfactory results, since the rayon executive committees fail to adopt any measures against those who shirk that liability."

[From the Moscow Za Industrializatsiu, No. 231, October 2, 1930]

ALARMING CONDITIONS IN THE SPHERE OF TIMBER FLOATING—INSTEAD OF 175,000 CUBIC METERS, ONLY 30,000 CUBIC METERS PER DAY ARE BEING FLOATED

* * * Just now energetic measures are being adopted for improving the prevailing situation. A broad mobilization of the laborers of the saw mills, of collective farm workers, of bedniaks and farm laborers, is being carried on with a view to supplying man power to the timber-floating operations. The saw mills in Archangel and Maimaksa have yielded 1,300 laborers, the laborers from Vologda have sent 1,530, from Velikiy-Ustiug 1,600 men. In all, about 9,000 laborers have arrived in the course of the last few days to carry on the floating operations. At present more than 17,000 laborers are employed on this work.

[From the Moscow Za Industrializatsiu, No. 234, October 5, 1930]

THE RIVERS WILL SOON BE ICEBOUND—THE TIMBER-FLOATING OPERATIONS SUFFER FROM SHORTAGE OF LABOR

(Telegram from Leningrad)

Matters concerning timber-floating operations in Leningrad oblast have become exceedingly serious during the first part of October. In the course of the past five days the labor man power engaged in floating operations has increased by 5,690 men. However, this increase is not by a long way sufficient. In all, 17,475 laborers were employed on October 1, which is 41.7 per cent of the total number of laborers required. This increase of labor man power must be considered insufficient, the more so as the time for floating timber is drawing near an end. The rayon executive committees and the village soviets are not enforcing the labor liability law with sufficient energy, and they do not adopt any measures of coercion against those who are shirking this work. In the basins of the rivers Lovat, Pasha, Siassa, Siad, Mata, Volkov, Luga, and Pliussa the loading of river craft is proceeding very slowly owing to the shortage of labor.

[From the Moscow Za Industrializatsiu, No. 236, October 8, 1930]

NOT SUFFICIENT LABOR FOR THE TIMBER-FLOATING OPERATIONS—CRIMINAL PROCEEDINGS AGAINST THOSE WHO ARE RESPONSIBLE FOR THIS

At the People's Commissariat of Labor of the R. S. F. S. R. a conference took place yesterday concerning the question of how sufficient labor could be furnished for the timber-floating operations. The plenipotentiaries of the Commissariat of Labor for the northern territory, for Karelia, the Urals, the western Oblast, and the Nizhni-Novgorod territory rendered account of their activities. Not only the various labor organizations but even some of the plenipotentiaries have failed to cope with the tasks imposed upon them. The conference decided to send to the northern territory the member of the Collegium, Comrade Mikhailov, who will adopt there extraordinary measures in the matter of recruiting labor man power and controlling the activities of the labor organs. As regards the chief of the labor section of the northern territory, who has failed to carry out the necessary measures in connection with recruiting of labor man power, it was resolved to bring this to the notice of the public prosecutor, with a view to instituting legal proceedings against the above-mentioned person. For the purpose of stimulating the recruiting of labor man power and for supervising the work of the various labor organs special plenipotentiaries shall be sent to Karelia and to the Urals.

[From the Moscow Pravda, No. 259, September 19, 1930]

* * * The very strained situation of the timber floating made it necessary for the Soviet of Labor and Defense (September 14) to introduce extraordinary measures in order to insure the fulfillment of the log-floating program.

On the basis of this resolution of the Soviet of Labor and Defense, special extraordinary commissions, composed of six members ("schresvychainiya shesterki"), have been created at the regional executive committees and central executive committees of autonomous republics. At the most important floating places similar regional extraordinary commissions have been created.

The People's Commissariats of Labor of the U. S. S. R. and of the R. S. F. S. R. and their local organs have been requested to guarantee that on September 23 100 per cent of the number of laborers according to the distribution scheme of the Soviet of Labor and Defense will be available.

In view of the shortage of carts for the timber-floating work, the Soviet of Labor and Defense has advised the local executive committees and the autonomous republics in case of necessity to introduce compulsory labor service. * * *

In order to insure the successful fulfillment of the floating operations, the Soviet of Labor and Defense instructed the economic and cooperative organs to supply manufactured articles only in case of a fulfillment of the work according to the program. * * *

[From the Moscow Za Industrializatsiu, No. 226, September 26, 1930]

TIMBER-FLOATING OPERATIONS IN DANGER

* * * In case of necessity to mobilize for the (ac. timber floating—translator's note) operations the local population by introducing compulsory labor service. * * *

[From the Moscow Za Industrializatsiu, No. 226, September 26, 1930]

DANGER SIGNAL AT TIMBER FLOATING

* * * The principal difficulty is, as heretofore, the shortage of labor. The People's Commissariat of Labor has merely issued a circular order to the labor organs to recruit, according to the resolution of the Soviet of Labor and Defense, 182,000 laborers. Such circulars are naturally insufficient. * * *

In the Western Oblast the timber-floating operations are taking place under the control of shock brigades. The brigades have been sent to the places where timbering is being carried on. In the Ivanove Oblast all laborers of the Volgoless and Sevvoctlesa have declared themselves mobilized to help in the matter of timber floating. * * *

[From the Moscow Za Industrializatsiu, No. 226, September 26, 1930]

THE SEVVOSTLESA REMAINS IDLE

* * * There are few laborers, the recruiters are idle, the indebtedness to the laborers for unpaid wages is one of the causes why laborers leave the work.

[From the Moscow Pravda, No. 267, September 27, 1930]

STALINGRAD, September 26.—The presidium of the city soviet has declared compulsory labor service from September 24 up to the end of the unloading work. In the first 10 days of September discharging work has become worse; instead of 105,000 logs only 94,760 have been unloaded. * * *

[From the Moscow Izvestia, No. 277, October 7, 1930]

BATTLE ORDERS TO MEMBERS OF THE COMMUNIST UNION OF YOUTH

The central committee of the Communist Union of Youth has resolved to bind all committees and germ cells of the union in timber floating regions, particularly in regions where the timber must be immediately taken out from the water, to organize detachments, battalions, collective groups, and brigades of members of the Communist Union of Youth who are not occupied in the cities and villages, and to use them until the end of the timber floating operations for taking the timber out of the water. * * *

[From the Moscow Pravda, No. 270, October 9, 1930]

ARCHANGEL, October 7.—* * * In order to obtain the required number of laborers for the floating operations the extraordinary commission has authorized in particularly threatened places of the coast region the introduction of compulsory labor service, increasing at the same time the political educational work among the masses.

[From the Moscow Pravda, No. 279, October 9, 1930]

17,000 LABORERS AVAILABLE, 43,000 REQUIRED

LENINGRAD, October 8.—The conditions of the timber-floating operations in the Leningrad region continues to remain extremely strained. Up to October 1 there were occupied 17,475 men, or 41.7 per cent of the required number. The regional executive committees and the village soviets have made very poor use of the compulsory labor service law and are not applying sufficient measures of coercion with respect to those who do not report for work. * * *

[From the Moscow Za Industrializatsiu, No. 223, September 23, 1930]

50 PER CENT OF LUMBER LIES IN THE WATER

* * * In regions where timber-procuring operations are unsatisfactory compulsory labor service has been introduced. Extraordinary commissions composed of three persons (troiki) have been formed.

[From the Moscow Economic Life, No. 200, October 24, 1930]

DRIVE OUT THE OPPORTUNISTS

* * * The regional executive committees take a conciliatory attitude toward the kulaks. The latter have been leaving work and going home unpunished. * * *

Goldin (the director of the Verkhne-Totensk Timber Works—translator's note) has been discharged, excluded from the party, and turned over to the court.

[From the Moscow Izvestia, No. 292, October 22, 1930]

LABOR MOBILIZATION OF THE POPULATION IN THE NORTH

ARCHANGEL, October 21 (Rosta).—The labor mobilization, declared by the regional executive committee for floating operations, takes place successfully. Individual villages are sending 400 to 500 draftsmen for floating work. The peasants of many villages have shown an example of exceptional conscientiousness. In the Vinogradov region 720 peasants of the Pavline village voluntarily turned for floating operations. Some economists and opportunists met the labor-mobilization order with great dissatisfaction. The manager of the Goginsk timber camp sent 100 mobilized back to their homes. The brainless persons and saboteurs have been turned over to court.

[From the Moscow Pravda, No. 297, October 27, 1930]

MISUNDERSTANDINGS IN THE MATTER OF LABOR MAN POWER MAKES THE KULAK CONTENT

* * * As a result of the misunderstandings in the matter of labor man power the kulaks now and then succeed in escaping from the timber procurement and floating operations.

EXHIBIT No. 33

[Sources indicated below]

(Translations of excerpts from the Soviet press relating to labor in the coal mines of the U. S. S. R.)

[From the Moscow Za Industrializatsiu, No. 179, August 2, 1930]

A DESERTER FROM THE LABOR FRONT

Artemovski 1. Rykovsky, the secretary of the party committee of the "Kresny Profintern" Mine, reports that Altunia, the assistant president of the Artsmov Okrug Soviet of Labor Unions, who was attached by the Okrug committee of the Communist Party to the mine in order to increase the production, has deserted from the enterprise.

[From the Moscow Pravda, No. 208, July 30, 1930]

The All-Union Central Soviet of Labor Unions has decided to send to the coal regions within a fortnight seven brigades to assist the local organizations in raising production. Five brigades will be sent to the Donetz Basin, one to the Moscow coal basin, and one to the Kize district. To each brigade shall belong one member of the presidium of the central committee of the union, one specialist, and one economic worker from among the responsible workers of the Seyuzugol Trust.

[From the Moscow Izvestia, No. 252, September 12, 1930]

DESERTERS FROM THE COAL FRONT HAVE BEEN EXCLUDED FROM THE COMMUNIST UNION OF YOUTH

KHARKOV, September 11 (Tass).—The mobilization of the members of the Communist Union of Youth was conducted in Chernogov very poorly. The Okrug Committee of the Communist Union of Youth treated the matter in a purely formal manner. As a result 75 men of those mobilized deserted.

The Central Committee of the Communist Union of Youth of the Ukraine has decided to exclude deserters from the Communist Union of Youth. Bureaus of germ cells, in which deserters have appeared, have been dissolved. The Chernigov bureau of the Communist Union of Youth has been severely reprimanded for inefficient management of mobilization and for the poor quality of the persons mobilized. Prytko, the secretary of the Okrug committee, has been discharged.

[From the Moscow Za Industrializatsiu, No. 188, August 13, 1930]

COAL IS NECESSARY FOR THE COUNTRY; IT WILL BE SUPPLIED—THE PRESIDIUM OF THE SUPREME SOVIET OF NATIONAL ECONOMY OF THE U. S. S. R. CONCERNING MEASURES TO LIQUIDATE THE BREACH IN PRODUCTION

* * * The laborers are deserting (the mines) for the harvest (on their own or on other farms) and for work in collective and soviet farms on account of the unsatisfactory distribution of food and as a result of bad material and living conditions. * * *

[From the Moscow Izvestia, No. 223, August 14, 1930]

TO CREATE NORMAL CONDITIONS FOR THE NEW LABORERS

ARTEMOVSK, August 13 (TASS).—The experiment of the work of farm hands in the mines of the Donetz Basin (reference is made to the mobilization of 10,000 farm hands for work in the coal mines—translator's note) has shown that they quickly become accustomed to the work and that they conscientiously approach their duties.

The miners' organizations, however, are not creating everywhere satisfactory working conditions for the farm hands. Cases have been noted where certain backward miners have ridiculed the farm hands, causing them to leave the mines. * * * Out of 417 farm hands who arrived in an organized manner in July at the mines only 165 have remained.

[From the Moscow Za Industrializatsiu, No. 196, August 22, 1930]

NO UNEMPLOYED PERSONS FOR RECRUITMENT

The recruitment of 6,000 farm hands for the Ural coal-mining industry has broken down. * * * The local organs of the People's Commissariat of Labor and the organizations of the Union of Agricultural and Forest Workers have failed to support the Ural Coal Trust. The Ural Coal Trust sent 17 miners to receive the farm hands and assigned special funds. In spite of this on August 1 there were recruited only 800 men instead of 4,500. * * *

[From the Moscow Za Industrializatsiu, No. 212, September 10, 1930.]

WHO WILL BE BROUGHT TO TRIAL FOR THESE OUTRAGEOUS ACTS AND WHEN?

According to the directions of the Soviet of Labor and Defense, in the month of September not less than 5,000 new laborers were to have been sent to the Donetz Basin. * * * It is necessary now to examine carefully the results of the transfer of 10,000 farm hands which was to have been completed at almost this time. It must be said openly—that in the process of the transfer of this group, enormous organizational mistakes have been made, as a result of which a part of the farm hands have left the mines. * * *

[From the Moscow Pravda, No. 292, October 22, 1930.]

The number of laborers who have not yet been sent (of those called for—translator's note) is as follows:

From the—	Number of laborers
Black Soil region	9,661
Central Volga region	3,413
Bashkir Republic	1,603
Moscow Oblast	635
Ural Oblast	1,896
Western Oblast	1,346
Lower Volga region	1,636
Nizhny-Novgorod region	1,131
North Caucasus region	1,962
Far East	370
Central Asia	370
Kazakatan	795
Ukraine	8,049

For the most important building work there must still be chosen:

From the—	Number of laborers
Black Soil region	4,073
Western Oblast	4,530
Ivanovak Oblast	3,010
Central Volga region	1,854
Nizhny-Novgorod region	1,050
Lower Volga region	700
Leningrad Oblast	500
Tartar Republic	424

For timber-floating operations there are still lacking:

From the—	
Northern region	58,000
Urals	11,000
Leningrad Oblast	24,000
Nizhny-Novgorod region	15,000
Karelia	7,000
Bashkir Republic	6,000
Ivanovsk Oblast	12,000
Siberia	10,000
Far Eastern Republic	3,000
Western Oblast	3,000
Moscow Oblast	3,000
White Russia	3,000

[From the Moscow Za Industrializatsiu, No. 252, October 25, 1930]

BOLSHEVIK SPEED IS REQUIRED—TO FINISH URGENTLY THE TRANSFER OF COLLECTIVE FARMERS, FARM HANDS, AND MEMBERS OF THE COMMUNIST UNION OF YOUTH TO THE COAL MINES

* * * In order to insure uninterrupted work at the mines, timber-floating operations, timber procurement, and construction, it is necessary to supply them with labor man power. The party and labor-union organs have given a battle order to the labor organs, "to complete the recruitment of 193,000 collective farmers, farm hands, and members of the Communist Union of Youth, and their transfer to coal regions not later than October 18"; "to furnish immediately 150,000 laborers for the important building work"; "to supply at once a sufficient number of laborers for timber-floating operations"; "to insure the timbering operations with a steady supply of labor totaling 964,000 laborers, without horses, and 1,109,000 laborers with horses (drivers) during the special quarter. (Translator's Note.—The quarter beginning October 1, 1930.)

[From the Moscow Economic Life, No. 277, December 1, 1929]

* * * Two thousand miners are working at the Rykov mine. Only 300 of them are regular workmen of the staff; 150 are kulaks (translator's note—members of the upper strata of the peasantry), the classification of whom has been determined upon the strength of reports from the village soviets, according to their wealth, or according to their talk and tendencies. There are no bedniaks. (Translator's note—members of the lower classes of the peasantry.) With the exception of 150 criminals sent to work in the mines as a punishment for their crimes, the rest are seredniak laborers (translator's note—the seredniaks are members of the middle classes of the peasantry), but the type of seredniaks who are more like kulaks than like bedniaks * * *.

EXHIBIT No. 34

[Source: Moscow Izvestia, No. 211, August 2, 1930]

THE MARCH OF THE FARM LABORERS TO THE DONETZ BASIN—20,000 FARM LABORERS TO THE COAL-MINING AND METALLURGICAL INDUSTRIES

[Translation]

KHARKOV, August 1 (TASS).—The central committee of the Communist Party of the Ukraine approved on July 31 the initiative of the union of agricultural and forest laborers concerning the organization of a march of the farm laborers to the Donetz Basin to work there. (The word "march" is, of course, used here only in a figurative sense—Translator's note.)

The central committee enjoins the local party organizations to render to the said union all the necessary aid in the matter of organizing that march, which is meant to be a broad political campaign for the purpose of eliminating the tendency toward frequent change of employment on the part of the laborers and for the complete execution of the industrial and financial plan of the coal-mining industry.

On August 15 the organizations of the agricultural and forest laborers' union are obligated to send to the Donetz Basin 10,000 farm laborers. After that, the mass dispatch of farm laborers to the coal-mining and the metallurgical industry must be continued so as to have not less than another 20,000 men sent there.

The Okrug Party committees shall be held to release immediately the 200 party members who were mobilized by the All-Ukrainian committee of the union of agricultural and forest laborers and who are acting as lower-grade workers of the union, so that they may be sent at the head of the farm-laborers' march to the Donetz Basin for permanent work there.

The Okrug Party committees, the Rayon Party committees, and the central committee of the agricultural and forest laborers'

union shall be held to cater for the political requirements of the farm-laborer groups departing for the Donetz Basin, by organizing meetings, publishing leaflets, and by arranging cinema and radio shows. More particularly, the organizations of the Communist Union of Youth are to appoint a Youth-Unionist political instructor to each group of laborers.

The central committee has made it incumbent upon the Coal Trust and the All-Ukrainian committee of the Miners' Union to adopt suitable measures for creating adequate conditions for the farm laborers to work in.

The local as well as the central press organs have been instructed to give broad publicity to the march of the farm laborers to work in the Donetz Basin.

The central committee has resolved to deal in the second half of August with the information concerning the progress of the propaganda campaign in the matter of recruiting farm laborers for work in the Donetz Basin.

EXHIBIT No. 35

[Source: Archangel Pravda Severa, No. 24, p. 1, January 31, 1931]

RESOLUTION OF THE NORTHERN KRAY COMMITTEE OF THE ALL-UNION COMMUNIST PARTY (OF BOLSHEVIKS) DATED JANUARY 29, 1931

[Translation of excerpts]

* * * * * * *

The Kray committee proposes:

* * * * * * *

4. * * * To approve the decision of the secretariat of the Kray committee to send up to 500 students to the lumber camps.

5. To see to the execution of set tasks by the kulaks and the well-to-do holdings and to subject to severe punishment those who do not execute the tasks. Under the threat of strictest responsibility not to permit kulaks to make payments instead of executing set tasks. Increased set tasks must be introduced with regard to well-to-do peasants, although they should not be placed on an equal basis with kulaks (the worst sections turned over to the kulaks should not be given to well-to-do peasants).

6. To propose to the Kray Court to organize in a period of three days for the entire period of lumber operations a start-to-finish court brigade for rapid examination of cases in the various localities and to subject kulak and well-to-do peasants to severe punishment for nonexecution of tasks. To bring to court, at the same time, persons who maliciously fail to execute self-obligations and who agitate for the breaking down of the lumber operations (on the basis of the decree of the All-Union Central Executive Committee of February 13, 1930).

EXHIBIT No. 36

[From Pravda, published at Moscow September 19, 1930]

"EXTRAORDINARY SIXES" TO STIMULATE LUMBERING

[Translation]

* * * On the basis of the decree of the Council of Labor and Defense September 14, extraordinary committees of six are being attached to the respective district executive committees and the central executive committees of autonomous republics. In districts of mass congestion of timber, special district committees of six for floating operations are also being organized.

The People's Commissariat of Labor of the R. S. F. S. R. and the local organs have been ordered to secure 100 per cent of the demand for labor by September 25, according to the apportionment of the Council of Labor and Defense.

Taking into account also that the timber-floating operations are insufficiently supplied with hauling power, the Council of Labor and Defense has ordered the local executive committees of districts and autonomous republics to introduce compulsory labor service for hauling wherever necessary.

At the same time the supplementary grants have been made of money, fodder, food, and manufactured goods necessary for the completion of the floating operations.

In order to carry out the floating with success the Council of Labor and Defense has bound the economic organs and the cooperatives to issue industrial products exclusively to laborers who complete the tasks which have been set for them * * *. The floating of timber is in extreme difficulty. An abrupt change must be achieved.

The whole public spirit of state, party, and labor in the floating districts must be mobilized to overcome all obstacles with the greatest speed

The organs of the state and the Communist Party must throw their best forces into this sector in order to move the great mass of laborers into the floating operations and thus liquidate the danger which has arisen of the freezing in of 25,000,000 cubic meters of timber.

The breach in the fulfillment of the timber-floating plan must be repaired in the shortest possible time, cost what it may.

EXHIBIT No. 37

[From Za Industrializatsiu, published at Moscow September 23, 1930]

COMPULSORY TIMBER SERVICE IN URALS—EXTRAORDINARY TRIUMVIRATES

[Translation]

SVERDLOVSK, September 21.— * * * In the districts which are backward in their lumber work, compulsory labor service has been proclaimed and extraordinary committee of three have been formed.

EXHIBIT No. 38

[From Pravda, published at Moscow September 27, 1930]

COMPULSORY SERVICE FOR UNLOADING TIMBER

[Translation]

STALINGRAD, September 26.—The presidium of the town soviet has proclaimed compulsory paid labor service from September 24 until the unloading be completed.

EXHIBIT No. 39

[Source: Archangel Pravda Severa, No. 53, p. 3, March 7, 1931]

DESERTERS SHOULD BE RETURNED TO THE FOREST AND TO TIMBER CUTTING

[Translation of excerpts]

The Kray committee of the All-Union Communist Party (of Bolsheviks) has intrusted labor-union organizations and labor organs with checking up on the laborers and employees taken into the employ of enterprises and institutions subsequent to December 1, in order to disclose kulaks who leave the rural districts for industrial plants and thereby evade the execution of self-obligations connected with lumber operations.

* * * * * * *

On February 27 the commission on the utilization of disclosed labor resolved to transfer 40 per cent of the laborers employed by the plants and who arrived from the countryside in an unsystematic manner, after December 1, to timber cutting, irrespective of whether they were employed through or without the medium of the labor exchange.

Carpenters employed in an unsystematic manner through or without the medium of the labor exchange will be placed by the city construction plants, dwelling-house associations, and other organizations of nonshock-troop importance at the disposal of the labor exchange for shipment in an organized manner to shock-troop construction plants.

A. K.

EXHIBIT No. 40

[Source: Bulletin of Financial and Economic Legislation, No. 16, June 7, 1931, p. 74]

EXPLANATION OF THE PLENUM OF THE SUPREME COURT OF THE R. S. F. S. R. OF MARCH 16, 1931, PROTOCOL NO. 3—REGARDING THE MANNER OF SERVING TERMS OF COMPULSORY LABOR FOR MEMBERS OF COLLECTIVE FARMS SENTENCED TO COMPULSORY LABOR BY THE COURTS

[Translation]

To explain that members of collective farms where all articles of production have been socialized (artel) sentenced by the court to compulsory labor for a term not exceeding three months, serve, as a general rule, their terms at the collective farm on the same basis as the laborers and employees sentenced to compulsory labor. The members of those collective farms sentenced to compulsory labor for a period of three months and over may be sent to work outside the collective farm, with the exception of cases when the board of management of the collective farm presents a well-founded request to the compulsory-labor bureau regarding the sending of the person sentenced to work at the respective collective farm. In the latter instance the person sentenced serves his term of compulsory labor by sentence on the same basis as persons condemned to compulsory labor at their place of employment—i. e., from 25 to 50 per cent of their income is subtracted for the profit of the compulsory-labor bureau. The members of associations for mutual tillage of the soil who are sentenced to compulsory labor serve their term on general principles in accordance with instructions from the compulsory-labor bureau.

EXHIBIT No. 41

[Source: Soviet Justice, No. 12, p. 6, April 30, 1931]

TASKS OF THE PRESS CONNECTED WITH THE STRUGGLE FOR REVOLUTIONARY LEGALITY IN THE PERIOD OF RECONSTRUCTION—SPEECH OF COMRADE KRYLENKO AT THE CONFERENCE OF THE PEOPLE'S COMMISSARIAT OF JUSTICE AND OF REPRESENTATIVES OF THE PRESS ON APRIL 4, 1931

[Translation of excerpts]

* * * * * * *

* * * In the sphere of penal labor policy we are similary entirely facing production. * * * We have reconstructed everything—both penal labor camps which are within the jurisdiction of the OGPU and not within ours and our penal labor institutions, both agricultural or factory and plant colonies, and houses for persons of age, and even exile at compulsory labor—on principles of production, and have made them assist the cause of socialistic upbuilding.

* * * * * * *

We may well be proud of the fact that our places of confinement, if they are still called places of confinement, though in the majority of cases they lack the principal characteristics of usual places of confinement—bars, locks, sentinels whom they sometimes have in a very limited number (100–120 men selected from among the convicts themselves to guard 5–10,000 convicts—do not cost a single kopeck to our proletarian state. * * * Our lumber camps, our peat production, our homes for criminals under age, have been transformed into factory and plant educational insti-

tutions in order to produce after two to two and one-half years of study splendid cadres of qualified laborers out of men who enter places of confinement as waifs. * * *

EXHIBIT No. 42

[Source: Archangel Pravda Severa, No. 94, p. 3, April 27, 1931]

KULAKS WHO HAVE FAILED TO EXECUTE THE TASKS SET MUST BE BROUGHT TO COURT WITHIN FIVE DAYS

[Translation of excerpts]

* * * * * * *

In a number of localities set tasks are not given to the kulak and well-to-do households, or are given at the wrong season, control by the fishing organizations to whom the kulaks turn over their production, by the rayon executive committees, by the village soviets, and by the rayon prosecutors over the execution of those tasks is almost completely lacking.

As a result, in a number of rayons the kulaks and well-to-do households have not been brought to court for nonexecution of set tasks on fishing.

* * * * * * *

The kray prosecuting office has proposed to the rayon prosecutors to bring to court within five days the kulak and well-to-do elements who failed to execute the tasks in the first quarter and to continue bringing them to court in the future. * * *

EXHIBIT No. 43

[Source: Archangel Pravda Severa, No. 94, p. 1, April 27, 1931]

TO SUPERVISE DAILY THE ACTUAL EXECUTION OF SET TASKS BY ALL KULAKS

[Translation of excerpts]

All responsibility being taken for the statement, it must be admitted that the placing of set tasks of floating upon kulaks and the well-to-do part of the population is not satisfactory. Not a single kray organization connected with floating can tell the number of kulaks drawn into the floating campaign; no one controls the setting of tasks.

* * * * * * *

Control should exist in order to give a timely blow to the right deviators and "left" perpetrators of excesses who distort the party line of policy in regard to the struggle against kulakdom. Undoubtedly the system of distributing "control figures" and tasks to the kulak and well-to-do part of the population must be considered as such a distortion.

Such "control figures" were sent to all village soviets of the Konoshsky Rayon. * * *

The control figures indicated 3 kulaks in the Tretinsky village soviet, 2 kulaks in the Poduzhsky, and 1 kulak in the Khmelnitsky village soviet. It is quite clear that if the chairman of the Khmelnitsky village soviet does not decide to overexecute the "control figures," the kulaks in the village soviet will evade the floating campaign, for who will believe that there is only one kulak in the whole village soviet? Such "management" is typically of a right opportunistic nature.

* * * * * * *

* * * It is known that at the lumber camps in a number of rayons, the kulaks continuously and maliciously ignored set tasks, and deserted from the lumbering districts. This occurred because the opportunistic village soviets failed to exercise pressure over the kulaks, delayed the taking of repressive measures.

* * * * * * *

There should be more kulaks working at floating than at the lumber camps. Set tasks should actually be set tasks. The most severe repressions should be brought to bear upon the kulak from the very first day of his absenting himself from the floating, and he should be compelled under all circumstances to execute the set tasks.

At the floating the kulak, in the same manner as at the lumber camps, should work on an increased quota. At the floating in the same manner as at the lumber camps, the kulak should be placed in the worst sections.

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EXHIBIT No. 44

[Source: Archangel Pravda Severa, No. 114, p. 2, May 24, 1931]

THE BLOWS DEALT TO THE ENEMIES OF FLOATING SHOULD BE INCREASED

[Translation of excerpts]

SEMENOVSKOE, 23.—The criminal investigation department of the Bereznitsky rayon is reconstructing its work in connection with the tasks of floating at a plainly insufficient pace. Criminal-investigation brigades were sent but a few days ago, after great delay, to the floating regions. Trials of kulaks and well-to-do peasants for evading log stripping have taken place so far in only two localities of the rayon—Semenovskoe and Krivaya Gora. Not a single kulak or well-to-do peasant has been brought to trial for nonexecution of tasks connected with log floating, notwithstanding its termination—at any rate, the rayon prosecutor's office knows of no such case.

Criminal-investigation stations, notwithstanding categorical demands, give the public prosecutor's office no information regarding the starting in court of cases connected with floating. An evident inertness and tardiness in the starting of floating cases against the kulak and well-to-do peasants is prevalent. * * *

EXHIBIT No. 45

[Source: Moscow Pravda, No. 145, May 28, 1931, p. 3]

"WONDERS" ON THE SHORES OF RIVERS WHERE FLOATING IS TAKING PLACE

[Translation of excerpts]

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The most alarming thing is the decrease in laborers at floating. According to the data of the Soyuzlesprom (All-Union combine of timber and woodworking industry) over 11 per cent left within 10 days, and only 63 per cent of the labor needed for the floating was on hand as of May 20.

* * * * * * *

In order to execute the floating program it is imperative to suspend immediately the outflow of labor, to verify the execution of self-obligations, and to achieve the complete attendance of the laborers in the forests and at the floating. * * *

EXHIBIT No. 46

[Source: Lumber operations of the third year of the 5-year period. Archangel, 1931, p. 40]

THE WORK OF COLLECTIVE FARMS

[Translation of excerpts]

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Collective farms which conceal their labor power and refuse to take part in lumber operations under various pretexts are not to be tolerated on any account. They are in substance pseudo-collective farms, inasmuch as one can not imagine collective farmers or their leaders who do not go hand in hand with the general line of party policy and who do not take into consideration the basic fact that lumber operations are the most important economic and political task in the Northern Kray.

All collective farms which evade lumber operations should be subjected to severe self-criticism and strict condemnation.

* * * * * * *

All collective farmers who are able to work should be awakened, should be embraced by self-obligations by means of summons and direct agitation, and measures should be taken to assist in the incessant struggle against kulakdom and its agents.

CONCERNING SELF-OBLIGATIONS

* * * * * * *

In the third, the decisive year of the 5-year period, self-obligations as voluntary promises obtained on a basis of mass explanatory work and carried out and executed in a public manner must play an immense political and economic rôle.

The village soviets and the entire farm hand, bedniak, and seredniak cadres of activists in the rural districts must be drawn into the organization of the lumber operations campaign.

In order to do this it is necessary for the lumbering enterprises to report their programs of lumber operations in the respective rayon to the rayon executive committee upon which it is incumbent to calculate the labor and horsepower in every village soviet, the lumber operations efficiency of the population, the distance of the lumber operations rayon to the respective village soviet, etc., and to assign the tasks to the individual village soviets in accordance therewith.

The village soviet, after having been assigned the task of the rayon executive committee, is charged with working out that task at meetings of farm hands and bedniaks, to which should also be drawn active seredniaks and managers of lumber districts. It is incumbent upon the village soviet, after having discussed the question in the bedniak and farm-hand groups, to summon a plenum and to assign at the latter tasks to individual villages out of a calculation providing for the full execution of the plan. Supervision over the execution of the plan by each village and each elective district must be entrusted by the plenum to a member of the village soviet.

The member of the village soviet, after getting this task, must subject it to a preliminary discussion at the meetings of farm-hand and bedniak groups, seredniak activists being also drawn in, and must then bring it out for discussion by the general meeting of citizens of the village. It is incumbent upon the farm-hand, bedniak, and seredniak active workers to draw up a preliminary draft of the execution of the plan, assigning its execution to individual holdings in accordance with the labor and horsepower of each holding and the production capacity of such power. These activists must also specify the quota of tasks for kulak holdings.

If the meetings of activists are carried through skillfully and sensibly, if all explanations are made during its course, it will be easy to bring about the acceptance of the execution of the plan on a basis of self-obligation—voluntariness—by the general meeting of the citizens.

EXHIBIT No. 47

[Source: Moscow Za Industrializatsiu (For Industrialization), No. 216, September 14, 1930]

TO ANSWER IN COURT FOR EVADING MOBILIZATION.—EXPLANATION OF THE PROSECUTING DEPARTMENT OF THE REPUBLIC

[Translation]

The Moscow oblast assistant prosecutor, Comrade Kabakov, has informed our collaborator that the prosecuting department of the Republic has proposed that judicial reprisals be resorted to

against specialists who evade mobilization and transfers to the most responsible sections of socialist upbuilding work.

In cases like these the prosecuting department of the Republic recommends the application of article 61 of the Criminal Code, providing for a "refusal to perform important state work, or to perform labor important to the state in general."

EXHIBIT No. 48

[From Krasnaya Gazeta, published at Leningrad, August 30, 1930]

COMPULSORY LABOR SERVICE FOR NEPMEN

[Translation]

Corvee

TOMSK, *August 29.*

Compulsory labor service has been introduced for men between the ages of 18 and 45 years living on income not derived from labor. Nepmen are being used for unloading trucks and barges.

EXHIBIT No. 49

[Source: Moscow Economic Life, August 29, 1930]

[Excerpt from newspaper article]

"* * * The catastrophic labor situation in a number of the largest construction undertakings * * * has forced the People's Commissariat of Labor to take drastic measures for guaranteeing an ample supply of labor to these enterprises * * *. The provincial and regional labor departments have been instructed to execute the instruction of the center in order to make sure that they will supply the amount of labor required from them; not only should men be recruited, but they should be taken from their work in less important enterprises, if necessary."

EXHIBIT No. 50

[Source: Moscow Pravda, No. 272, October 2, 1930]

NOT A SINGLE LOG TO BE LEFT IN THE WATER—THE PROGRAM TO BE EXECUTED IN FULL

[Translation]

The special plenipotentiary of the Soviet of Labor and Defense, for timber operations, Comrade S. I. Syrtsov, has issued a resolution by which the full responsibility for the execution of the timber-floating program is laid upon the territorial and oblast executive committees, and upon the soviets of people's commissars of the autonomous republics. The mentioned organs shall be held to carry immediately into effect all the extraordinary measures stipulated in the resolution of the Soviet of Labor and Defense, with a view to finishing the timber-floating operations before the rivers are icebound.

It has been made incumbent upon the extraordinary timber-floating committees of six to ascribe all laborers engaged in timber floating to their particular job till the work is fully completed. From the goods and supply reserves set aside for the persons engaged in the timber-floating operations, certain quantities of dry goods, fancy goods, ready-made clothing, tobacco, and sugar shall be assigned for granting bonuses and gratuities to laborers engaged in timber floating who have exceeded the stipulated standards of speed and volume of work and who have accelerated and speedily completed their work.

The committees of six shall be bound to adopt energetic measures for completing with the least possible delay the operations in connection with floating the timber down the small rivers, with clearing the river banks of timber, and with recovering sunken timber. All the able-bodied population of the territory adjacent to the river banks shall be mobilized for this work under the provisions of labor liability against remuneration. The committees of six are bound to accelerate as much as possible the floating and the dispatch of rafts, and at the places of destination to have the timber removed from the water before the waterways are icebound.

The initiative of the laborers should be broadly utilized, also the method of friendly challenges (i. e., of challenging some other organization to perform one or the other piece of work as in competition—translator's note) and self-obligations, the moving of shock brigades and shock groups from localities where the floating has been finished to districts where it is lagging behind; furthermore, the patronage of works and factories situated in the vicinity over the various districts and divisions where timber-floating work is carried on should be organized.

Comrade Syrtsov urges strictest discipline among the laborers and the administrative personnel, not the slightest stopping of work, and nonattendance to work on the part of the laborers to be tolerated. The responsibility for any breaches of labor discipline in connection with timber-floating work shall first of all fall upon the administrative staff.

The controsoyuz is instructed to organize strict supervision and control over the arrival and unloading in due time of all merchandise and food supplies addressed to the regions where timber-floating operations are going on.

The Commissariat of Ways of Communication, jointly with the central committee of the Union of Water Transport Workers and with the timber trust of the union, shall immediately establish the system and the rules for granting bonuses and gratuities in the shape of industrial products to the crews and masters of tug boats for maximum of work performed in the matter of towing and clearing timber.

It shall be incumbent upon the state political administration (OGPU) to render, in its sphere of activity, every assistance in all matters connected with the acceleration of timber-floating operations.

EXHIBIT No. 51

[Excerpt from a resolution of the Moscow Soviet, dated October 4, 1930]

[Source: The Izvestia of the Moscow Oblast Executive Committee, No. 109, of October 10, 1930]

1. In the sphere of the workers' supply at the largest and most important industrial enterprises, canteens shall be opened for supplying at least 275,000 laborers and their families, in accordance with the plan of the Moscow oblast executive committee and the Moscow soviet.

2. * * * To attach in the current quarter of the year the population of Moscow to shops for the supply of the most important rationed goods (meat, fats, sugar, soap, eggs, milk.)

To take away ration booklets: (a) From persons engaging in trade on the markets and bazaars and from street vendors; (b) from persons deprived of the right of franchise, and from persons doing no useful work. * * *

EXHIBIT No. 52

[Source: Moscow Pravda, No. 289, October 19, 1930]

INSTITUTIONS OF LEGAL PROCEEDINGS AGAINST THE PRESIDENTS OF THE RODVIN AND USTIANSK RAYON EXECUTIVE COMMITTEES

[Translation]

ARCHANGEL, October 18.—By decision of the territorial (party) committee and territorial executive committee, the presidents of the Rodvin and Ustiansk rayon executive committees have been removed from their posts and legal proceedings have been instituted against them, because they have been guilty of criminal inactivity in the matter of floating timber down the Vaga River. They permitted 500,000 logs to be carried into the Dvina River, besides, the crews deserted the rafts, and the rigging was cut. Thanks to the efforts of the timber floating committee of six, 300,000 logs have been recovered by now.

The public prosecutor of the territory as well as the courts are adopting rigorous measures for intensifying the punitive policy in respect of kulaks who are maliciously evading participation in the timber-floating operations. According to information received from the rayons, this directive is being ignored by the rayon organs of justice. Thus, for instance, the kulak Ilyin, who refused to take part in the timber-floating operations, and who induced a group of raftsmen to follow his example, was sentenced by the Kargopel rayon court to a fine of only 200 rubles. The kulak Vereschchagin was sentenced to three months at forced labor, with a deduction of 50 per cent from his wages, for having refused to participate in the timber floating. Similar facts were not infrequent in the practice of the Kargopol court. The public prosecutor of the territory and the president of the court of the territory have given orders that the Kargopol people's judge and the acting public prosecutor be removed from their posts.

SEMAKOV,
Member of the Control Commission.

EXHIBIT No. 53

[Source: Archangel Pravda Severa, No. 87, April 18, 1931]

[Translation of excerpts]

* * * A mass exodus of labor was permitted in the Blagoveshchensky Rayon, 60 per cent, and in the Rovdinsky Rayon, 70 per cent; the same may be noticed in other village soviets. The Puiskaya commune admitted desertion from the woods of 40 haulers. * * *

* * * The commissioned comrades should insist upon the execution of individual tasks by the kulaks. The errors of the Krayryba (Fishing Trust), which recruited fishermen for its brigades from among the kulaks, must be corrected. All the kulaks from the brigades must be transferred to actual fishing and forced to execute the task set to them. * * *

EXHIBIT No. 54

[Source: Lumber operations of the third year of the 5-year period, Archangel, 1931, p. 65]

PARTY WORK IN THE FOREST

[Translation of excerpts]

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Party germ cells should not forget that lumber operations are the front of class struggle.

* * * Kulaks should be compelled to execute increased quotas, and all evaders should be brought to court.

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EXHIBIT No. 55

[From Krasnaya Gazeta, published at Leningrad March 17, 1930]

LUMBERMEN TO BE PROSECUTED FOR LEAVING WORK—DESERTERS OF LABOR TO BE PROSECUTED

[Translation]

CHEREPOVETS, March 16.—The program of production of the lumbering work of the northern and western Timber Trusts has

been fulfilled to the extent of 60 per cent, and 50.5 per cent of the hauling program. During the last 10 days the execution of tasks set has decreased by 3.6 per cent. During the last 10 days the number of timber hewers has fallen by 7,078 and horses by 4,238.

The executive committee of the region has issued categorical orders to the district executive committees, to village soviets, and the Timber Trusts to prosecute timber hewers and carters who arbitrarily leave lumbering operations.

EXHIBIT No. 56

[Source: Archangel Pravda Severa, No. 93, April 26, 1931, p. 5]

THE SEVENTH PLANT SPLITS A THOUSAND BEAMS PER DAY—A STILL GREATER NUMBER SHOULD BE SPLIT

[Translation of excerpts]

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Instead of straining all forces to save the gold currency, the 29th plant is loafing; one beam a day per laborer is being split.

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* * * Absentees and simulators should be entered upon the blackboard and should be brought to trial at the labor tribunal. * * *

EXHIBIT No. 57

[Source: Moscow Trud, No. 96, April 7, 1931]

THOSE WHO WORK BETTER SHALL BE SUPPLIED BETTER—AUTHORITY HAS BEEN GRANTED TO COMRADELY TRIBUNALS TO TRANSFER DISORGANIZERS OF PRODUCTION TEMPORARILY TO A LOWER SUPPLY CATEGORY—INSTRUCTION CONCERNING THE PREFERENTIAL SUPPLY TO MEMBERS OF SHOCK BRIGADES

[Translation]

1. In order to coordinate the supply work with the fulfillment of the production plan, increase of labor productivity, struggle against labor fluctuations, and in order to stimulate the introduction of socialistic forms of labor (socialistic emulation, creation of shock brigades) in the works, factories, mines, and in the transport service, an out-of-turn and preferential supply to members of shock brigades, as well as their preferential admission to social-cultural establishments, shall be organized.

Members of shock brigades (laborers, technicians, and specialists) who have fulfilled and overfulfilled their share of the plan in quantitative and qualitative respects shall enjoy a preferential supply.

The cooperatives, workmen's cooperatives in the factories, canteens, and shop cooperatives will be charged with the execution of the out-of-turn and preferential supply to members of shock brigades, with the participation in the work of the labor-union organizations in the factories and the factory management.

The registration of members of shock brigades, the general and individual checking of the results of work (fulfillment of the industrial-finance plan, productivity of labor, labor discipline), as well as the registration of loafers and floaters, shall be accomplished by the factory management (the assistant director for labor matters, and the production conferences).

The factory committees and the production conferences must grant every possible support to ascertaining the best members of shock brigades, as well as pseudomembers, loafers, and floaters, by appealing to the socially conscious workers in the factory and by organizing trials of such persons at comradely tribunals.

The factory and shop organizations of the labor unions are charged with the organization and the systematic control of the out-of-turn supply to members of shock brigades from canteens, buffets, and itinerant buffets, and of the issue of special supply tickets for the supply of manufactured articles.

2. For this out-of-turn and preferential supply to members of shock brigades, the latter will receive in addition to the usual food-ration tickets a special "supply card for members of shock brigades" ("kartochka udarnika"). These cards will be issued for one month. In case of nonfulfillment of the fixed share of the production plan, or in case of violation of labor discipline, these cards may be taken away from the respective person, upon the advice of the brigade, by the factory management before its expiration. The cards shall be issued by the shop cooperative bureaus through the intermediary of the shock brigades according to lists, confirmed by the shop management in agreement with the shop committee, in accordance with the results of work of the respective member of a shock brigade during the preceding month.

The factory management and the factory committee have the right to put laborers who formally do not belong to shock brigades but who overfulfill their share of the production plan on the same supply level as members of shock brigades. Information concerning the number of special cards issued must be supplied by the factory committee to the management of the workmen's cooperative of the factory, or to the central workmen's cooperative, which has to supply the required quantity of food and manufactured articles according to the number of cards issued, to the canteens or to the workmen's cooperative of the factory.

Bearers of "supply cards for members of shock brigades" shall receive food and manufactured articles from the canteens, buffets, and itinerant buffets, out of turn, or during hours specially fixed for the supply to members of shock brigades.

3. Industrial articles and foodstuffs which are received in a limited quantity at the dining rooms and canteens, shall be issued, first of all, on cards of members of shock brigades.

A system of advance orders for the supply of food products on cards of members of shock brigades shall be organized in the canteens, if possible, with a delivery of such foodstuffs to the place of residence.

4. The distribution of special tickets for the supply of industrial goods of which there is a shortage (so-called deficit goods. translator's note)—overcoats, suits, footwear—shall take place in such manner that those members of shock brigades who have produced the best results of work in quantitative and qualitative respects, labor discipline, etc., shall be supplied first, in accordance with regulations established by the factory committee, factory workmen's cooperative, and cooperative bureau. When distributing the supplies, industrial articles issued to the laborers as a premium, must be taken into consideration.

5. The issue of premiums to the best members of shock brigades, in the form of manufactured articles issued free of charge from the premium fund of the enterprise, shall take place by decision of the factory management and the factory committee.

The selection of members of shock brigades entitled to premiums shall take place by decision of the brigades, the shop, and factory trios.

The issue of premiums shall take place once in a quarter, on the basis of the fulfillment of the industrial finance plan for the preceding quarter.

On the basis of the amount of the premium fund, approved by the factory management and the factory committee for the current quarter, the cooperative bureau shall submit to the central workmen's cooperative and to the workmen's cooperative of the factory a demand for a certain quantity and assortment of required industrial articles, one month before the beginning of the quarter.

The exact quantity and assortment of the goods destined for premiums shall be fixed by a commission attached to the supply department, composed of representatives of the supply department, the labor-union organization, the cooperatives, and the economic organs.

The issuance of industrial articles destined for premiums shall take place on special tickets or according to special lists.

6. Besides the preferential supply of industrial articles and food products to members of shock brigades, they shall enjoy:

(a) The preferential right to receive apartments and a preference in the supply of firewood.

(b) The right of preferential admission to health resorts, rest homes, sanatoriums; preferential admission of their children to children's homes and creches.

(c) The right to be supplied with theater tickets on special terms.

7. Trials of loafers and floaters in the various shops shall be organized in comradely tribunals. Willful loafers and floaters must be transferred by decision of comradely tribunals to a secondary supply group for a term of not more than three months.

8. Loafers and floaters who have been ordered by comradely courts to be transferred to a lower supply category are obliged to deliver their ration tickets to the workmen's cooperatives of the factory or to the cooperative bureau. The cooperative bureau must issue to them new supply cards for terms and according to the category indicated in the decision of the comradely tribunal.

In case of a refusal of the loafer to comply with the decision of the comradely court, the following penalties shall be applied: Nonadmission to the canteen and discharge from the factory.

9. Laborers who leave the factory shall get the final wages due them only after presentation to the factory management of a note showing that their names have been crossed off the lists of the canteen and of the dining room.

Loafers and floaters who have been transferred by decision of comradely tribunals to the second supply category shall get the final wages due them only after exchanging their supply tickets for supply cards in compliance with the decision of the tribunal, and upon presentation of a note showing that their names have been crossed off the lists of the canteen.

VEINBERG,
Secretary of the All-Union Central Soviet of Labor Unions.
VOLKOV,
Vice People's Commissar for Supply.
KHLOPLIANKIN,
Vice President of the Administration of the Centrosoyuz.

EXHIBIT No. 58

[Source: Moscow Economic Life, No. 30, February 6, 1930]

RESOLUTION OF THE CENTRAL COMMITTEE OF THE ALL-UNION COMMUNIST PARTY OF FEBRUARY 5, 1930

[Summary]

The resolution proposes to the kray committees, oblast committees, and central committees of the various national sections of the party that:

1. In view of the unsatisfactory progress of seed collection on the collective farms, "which threatens to frustrate the sowing campaign," a postponement of the dates for the completion of the collection of seed stocks shall be permitted up to February 25 in certain regions and up to February 15 and February 20 in other sections.

2. Work in connection with the sowing campaign should be concentrated mainly on collection of seed, since no sowing campaign is possible without seeds. In this connection a general check should be made as to whether the resolution of the People's Com-

missariat of Agriculture of the U. S. S. R., providing for the explaining of the seed-collection program in detail to every collective farmer has been everywhere carried out, and steps should be taken to hasten the execution of the tasks enumerated in this resolution.

3. "Those inactive leaders of land organs and collective farm organs who prove unable to perform their duties with respect to the due collection of seed must be given the most severe punishment, including dismissal from office and trial in court. All those removed from office should be immediately replaced by qualified workers really capable of doing administrative work."

4. "Until the completion of the collection of seed stocks on the collective farms and until after the organization of socialized machinery and horse stations and machinery and tractor stations, persons mobilized for the sowing campaign shall be prohibited from leaving the collective farms."

The resolution also enjoins the People's Commissariat of Foreign and Domestic Trade of the U. S. S. R.:

1. "To prohibit grinding of spring wheat delivered by peasants in regions of wholesale collectivization until after the program of seed stocking has been completely executed."

2. "To permit the acceptance of flour in exchange for selected seeds, the appropriate equivalents to be fixed within three days in agreement with the People's Commissariat of Agricuture of the U. S. S. R."

This resolution also provides that each section of the Central Committee of the Party must acquaint itself with the latest summaries of the People's Commissariat of Agriculture of the U. S. S. R. regarding the progress of preparations for the sowing campaign.

EXHIBIT No. 59

[Source: Moscow Izvestia, No. 43, February 13, 1931. Advertisement]

[Translation]

Attention: Writers mobilized for the sowing campaign. A general meeting of writers mobilized by the federation for the sowing campaign, as well as those who signed voluntarily, is to be held on February 13, 1931, at 5 p. m., in the Club F. O. S. P., Vorovsky Street 52.

Attendance is absolutely obligatory.

KORENEV, *Organization Secretary.*

EXHIBIT No. 60

[Source: Moscow Pravda, No. 113, April 24, 1931]

PARTY AND LABOR-UNION WORK AND THE TRAINING OF CADETS FOR THE NIZHNI-NOVGOROD AUTOMOBILE PLANT

[Translation of excerpts]

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The central committee proposes:

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To instruct the vato and the avtostroy to attach all the technical personnel to definite sections of the automobile plant in accordance with their specially strictly prohibiting the departure of the laborers contracted from auto industry, particularly of those who obtained special training in the United States of America. To make it incumbent on the People's Commissariat for Labor to return, within 20 days, all workers of the avtostroy who received special training in the United States of America and who left to work in other branches of industry or in the transportation branch.

* * * * * * *

EXHIBIT No. 61

[Source: Moscow Izvestia, No. 48, of February 18, 1931]

PRODUCTION TRIAL OF RAPACIOUS WORKERS AND DESERTERS FROM THE TRANSPORT SERVICE

[Translation]

On February 16, in the building of the People's Commissariat for Ways of Communication, a public-production trial of deserters and violators of the directions of the party concerning the mobilization of specialists for the transport service took place.

Before a large audience composed of engineers, economists, and scientific workers of the transport service appeared nine prominent workers. Among them were: Endimionov, chief of the central experimental bureau for standardization (TSNIB); Bogoslovski and Simonov, two workers of the labor unions at the same institution; Sherov, Ponomarev, Dishev, Gosdimer, Terentiev, Skvozniakov, specialists.

The act of indictment shows clearly in what a poor and bureaucratic manner the workers of the People's Commissariat for Ways of Communication and the administration of the Moscow junction treated the directions of the Government concerning the mobilization of specialists for the strengthening of the transport service. Instead of drawing general attention to this problem, the chief and the labor-union workers at the various departments have displayed red tape, have started endless correspondence, and have protected loafers, simulators, and rapacious workers.

For more than two weeks they frustrated in a criminal manner the sending of "the irreplaceable specialists" to the transport service. Instead of organizing a decisive struggle against bureaucratism, Bogoslovsky and Simonov conducted a bureaucratic correspondence and negotiated as to "who was to be sent."

The court resolves to exclude Endimionov, Sherov, and Ponomarev from the labor union, to prohibit their employment in the transport service, and to turn their case over to the transport collegium of the supreme court to institute proceedings for sabotage; to reprimand Bogoslovsky and Simonov, and to elect other persons in their place as labor-union representatives; to create a special commission to examine the value of the rationalization work of Gosdimer and to institute proceedings against him at the railway court; to subject Duzhev to a medical examination, and in case of simulation to start proceedings against him at the railway court; to discharge Terentiev as an invalid, transferring him to the social welfare department. As regards Skvoznikov, who expressed the desire to be transferred to the transport service, the court took notice of his statement.

The sentence of the court was accepted with satisfaction by the audience.

EXHIBIT No. 62

[Source: Moscow Izvestia, No. 42, February 12, 1931]

SEVERE MEASURES SHOULD BE APPLIED TOWARD LABOR DESERTERS

[Translation]

KUZNETSKSTROY, February 11 (Rosta).—The best part of the engineers and technicians of the Kuznetskstroy works, together with the labor class, under the most difficult conditions, are actively struggling for the execution and overexecution of the construction plan. At the same time, individual specialists at the plant interfere, by their antipublic actions, with the progress of construction. A vivid example is the disgraceful action of 11 engineers and technicians, who ran off during the most responsible period of the work.

The extended plenum of the bureau of the engineering and technical section having heard the report of Comrade Peters, head of the cadres department, regarding the desertion of 11 engineering and technical workers, issued a resolution in which it stigmatized the malicious deserters who abandoned responsible sections while construction work was in full sway. "We expel those deserters from the ranks of the engineering and technical section," states the resolution, "and we request the building committee to expel them from membership in the labor unions. We demand that all public organizations, where these deserters have found refuge, dismiss them from work and deprive them of their status as engineering and technical workers. Those deserters and all their followers are close allies of the "industrial party." We consider the action of Engineer Korzukhin as that of sabotage. Under various pretexts he attempted to desert the plant area. We expel him from membership in the engineering and technical section and demand that a public exemplary trial be instituted in his case.

In connection with the resolution of the extended plenum of the bureau of the engineering and technical section the presidium of the building committee has resolved:

To approve the decision of the plenum of the bureau of the engineering and technical section with regard to the expulsion from labor unions and the dismissal from work at the sections where they are now employed of the specialists: V. S. Banige, G. I. Novozhilov, P. V. Sinyarev, V. A. Kuvakin, A. K. Ponomarenko, M. F. Bykov, N. A. Kuznetsov, V. I. Stepanov, V. I. Dorofeyev, G. F. Zhydkov, Lukashenko, for desertion from the labor front, but to repeal the resolution of the bureau of the engineering and technical section with regard to depriving them of their status as engineers and technicians.

To approve the sentence of the labor tribunal of the Marten workshop providing that Engineer Korsukhin be expelled from the union, dismissed from work, and deprived of his rights.

EXHIBIT No. 63

[Source: Moscow Za Industrializatsiu, No. 12, January 12, 1931. Advertisement]

DESERTERS FROM THE LABOR FRONT

[Translation]

Engineer Sergoi Vladimirovich Pikov and Evsey Yakovlevich Makhno, two young specialists who had been working at the Primorski rayon administration of the coal-mining industry of the east, having been directed there by order of the People's Commissariat for Labor, as well as V. V. Grushevsky, ordered by a traveling document of the former Soyuzugol for work at the Vostugol, disgracefully ran away from the labor front.

It is requested that all institutions and public organizations report the whereabouts of the above-named persons to the address: Moscow, Krasnaya Place, GUM third line, third floor, apartment 205, Moscow office of the Vostogol (Eastern coal. Translator's note), telephone 2-88, 76.

EXHIBIT No. 64

[Source: Tashkent Pravda Vostoka, No. 210, August 2, 1931, p. 1]

DESERTER GORIELOV—ORDER TO THE CENTRAL ASIATIC COTTON COMBINE

[Translation]

To dismiss Comrade Gorielov without dismissal allowance and with annotation in his labor booklet from the employ of the Central Asiatic Cotton Combine and Central Asiatic Cotton Institute for categorical refusal to leave for Vakhsh (no data available), an All-Union shock-troop construction plant.

SHADUNTS,
Chairman of the Board of the Central Asiatic Cotton Combine.

EXHIBIT No. 65

[Source: Moscow Za Industrializatsiu, No. 228, September 28, 1930]

FROM THE MOSCOW OBLAST PROSECUTION DEPARTMENT

The Moscow oblast public prosecution department hereby brings to the knowledge of Soviet public circles the names of the specialists who have been mobilized for the Magnitnaya-Gora construction works, the Kuznetsk construction works, and the Cheliabinsk tractor construction works, but who have evaded mobilization:

(1) Ochagovsky, (2) Khlobnikov, (3) Ivanov (All-Union Oil Trust), (4) Pishvanov (VZO), (5) Izvekov (All-Union Coal Mining Trust), (6) Cherepakhin (N. I. S.—P. T. E. U.), (7) Teryaev (central offices for energetics), (8) Barabanov (central offices for energetics), (9) Ageyev (transport equipment combine), (10) Golubovaky, (11) Poebedinsky, (12) Morgunov (heavy-machine building), (13) Pashehenko (Glass and China Trust), (14) Fritzberg (VTO), (15) Efremov, (16) Gladilyn (building combine), (17) Shpakovsky (Moscow Soviet of National Economy), (18) Galkin (ROMP), (19) Kontaedalov (ROMP), (20) Guriev (Flax and Hemp Trust), (21) Gorokhov, (22) Somenov, (23) Sukhanov, (24) Vinogradov (Commissariat of Internal Affairs), (25) Ioffe, (26) Vsevolodsky, (27) Sviatsky, (28) Sutulin (Moscow oblast communal department), (29) Ishchenko, (30) Volkov (Commissariat of Internal Affairs), (31) Pekliashenin (Nonferrous Metal Trust), (32) Egorov, (33) Blinkov, (34) Debzhinsky (Supreme Soviet of National Economy of the U. S. S. R.), (35) Shkaev (Union Timber Trust), (36) Steinman (OROMETALL), (37) Raevsky (Union of Unions), (38) Margelin, (39) Volfson, (40) Spassky, (41) Oriaznov, and (42) Kiriushkin (Moscow Soviet of National Economy).

Any of the above persons who, within 24 hours from the moment of publication of this list in the newspaper Za Industrializatsiu, will not have reported in person at the places to which they have been assigned, will be criminally prosecuted in accordance with the second part of article 61 of the criminal code.

Assistant Moscow Oblast Prosecutor.

H. KABAKOV.

EXHIBIT No. 66

[Source: Moscow Za Industrializatsiu, No. 129, May 12, 1931, p. 4]

FROM THE EDITOR'S MAIL

[Translation of excerpt]

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The stubbornness of deserter Klevetsky knew no bounds. Having finished his two months' term of convict labor at the sentence of the oblast labor session (for refusal to go to Yakutia), Engineer Klevetsky refused to depart for the Bashkir Republic. The board of management of the State Electro-Technical Plant (GET), where Klevetsky obtained employment, while having knowledge of this fact, continued, however, to take steps toward obtaining permission for him to remain in Moscow. (From a letter of the cadres sector of the All-Union Soviet of National Economy of the R. S. F. S. R.).

EXHIBIT No. 67

[Source: Moscow Za Industrializatsiu, No. 49, February 19, 1931, p. 4, c. 5. Advertisement]

[Translation]

The board of the All-Union motion picture and photography combine SOYUZKINO requests all organizations, institutions, enterprises, and individuals knowing the whereabouts of Engineer Ermakov, a deserter from the labor front, to advise thereof to Moscow, N. Gniezdikovsky, House No. 7, Soyuzkino.

All the purging of the trust of the All-Union chemical industry Ermakov was removed from managerial work and detailed to production work. Concealing this fact, he entered the service of the Soyuzkino with the position of chief engineer of the division for technical and economic planning.

Notwithstanding the order given by the administration, and the resolution of the engineering and technical section, Ermakov refused to depart for his work on production (construction of a motion-picture film factory at Shostka).

Ermakov was dismissed as belonging in the second category, by the purging commission of the Soyuzkino, having been forbidden to occupy any managerial positions, and having been instructed, under obligation, to proceed to outlying districts.

EXHIBIT No. 68

[Source: Moscow Za Industrializatsiu, No. 47, February 17, 1931. Advertisement]

[Translation]

Citizen Roman Makarovich Malyar, an engineer in the food industry, a graduate from the Kiev Institute of National Economy in 1929, and who was sent by the Soyuzkonserv to work in the outlying districts

HAS DESERTED

It is requested that, in accordance with the resolution of the People's Commissariat for Labor, all Soviet, labor union, and public organizations refrain from employing him and that they report concerning his whereabouts to: Moscow, Center, Petrovka, No. 7, Soyuzkonserv.

EXHIBIT No. 69

[Source: Moscow Za Industrializatsiu, No. 38, February 8, 1931, p. 4, c. 5. Display advertisement]

[Translation]

While the yearly report at the Dubensky plant (Dubna, Tula Province) was being compiled, E. N. Shcherbakov, accountant-instructor, deserted-escaped, and the plant administration of the Dubensky plant requests all organizations to apply to him the laws regarding deserters of labor.

EXHIBIT No. 70

[Source: Moscow Za Industrializatsiu, No. 25, January 26, 1931, p. 4, col. 6]

[Translation]

The northern Caucasus Kray office of the "Selstroy" and the northern Caucasus Kray Labor Department hereby make it publicly known that M. A. Tomashevsky, a technician employed in grain soviet farm No. 3, and A. N. Krashennikov, a foreman in grain soviet farm, No. 8, have abandoned their work without turning it over and have run away, thereby disrupting the execution of urgent work connected with the upbuilding of agriculture.

The northern Caucasus "Selstroy" and the Kray Labor Department proclaiming technicians N. A. Tomashevsky and A. N. Krashennikov to be fraudulent deserters of labor, request that they be not employed and that, in case they apply for work, local organizations be informed in order that they might be sent back to Rostov, to the Kray office of the "Selstroy."

SELSTROY,
Northern Caucasus Kray Office of the
Northern Kray Labor Department.

neg/fk

EXHIBIT No. 71

[Source: Moscow Za Industrializatsiu, No. 23, January 24, 1931. Advertisement]

[Translation]

Matvei Petrovich Ovchinnikov and Petr Petrovich Zotov, foremen employed at the Chusovsky metallurgical plant on the construction of a tunnel between furnaces 1 and 3, have run away without turning over their work and special clothing, as well as money in cash. The first slipped away on December 27, 1930; the second on January 12, 1931. Tikhon Vasilievich Kaveshnikov, a laborer and blacksmith, has also run away.

It is requested that all organizations knowing the whereabouts of the above-named persons take measures toward their detention through the administrative department.

EXHIBIT No. 72

[Source: Moscow Za Industrializatsiu, No. 21, January 21, 1931. Advertisement]

[Translation]

Constructor A. A. Maximenko, at a time of responsible planning of coke and chemical plants, deserted from the Dnepropetrovsk Planning Office of the Giprokoks.

Organizations and persons who know of his whereabouts are requested to advise thereof.

EXHIBIT No. 73

[Source: Moscow Za Industrializatsiu, No. 18, January 18, 1931. Advertisement]

[Translation]

To all economic organizations:

It is requested that the place of work of Citizen Ivan Dmitrievich Vasiliev, a graduate of the Vyaznikovsky Textile Technicum, be reported to: Station Vyazniki, factory "Rosa Luxemburg."

This party was contracted by us and, after finishing his studies, deserted from work, having obtained a month's vacation.

We request the economic organizations where Vasiliev has obtained employment to turn him immediately over to us.

EXHIBIT No. 74

[Source: Moscow Za Industrializatsiu, No. 16, January 16, 1931. Advertisement]

[Translation]

The administration of the Constantinovsky Electrokoltso employed Engineer Pykhteyev, a former resident of the city of Tver, who, having obtained a wage advance, ran away.

It is requested that all institutions where Citizen Pykhteyev is working report this fact to: Elektrokoltso Administration, village of Konstatinovka, Donetz Basin.

ADMINISTRATION.

EXHIBIT No. 75

[Source: Moscow Za Industrializatsiu, No. 53, February 23, 1931, p. 4, c. 3. Advertisement]

[Translation]

Fedor Mikhailovich Kondratiev, a technician, deserted on December 12, 1930, from the Liudinovsky plant in the Western

Province without turning over his work to the shop management.

He was graduated from the technical school in 1930. The plant administration requests all enterprises knowing Kondratiev's whereabouts to report thereon.

EXHIBIT No. 76

[Source: Moscow Economic Life, No. 196, October 19, 1930]

COMRADES' COURT IN JUDGMENT OVER LABOR DESERTERS

[Translation]

The comrades' court at the Commissariat of Ways of Communication, presided over by Comrade Kefalidi, with Comrade Diakonov acting as social prosecutor, has been examining the charge brought against a number of workers of the central communication station (probably meaning the central telegraph and telephone station. Translator's note) of the transport service, who are members of the union (what union? Translator's note), the women Lebedeva, Drieger, and Mikhalenko, of having hounded the activist female worker, Kulikova, who is a scout of the battling post (meaning member of a sort of germ-call at the given establishment. Translator's note), and also of having intentionally frustrated sundry measures for the consolidation of labor discipline.

The workers of the telegraph: Privato, Isaaiov, Yuroshkevich, Efimov, Kuchinsky, Kassatkin, and Tsukanov are charged with systematic nonattendance to work, with inebriety when coming to work, with neglect in the performance of their duties, with disorganization of the surrounding milieu, with propaganda against the shock-brigade movement, and with intentional frustration of measures meant for the consolidation of labor discipline.

The entire body of workers of the said central telegraph and telephone station of the transport service is charged with insufficient vigilance, and with absence of class sentiment. As a result of this, class-alien elements, idlers, and drunkards managed to creep into the apparatus of the station. By the preliminary investigation and the examination in court all the charges were fully proved.

The court found that the activities of the group of class-alien elements had not met with rebuff on the part of the body of workers. The leading body of activists failed to display sufficient initiative, energy, and decision in the matter of reeducating those who were lacking in class consciousness and of driving the class aliens out of the apparatus. The unsatisfactory social composition, the low cultural level, and the political illiteracy of the considerable majority of workers of the said central station were the principal causes of the bad conditions in regard to labor discipline. The court resolved to expel from the union and dismiss from the service the following persons: The women Frechistenskaya, Lebedeva, and Drieger, and the men Issaiev, Tsukanov, Kassatkin, Yuroshkevich, Kuchinsky, Efimov, and Privato.

Taking into consideration the difficult conditions of her family life—she has a baby in arms—the court decided to give her a comrades' warning. The woman Smirnova was given a public reprimand. In addition to this the court bound her over to raise the level of her political education.

The court further decided to forward the evidence concerning the party member Nikhailov to the bureau of the party collective, broaching the question as to his continuance in the ranks of the party. The court pronounced the social work of the entire body of workers of the central station to be unsatisfactory, and suggested that it be raised to a due level, turning to account the lessons taught by this trial. To the branch committee it was suggested to broadly develop class educational work on the basis of socialistic emulation and participation in the shock brigade movement.

As regards Comrade Kulikova, the court recommended her as an exemplary worker and suggested that more responsible work be intrusted to her.

The decisions of the comrades' court were carried into effect.

EXHIBIT No. 77

[Source: Moscow Izvestia, No. 243, September 3, 1930]

TO ALL PARTY, ECONOMIC, LABOR-UNION, AND COMMUNIST YOUTH ORGANIZATIONS—MESSAGE OF THE CENTRAL COMMITTEE OF THE ALL-UNION COMMUNIST PARTY (OF BOLSHEVIKS)

[Translation of excerpts]

One month hence the new fiscal year—the third year of the quinquennium—will begin. This approaching year raises a number of most intricate and most responsible economic and political problems. It will be of decisive importance for the execution of the 5-year plan in 4 years, and it must assure the shifting of not less than one-half of all peasant households to the socialistic path—the path of collectivization.

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The execution of this gigantic economic program is possible only with a most active and immediate mobilization of all the forces of the working class, of all party organizations, all labor unions, the entire Communist Union of Youth, and all economic organizations without exception. Failure to realize this fact means failure to remember the fundamental Bolshevik obligation to secure the success of the upbuilding of socialism, and it represents a direct crime committed against the party, in the very first instance, by all the leaders of these organizations.

Mere verbal recognition of the general line of the party, and failure to adopt in actual fact drastic and prompt measures for mobilizing the whole working class for the execution of this economic program is unworthy of Bolsheviks and represents the worst form of right-wing opportunism in practice.

Only by immediately developing operations for preparing the execution of the production program of industry for the next year will it be possible to assure the realization of the Bolshevik paces of the development of industry adopted by the Sixteenth Congress of the Party.

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Especially important to the execution of the industrial plan this year have been the changes which occurred in the economic situation and which were felt most keenly in the labor problem and, first of all, in the problem of the excessive turnover of labor. The enormous extent of socialistic industrialization, the employment in this connection of all the old staffs of workingmen and of a huge number of new workingmen, especially from the villages, and the simultaneously developing collective and soviet farm organization, together with the yield of a heavier crop, have caused most serious changes as compared with the period when there were still considerable numbers of unemployed in the cities and when the excess of working hands made itself felt particularly on the small individual farms.

These changes in the situation were not taken into account by the economic organs and by the labor unions. Yet this implies on the one hand, and influx into the industrial enterprises of new workingmen who have not gone through the training of large-scale industry and who are often imbued with the selfish spirit of the petty proprietor; on the other hand, it involves the departure of a certain number of such workingmen for the village, especially during the harvesting period and during the distribution of the crop. Instead of rendering themselves a clear account of the existing situation and adopting the necessary measures (by developing proletarian public opinion, by a proper adjustment of the workingmen's supply organizations, and by special rewards for the best producers), so as to attach the working personnel firmly to the enterprise, and instead of fighting resolutely against the selfish elements who accidentally find their way into the establishments ("rovers," etc.), the economic organs and the labor unions, as well as the party organizations, have displayed absolutely intolerable passivity in this matter, and thus permitted an excessive turnover of labor to take place.

It is especially necessary to point out the bureaucratic attitude assumed by the organs of the People's Commissariat of Labor and by certain labor unions toward economic problems. Suffice it to say that, in the presence of an obvious labor scarcity at factories and other industrial plants, in the mines and at construction works, in all industrial regions, the organs of the People's Commissariat of Labor have until recently confined themselves to the printing of bureaucratic "data" regarding hundreds of thousands of unemployed, and paid out tens of millions of rubles in benefits "for unemployment," conducting no struggle against the selfish elements, against rovers refusing to work, etc.

Not less bureaucracy and incapacity in solving new problems has been displayed by the consumers' cooperatives, which did not know how to carry out the necessary reorganization of their work in order to accomplish the task of firmly attaching the laborers to the industrial plant and which failed to mobilize all their productive possibilities to obtain an effective improvement in the supply of the laborers to promote mass control by the workingmen and workingwomen over the work of all cooperative organs. To a certain extent the organs of the People's Commissariat of Foreign and Domestic Trade are also responsible for it.

As the most striking manifestation of the confusion prevailing among the economic organs and labor unions and of the fact that they have failed to adopt prompt measures for the struggle against the excessive turnover of labor, which is undermining labor discipline and carrying disorganization into industry, may be regarded the labor situation which has arisen because of the new economic situation in the enterprises of the All-Union Coal Mining Combine in the Urals in a number of building enterprises, and even in certain enterprises at Moscow and Leningrad, and which has resulted in serious failures of production programs.

The inability to organize and take the lead in the tempestuously growing activity of the working class still remains the principal and decisive defect in the economic work. Notwithstanding the gigantic scale of socialistic rivalry and of shock-troop work at factories and mills our economic, labor-union, communist youth and party organizations not infrequently lag behind in this respect, and at times they trail behind the proletarian activists in an opportunistic manner, for example, at Sormovo and other places.

The development of socialist rivalry and shock-troop work is in no small measure promoted by bringing the tasks of the production program all the way down to each workshop, labor brigade, and work bench. On the other hand, socialistic rivalry and shock-troop work are rising to a higher level on the basis of the development of proletarian activity, of a utilization of the productive achievements of the shock-troop workers, and of their initiative in rationalization, as well as on the basis of a practical use of proposals from workingmen as regards utilization of powerful additional sources of production. This finds its expression in the elaboration of the industrial and financial counterplan by the workingmen at the factories and mills; its significance lies in a greater saving of the resources of the enterprise when carrying out the production, but more particularly in a further acceleration of the Bolshevik pace of industrial building operations. The in-

dustrial and financial counterplan acquires particular importance as a method for the effective enlistment of all laborers in the cause of socialistic upbuilding and as a most important means of fighting counterrevolutionary sabotage.

In reality, however, in many instances the party and other factory organizations not only fail properly to support the initiative of the workingmen in the elaboration of the industrial and financial counterplan, but there is also lacking the necessary organization of socialistic rivalry in diverse and ever new forms (start-to-finish shock brigades, "social towage" (the use of the press and of other agencies of what is known as "Soviet public opinion," but mostly the direct help rendered by a successfully operating establishment, to speed up the operations of industrial and other enterprises lagging behind scheduled performance—Translator's note), and others). Yet without this it is impossible to make sure of Bolshevik speed in the development of socialist industry. Instances of sham shock-troop work in industry and in transportation are still numerous, and there is still a purely formal bureaucratic attitude toward rivalry. There are quite a few party members who do not understand the rôle and the obligation of communists in the enterprises to act as skirmishers in the struggle for the execution of the industrial and financial plan.

Among the economic workers who actually stand at the advanced outposts of socialistic upbuilding work, there is not infrequently a lack of consciousness of the exceptional responsibility they assume for their work, and there is no understanding of their positive duty to combine the firm establishment of individual authority of chiefs at the enterprise with the ability to rest, in all their activities, for support upon the party, labor-union, and Communist Youth organizations, upon all the communist and nonparty active elements among the workingmen and working women.

The most serious defects of socialistic rivalry and shock-troop work have found their expression in the failures of production which have revealed themselves and in the grave danger of a breakdown of the industrial and financial plan of the current year.

The situation which has been created in industry demands determined and immediate measures for the mobilization of the forces of the whole party and of the whole working class, so as to execute the industrial plan of the current year adopted by the party. This is the more necessary and the more urgent, since the closing of the gap which has been disclosed in the industrial and financial plan represents the principal condition for assuring the execution of the production program for the third year of the quinquennium.

This involves the following fundamental tasks of the party and of the whole working class.

1. All forces of the party and Communist Youth organizations, of the labor unions and economic organs must be devoted to advancing the cause of socialistic rivalry and shock-troop work, to the support of the initiative taken by the workingmen in this matter in all its forms (start-to-finish shock brigades, "social towage," and others). All forces must be devoted to the promotion of the industrial and financial counterplan in the factories and mills, in the mines and at construction works, on the railways, and on the waterways.

The central committee wholly and fully supports the initiative taken by the All-Union Central Soviet of Labor Unions in the organizations, during the month of September, of an extensive campaign by the labor unions for the industrial and financial counterplan and for the organization of an All-Union shock-troop day on October 1. The central committee points out the fact that this campaign will become an effective means for stopping the gaps in the industrial plan and that it will assure the execution of the production schedule only if all labor-union organizations will be drawn into this campaign immediately, in actual fact, and not merely by word of mouth.

2. Measures which will assure a decisive strengthening of labor discipline and an effective struggle against disorder and against loafing must be adopted at once. These measures must assure an early change with a view to increasing the output of labor and to the actual realization of the principle of individual authority of chiefs in economic management, without which it is impossible to overcome the difficulties which have arisen in industry.

3. The development of technical initiative among engineers and technicians must be assured, and the training of new staffs of the working class must be pushed by every means, by a more determined and persistent promotion of the more advanced workingmen to managing posts and especially those workingmen who organize rivalry, so as to overcome inertia, bureaucracy, and opportunistic lack of confidence in the ability of the working class.

4. For the purpose of combating the excessive turnover of labor at the enterprises, a whole system of measures must be carried into effect, which will assure the firm attachment of the workingmen to industry by the appropriate development of proletarian public opinion, by means of workingmen's "self-obligation" in the face of proletarian public opinion to work at the given enterprise not less than a stipulated period, and by applying all measures of social pressure, including a boycott, against malicious deserters from production, as well as by providing for various forms of premiums and of supply allotments which would induce the laborer to work long periods of time at the factory.

In view of the fact that a number of legal provisions, and in particular the statutes on labor exchanges, do not in the present economic situation satisfy actual requirements, there must be an immediate revision of these laws, with a view to repealing those sections which obstruct the fight against rovers, deserters from production, etc.; at the same time a more extensive employment of the working youth at production, as well as of the wives of the workingmen and other toilers, should be secured.

5. The organization of supplies for the workingmen is of exceeding importance for the execution of the industrial and financial plan.

For the purpose of improving the distribution system, the cooperatives must promote those forms of distribution which have justified themselves in practice and which safeguard to the greatest possible extent the interests of the workingmen engaged in production (shop canteens, the attachment of workingmen who are shareholders to their own stores, a merciless struggle against thievery in the cooperative system, stronger reprisals for abuses with ration tickets, purchase cards, etc.). In the industrial regions they must push the organiaztion of suburban farms (vegetable, dairy, livestock). The party, labor-union, Communist Youth, and economic organizations must render every possible aid in fostering initiative among the workingmen in such matters, strengthen the cooperatives, and by all means promote mass control by workingmen and workingwomen over the operations of the cooperative system.

6. The press has performed important work, on the basis of a promotion of self-criticism, in mobilizing the laboring masses for the execution of the industrial and financial plan. At the same time, in many instances, the press, confining itself to a superficial campaign agitation, has failed to obtain an intensification of the struggle against the most glaring, concrete defects of economic work, and has not been able to manage the task of a prompt organization of the masses to cope with the new problems which have come to the fore because of the changes in the economic situation.

7. A determined fight must be carried on against the slackening pace of work due to summer vacations which, in a number of economic organs, have taken the intolerable shape of leaving institutions without management and which represent one of the most serious obstacles to the execution of the current industrial and financial plan and to the preparation for the third year of the quinquennium. Without an immediate and thorough eradication of this kind of laxity, which represents one of the obvious manifestations of opportunism in practice, the mobilization of the party forces and of the workingmen for closing the gap and carrying out the industrial tasks will remain mere words.

These are the most important problems of the day.

The production program of the current year and the economic plan of the third year of the quinquennium signify a practical program of socialistic upbuilding and a fully deployed offensive against the capitalistic elements all along the front.

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The overcoming of the difficulties which face us depends, first of all, upon our work, upon our ability to wage a consistent and uncompromising fight against disorder and bureaucracy within our organs, but especially upon our ability to mobilize the working class, which represents a source of rapidly growing and practically inexhaustible revolutionary energy, in the cause of the struggle for communishm.

The industrial and financial plan is in danger. This threatens the program of the third year of the quinquennium. Let us draw from this a Bolshevik conclusion, namely:

All forces of the party, all forces of the working class, must rally to the execution of the industrial and financial plan, to assure the execution of the program of the third year of the quinquennium.

EXHIBIT No. 78

[From the Small Soviet Encyclopedia, vol. 8, col. 977, published at Moscow in the beginning of 1931 by the Communist Academy of the Central Executive Committee of the U. S. S. R.]

[Translation]

CONVICTS FOR HEWING TIMBERS—PENITENTIARY COLONIES

Penitentiary labor colonies are establishments with a semifree régime. In their interior arrangement they resemble economic organizations. Labor colonies, which facilitate the utilization of the labor of prisoners and the instilling into them of the habits of labor, are becoming the fundamental type of prison during the reconstructive period. Penitentiary colonies are of two types, the open and the closed. Open-labor colonies are organized chiefly beyond the towns (for agriculture, road making, timber hewing, peat cutting, etc). Closed penitentiary colonies are transformations of the prison buildings and isolators, which are most adapted for factory production. * * *

EXHIBIT No. 79

[Extracts from Solovetskie Ostrova, the monthly journal, the organ of the management of the Solovetsky camp of the O. G. P. U., No. 7, p. 10, printed and published at the Solovetsky Island camp in the White Sea, July, 1926]

O. G. P. U.'S SKETCH OF A SMALL CONVICT TIMBER CAMP—DESCRIPTION OF BAB-CUBA CONVICT TIMBER CAMP

[Translation]

Bab-Cuba is 3 versts from the town. Bab-Cuba is a marine gulf, broad and calm, which at ebb tide pushes out its waters, and over the whole of its broad expanse shimmers the yellow of the drying sand.

This spring Bab-Cuba became vociferous with the screaking of saws, the chopping of hatchets, the "stimulating" cries of gangers. The sawmill, which had been idle, sprang into activity.

Tons and sometimes hundreds of people swarmed round the mill and blended with the yellow-gray sands of the ebb tide. But unusual work is now going on at the sawmill. Through its gloomy corridor, over the thick movable lifting chain, over the lines of the trolley wheels, pass thousands of enormous tree trunks, driven to the bank in rafts. The mill lifts these trunks, passes them along, and throws them out to be turned into sleepers, with which operation the whole "bourse" on the bank of Bab-Cuba is now occupied.

In May a contract was concluded between the Karelian Timber Trust and the management of the Solovetsky camps, by which the camps undertook to provide a great working artel for the summer season to serve the enterprise of Bab-Cuba. During the summer months 150,000 trunks must be transformed into finished railway sleepers by the Solovetsky artel.

Immediately after the contract was signed, artels of up to 200 men were formed out of the number of prisoners confined in the Kem convict prison camp. These artels began at once continuous work, and at the present time the whole shore of Bab-Cuba makes the impression of a real "bourse," strewn with timber merchandise transformed in the process of the work.

This work is quite different in character from other work. It goes on the whole 24 hours round. This does not mean, of course, that the people do not close their eyes during the 24 hours, but the different scenes and the purely local conditions (the tide) do not stop the work either by day or at night.

The sawmills are worked entirely by laborers of the Solovetsky artel. Each member of the artel earns money for the camp, amounting on an average to 2 rubles per day. The prison laborer gets the benefit of a tenth part of his earnings, which is handed out to him once a week.

Of all the work at Bab-Cuba, floating is the only part which is performed by nonprisoners. For this process the Karelian Timber Trust has engaged freemen laborers. Thus, there is a peculiar sort of emulation between the two classes of laborers. The floaters are interested in delivering the rafts to the shore in good time. The prisoners, for their part, who perform all the other forms of labor, strive not to log behind the floaters in working up the timber.

Work goes on in the conditions produced by this voluntary and peaceful competition. Two offices are at work side by side. One is in a big new house with a mezzanine which has recently been put up. This is the office of the sawmills. The employees in it are all in the service of the Northern Timber Trust (Severoless), with the exception of one bookkeeper, who is from the Solovetsky Islands.

The other office is in an old gray barrack. This is the office which carries out all settlements and manages the whole life of the Solovetsky artel. There the accounts are kept from day to day. An account of the results of the day's work is given to the office of Severoless, in return for a receipt to acknowledge that this work has been performed.

In this old barrack which has turned brown, there are figures, rattling of counting boards, and reports without end. This is the place for the rations and medical aid, and the rare placing in the cells of an erring "leopard."

And what about the life? There is life only in repose. The minutes do not suffice for anything else. Everything else will come later, when the summer months are over, when the trolleys have conveyed 140,000 newly finished sleepers to the railway trucks. Life consists only of labor and rare periods of repose—repose in the new barracks, in the smell of fresh wood, pitch, and shavings.

Bab-Cuba is a peculiar corner, separated from everything, a strange settlement cut off from towns, from the world, from songs. Nothing but the whistles of passing locomotives.

And the silent sails of the sea, sometimes shining on the horizon, far away where the gray sands of the ebb tide and the broad, smooth surface of the White Sea begins.

On this shore, above the gray sands, by the toil on the timber "bourse," people are repairing their lives.

They are hewing them with their hatchets, they are planning them, too. And from the bare rocks above the wretched Karelian coast, they look out toward the islands seen in the distance. And they think * * * it must be they think of how good it will be when a fresh life for them begins, a life which may be likened to a railway sleeper, newly hewn and planed.

EXHIBIT No. 80

[From Ekonomicheskaya Zhizn, published at Moscow, July 29, 1928]

DWELLINGS OF LUMBERMEN LIKE THE LAIRS OF WILD BEASTS—IN THE NORTHERN FORESTS—INTERRUPTION IN FINANCING—PLANTATION METHODS OF USING LUMBERMEN AND THEIR TEAMS—REGULATION OF LABOR—SUPPLY OF BREAD AND FODDER, SOMETIMES NONE, OTHER TIMES TOO MUCH—LAIRS OF WILD BEASTS INSTEAD OF DWELLINGS—CULTURAL AND EDUCATIONAL WORK

[Translation]

(From our Cheropovetsk correspondent)

A great number of lumbermen in the period of their operations have been left in an extremely difficult position through the interruption of special credits. Thus the local industrial combine received nothing at all in one quarter instead of the 232,000 roubles which figured in the industrial finance plan. Advances date at different times and places. All this retarded lumbering operations, and sometimes even threatened them with disruption. The lumbering organization had to be maintained, but lumbering operations came to a standstill. Besides this another trouble happened: Recruiting agents appeared in the district enticing the peasants with earnest money, promising all kinds of good things, and they carried off hundreds of people with their horses to Murmansk, to Archangel, and other less distant places. By this the lumbering of the local organization was endangered. The recruiting agents were dealt with by suitable measures. The agiotage was lessened and the question of the distribution of labor brought back into the channel planned. Outrageous cases of deceiving the peasants by the recruiting agents must be noted. In some localities the conditions proved to be considerably worse than those promised prior to departure. Many peasants having sold their horses trudged hundreds of versts and returned to their native villages crushed and often ill. The prosecuting magistrates have taken up the question of these plantation methods of recruiting labor, but this should not prevent a further investigation of the matter. * * *

It must be mentioned that extraordinarily difficult work in severe winter is carried out mostly under extremely unfavorable living conditions. The men in charge of lumbering operations (especially those engaged in annual cutting) have made insufficient provision of dwellings for haulers and hewers. Thus, after the working day the hewers return to rest in primitive smoke huts.

They crawl in (not walk but literally crawl) as into a wild beast's lair; the air is oppressive, smoke hurts the eyes. They dry, warm, and rest round the open log fire. Medical aid is often no better. * * *

EXHIBIT No. 81

[Source: Vsia Moska, 1930]

STATE TRADE COLLECTION ENTERPRISE OF THE MOSCOW PLACES OF CONFINEMENT

[Translation of excerpts]

* * * * * * *

Plant "Shtampmet" (aluminum articles)—B. Ekaterininskaya 4, telephone 5-79-69.

Handkerchief, filling, stocking, and knitting workshop—Sretenka, 11, telephone 5-06-37.

Photolaboratory—Belinskovo Ulitza, 4, telephone 2-11-01.

Factory labor colonies: Burepolm (lumber plant and timber camps)—Sherstki junction, Moscow-Kursk railway; Vetluga (lumber camps)—Yakshanga station, Northern railway; Zavidovo (peat operations)—Zazidovo station, October railway; Kimro-Kaliazin (gravel production)—city of Kaliazin; Kriukovo (brick plants)—Kriukovo station, October railway; Lianozovo (brick plants)—Lianozovo station, Sevelovo railway, telephone 2-77-67; Second Moscow (joiner-carpenter, mechanical locksmith, radio equipment)—M. Ivanovsky p., telephone 2-55-00, 1-36-14, 4-04-62; Sardansk (lumber plant)—city Mozhga, Votsky Oblast.

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EXHIBIT No. 82

[Source: V. O. K. S., No. 2, 1931, p. 7, K. Radek]

OBLIGATORY LABOR OR FORCED LABOR

[Excerpt from English-language article]

* * * * * * *

Just because the adversaries of the new régime daily see this they can not imagine that obligatory labor should not in practice lead to forced labor.

They pick out those cases where there exists forced labor in our country, in order to generalize them and to represent our whole labor system as a system of forced labor. We never concealed that we apply force to representatives of the overthrown class. We are destroying the kulaks as a class on the basis of all-around collectivization of peasant farms. This is a fact which we never concealed, which we consider as a great accomplishment of our country. Yet we do not at all aim at the physical destruction of the exploiting classes.

After having come to power, we have left the old tsarist ministers and the capitalists alive, and still less can we want the physical destruction of the comparatively numerous class of the kulaks. Shall we then keep them in prison? Even if it were possible to put thousands of people in prison, the socialist government would not take such measures without absolute necessity. Our mission consists not in the physical destruction of the kulaks and the representatives of the exploiting classes but in forcing them to begin a laboring life under adequate conditions. Not until they have entered this laboring life and have forgotten their dreams of restoration of their former privileged position can we leave them the possibility to move about freely or allow them to enter our factories and our collective farms and undermine our work from within. We put them on distant sectors of the economic front, where they have to earn their livelihood by heavy labor.

The proletariat does not renounce force even in regard to the more backward members of its own class which are too slow in overcoming the habits of grafting inherited by them from capitalism. Comradely tribunals, verdicts of workers' general meetings, and the fight of proletarian public opinion—all these are means of forcing which we do not renounce for a moment. We would be very glad if capitalist morality and capitalist views on labor would suddenly perish in our country, together with capitalism. But, unfortunately, mass habits and views have a persistent life and

often survive when the conditions which have molded them have already disappeared. The working class, which builds a new and better society not for itself but for the whole mass of the people, for the vast sea of peasantry, which has up to now known only hard toil, has a right to apply force, because the working class applies this force not in the interest of a minority but in the interest of that mass of the majority of the people whose vanguard it is.

EXHIBIT No. 83

[Source: Soviet Penal Labor Law, Moscow, 1931. E. Shirvindt and B. Utevsky, p. 90]

[Translation of excerpts]

* * * * * * *

The resolutions of the sixth congress of legal workers speak already of the necessity to expand the network of penal labor colonies. But only in 1929, when the "fetishism of window bars" proved considerably shaken there appeared economic preliminary conditions for the application of convict labor at mass work requiring much labor power and, in connection therewith, for the growth of labor colonies.

* * * * * * *

One principal form—penal labor colonies—was founded instead of the complicated and variegated system of places of confinement. The places of confinement in which existed sufficiently powerful industrial enterprises, requiring much labor, were transformed into colonies of a closed type (i. e., bound by the walls of the respective place of confinement). As to all the convicts not engaged in work at such enterprises, they are brought out to places of mass work where they create open colonies, agricultural, irrigation, connected with mining, the building of roads, etc. Certain of these colonies (for example, road constructing, irrigation) are considered as movable, not established firmly in one place, but traveling together with the transfer of the work to a new spot.

The following table shows the results of the work performed in this respect:

Type of colony	Number of colonies as of Sept. 1, 1929	Newly organized and reorganized after Sept. 1, 1929
Lumber operations	6	19
Agricultural	17	12
Factory and plant	4	26

* * * * * * *

EXHIBIT No. 84

[Source: Soviet penal labor law, Moscow, 1931, E. G. Shirvindt and B. S. Utevsky, p. 89]

1. The replacing of prisons by labor colonies for convicts.

[Translation of excerpts]

* * * * * * *

The desire to bring convicts out of the prisons into institutions with a semifree system, from the cities into the rural districts stimulated the creation of factory and plant colonies in the rural districts, in addition to agricultural and economic colonies. Particularly large colonies of that type were created in the Leningrad and Moscow Provinces. It is sufficient to say in order to characterize these colonies that the number of convicts at the Lianozovo-Krukov factory (Lianozovo Station, 14 kilometers from Moscow on Savelovo railway) labor colony exceeds 3,000 during the summer months. The colony is entirely self-sufficient. The brick factories which are situated within the territory of the colony and which were in a dilapidated condition have been rebuilt, developed, and now produce during the summer about 30,000,000 bricks.

EXHIBIT No. 85

[From Sovietskoye Ispravitelno-Trudovoye Pravo, the official university course on Soviet penitentiary labor justice, published by the Commissariat of the Interior of the R. S. F. S. R. for the State Institute for Studying Crime and Criminals, Moscow, 1931]

[Translation from page 90]

Places of confinement which have producing enterprises of sufficient power and labor capacity are transformed into colonies of the closed type (i. e., limited by the walls of the place of confinement). But all the prisoners who are not occupied in such enterprises are taken out to the places of mass labor, where they form open colonies—agricultural, improvement, mining, road making, etc. Some of those colonies (e. g., road making and improving) are regarded as mobile, and are not fixed to one spot but move as the place of work changes to a new place.

The result of what has been done in this direction may be seen from the following table:

Type of colony	Number of colonies before Sept. 1, 1929	Number of colonies organized and reorganized since Sept. 1, 1929
For preparing timber	6	19
Agricultural	17	12
Manufacturing	4	26

It is not difficult to see that the change from closed places of confinement to the system of labor colonies is quite in keeping with the principles of Soviet corrective-labor policy, explained in article 4 of the corrective-labor code of the R. S. F. S. R. and that the corrective-labor reform which has been made is in complete harmony with the basic foundations of the Soviet corrective-labor policy.

This circumstance is the best proof that the organization of the Soviet penitentiary is right, expressed as it was with full deliberation as early as 1918 and given its real form in 1929.

EXHIBIT No. 86

[Source: Small Soviet Encyclopedia, Moscow, 1930, vol. 8, p. 978]

[Translation of excerpts]

Labor colonies * * * are:

2. Penitentiary-labor institutions with a semi-free régime approaching in their inner organizations corresponding economic enterprises. Labor colonies which give a wide possibility of rational application of the labor of persons deprived of freedom and of inculcating in them labor habits are becoming in the reconstructive period the basic type of places of confinement. Labor colonies are of an open or closed type. Open labor colonies are organized principally outside cities (agricultural, road, lumber, and peat production, etc.). * * *

EXHIBIT No. 87

[Source: Sovietskaya Yustitsia, No. 30, p. 33, November 7, 1931]

TO THE KRAY AND OBLAST BOARDS OF MANAGEMENT OF PENITENTIARY-LABOR INSTITUTIONS AND TO THE BOARDS OF MANAGEMENT OF PENITENTIARY-LABOR INSTITUTIONS OF THE AUTONOMOUS REPUBLICS CONCERNING THE REMUNERATION FOR THE LABOR OF PERSONS BANISHED AND PERFORMING PENITENTIARY LABOR

[Translation]

The following procedure to be followed in remunerating the labor of persons banished and performing penitentiary labor is hereby established:

1. The remuneration for the labor of persons banished and performing penitentiary labor who, while proceeding to their place of banishment are held in places of confinement, shall be paid on a basis similar to that of all persons deprived of freedom but without deductions to the permanent funds.

2. At the place of banishment the persons banished and performing penitentiary labor, both those working in economic organs or working in enterprises of penitentiary-labor organs, shall have, as regards the conditions of labor and the remuneration for the same, an equal status with workers (rabotnik) of a similar qualification, who perform the same work by labor contract.

A definite percentage decreasing with every year and which is calculated at the rate set for workers (rabotnik) performing work by labor contract, shall be deducted from the earnings of persons banished by penitentiary-labor organs as indemnification for expenses incurred in connection with banishment and penitentiary labor.

In addition thereto, a certain percentage shall be deducted during the first years of banishment which goes to the personal-supply fund of the person banished.

3. No deductions or assessments shall be made from the remuneration for the overexecution of quotas, for overtime work, or from any kind of premium for achievements of an industrial nature.

4. The amount of salary paid directly to the person earning it, of the assessments therefrom, and of the deductions for the supply fund shall be established for all persons banished and executing penitentiary labor in the following form:

All other deductions and assessments from the earnings of persons banished and performing penitentiary labor (for example for the extension of production, for cultural work, etc.) shall be categorically prohibited:

Term of banishment	In percentage of total earnings		
	Immediately issued to person banished	Entered in personal-supply fund of person banished	Deducted by penitentiary-labor organs
First year	65	10	1.25
Second year	75	10	1.5
Third year	85	5	0.0
Fourth year and following	95	----	5.0

5. The issuance of money from the supply fund, belonging to the person banished and performing penitentiary labor, shall be permitted by order of the respective penitentiary-labor organ, provided there are valid reasons therefor, such, for example, as the arrival of his family, and provided six months have elapsed since the beginning of the term of banishment.

At the end of the term of banishment or of the term of penitentiary labor accompanying banishment, all the money listed in the supply fund of the person banished shall be issued to him personally.

6. If the annual term of banishment expires in the middle of a month the salary shall be calculated at a new rate only from the beginning of the next month. If the first year of banishment, for example, ends on November 12, 1931, 75 per cent of the salary will start being issued only beginning with December 1, 1931.

7. The procedure to be followed in remunerating persons banished and performing penitentiary labor, which is established by this circular, shall be introduced on November 1, 1931. The terms indicated in paragraph 4 shall be calculated from the moment the term of banishment actually begins and, therefore, persons who at the present time have been banished for over a year shall immediately receive 75 per cent of their earnings.

The chiefs of boards of management of penitentiary-labor institutions in krays and oblasts, where banishment takes place, are instructed immediately to take the necessary steps to carry into effect the system of remuneration of persons banished and performing penitentiary labor, which is being introduced by the chief administration of penitentiary-labor institutions, to make the persons banished broadly acquainted therewith, and to explain that deductions from their earnings are substantially decreasing with every year of banishment.

LINTIN,
Acting Director of the Chief Administration of Penitentiary Labor Institutions.

October 23, 1931.

EXHIBIT No. 88

[Source: Sovietskaya Yustitsia, No. 28, p. 31, October 10, 1931. Circular No. 105]

TO THE CHIEFS OF THE KRAY AND OBLAST BOARDS OF MANAGEMENT OF PLACES OF CONFINEMENT. TO THE CHIEFS OF THE BOARDS OF MANAGEMENT OF PLACES OF CONFINEMENT IN THE AUTONOMOUS OBLASTS, AND TO THE CHIEFS OF THE BOARDS OF MANAGEMENT OF PLACES OF CONFINEMENT IN AUTONOMOUS REPUBLICS, REGARDING THE INDUSTRIAL AND FINANCIAL PLAN FOR THE FOURTH QUARTER OF 1931

[Translation]

1. The preliminary summary of the execution of the industrial enterprises and by mass works of penitentiary-labor institutions for the first six months of 1931 serves to show that the industrial and financial plan of the first six months has been underexecuted to a considerable degree, as may be seen from the following table:

Name of Kray (Oblast) board of management of places of confinement	Percentage of execution	
	Plan for six months	Yearly plan
East Siberian	79.7	39.2
Far Eastern	107.3	73.7
Western	122.4	44.6
West Siberian	70.4	30.4
Ivanovo Industrial	74.5	37.4
Leningrad	84.6	41.6
Moscow	84.9	38.9
City of Moscow	99.0	45.4
Nizhny-Novgorod	79.5	35.4
Lower Volga	(1)	(1)
Northern	118.9	52.3
North Caucasus	94.3	31.9
Central Volga	94.0	45.5
Ural	139.9	56.7
Central Black Earth	(2)	(2)

[1] No full report. [2] No information.

Notwithstanding, the labor conditions which, in general, are favorable, the execution of the six months' industrial and financial plans failed at the majority of places of confinement.

If we examine the principal industries in the penitentiary-labor institutions, we shall find that they have executed the industrial and financial plan for the first six months as follows:

Name of industry	Percentage of execution	
	6 months	Year
Woodworking	71.7	31.6
Metal articles	85.6	38.4
Leather and footwear	84.1	47.6
Silicate and nonmineral mining	70.3	19.7
Textile	105.3	47.8
Clothing and dresses	109.4	58.7
Food	82.2	42.4
Paving (bridge building)	135.7	61.0

The principal industries (woodworking, silicate, metallurgical articles, leather and footwear) show a considerable underexecution of the industrial and financial plans also if examined from the point of view of various branches.

Refraining from analyzing the reasons for this underexecution until it receives the reports of the boards of management of places of confinement, the Chief Administration of Places of Confinement notes that the control figures for the first six months of 1931 have been underexecuted in a number of krays and oblasts and in the most important industries.

2. In accordance with the instructions of the State plan commission of the R. S. F. S. R. concerning the procedure to be followed in working out the quarterly plan for the fourth quarter of 1931, the Chief Administration of Places of Confinement proposes:

(1) To devote particular attention to the plan of the fourth quarter, introducing therein all corrections suggested by the course of execution of the industrial and financial plan for the first six months and for the third quarter, and to provide therein the maximum industrial tasks for enterprises producing building materials, for enterprises connected with the food industry, and for all enterprises of light industry (textile, sewing, clothing and dresses, leather and footwear, etc.) within the limits of the industrial and financial plan of these enterprises.

(2) To devote particular attention to the completion in the fourth quarter of all work of extension and reconstruction and of capital repairs in order to complete it by January 1, 1932.

(3) To devote particular attention to questions connected with the organization and productivity of labor and to questions connected with the mechanization of industrial processes.

(4) To work out with particular care measures assuring fodder base to animal husbandry.

3. The Chief Administration of Places of Confinement proposes to the chiefs of the boards of management of places of confinement to devote the maximum of attention to the careful working out of plans for the fourth quarter on the basis of the above instructions, and to the necessity for filling the gaps which have occurred in the execution of the industrial and financial plan, and instructs them to forward to the Chief Administration of Places of Confinement on October 15, 1931, at the latest, a precise quarterly industrial and financial plan for the fourth quarter of 1931.

LINTIN,
Acting Director of the Chief Administration of Places of Confinement.

SEPTEMBER 14, 1931.

EXHIBIT No. 89

[Source: Archangel Pravda Severa No. 108, May 17, 1931, p. 3]

SHAMEFUL SITUATION ON THE VAMSHERENGA RIVER

[Translation of excerpts]

Sherenga, 16. Fifteen thousand cubic meters of lumber on the Vamsherenga River, Rovdinsky Rayon (Rovdinskoe—Archangel Province, 450 km. from Archangel) is threatened with being stranded. * * *

* * * Instead of the 185 laborers required for the river by the plan, only 50—6 per cent were working at the most necessary time during the first days. Due to laxity on the part of the village soviet, the laborers stayed home.

At the hottest time of the work Pyshkina, chairman of the village soviet, forwarded a list of 44 men to the person responsible for work on the river with the request to let them go home, supposedly for the purpose "of carrying out the sowing campaign." The raftsmen, having learned of the list, began deserting for home, and others followed their example.

And at the decisive fighting moment, when the water was in good condition, about 50 raftsmen left the river, thanks to the opportunistic chairman of the village soviet.

But this is not all * * * Pyshkina, the chairman of the village soviet, entered kulak Kostyleva and lishenets Shylov upon the lists of organized brigades consisting of bedniaks and seredniaks and working on the Vamsherenga River.

These brigade members listed by an opportunist from the village soviet for work of sluicing and floating lumber, worked the whole time, without set tasks, on an equal base with all raftsmen before the very eyes of Fedotov, who was responsible for work on the river, and of Pervushin, a representative of the rayon executive committee.

The list of persons whom the village soviet authorized to leave floating work for the sowing campaign included the name of Nesgovorov, a well-to-do-peasant.

Thus is the brigade method, the method of socialistic organization of raftsmen being shamefully distorted.

EXHIBIT No. 90

[Source: Moscow Za Industrializatsiu, No. 179, July 1, 1931]

PRIVILEGES TO PEASANTS MIGRATING FOR SEASONAL WORK. RESOLUTION OF THE CENTRAL EXECUTIVE COMMITTEE AND SOVIET OF PEOPLE'S COMMISSARS OF THE U. S. S. R.

[Translation]

Moscow, Kremlin, June 30, 1931.—In order to induce members of collective farms, as well as individual farmers to migrate for seasonal work, the Central Executive Committee and Soviet of People's Commissars of the U. S. S. R. have resolved:

I. Privileges to members of collective farms migrating for seasonal work

The following privileges shall be established for members of collective farms who conclude contracts concerning work to be performed in the state industry (including timber procurement, floating operations, peat production, fishing, etc.), transport, soviet farms, as well as in state construction enterprises, and construction enterprises of the consumers' and dwelling cooperatives:

1. Members of collective farms migrating for seasonal work shall be relieved from the payment of all kinds of contributions from their wages to the social funds of their collective farm.

2. In order to assure the participation of members of collective farms who migrate for seasonal work in the distribution of monetary income and income in kind of the collective farms, work must be given to them in preference to the other members of the farm, after their return from migratory work.

3. When distributing the harvest of the collective farm, a part of it must be reserved for the supply of the members who migrate for seasonal work, at prices and in quantities established for the other members of the collective farm who have consciously performed their duties.

4. Members of the families of migrants who stay in the collective farm are entitled to participate in the work the same as other members.

If the family of a migrant is unable to account for a number of work days sufficient to assure its supply with the required quantity of food and forage, or in case there are no persons fit for work in the family, the management of the collective farm is bound to deliver to them against cash and at the usual prices, the same quantity of food and forage which is granted to the other conscientious members of the collective farm.

NOTE.—If the able-bodied members of the family of a migrant refuse to perform work in the collective farm, the family shall not enjoy this privilege. The migrant himself, however, enjoys the privilege set forth in article 3.

5. Migrants are entitled to participate in the distribution of dividends of a collective farm the same as other members, on the basis of the extent of their socialized property.

6. Members of the families of collective farmers who have migrated for seasonal work enjoy the same privileges regarding medical attention and supply of deficit goods, as the other members of the collective farm. Members of these families enjoy the preferential right of admission to schools, training courses, etc., in order to improve their qualification.

7. Members of the families of collective farmers who have migrated for seasonal work are entitled to the support of the collective farm on the same principles as the other members (supply of implements for the cultivation of vegetable gardens, supply of teams, etc.).

8. Collective farmers who have migrated for seasonal work shall be exempt from payment of the agricultural tax assessed on the nonsocialized part of their holding, including the tax from nonagricultural occupations.

9. The contracts between economic organizations and collective farmers migrating for seasonal work must provide for the following: The supply of the migrant with—

(a) Food and dwelling.

(b) Payment to the migrant by the economic organizations of the actual traveling expenses from the place of residence to the place of work, and return (after expiration of the contract).

(c) Payment to the migrant of a per diem allowance of 2.50 rubles while traveling.

10. The above-mentioned privileges shall apply to the following persons:

(a) Collective farmers migrating for seasonal work according to contracts concluded with the respective economic organs.

(b) Other members of collective farms, if they are able to present certificates from economic organs certifying that they have been working there.

11. Collective farmers migrating for seasonal work, who have left their work before the expiration of their contract, forfeit their rights to the above-mentioned privileges.

II. Benefits to collective farms which conclude contracts with economic organs, undertaken to designate members for migratory work, or facilitating the recruitment of their members for such work

The following benefits shall accrue to collective farms which conclude contracts to designate migratory workmen or facilitate their recruitment for migratory work in state industry, transport, soviet farms, as well as in state construction enterprises, and construction organizations of the consumers' and dwelling cooperatives:

12. In the contracts concluded between economic organs and collective farms concerning the designation of workmen or concerning their recruitment, a special clause must be included establishing that the economic organs must grant special funds to the collective farms for the improvement of their production, according to the number of collective farmers who have signed contracts with economic organs for migratory seasonal work.

13. The People's Commissariat for Agriculture of the U. S. S. R. and the soviets of people's commissars of constituent republics are charged with supplying with agricultural machinery preferentially those collective farms which designate considerable numbers of collective farmers for seasonal migratory work.

14. The soviets of people's commissars of constituent republics are charged with extending to such collective farms preferential treatment when establishing schools and other cultural-educational institutions, crèches, children's homes, etc.

15. The consumers' cooperative system must establish privileges for collective farms which supply the largest number of members for seasonal migratory work, when appropriating funds and equipment for the organization of social-cultural institutions (dining rooms, etc.).

16. The above-mentioned privileges shall apply to those collective farms which assure the actual fulfillment of the contracts concluded with economic organs concerning the designation of laborers for seasonal migratory work or facilitating the recruitment of such laborers.

III. Privileges to individual farmers migrating for seasonal work

17. The agricultural tax assessed on the income of individual farmers derived from nonagricultural occupations shall be reduced by one-half for individual farmers migrating for seasonal work, who fulfill conscientiously their obligations to the economic organs.

18. Individual farmers migrating for seasonal work shall be supplied with food and dwelling at the place of work and shall be paid their traveling expenses and granted daily allowances while traveling on the same basis as members of collective farms migrating for seasonal work. (Art. 9.)

IV. Measures concerning the organization of recruitment of seasonal migratory labor

19. When compiling their production plans the collective farms must register those of their members who are specialists in certain kinds of work (coal miners, peat workmen, joiners, carpenters, bricklayers, etc.). Those collective farmers must be given the opportunity by the collective farm to work in industry, transport, soviet farms, at structural work, and only a minimal number left for work on the collective farm.

20. Managements of collective farms must immediately issue certificates to collective farmers declaring their intention to migrate for seasonal work, showing that they are members of a collective farm.

21. Managements of collective farms shall be held responsible for detaining members who desire to migrate for seasonal work.

Managements of collective farms are forbidden to recall their members from work before the expiration of the contract.

22. The Kolkhozcenter of the U. S. S. R. is instructed to issue within 10 days instructions to collective farms concerning the designation of workmen for seasonal migratory work, and concerning the active support of economic organs in the matter of recruiting labor, and in the struggle against the nonfulfillment of contracts by members of collective farms migrating for seasonal work.

V. Amendments in the legislation of the U. S. S. R.

23. The following amendments resulting from this resolution shall be made in the existing legislation of the U. S. S. R.:

(1) Article 26 of the Consolidated Agricultural Tax Law for 1931 (Collection of Laws of the U. S. S. R., 1931, No. 19, article 171) shall be supplemented by the following paragraph "d":

"d. The nonsocialized part of the property, including income from nonagricultural sources, of those members of collective farms who have obligated themselves to work in state industry (including timber procurement and floating work, peat production, etc.), transport, soviet farms, state construction enterprises, as well as construction establishments of the consumers' and dwelling cooperatives, shall be completely exempt from taxation. Members of collective farms who leave their work before the expiration of their contracts shall forfeit this privilege."

(2) The above-mentioned law shall be supplemented by article 64/1, reading as follows:

Privileges to persons migrating for seasonal work.

"64/1. In assessing the agricultural tax on the farmstead of an individual farmer migrating for seasonal work, who has concluded a contract for work in state industry (including timber procurement and floating operations, peat production, etc.), transport, soviet farms, state construction enterprises, as well as construction enterprises of the consumers' and dwelling cooperatives, his earnings from such work shall be assessed only at one-half of the scale stipulated in article 47. The migratory seasonal workman forfeits this right if he violates the contract concluded with the economic organ."

(3) The note to article 15 of the standard charter of an agricultural artel (Collection of Laws of the U. S. S. R., 1930, No. 24, article 255), shall read as follows:

"NOTE.—Of the amounts earned by members of the artel from seasonal migratory work, from 3 to 10 per cent shall be deducted for the common funds of the artel. The actual percentages shall be established by the artel or by the association of collective farms.

"Those migratory workmen who have obligated themselves for work in state industry (including timber procurements and floating operations, peat production, etc.), transport, soviet farms, state construction enterprises, as well as in construction enterprises of consumers' and dwelling cooperatives, shall be relieved from the

payment of these contributions. These members shall forfeit this privilege, however, if they leave the work before the expiration of the term provided in their contract."

M. KALININ,
President of the Central Executive Committee of the U. S. S. R.
V. MOLOTOV (SKRIABIN),
President of the Soviet of People's Commissars of the U. S. S. R.
A. ENUKIDZE,
Secretary of the Central Executive Committee of the U. S. S. R.

EXHIBIT No. 91

[Source, Moscow Izvestia, No. 259, September 19, 1931, p. 4]

RESOLUTION OF THE CENTRAL EXECUTIVE COMMITTEE AND SOVIET OF PEOPLE'S COMMISSARS PERMITTING ENTERPRISES, INSTITUTIONS, AND ORGANIZATIONS OF THE SOCIALIZED SECTOR TO HIRE WORKMEN AND EMPLOYEES WITHOUT APPLYING TO LABOR ORGANS

[Translation]

The Central Executive Committee and Soviet of People's Commissars of the U. S. S. R. have resolved:

1. To permit enterprises, institutions, and organizations of the socialized sector to hire workmen and employees in cities, as well as in rural districts directly without applying to labor organs.

2. To instruct the People's Commissariat for Labor of the U. S. S. R. to submit within 10 days to the Soviet of People's Commissars of the U. S. S. R. the alterations in the legislation of the U. S. S. R. resulting from this resolution.

M. KALININ,
President of the Central Executive of the U. S. S. R.
YA. RUDZUTAK,
Vice President of the Soviet of People's Commissars of the U. S. S. R.
A. ENUKIDZE,
Secretary of the Central Executive Committee of the U. S. S. R.

MOSCOW, KREMLIN, *September 13, 1931.*

EXHIBIT No. 92

[Source: Sovetskaya Mustitsia (Soviet Justice), organ of the People's Commissariat of Justice of the R. S. F. S. R., April 10, 1931]

THE TRANSITION FROM COMPULSORY LABOR BY COURT SENTENCE TO VOLUNTARY LABOR—AT THE SECTOR OF LAW OF THE INSTITUTE OF SOVIET CONSTRUCTION AND LAW, A LECTURE BY COMRADE P. I. STUCHKA WAS HEARD, IN WHICH ONE OF THE MOST VITAL PROBLEMS OF CRIMINAL-LAW POLICY WAS TOUCHED UPON—WE PRINT HERE A SUMMARY OF THIS LECTURE

Introduction: The science of criminal law has for its object the fight to overcome the phenomenon designated by the historical name of "crime." It conducts this activity under the motto of "The struggle against crime." But the word "crime" is nothing but a pernicious survival of bourgeois science. While among the bourgeoisie it still had the practical significance of a natural-born trait (the anthropological or physiological school) or of a peculiar "condition" created by social environment (the socialist school) or of a "criminal type" of a psychological or, generally speaking, pathological kind, to us it represents a purely abstract conception, from which it is attempted to draw concrete conclusions (cf. the word "crime" in the Short Soviet Encyclopedia). To this corresponds another abstract term, measure of social protection, from which in turn the conception of crime is deduced in the opposite manner ("everything that entails punishment"). The abstract conception of crime is analogous to abstract legal rights. "The criminal," "the criminal world," etc., as a specific category or bourgeois concepts or, more exactly, products of the bourgeois state and law. In order to launch an effective struggle, it is necessary in the very first place to demolish this breeding place of abstract ideas and to formulate this problem concretely as a class struggle in some cases and as a means of introducing or consolidating a new cultural, social, and working discipline in other cases.

1. To us, the problem of criminal-law policy has always been in a considerable measure a labor problem. To the bourgeoisie, deprivation of liberty, pure and simple, to which productive labor was sometimes added, or, more properly, tolerated, as it were by way of a supplement—had become an almost exclusive, or, at least, ideal "equivalent of recompense" or "punishment." Deprivation of liberty and senseless physical labor served the bourgeoisie at the same time as a means of isolation and intimidation, and, as a result, a means of depriving the convict of his opportunity to commit further criminal acts, or of restricting it by physically or mentally crippling him (insanity, religious hypocrisy, etc.). Such a view was unacceptable to us in principle, in so far as the convicted did not belong to a class hostile to us, because our standpoint has been that of a utilization, and even further extension, of the labor of prisoners.

2. For this reason we attempted as far back as in 1918, when we took over from the old society the deprivation of liberty as a means of punishment, together with its jails, at once to shift the center of gravity to compulsory labor, which in our country obligatorily accompanies the confinement of an accused or a convicted individual. Basing ourselves upon the constitution then in force, under which labor duty was consistently introduced in our country ("he who does not labor shall not eat"), we naturally did not exempt from this rule the prisoners, and among them also those awaiting trial.

3. At the same time, however, basing myself upon the preeminence of the labor principle, I introduced for the first time a special kind of "measure of social protection" (then still "punishment"—compulsory labor without confinement—organizing simultaneously on this principle, outside of the cities, farm colonies for compulsory labor without confinement, making, of course, a certain selection among those condemned to deprivation of liberty among whom no inclination to escape was presumed to exist.

4. However, compulsory labor without confinement met with a most hostile attitude: (a) among the labor unions, which had firmly adopted the traditional point of view of the trade-unions of capitalist society, opposed to the "competition" of "cheap" labor; (b) among the administrators, who failed to organize such labor properly, with the result that this measure actually turned out to involve no punishment whatsoever; (c) among large strata of our public, who had inherited from the bourgeoisie the faith in prisons as a universal remedy, and who accordingly regarded every escape of a convict from work as serious harm. Theft and many other crimes were regarded as considerably less dangerous to society than escape from prison or from compulsory labor. Only through constant struggle has it been possible to retain compulsory labor without confinement in our system as a measure of social protection.

5. As a result we had a steadily mounting budget of expenditures on the execution of court sentences (reaching a maximum of 16,000,000 rubles for the R. S. F. S. R. in 1928). At the same time there was a chronic overcrowding of the prisons and the necessity for their purely mechanical unloading by means of general and specific amnesties.

6. The triumph of industrialization, which is being inaugurated by the Soviet Government at an unprecedentedly rapid rate, alters the relationships also on this front, and the enormous demand for labor meets our policy of crime suppression, which aims to apply the labor principle in a more concrete manner to the utilization of the labor of prisoners for the general purposes of socialist upbuilding. But this requires at the same time a more strict division of the prisoners themselves according to the class principle, setting apart as a special group the incorrigible elements of a positively hostile class, who are to be subjected to a régime differing from that applied to the whole remaining mass; also, of violators of social discipline according to their qualifications, occupations, state of health, age, etc.

7. The year 1930 was conspicuous for the fact that in the R. S. F. S. R. the inauguration of corrective-labor measures was decisively and concretely shifted to a paying basis. The budget for 1930 reduced this item to 10,000,000 rubles. For 1931 this appropriation disappeared entirely, for not only is the covering of all expenses expected but even a certain balance.

8. At the same time there has been allotted from the "revenue" of compulsory labor, in 1931, a credit of 1,000,000 rubles for turning the places where the juveniles are confined into model factory schools which are to train the confined juveniles as highly skilled factory workers. The same aim is pursued by the system of work for adult convicts in production at prisons. The necessity arises for utilizing technical skill of a criminal character for the purpose of rationalizing the convict's capacity for work and encouraging the corresponding technical inventive faculties.

9. The problem of unemployment in prison has been solved; there are no longer any unemployed excepting those unable to work either because they are too old or ill or "malicious" loafers or still awaiting trial and not bound to perform labor duty.

10. From these facts follow new problems:

(a) A fight against "malicious" unemployed in prisons;

(b) Elimination of invalids among the prisoners;

(c) Effective check-up of those temporarily incapacitated by illness;

(d) Drawing also those prisoners still awaiting trial into obligatory labor, but (1) regulating the so-called prevention of relations with the outside world (usually a purely fictitious matter in the ordinary houses of detention for prisoners awaiting trial and (2) working out a plan of compensation (at the expense of the state or of those responsible for the imprisonment) for those "innocently" convicted, compensating them also for unpaid labor at the house of detention.

11. The paying basis—this important problem which until now had prevented us from going deeper into the problem of reducing the number of "crimes"—has now been established. But there is the danger that this achieved object may turn into an end in itself, when the whole system of our social-protection measures, in so far as they are not aimed at the class enemy, has it for its object to transfer those brought to trial, and those convicted, to the general category of toilers, and after that to discover practical methods for obviating the necessity of resorting to such measures. Besides, there lurks a certain fictitiousness in the fact of the paying basis; it is done at the expense of compensation of losses for those who have suffered them, and in the very first place for the state.

12. The question arises: Is it "normal" that there should exist in our country, side by side, two categories of toilers, of whom the basic mass works voluntarily at socialist upbuilding, and—more broadly speaking—at production in general, and the others under

compulsion, but for the same object? Is there no way of finding that bridge which would enable the second group to join the basic one, freeing itself from measures of compulsion? This is the most important problem of the immediate future.

13. Our approach to this subject was usually either of a bourgeois-philanthropic character, i. e., a purely mechanical imitation of the bourgeoisie (e. g., the so-called "patronates" (semipublic societies for aid of released convicts) or naïve (simply to turn the "criminal," through improving his literacy, into an "honest" member of society), or Utopian (in an atmosphere of deprivation of liberty, to "correct" a person), and so forth.

The results of all these measures thus far have proved negligible, and this not only for lack of funds. It is necessary to find a new approach.

14. There is no doubt that the only solution can be to destroy the artificially instilled solidarity of the criminal elements—this coalition upon the platform of imprisonment shared in common—and that a naturally reliable means in this struggle may be the instilling of labor and class solidarity in the minds of convicted toilers. Already Marx and Engels had shown how painfully slow is the birth of the class consciousness of solidarity because "separate individuals form a class only in so far as they have to wage a common fight againt a certain social class; in all other things they face each other in hostility as competitors." But "a social class becomes en entity existing independently of its constituent individuals, so that the latter find the conditions of their existence prearranged; the class prescribes their station in life, and their personal progress with it; it subjects them to itself. * * * This subjection of the individual to the class is at the same time turned into their subjection to all kinds of ideas * * *." (Marx and Engels. See Arkhiv 1, p. 243.)

15. Instead of feeling aversion to the "criminal world" or of being fascinated by it as by something revolutionary (recall the popularity of the play "In the Abyss," and its songs), it is necessary to approach the convicts in the most sober manner as ordinary people, in so far as they are not diseased. And this approach can be a class approach only.

It is necessary to enlist the public (the labor unions) for serious participation in the work among the imprisoned toilers and for their benefit suppressing the prejudice against them in the same way as the prejudice of the trade-unions of bourgeois society against "unaffiliated" unemployed. Labor-union methods alone can painlessly and successfully organize anew the transfer back from compulsory labor or again to the general community of toilers. The means are: Propaganda by the example, concrete assistance in the transfer, while discarding mere adaptations from bourgeois "science" and practice, e. g., the so-called progressive system of confinement, hated in the West because it places the "political prisoner" as an incorrigible outside the advantages of this system, if for no other reason.

16. Only after solving this problem shall we be able to put properly the question of preventive measures against the perpetration of crimes, in so far as they have not been due to class motives, and the question of the efficacy of social protection measures generally and of individual measures particularly; and all these questions, too, we must put in a new way.

The Canadian Government, relating to the question of goods manufactured or produced by forced labor, took direct and effective action, placing an embargo against certain soviet products affecting her internal affairs, issuing the following statement:

"The Government is convinced that there is forced labor in the cutting and transport of timber and in the mining of coal; that political prisoners are exploited; that the standard of living is below any level conceived of in Canada; and that, broadly speaking, all employment is in control of the Communist Government, which regulates all conditions of work and seeks to impose its will upon the whole world.

"This is communism, its creeds and its fruits, which we as a country oppose and must refuse to support by interchange of trade."

We submit herewith articles and extracts from various publications, books, etc., with reference to the enforcement and interpretation of the laws, decrees, and statements hereinbefore submitted:

[Birmingham Bureau of Research on Russian Economic Conditions, Russian Department, University of Birmingham]

COMPULSORY LABOR IN THE U. S. S. R.

[Excerpt from Memorandum No. 1, May, 1931]

The question of compulsory labor in the U. S. S. R. has lately drawn upon itself a great deal of attention in the European and American press, and, as always happens, with burning questions of such a nature, it has become the subject of a large number of contradictory assertions and denials. Some of these statements, though issued from responsible quarters, are either based on insufficient information (Cf. Mr. Gillet's statement in the House of Commons on May 11, that "he had received information from all quarters on the question [compulsory labor] for the last 18 months and he still found it very difficult to know exactly the true position of Russia" (the Times, May 12, 1931)) or else contain incomprehensible inaccuracies.

Let us take one striking example. M. Molotov, the president of the people's commissars, in his report to the Sixth Congress of Soviets, made the following statement on the imposition of compulsory labor in the Soviet Union. "In our lumbering districts which are now so much discussed abroad, we employ at present 1,134,000 persons, who all work in normal conditions of free labor; *convict labor has nothing to do with the lumbering industry.*" Further on the report provides information on the use of convict labor on certain municipal and road works in the north where 60,000 convicts are employed, and M. Molotov states once more: "As you see, *compulsory labor and convict labor have no relation with our lumbering industry,* and with products manufactured for export. These facts can not be denied by those who are engaged in antisoviet campaigns generally, and in the antisoviet campaign against compulsory labor in particular." (Italics by the editor, Izvestia, March 2, 1931.)

However, it is sufficient to be acquainted with Soviet legal practice to deny this statement. Compulsory labor is used and to a very large extent in the lumbering industry. Thus, for instance, at its plenary sitting (minutes of the 18th of February, 1930) the supreme court of the R. S. S. F. R. dealt with the question of "increasing punishments for offenses connected with the lumbering industry and the rafting of timber" and passed the following resolution: "Those who deliberately refuse, or make attempts at refusing to fulfill their share in the work, the village assembly has undertaken in respect of hewing, carting, or shipping timber, are liable under article 16 of the Criminal Code."

"Whenever circumstances permit, the courts in passing judgment on the bednyaki and the serednyaki (the peasants are divided into three categories: The bednyaki, the serednyaki, and the kulaki, or poor, middle, and well-to-do peasants) must as a measure of social defense *preferably impose a punishment* of compulsory labor in such a way as to make the offenders available for work in the *cutting and rafting of timber.*" (Italics by the editor, quoted from the Legal Practice of the R. S. S. F. R., supplement 2 of Sovietskaya Yustitsia, Moscow, 1930, No. 3.)

In a circular issued by the northern district court concerning lumbering work for the 1930–31 season we find the following order: "For the purpose of securing the execution of this year's lumbering program, and also for the purpose of giving the maximum assistance to the lumbering works, offenders of the enemy class, the kulaki, who are accused of deliberately failing to fulfill their obligations in connection with the lumbering industry, shall be made liable under section 3 of article 61, of the criminal code. All those sentenced by the people's courts to compulsory labor shall be made to serve their punishment at a lumbering station. The District Court of Kom shall enforce the above regulation in its own district, and furnish every 10 days, detailed schedules of the work done by the people's courts in connection with their assistance to the lumbering industry." (Italics by the editor; quoted from the Legal Practice of the R. S. S. F. R., Moscow, No. 17–18, 30–XII–30).

If the above regulations speak unequivocally of the use of compulsory labor for the cutting and rafting of timber, the president of the people's commissars could not have been ignorant of a practice known to every judge in the country. Thus, in forming our judgment on the question of the use of compulsory labor in the U. S. S. R., we shall have to sift most carefully any official declarations.

From information provided by the legislation and the legal and administrative practice of Soviet Russia, we have established three principal categories of cases in which compulsory labor is used:

1. Direct compulsory labor inflicted by the courts and the various administrative bodies as a punishment for offenses.
2. Compulsory labor concealed under a cloak of imposed services.
3. Indirect administrative compulsion to accept work, exercised through limitation in free choice of work, and restriction with regard to changing of occupation and the right to refuse work of a certain character, etc.

We will now examine each category.

I. DIRECT COMPULSORY LABOR

The criminal code of the R. S. S. F. R. divides compulsory labor into—

(a) Compulsory labor with detention under guard.
(b) Compulsory labor without detention under guard.

Article 52 of the Correctional Labor Code of the R. S. S. F. R. runs as follows:

"Work is obligatory for all able-bodied persons under arrest, and the administration of 'houses of detention' (a euphemistic designation of prisons, police stations, and other institutions where offenders are kept under arrest) shall take steps to provide all able-bodied convicts with such work." (Collection of codes of the R. S. S. F. R., Moscow, 1928, 4th official edition, p. 720. Cf. Russia, No. 1, 1931, Cmd., 3775, p. 61 and ff.)

This work shall be carried on in:

1. Houses of detention.
2. Correctional-labor camps.
3. Labor colonies. (Agricultural, technical, and industrial.) (Arts. 46 and 62.)

"For the purpose of achieving the greatest possible productivity of convict labor in the detention houses a system of remuneration by results and piecework will be adopted." (Art. 73.)

"The proceeds of convict work shall belong to houses of detention and shall be expended (1) for the organization of production, (2) for the purchase of raw material, (3) in payments for technical staff, (4) in remuneration to sentenced persons. * * * The net profits derived by the houses of detention from the inmates' work will be distributed in the following manner: (a) 40 per cent toward expansion of production, (b) 12.5 per cent toward improve-

ment of food supply, (c) 15 per cent as a contribution to the relief committee for the assistance of ex-offenders, (d) 20 per cent to the penitentiary fund of the supreme administration of houses of detention, and (e) 12.5 per cent to the fund of the inspectorate of the houses of detention, for the payment of bonuses to the organizing industrial staff." (Art. 79.)

The work is carried on both in the houses of detention and in other places. In the latter case the convicts have to stay out of prison for a considerable time, and a daily return to the house of detention is not required. (Cf. for details: Arts. 53–81 of the above code, pp. 720–724.)

As we see, the work of those detained in prisons is organized on a commercial basis for the purpose of making a profit to develop production.

Compulsory labor without detention under guard is classified under three headings. They differ as to the limitation of personal freedom they impose on the person affected.

1. Compulsory labor carried out at the domicile of the person sentenced, and not exceeding a term of six months.

2. Compulsory labor carried out both at the domicile of the sentenced person or in provincial, district, or regional centers for a term exceeding six months.

3. Compulsory labor for wage earners who serve their term of compulsory work in the place of their employment, in which case their remuneration does not exceed the minimum wage fixed by the state for the locality. (The Labor Legislation of the U. S. S. R., by E. N. Danilov, Moscow, 1929, p. 202.)

The organization of compulsory labor without detention under guard is intrusted to a compulsory-labor bureau. (Ib., arts. 24 and 25, p. 203.)

"Whenever the Bureau of Compulsory Labor or its branches find it impossible to utilize the work of those liable to compulsory labor in their industrial establishments they shall transfer them to other establishments selected by agreement with the People's Commissars of Labor, or with its local branch offices." (The Correctional Labor Code of the R. S. S. F. R., arts. 28 and 29.)

"Persons who serve a sentence of compulsory labor without detention under guard, at their habitual place of employment, shall receive 50 per cent of their wages for the period of their sentence; the balance shall be paid to the Bureau of Compulsory Labor or its branches." (Art. 33.) "As a general rule, all persons serving sentences of compulsory labor except those who come under article 33, shall receive no remuneration for their work. Payment of wages to persons who are sentenced to compulsory labor without detention under guard shall not exceed the minimum wage fixed by the government, and can only be allowed when the court sentence states that the person in question is without other means of subsistence. No compensation is paid for the use of the tools and implements of the person under sentence. If bednyaki and serednyaki provide their own livestock, a refund in accordance with a fixed scale will be allowed for the cost of fodder." (Labor Legislation of the U. S. S. R., art. 34, p. 205.)

"The profit accruing from the deductions made in the wages of persons sentenced to compulsory labor shall be distributed in the following manner at the end of every year: (a) 70 per cent for the extension of the Compulsory Labor Bureau and its branches, (b) 15 per cent to a relief fund for the assistance of ex-offenders, (c) 10 per cent to the penitentiary fund of the Supreme Administration of Houses of Detention, (d) 5 per cent for bonuses to the members of the organizing and technical staff of the Compulsory Labor Bureau." (Labor Legislation of the U. S. S. R., art. 36a.)

We thus see that compulsory labor without detention under guard may be applied to every branch of industrial and economic activity. A person sentenced to compulsory labor can be made to continue the work done before the imposition of compulsory labor, but for his work he will receive considerably less than normal pay, and is bound to give the use of his implements or his animals free of charge. Most of the net profit (70 per cent) received by undertakings working on compulsory labor is used for increasing the production of those undertakings.

The imposition of such compulsory labor without detention under guard, which is a peculiar feature of the Soviet legislative system, is very extensively used as a punishment by the criminal courts and by the administrative bodies of the Soviet State. Thus the criminal statistics of the U. S. S. R. for 1927 show that sentences of compulsory labor without detention under guard formed 21.2 per cent of the total number of sentences; 216,339 persons out of 1,020,469 were sentenced to compulsory labor without being detained under guard. (Statisticheskoe Obozrenie, Moscow, 1930, Nos. 3–4, pp. 88, 94.)

Of the total number of administrative fines imposed during the first half of 1929, 7.7 per cent, or 114,765 persons, were fined with compulsory labor without detention under guard (Statisticheskoe Obozrenie, 1930, No. 5, pp. 101–104), and this form of compulsory labor has become especially widespread since 1928. In fact, on March 26, 1928, the All Russian Central Executive Committee and the Council of the People's Commissars of the R. S. S. F. R. issued an enactment defining their policy in respect of punishments and houses of detention and ordering a more extensive application of compulsory labor without detention under guard. The commissars of justice and the commissar of the interior were instructed to make effective use of compulsory labor as a means for repressing crime and to prepare a bill for future enactment. The guiding principles of the bill were to make compulsory labor free of cost to the state and remunerative to the state industries. (Ezhenedelnik Sovietskoy Yustitsii, Moscow, 1928, No. 14, pp. 417–418.)

In July, 1928, the People's Commissariat of Justice and the People's Commissariat of the Interior issued a circular to the effect that all sentences of imprisonment for a period not exceeding one year should be commuted to compulsory labor without dentention under guard. (Statisticheskoe Obozrenie, 1929, No. 5, p. 107.)

As a result of these enactments the provincial judges, when passing sentences, have almost consistently begun to impose compulsory labor instead of short-time detention under guard. (The Legal Practice of the R. S. S. F. R., 1930, No. 9, p. 2.)

It is to be regretted that no statistical data have been published regarding the extent of the repressive measures taken by the criminal court. As to the administrative fines, the increase in the imposition of compulsory labor as a punishment is represented in the following table (first half year of 1927 equals 100):

	Administrative fines	Compulsory labor
First half year of 1927	100	100
Second half year of 1927	115	114.1
First half year of 1928	138.6	218.5
Second half year of 1928	138.5	248.2
First half year of 1929	148.6	408.6

We see that as compared to 1927 the total administrative fines increased by 48.6 per cent, while the corresponding increase in the imposition of compulsory labor amounted to over 300 per cent, i. e., was four times more frequent than in 1927. There are also indirect indications that the imposition of compulsory labor was considerably more frequent in cases dealt with by the criminal courts. (See Statisticheskoe Obozrenie, 1929, No. 5.)

In any case, in 1929 no fewer than 350,000 persons were sentenced to compulsory labor without being placed under guard, and together with those who were kept in the houses of detention (in the R. S. S. F. R. on January 1, 1929, there were 118,888 persons under arrest.—Statisticheskoe Obozrenie, 1929, No. 5, p. 105), about 450,000 to 500,000 persons served sentences of compulsory labor in various agricultural settlements, factories, workshops, labor colonies, prisons, and deportation regions.

The draft of the New Criminal Code for the R. S. S. F. R., prepared in 1930, considers the imposition of compulsory labor as one of the fundamental and guiding principles of criminal law. In this code the forms of compulsory labor not connected with incarceration are worked out in much greater detail. (Draft of the New Criminal Code for the R. S. S. F. R., Moscow, 1930, arts. 50–59, pp. 11–27.)

The 1930 policy of wholesale collectivation is known to have caused a new flood of repressive measures (expulsion of kulaki, the persecution of those who failed in the sowing campaign or in fulfilling their contracts or contractual agreements, etc.), and one may safely assert that at present the number of those who serve sentences of compulsory labor by far exceeds the figures of 1929. In a report read by Professor Auhagen in January, 1931, at the research institute of Prof. M. Sering, 500,000 persons were stated to be engaged in compulsory labor in the north of Russia and in Siberia. (Der Deutsche Forstwirt, No. 11, June 2, 1931.)

II. CONCEALED FORMS OF COMPULSORY LABOR

In accordance with the Labor Code of the R. S. S. F. R., the population may be called upon to render transport services and execute work either in cases of elemental calamities, with which the government and municipal bodies are unable to cope, or for the purpose of assisting the Red Army when under mobilization orders. (Soviet Labor Legislation, p. 384.) Nevertheless, the imposition of compulsory labor and transport services is given a much wider scope. The method practiced for enlarging the application of such compulsion assumes the form of the so-called self-imposition. Thus, for instance, a village assembly may by a majority of one vote undertake an obligation to carry on a certain amount of work, and even those who did not participate in passing the resolution are considered bound by the self-imposed obligation of the village assembly. The nature of the work carried out by such self-impositions is very varied, and frequently affects large groups of the population. We will only quote here a few instances of such self-imposition and of its consequences: During the spring sowing operations the plenary sittings of the supreme court of the R. S. S. F. R. issued a circular to the effect that a willful refusal by an individual peasant owner to perform his respective share in the sowing plan, self-imposed upon the village by the village assembly, would make him liable to punishment under article 61 of the Criminal Code. (The Legal Practice of the R. S. S. F. R., 1930, No. 2, p. 2.) As we have seen, the punishment provided for in that article is either compulsory labor, a money fine, or detention under guard. In support of the lumbering and rafting activities of the various state work, the plenary sitting of the supreme court of the R. S. S. F. R, again issued a similar circular making any willful refusal by an individual householder to do his full share of the self-imposed work a punishable offense under the same article 61 of the Criminal Code. (The Legal Practice of the R. S. S. F. R., 1930, No. 3, p. 1.)

These circulars further instruct the courts "to qualify the offenses committed by the class enemy, the kulaki, in connection with the lumbering and rafting operations, so as to make them liable under section 3 of article 61 of the criminal code.

As regards the serednyaki, the bednyaki, and the members of the kolkhosy (collective agricultural units), who may be tried for any act hampering the lumbering operations or for a refusal to do their share in the work "self-imposed" by the village meeting, the punishment inflicted shall preferably be that of compulsory labor." (The Legal Practice of the R. S. S. F. R. 1930, Nos. 17 and 18, p. 19). At the same time the local courts are instructed to "cooperate in the fulfillment of the 'industrial' plans." See for instance the instructions concerning the "responsibility for acts hampering the execution of the industrial financial plan" or the regulations concerning the breaking of the contractual agreements contained in No. 16 of the Legal Practice of the R. S. S. F. R. for 1930.

Lately these concealed forms of compulsory labor in various industrial operations have become very widespread. There are no statistical data covering these forms of compulsory labor, but as we have already stated, it is quite sufficient for the village meetings to undertake a certain "self-imposed" liability, to bind all householders, including those who did not participate in the assembly. As administrative pressure can be exercised in every sphere of Russian economic life, it is easy to influence village meetings into passing such "self-imposed" resolutions. The U. S. S. R. daily press is full of instances of such resolutions, which are in substance nothing but a concealed form of compulsory labor imposed on large numbers of persons belonging to the agricultural and industrial classes.

III. INDIRECT COMPULSORY LABOR

Article 4 of the Labor Code of the R. S. S. F. R. reads as follows: "Any labor contract or agreement tending to impair the conditions of labor unfavorably as compared with the regulations of the present code shall be considered null and void." (Collection of Codes of the R. S. S. F. R., 275.) Nevertheless, a number of enactments issued lately contradict the spirit of the labor code and tend to lower the conditions of labor in the U. S. S. R. For instance, the labor code decreed grants for the unemployed (art. 176), yet on October 11, 1930, the People's Commissariat for Labor issued an enactment suppressing these grants, and ordering the unemployed to take on work irrespective of their vocational qualifications; and no reasons excepting illness, confirmed by a hospital certificate, were to be considered valid for refusing to undertake work offered by the respective authorities. (Economicheskaya Zhisn, Moscow, October 11, 1930.) This enactment was issued at the time when there were over a million unemployed in the country. (For information on unemployment see the Bulletin No. 83 of Prof. S. N. Prokopovich, Russian Economic Service, Prague, 1930.) Work of all kinds was provided for the unemployed, and a refusal to accept such work deprived the person concerned of the right to obtain work for a period of six months. Subsequently, the Central Executive Committee of the Soviet and the Council of the People's Commissars, issued a further decree abrogating the article of the labor code which prohibited the compulsory transfer of a working man from one undertaking to another, or from one locality to another. (The Labor Code, art. 37.) On the contrary, the regulation of the Central Executive Committee submitted that: "In order to provide with skilled workmen and specialists the most important branches of the paid industries (the metal works, coal mines, chemical industries, machine industries, capital construction industries, transport undertaking, and electrical industries), as against the less important industries, the People's Commissariat of the U. S. S. R. be authorized, subject to approval by the council for labor and defense, to transfer such skilled workers and specialists from one undertaking to another, and from one locality to another; to preclude from receiving employment in transport and industrial undertakings those who maliciously disorganize the industrial operations by wilfully leaving the socialized industries without good cause; to take off the register for a period not exceeding six months persons registered in the labor exchanges, who refuse, without showing good cause, to accept work offered them within their vocational specialty." (Za Industrializatiu, Moscow, December 17, 1930.) In further development of this enactment the Labor Commissariat of the U. S. S. R. and the All-Russian Federation of Trades Union issued a regulation which runs as follows: "Persons who wilfully leave employment in the socialized industries without giving sufficient and previous notice to the administration of the works, without waiting until they are replaced by others, or before the expiration of their agreement; persons who leave their works more than once within 12 months, even if their agreement was concluded for an indefinite period; persons who leave before the appointed time the work to which they were sent, after having been given the necessary training; persons who refuse to undertake a certain kind of work without showing good cause for so doing, are hereby declared malicious disorganizers of industry; such persons, when applying for work to the appropriate labor organization, shall be entered on a special register and shall not be admitted to industrial and transport undertakings for a period of six months." (Economicheskaya Zhisn, Moscow, January 20, 1931.)

Subsequently a new enactment was issued ordering the retransfer to the transport industry of all persons who, during the five preceding years had been engaged in railway work. (Economicheskaya Zhisn, Moscow, January 18, 1931.) Irrespective of their wishes all these persons were compelled to leave the work on which they were engaged, and return to work in the transport industry.

Lately a new enactment was promulgated ordering the issue of labor books to workmen; these books were to contain all the fines imposed upon the holder, the causes of any of his dismissals from employment, and the general characteristics of his work. (Za Industrializatiu, Moscow, February, 12, 1931.)

It should be added that recently it has become a widespread and frequently adopted practice to transfer skilled workmen from one sphere of work to another (see, for instance, the order of the People's Commissariats of Labor, Agriculture, and Finances. This order deals with the transfer of agricultural specialists to work connected with the spring-sowing campaign. All state, cooperative, and social undertakings are ordered to "send out within three days of the publication of the order 60 per cent of all agronomists, veterinary surgeons, zoology technicians, and agricultural engineers. These specialists are to be directed to take part in the sowing campaign and must remain engaged in the campaign for two months." (Socialisticheskoe Zemledelie, Moscow, February 12, 1931)), or, on the contrary, to attach skilled workmen permanently to one undertaking.

The outcome of this practice is that the conditions recently created in the U. S. S. R. restrict very considerably the free choice of work, the right to decline any kind or conditions of work, the freedom to change work or even the right to accept work in any given locality. A refusal to proceed to work in another locality may not only bring about the loss of employment for a period of six months, but will also be entered in the labor book of the offender, who would thus be stigmatized as a "malicious disorganizer of industry" and made to feel the effects of such a stigma when compelled to apply for work again.

It is obvious that all the enactments enumerated have created conditions tantamount to indirect compulsion, for the population is offered work under conditions dictated by the state or its representative organizations. Economic compulsion is greatly enhanced by administrative pressure.

From all these facts, we are entitled to conclude that compulsory labor is practiced in the U. S. S. R. in variegated form, and in many spheres of the economic life of the union. The extent to which compulsory labor is practiced is very considerable and affects hundreds of thousands of people. The use of compulsory labor in its direct, concealed, or indirect forms is not only a judicial measure of repression but also a policy intended to promote industrial and commercial development and profit.

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THE RUSSIAN CONSCRIPTS—I. LABOR IN THE TIMBER CAMPS—MOBILIZATION LAWS

Publications which have been issued recently at Moscow show that five chief forms of labor are employed in the timber industry of Soviet Russia:

1. Labor of local peasants.
2. Indentured labor raised on the countryside in other districts and other "republics."
3. Statute labor.
4. Labor of imprisoned convicts.
5. Labor of unimprisoned convicts.

The labor of the local population in the timber regions if performed according to the general plan of timber operations is called in the official Soviet terminology "self-obligations" or "self-imposed tasks."

The task which each village is called upon to impose on itself is planned by the Soviet timber department and submitted to the general meeting of the respective villages for confirmation. Disfranchised members of the community (kulaks, priests, and other "class enemies") are not allowed to attend the meeting, and one-quarter of the total number of voters in the village is sufficient for a quorum. If fewer than half of the voters present abstain from raising their hands in objection, the task is formally recorded as voluntarily undertaken.

From this stage onward there is no pretense that the fulfilment of the "self-obligation" is optional. It has acquired the force of Soviet law and is binding on all able-bodied members of the community, whether they be present at or absent from the meeting. The assembled peasants then distribute the different parts of the task among the individual villagers, and instructions issued from Moscow require them to bear heavily on the disfranchised or declassed members of the community.

THE PENALTIES

When the "self-imposed" system was first introduced the peasants showed insufficient zeal in fulfilling their tasks, and the Government ordered that article 61 of the criminal code should be applied to all defaulters. On February 15, 1930, Kalinin, as chairman of the All-Russian Central Executive Committee, issued a new decree amplifying this article in its application to delinquents on the "self-obligation front." Under this decree delinquents who fail to fulfil "self-imposed" tasks undertaken for them by the village assembly shall be summarily fined up to five times the value of the work undone, and in default of payment their possessions shall be sold by auction. The horses and hauling equipment of kulaks may also be confiscated. If peasants resist in groups, the penalty is imprisonment with compulsory labor up to two years and the confiscation of the whole or part of their possessions, with or without subsequent banishment from the locality. These penalties had already been prescribed by the Criminal Code for offenses of general state importance; the new decree added that in the event of necessity the local authorities should proclaim paid compulsory service in the locality for hewing and floating timber, the wages paid to kulaks being less than those of other peasants.

The local peasantry in the great timber regions are insufficient for carrying out the Soviet plan for felling and floating timber, especially since the introduction of the extended program for exporting timber according to the 5-year plan, which began its course on October 1, 1928. The import of more than a million indentured laborers for timber service in forests and on rivers has been planned for 1931, and, according to Pravda of January 10, 1931, the collective farms and the timber cooperative artels are to supply 900,000 of these, which is "half the total number of laborers required."

DRAFTS OF WOMEN

The raising of gangs of indentured lumbermen has been entrusted exclusively to the Commissariat of Labor, and the rules are laid down in decrees published in "Izvestia of the People's Commissariat of Labor of the U. S. S. R." on January 25 (pp. 35, 36), February 10 (p. 52), and February 28 (p. 99), 1931. The Commissariat of Labor orders each collective farm to "detail" a definite number of laborers to be sent to one particular timber (or other) organization on conditions which have been arranged by the commissariat and the hiring organization. The management of each collective farm must sign a contract before a given date (this year March 10) binding itself to supply the number of men, women, and juveniles required. In order that the greatest number of men may be detached without injury to the agricultural plans, the commissariat has ordered all collective farms to replace men by women for farm work as much as possible. But women are drafted from the farms for hewing and floating timber, too. On March 15, 1931, Pravda wrote that the female gangs in the forest and on the rivers were giving better results than men in some places.

Peasants who have not been enrolled in collective farms are drafted into timber gangs by special recruiting agents sent to the villages by the Commissariat of Labor, and assisted by an "active group" of Young Communists which has been formed in each village to support the recruiting agent. Each village is ordered to detail a definite number of men, and these have nothing to do with drawing up the contract of service, as this has been concluded for them in advance by the Commissariat of Labor with the organization for which their labor is required. The "uncollectivized" peasant, like the peasant on a collective farm, can also not choose his master or the place where he is to be sent. These details have been arranged for him by the labor planning department, but the rules require that the recruiting agent shall inform him of the name of his master, the period for which he has been mobilized, and some other important conditions of the contract. The peasants are organized into gangs of 40, one of each gang is appointed "foreman" and is given a list of his men, a representative of the hiring organization meets the gangs and the recruiting agent at a "railway station, an embarcation wharf, or some other spot," and gives the recruiting agent a receipt, certifying that he has accepted delivery of the gangs, according to contract. If a recruiting agent fails to fulfill his "fixed task," he is prosecuted as a criminal. (Izvestia September 21 and October 6; Za Industrializatsiu, October 8, 1930.) Administrators, judges, and public prosecutors are treated in the same way if they are slack in supporting recruiting agents. (Pravda, October 19, 1930.)

During the 1930 season, neither the system of "self-obligation" nor the employment of indentured laborers had worked efficiently, and they were supplemented by the proclamation of "compulsory-labor service" on a great scale. On September 14, 1930, the council of labor and defense ordered the formation of "extraordinary sixes" or "committees of six" in the timber regions. A "six" was attached to each local executive committee in order to enforce the fulfillment of the lumbering program. Comrade S. I. Syrtsoff, chairman of the Soviet of People's Commissars of the R. S. F. S. R., was endowed with special powers and placed in authority over these "sixes" (Pravda, September 19; Izvestia, October 6, 1930), and he ordered them to "go to the farthest limits in their measures" to stimulate the transport of timber to the ports for export. The council of labor and defense had ordered the introduction of compulsory service wherever necessary; Syrtsoff issued instructions to "mobilize" all able-bodied inhabitants of districts along streams for compulsory paid labor in order to get timber hauled and floated, and published in Izvestia the statement that he had called upon the O. G. P. U. (political police) to help accelerate the operations. At the same time the council of labor and defense ordered the cooperatives to issue no industrial products to any laborer who failed to complete the timber task set for him, but men who exceeded certain standards of work should be given sugar, makhorka, and some other goods as special bonuses to stimulate them and their fellows. (Izvestia, October 6, 1930.)

COMPULSORY SERVICE

Compulsory labor for preparing and transporting timber had been officially introduced in many places before this general order was issued. In April the authorities at Archangel introduced compulsory lumber service in the Archangel region and the whole northern district where timber was being prepared for export and ordered the "mobilization of all political, economic, and cultural resources" to hurry on the work. In some parts of the Archangel region force was used to keep laborers at their timber tasks. (Izvestia, April 6 and 9, 1930.) In Karelia overtime service and work during holidays were admitted in July. At Tomsk class enemies were conscribed in August for compulsory labor in unloading trucks and barges. Instead of "sixes," the authorities in the Urals enforced compulsory timber service in September by means of "extraordinary trios" in districts where lumber work was backward. (Za Industrializatsiu, September 23, 1930.) At the same time compulsory labor was proclaimed at Stalingrad (Tsaritsyn) for unloading timber, but this was apparently timber for domestic uses and not for export. On September 28 Izvestia published an official statement from Leningrad complaining that the introduction of compulsory labor had not removed the difficulties in transporting timber. On October 6 the same newspaper (the official organ of the Soviet Government) published a similar report of conditions at Petrozavodsk, and Pravda amplified it on October 9, complaining that insufficient compulsion was being applied to delinquents.

Izvestia wrote on October 22 that after compulsory service had been introduced 720 peasants in one district even went voluntarily to serve in the timber-floating operations, but some "blockheads and wreckers" had been prosecuted for failing in their duty. An order was issued by the council of labor and defense that work should go on continuously day and night and that steamers should not cease their operations even during fog. The difficulties continued in the new year, and the Archangel correspondent of Izvestia (January 8, 1931) telegraphed that self-imposed tasks were "being enforced" badly by the local authorities. On January 16, 1931, Krasnaya Gazeta stated that an anonymous person at an election meeting in Leningrad dared to present a written question asking when forced labor would be abolished. Krasnaya Gazeta replied that the questioner himself deserved to be sent to forced labor for making such an inquiry which should be addressed to "Westminster Abbey" and not to a soviet election meeting. A poet was prosecuted as a counter-revolutionary and the whole staff of a journal dismissed at Smolensk in March for publishing a poem with uncomplimentary references to labor conditions in Soviet Russia.

DESERTERS

But it is not only peasant laborers who are pressed into lumbering service. The compulsory mobilization and dispatch of certain classes of employees to the timber and other "fronts" has long become a regular practice, and men who evade this service are denounced and punished, their names being published in special "lists of deserters." Advertisements calling on all citizens to apprehend individual "runaways" are very frequent in the Soviet press. (See Za Industrializatsiu, September 25, 28, November 26, 1930; January 16, 18, 21, 24, 26, February 8, 11, 12, 17, 18, 19, 23, 28, March 13, 28, 1931; Trud, August 30; Izvestia, February 13.) The most recent general mobilization of specialists for compulsory timber service was carried out in February and March in fulfillment of a decree issued by the supreme economic council. In March the Commissariat of Labor ordered the institutions and enterprises of the state and the cooperatives to give up all men who had experience in floating, and these were compelled to leave their present positions to serve two months in floating timber.

On April 26, 1931, Izvestia published a decree by the Commissariat of Labor ordering all men who had worked on sea-going and river craft within the last 10 years to give up their occupations and go back to work permanently on the water. Organizations employing these men were instructed to dismiss them within five days after receipt of the orders of the commissariat and not to give them any "leaving grant," to which they are nominally entitled under article 89 of the "Labor Code" (the code is translated in Blue Book Cmd. 3775, p. 10). Retired captains of sea and river craft, engineers, mechanics, mates, boatswains, firemen, and others who had attempted to change their professions since 1921 were ordered to report themselves within five days and be allotted their posts under the water-transport department. This decree was to be applied not only to the transport of timber but also to all overriver and sea freight. The decree adds that all who evade or abet others in evading this service are to be prosecuted in the ordinary way, which means that they are liable to fines, confiscation of possessions, imprisonment, and compulsory labor under article 61 of the Criminal Code.

It has been pointed out above that the withholding of "leaving grants" is a violation of the Soviet Labor Code, but it should be observed that the whole system of recruiting, mobilizing, and shunting labor about as practiced at present is illegal according to this code. Article 37 lays down that "a wage-earning or salaried employee shall not be transferred from one undertaking to another, or removed from one locality to another without his consent." The code is held up to the outside world as representing the conditions which govern labor in the Soviet Union; but if it has ever been anything more than a display card, it has long ceased to have any practical application inside the Soviet frontiers.

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II.—LIFE AT THE "FRONT"—SHORTAGE OF FOOD

According to the plans for this year, there are about 2,000,000 laborers working on the timber "front." Some 900,000 of these are drafted from collective farms and timber cooperative artels, and they are distributed over vast areas of forest, from Karelia to the far east of Siberia. The conditions under which the men live are not and can not be uniform. The plans drawn up at Moscow prescribe that the laborers be provided with barracks and food supplies, the feeding being on a collective basis as far as possible; but complaints continue to come from the forests that the lumber organizations neglect this part of the program. Barracks have been put up at the chief centers in some of the timber regions, but they are not sufficient to keep pace with the new drafts of men.

All through last winter demands kept pouring into the forests from Moscow for a greater output of marketable timber; consequently the living conditions of the lumbermen could not receive adequate attention, and they remained on the whole in the same stage as they were at the beginning of last year. Volume I of "Lesa i Lesnaya Promyshlennost S. S. S. R." ("Forests and the Timber Industry of the U. S. S. R."), which was published at Leningrad in 1930, gave a brief description of conditions prevailing in the northern territory, where the chief industry is the preparation and transport of export timber.

When the men arrive at the place of work in the forests, no barracks or huts have been prepared for them; they have to construct log cabins for themselves and begin work as soon as possible. The cabins are mostly of two types, the only difference between them being in their height. One type is only 2 to 3 feet high, the other is high enough for a man to walk in "if he keeps his back bent." The walls consist of logs laid one upon another. One layer (sometimes two layers) of logs is put on the top of this in lieu of a roof. A log fire is kept burning in the middle of the hut, and the men lie around this fire in their spare time, their only bedding being straw and the brush of fir trees, which is strewn directly on the ground. Ekonomicheskaya Zhizn, in its issue for July 29, 1928, described these cabins as being like "the lairs in which wild bears live," except for the fire and the smoke, which filled them, as they had no chimneys. "Forests and the Timber Industry" explains further (p. 437) that occasionally, though rarely, one comes across cabins which have petroleum lamps, and that in 1928 the Comissariat of Labor had started making plans to improve living conditions, as these were the chief reason for the reluctance of peasants to enter the lumber industry.

NEGLECTED PLANS

The complaints which continue to come from the forests show that until the end of 1930 the plans of the commissariat had been neglected. On November 17, 1930, Pravda wrote:

"In a number of trusts the constructing of dwellings for timber laborers is quite unsatisfactory, the reason given being a shortage of constructors and—a shortage of building materials!"

On October 24, 1930, Izvestia had stated that in the Komi region many responsible timber officials did not even know that there were any plans for constructing dwellings, that only 58 forest cabins had been constructed instead of the 758 which were shown in the plans. These are not isolated complaints, but taken from a great number which have been received from all of the chief timber districts. On October 7 Izvestia stated that no building of barracks for hewers and haulers was in progress in Karelia; on September 17, 1930, Za Industrializatsiu explained that laborers abandoned work at Archangel chiefly on account of bad living conditions; Pravda stated on November 17, 1930, that wherever barracks might be found in the Khabarovsk region, it was impossible to live in them.

The maintenance of food supplies in the lumber regions during the last two years has been a problem with which the Soviet authorities have found great difficulty in coping. The cooperatives and the Commissariat of Trade in charge of this department have time and again been the subject of special decrees instructing them to adopt heroic measures and throw great quantities of food and fodder into the lumbering centers. Adequate consignments have figured in the programs and have, to a great extent, been dispatched to their northern destinations, but the chief difficulty has been the distributing of supplies among the far-flung localities and the prevention of pilfering on the way.

PRESCRIBED RATIONS

The daily rations prescribed by the Commissariat of Trade were:

For timber hewers: 1 kilo flour, 150 grammes groats.

For timber haulers: 600 grammes flour, 150 grammes groats.

For horses: 600 grammes oats.

In districts where lower standards had been established, these were to remain in force, but in no districts should the prescribed limits be exceeded. This does not mean that in all districts the men actually received flour and groats. In some localities they received corresponding quantities of bread; at others they had the option of taking different products or taking their meals at collective eating houses, organized by the authorities; but this option could obviously not be general, in view of the fact that a large proportion of the lumbermen were employed in remote places where no special facilities for feeding existed. Supplies were maintained satisfactorily in some regions, but in many places they were very precarious. Forests and the Timber Industry, which has already been quoted, says that men in the forest suffer very much from bad supplies of water, being obliged to drink ground water and in very extreme cases to use thawed snow. Epidemics of stomach illnesses have in some cases been caused by the bad supplies of water.

At the end of February (February 25), 1930, Izvestia wrote that the rations of free lumbermen in the Urals were not so good as those received by convict lumbermen working at the same place; and they were obliged to herd together in filthy barracks, while the 10,000 convicts employed in lumbering by the same organization had quarters which were comparatively far superior. In August the Commissariat of Labor ordered an investigation of what had been done by the different organizations for the housing, collective feeding, and bathing of timber hewers. Investigations of this nature appear in the program from time to time, but if they are carried out, the results are not, as a rule, made public. Complaints were published in October that the feeding of lumbermen in Karelia was neglected. On November 17, 1930, Pravda gave a general description of conditions in the timber industry, pointing out that the organization of food supplies was lame. The Commissariat of Trade, the cooperatives, and the grain department contented themselves with planning and distributing foodstuffs on paper, but did not see that the consignments really reached their destinations as planned.

There are no signs that the authorities are overcoming the difficulties of feeding lumbermen regularly. On January 8, 1931, Izvestia wrote that in one part of the Nizhni Novgorod territory "the supplies of the timber hewers are in an abominable state. Sometimes there are not even the most ordinary products. As to cultural service, this exists exclusively on paper." On March 7, 1931, Izvestia stated that in the northern territory (including Archangel) the arrangements for collective feeding were most unsatisfactory, and the people who were fed on this system found that they would do better if they could take their rations of products and make their own arrangements for cooking them. In the middle of April the Central Control Commission and the Workmen and Peasants' Inspectorate considered the report of the bureau of complaints, and came to the conclusion that the arrangements for feeding men engaged in floating timber had worked out badly.

BONUSES

On September 13, 1930, Izvestia wrote that in Karelia every manager of the floating operations owed the laborers under him some tens of thousands of rubles. Za Industrializatsiu published a similar complaint in regard to the Vyatka region a fortnight later, stating that the debt to lumbermen had become enormous, and they were deserting the floating operations. Syrtsoff, who was empowered to carry out a shock campaign in all the important timber regions, gave orders that men should be "bound to their posts" and induced to remain there and work harder by the immediate introduction of a system of bonuses, in which crews and captains of river craft should also be entitled to share. At first sugar, makhorka, and other articles of everyday consumption were offered, but a few weeks later the Commissariats of Trade and Labor issued joint instructions that henceforth bonuses should not consist of bread, fodder, groats, sugar, tea, fats, fish, meat, vegetables, makhorka, or soap, but clothing should be given instead. The reason why the giving of foodstuffs and soap was stopped is not explained. The value of bonuses should be calculated according to the amount by which a laborer exceeded his quota of work, and should range from 2 to 16 per cent of the recipient's wages. The instructions forbade the giving of bonuses to convicts engaged in lumber work. (Pravda, November 13, 1930.)

During the last few months the Soviet press has published a great number of testimonials, ostensibly sent to the newspaper offices or given to correspondents by individuals and organizations engaged in preparing and transporting timber, certifying that the conditions in which they work are satisfactory and promising to respond to accusations of compulsory labor and other slanders circulated abroad by exerting themselves to the utmost to produce still more timber and fulfill the 5-year plan. Some of these testimonials may be genuine, but it is quite certain that none but favorable testimonials could be sent abroad legally or published in the Soviet Union.

There is no real evidence that the living conditions of lumbermen have improved since last year, when the official Soviet press published the descriptions cited above. As late as March 7 this year Izvestia published a general article on conditions in the lumber industry under the heading "Alarm in the Forest," and although the language is more guarded than that of earlier descriptions and the kulak is blamed for conspiring with foreign enemies to create disorder in the timber industry, the unwillingness of laborers to serve in the lumber industry is admitted. Izvestia says that although the advantages offered to the backward strata of the peasantry are quite obvious, these listen to cunning antisoviet agitation and will not hurry into the forest. The article explains that the timber trusts are themselves largely to blame for the slow development of operations, especially in the northern territory, because they keep men at work for months before informing them of the conditions of payment for their work, and have not yet organized a satisfactory system of feeding them.

[Reprinted from the London Times, May 20, 1931]

III. COLONIES OF CONVICTS—CLASS-WAR COURTS

According to the new University Course for students of penitentiary-labor justice in the Soviet Union, published at Moscow this spring, the number of special convict colonies for felling and hewing timber has increased threefold since 1929, when all prisoners serving periods of more than three years' confinement were transferred to the O. G. P. U. Before September, 1929, there were only six of these convict timber colonies, but since 1929 the number has risen to 19. The University Course (p. 90) explains that all prisoners who are not employed within the walls of places of confinement are taken out to the places of mass labor, where they are known as a labor colony. Volume 8 of the Small Soviet Encyclopedia, which has been published this year, describes the labor colonies under the new system as follows:

"Penitentiary-labor colonies are established with a semifree régime. In their interior arrangement they resemble economic organizations. Labor colonies, which facilitate the utilization of the labor of prisoners and the instilling into them of the habits of labor, are becoming the fundamental type of prison during the reconstructive period. Penitentiary colonies are of two types, the

open and the closed. Open labor colonies are organized chiefly beyond the towns (for agriculture, road making, timber hewing, peat cutting, etc.). Closed penitentiary colonies are transformations of the prison buildings and isolators, which are best adapted for factory production."

Besides these 19 timber colonies there were 142 convict state farms in 1928, cultivating over 60,000 acres of arable land, and, although no figures are available to show the number of convict farms to-day, they are officially described as "increasing from year to year." There are 26 "manufacturing convict colonies," too.

When the prison reform was carried out in 1929, Krylenko, the public prosecutor, explained that the object of organizing the new colonies or convict camps was to free town prisons and make prison establishments pay their own way, as the camps would have to exist entirely on their own earnings, and thus bring about an enormous saving for the State budget. A start was to be made, he said, by immediately transferring about 30,000 prisoners to the camps of the O. G. P. U.

PROFITS OF EXPLOITATION

The University Course says the change of policy has been very useful in diverting prisoners to productive work just at the time when all financial resources had to be mobilized for the 5-year plan; and the reformed places of confinement have justified the hopes which were then raised, for, although total figures are not available for last year, the balance sheets of seven of them situated near Moscow show a net profit of more than 2,500,000 rubles. But the profits would have been still greater if the class war in the villages last year had not borne heavily on the prisons by increasing the number of inmates, who, though they had not yet been organized for work, had nevertheless to be maintained.

The camps of the O. G. P. U. are officially "isolated from society," and the conditions in them are not discussed or described, as a rule, in the ordinary Soviet press. Izvestia mentioned 10,000 convicts as working for the timber industry in the Ural forests in February last year, and complained that they had better housing and feeding conditions than freemen lumberers working at the same place. Pravda, on November 13, 1930, published in outline a decree issued at Moscow, in which prison laborers are referred to as working in the lumber industry. The convicts are employed under contracts concluded directly by the O. G. P. U. and the timber organizations on the basis of article 78 of the Penitentiary Labor Code of the R. S. F. S. R.

This code lays down rules for the employment of persons sentenced after a hearing in the court, or summarily by the administrative authorities, to compulsory labor without imprisonment. This form of punishment may legally be inflicted for a period not exceeding one year. Article 34 of the code stipulates that "as a rule" no wages shall be paid for this labor, an exception being made if delinquents are allowed to work out their sentences at the places where they are ordinarily employed; but the organizations for which unimprisoned convicts work must pay an amount equivalent to what their wages would be into a special fund to be used for the extension of forced-labor workshops and enterprises.

ORDERS TO THE JUDGES

The judges and the whole machinery for administering justice in the timber regions have received direct instructions to demonstrate their efficiency in the production of this class of labor for felling and hewing timber. Sudebnaya Praktika (Court Practice), the official periodical journal edited by P. I. Stuchka, president of the Supreme Court of the R. S. F. S. R., published on December 30, 1930, instructions to local judges, prosecutors, and court officials of the northern territory (the most important region for export timber, comprising almost the whole of the former Provinces and districts of Archangel, Vologda, Vyatka, North Dvina, and a part of Komi). They are ordered to make the fulfillment of the timber program their first care, to make themselves "champions on the lumber front," and to use the courts as much as possible to stimulate the zeal of lumbermen. The courts must prosecute the campaign by means of fierce and crushing war against the kulak and strict adherence to the class line when dealing their blows. But they must also bring judicial pressure to bear on the middle and poor peasants, and their pronouncements must be instruments for mobilizing labor man power to fulfill the lumber program.

Every judge is ordered to act quickly and in harmony with the present policy of the Communist Party, to bind himself closely to the timber industry, and to keep in the front ranks of the fighters for timber. The court must direct and control the whole lumbering campaign, must "make timely discoveries" of undermining activities by the kulaks, wreckers, and opportunists, and make them feel "the sharp edge of proletarian judicial repression." Each representative of the court shall be personally responsible for the success of lumbering operations in the districts placed under his direct supervision. The court shall "show no mercy," and all cases not specified in the instructions shall be qualified under article 58, paragraphs 7, 8, and 10, of the Chiminal Code (where the penalty prescribed is death by shooting). The court shall force peasants to fulfill the "self-imposed" tasks undertaken for them by the village assemblies, and in its decisions shall give preference to the sentence of compulsory labor, to be served in all cases in the lumbering operations.

The instructions are wound up with a few directions to the local courts to send in reports once every 10 days, explaining what political work the court has done among lumbermen, how the judges are waging class warfare, how many times each judge has gone into the forest personally, how many demonstration trials have been arranged, how many kulaks, other peasants, and officials have been prosecuted in connection with their lumber work, etc.

Although these instructions were not published until December 30, they were sent to the local officials in October, 1930, for immediate application. On January 10, 1931, a circular was published, which Krylenko, as deputy commissar of justice of the R. S. F. S. R., had sent to all prosecutors in the Republic, urging them to stimulate lumber operations by immediately prosecuting all persons who had failed to carry out the Government's instructions for the procurement of laborers and teams to work in the forests, as the highest administrative officials in each timber region were to be held personally responsible for the successful recruiting and delivery of man power, and cases were to be hurried through the courts as fast as possible.

THE PURGE

The number of persons administratively condemned to labor in the forests was augmented in December and January by the sifting of alien elements from Soviet factories and the excluding of all disfranchised persons from employment in other forms of labor. The sifting campaign was explained in Trud, of December 6, 1930. Special committees of five were appointed at all factories and enterprises to examine the workmen and employees occupied there. Persons who, when under examination, manifested that their mentality was "alien to the working class" were enrolled in manual-labor gangs and sent to "hew timber, cut peat, etc." The examination began with all the persons who had for the first time obtained employment in Soviet industry during the preceding three years, and 100 of the biggest enterprises were selected to start the experiment. When these were finished another batch would be taken, until the whole of the Soviet industrial and other enterprises were purged. Whether the sifting has been completed has not yet been made known.

On December 23, 1930, the Commissariat of Labor decreed that no disfranchised person nor any person dismissed from employment and put on the list of "first category dismissals" should be given employment except in manual-labor gangs for "hewing timber, lumber work in the forests, floating timber, procuring peat, loading and unloading freight, combating snowdrifts, etc. These persons might refuse the work offered, but article 4 of the decree instructs that they be then struck off the register and not be eligible for any work at all for the period of one year. It appears only fair to include this class of unfortunates among the forced laborers, although official Soviet terminology describes them as free and their service as voluntary. In the villages, the counterpart of these town-dwellers is the kulak class of peasants. There is no satisfactory definition to explain what a kulak is at the present time, and the standards by which a man may be relegated to this class are by no means fixed. One who has been officially dubbed a kulak is an outcast from society, and the law appears to afford him no protection at all. He may not save himself even by pooling his possessions with his fellow peasants and joining a collective farm. His goods are confiscated and he is banished to the north or to some part of Siberia. But he remains an outcast even there. Administrators who show symptoms of mercy for this quarry, which the Government continually orders them to bait, are themselves prosecuted as criminals. In Pravda of October 19, Ekonomicheskaya Zhisn of October 24, 1930, and Izvestia of January 8, 1931, complaints appear from the timber regions that officials are too gentle with kulak lumbermen, and are consequently being prosecuted.

On February 18, 1931, Trud admitted in a leading article that the element of cruelty against sections of the community was necessary under the Soviet system, but the Soviet Government acted with "exceptional mildness" in sending their class enemies, the kulaki, to lumber work instead of killing them. No records are available to show the death rate among the kulaki deported to the timber regions from the temperate parts of central and south Russia, but it must be appallingly high; and it is certain that only a small proportion can survive the hardships to which they are admittedly subjected by the Soviet authorities and the cruel weather of the north.

It should be borne in mind that all the information in Soviet newspapers and books passes through official channels before reaching the press, and nothing can be printed without official sanction. The publications cited above are all the official organs of one or another of the Soviet Government departments or the Communist Party of the Soviet Union, and the citations have, therefore, the weight of official documents.

[Leading article—reprinted from the Times, May 20, 1931]

THE RUSSIAN DANGER

In another column of this page is printed the third and last of a series of articles on the Russian conscripts, a dispassionate attempt to discover the truth about conditions in the Russian timber camps, so far as that truth is revealed in the official decrees of the Soviet Government and in the Russian press. As nothing can be published in Russia without official sanction, all the information used in these articles may be regarded as official. No use has been made of affidavits from escaped prisoners or of any source that has not the imprimatur of the Soviet authorities. No attempt is made in them to draw inferences or to pass judgment. They merely set out the facts, not as they are seen by the hapless convicts and so-called free laborers sent to hew and transport timber for the foreign markets, but just as they are

described by the Soviet authorities themselves when they are addressing their own people—not, of course, when they are talking propaganda for export. Even so, the conviction they carry is inevitable, except to those who are firmly resolved to keep the wool pulled over their own eyes, that the conditions are deplorable—such, in fact, as would not be tolerated for a day by any civilized people, and that a deep discredit rests on any country which encourages an industry carried on with so much cruelty because its products naturally are cheaper than those of its competitors.

These three articles deal exclusively with labor conditions in the lumber trade, but it is a fair assumption from them that the same ruthless organization is characteristic of the whole campaign to carry out the 5-year plan. Only a people of whom the masses are too ignorant and too disorganized to offer any resistance, and who have through long generations become callous to suffering and oppression, would endure such dragooning. If it can go on enduring, the small but enthusiastic and well-disciplined minority which controls every lever of power in Russia will succeed in its ambition to create a huge industrialized slave state, monopolizing the whole production, trade, and industry of nearly 150,000,000 of people. The creation of such a huge monopoly under a single centralized direction will confront the rest of the world—organized as it is on the basis of free labor, free exchange, and free competition—with problems for which no solution is yet visible, but for which a solution will have to be found if a great catastrophe is to be avoided. If the directors of this monopoly were inspired by the most benevolent intentions toward the rest of the world, it would still be impossible to watch the growth of their power without the greatest anxiety; but every student of their utterances in their own press—they naturally use a different language when they are negotiating with foreigners for credits and other concessions—and every student of the activities of the Comintern and the Profintern knows that they are animated by an implacable hatred and a fierce desire to reproduce in other countries the horrors and the oppression they have inflicted upon their own. Anxiety can only be deepened by the weak complacency with which foreign governments, bankers, industrialists, and traders allow the Soviet organization to use them for its own purposes and to play them off one against the other. In that respect our own Government have played, perhaps, the most pitiable rôle of all.

In Monday's debate Mr. MacDonald proudly described himself as a "realist" who "faced the facts," but only succeeded in exhibiting himself as a victim of weak self-delusion. His whole speech was quite unworthy of the occasion. Opening with a cheap and foolish gibe at the Times news service in Riga, which, with consistent fidelity, transmits to London the information published in the Russian press, he devoted practically the whole of the rest of his time to an elaborate tu quoque, arguing that in his time at the foreign office Sir Austen Chamberlain had been just as patient with breaches of Russian engagements as the present Government have been. He is evidently not a reader of the Krasny International Profsoyuzov, the official organ of the executive bureau of the Profintern, the Red Trade Union International, or he would not have ventured to challenge the accuracy or the fairness of our Riga correspondent. And the parallel with Sir Austen Chamberlain's patient handling of Soviet provocations could only have been intended to elude the point of the indictment. Neither Sir Austen nor Mr. Baldwin ever gave the House of Commons the explicit pledges which were given by Mr. MacDonald and Mr. Henderson when they resumed relations with Russia. The complaint is that, having given those pledges, either light-heartedly or victims of the self-delusion to which they fall victims in all their dealings with Russia, they have since made no attempt to carry them out. It is true they are in what is for them a very difficult position, being forced to choose between breaking the promises they gave in the most emphatic terms to our own country and making it plain to Moscow that the Comintern and similar organizations must cease their anti-British activities if relations are to continue. This, however, they have not the moral courage to do. The Soviet diplomatists, having thoroughly bamboozled them during the negotiations and having treated them with open contempt ever since, have now established over them a moral ascendancy which they are incapable of breaking. It is not as if they had no means of bringing pressure to bear. Quite apart from the worthless pledges which Mr. Henderson believed himself to have extracted from the Soviet Government, they have other weapons in their armory. But they are afraid to use them and prefer to allow their pledge to the house to remain a dead letter. More than that, they persist in guaranteeing credits, already amounting to several millions of pounds, to finance the 5-year plan, and thus put more power into the hands of those who are openly working for their overthrow and for the destruction of the British Empire.

[Bulletin issued by International Entente against the Third International, Geneva, Switzerland]

FORCED LABOR ESTABLISHED BY LEGISLATION IN THE U. S. S. R. FOR THE EXECUTION OF THE 5-YEAR PLAN

The difference between free labor and forced labor may be defined as follows:

"In free labor the worker has the right to choose the kind of work and the category of workers in the factory to which he will belong; he can discuss the amount of his wages and the terms and conditions of his work, either individually or through his trade-union; he is free to choose his house and where he will live; he has right of redress before the courts against his employer and the right to strike. He spends his wages as he pleases.

"We are quite aware that, as in the case of all liberties and human rights, the above liberties and rights are not without exceptions, but they incontestably exist. If they are suppressed, work ceases to be free and becomes forced labor, of which the following are the characteristics:

"(1) There is no free market for labor.

"(2) The employer alone has the absolute right to choose the kind of work, the category of workers, and the factory in which the worker is to be engaged.

"(3) The employer fixes the place of residence and the quarters.

"(4) If the worker refuses to submit, the penalty is loss of work and consequently of wages.

"(6) The right to strike is refused.

"(7) The worker enjoys no trade-union protection.

"(8) The employer fixes unilaterally and without appeal the amount of the wages and the terms and conditions of work.

"(9) The worker can only procure the food and clothing which he needs for himself and his family by means of cards received from the employer.

"(10) The worker enjoys no rights."

We shall show that this régime of forced labor has just been set up in the U. S. S. R. by the most recent legislation.

For this purpose we will take one by one the conditions which determine the character of forced labor and will set down below each the text of the Soviet laws.

These texts are mainly:

The decree of the central executive committee of the council of people's commissars of the U. S. S. R. of December 15, 1930, published in the Pravda of December 17, 1930. Our reference will indicate this as the decree.

The order of the Labor Commissariat of the U. S. S. R., No. 374, of December 23, 1930, on the mode of registering and sending to work persons in search of employment, published in Isvestia of December 29, 1930. We shall call this the order in our references.

(1) THERE IS NO FREE LABOR MARKET IN THE U. S. S. R.

"Registration of persons in search of work. May be registered at the direction of cadres; all members of trade-unions and 18 categories of persons enjoying electoral rights." (Order, sec. 1.) Other persons can not find work. In fact:

"All the undertakings, the economic establishments, and individuals are compelled only to engage workers and officials through the labor organs, with the exception of cases mentioned in the present regulations." (Decree, sec. 2.)

The exceptions referred to only prove the rule, for they concern only a very small minority of workers in industry, commerce, and administration, a minority purposely circumscribed and subject to special regulations.

(2) THE EMPLOYER, THAT IS TO SAY, THE STATE, ALONE HAS THE RIGHT TO CHOOSE THE KIND OF WORK, THE CATEGORY OF WORKERS, AND THE FACTORY IN WHICH THE WORKER WILL BE ENGAGED

He proceeds to this by means of the registration of which we have just spoken.

"The organs of production will assure the rational distribution of labor within the limits laid down by the corresponding organs of the plans of production." (Decree, sec. 1.)

"The Labor Commissariat of the U. S. S. R. will divide into categories the persons who are to be registered in the labor organs as persons in search of employment and will direct their sending to work." (Decree, sec. 4.)

The dispatch to work should be done in taking strict account of the principles of class selection and in conformity with the demands of the employer concerning the qualifications of the workers." (Order, sec. 7.)

The heads of the undertakings are required to set at liberty, within the time intended by the labor organs, the workers who are to be transferred to another undertaking according to sections 7 and 8 of the present regulations." (Decree, sec. 9.)

(3) THE EMPLOYER FIXES THE PLACE OF RESIDENCE AND THE QUARTERS

To assure a sufficient number of qualified workers and specialists in the undertakings of the most important branches of national economy (iron and steel, chemical, and coal industries, machine making, industrial constructions, transport, and electrical industry) to the detriment of the less important branches of national economy or less important undertakings, the Commissariat of Labor of the U. S. S. R. has the right, on the demand of the economic organs, to proceed after agreement with the unions and ratification of the labor and defense council, to transfer trained workers and specialists to other branches of national economy or to other regions so that they may be used according to their specialty. (Decree, sec. 8.)

The workers, mechanics, and engineers who have distinguished themselves in the organization of "shock brigades," the participants in these brigades or in the "socialist emulations," as well as all who have worked for a very long time in the same undertaking or have made interesting propositions for the rationalization of production or inventions, will benefit by the following advantages:

(a) If they live in mediocre lodgings, they will be the first to receive new lodgings from the reserve of lodgings of the undertaking.

(e) The members of their families, in case they apply to the labor organs for employment, will be sent, as far as possible, where the heads of the families are employed. (Decree, sec. 11.)

It is therefore a privilege to be able to work in the same place as the head of the family. This shows how far the right of the State to dispose of the individual is carried in the U. S. S. R., and gives the measure of forced labor. The only exception is for a married woman.

(4) IF THE WORKER REFUSES TO SUBMIT, THE PENALTY IMPOSED ON HIM IS THE LOSS OF WORK AND THEREFORE OF WAGES OR DISPATCH TO THE HARDEST LABORS

"Persons who refuse without plausible reasons the work in their own trade offered them (even if this work necessitates removal) as well as those who refuse to change their occupation if their own is 'stagnant' are struck off the books for a period not exceeding six months.

"Should these persons apply to the direction of cadres for work before the expiry of the period of prohibition, they may be used for mass bodily work (forestal exploitations, turf cutting, loading and unloading, snow sweeping, etc.)." (Order, sec. 11.).

(5) NO APPEAL IS POSSIBLE AGAINST THE DECISIONS OF THE EMPLOYER—THE STATE

Neither the decree nor the order contains any provision permitting the worker any appeal whatever against the decisions taken in arbitrary application of the above provisions.

(6) THESE PROVISIONS APPLY ALSO TO WORKERS ON THE COLLECTIVE FARMS

"The members of collectivist undertakings may have themselves registered at the direction of the 'kolkhoze,' which will send the lists to the nearest direction of cadres." (Order, sec. 3.)

(7) THE RIGHT TO STRIKE IS REFUSED

The Soviet Labor Code provides for compulsory arbitration in article 172.

"For the solution of a dispute with an undertaking or state institution, an arbitral tribunal is organized by the labor organ at the request of one of the parties. In this case acceptance of the tribunal is compulsory for the other party."

The undertaking or state institution thus prevents all strikes by asking for the organization of the tribunal, and as it is the "labor organ," that is to say, another institution of the employer state, which organizes the arbitral tribunal, the employer-state is thus both judge and adversary.

Voitinsky, the Soviet jurist, comments on this provision as follows:

"In the undertakings of the state and in its institutions, the Communist Party and the trade-unions naturally reject the strike as a method of defense of the interest of the workers. The strike can not be recognized as a normal means of settling disputes concerning labor between the workers and the administration of the undertakings and the institutions of the state, the administration being here the organ of the proletarian state." (Voitinsky, Soviet Labor Law, p. 115.)

(8) THE WORKER IS NOT PROTECTED BY HIS TRADE-UNIONS; ON THE CONTRARY, THIS LATTER ASSISTS IN THE TYRANNY EXERCISED BY THE STATE EMPLOYER OVER THE WORKER

Article 157 of the Labor Code determines the activity of the trade-unions in the sense of a cooperation in the normal course of production in the state undertakings. It is no longer a matter of defense of the interests of the worker in relation to the employer, but of support given to production.

And yet, according to article 151 (ibid.), these unions alone have the right to represent the workers for the discussion of collective contracts and in disputes with the employer. And, moreover, it is only the superior organs of the unions which are admitted to this representation.

The meetings of workers called to examine the clauses of collective contracts can not modify them in any way, since it is only the higher organs which are qualified to contract in the name of the workers, and these latter have no right of veto.

Now, the communists form 12 to 15 per cent of the total membership of the unions, but they form the enormous majority and up to 100 per cent of the higher organs of these unions.

Tomsky was ejected because he wished to return to a real protection of the workers by the unions. He and his partisans were replaced by "pures."

According to the Pravda of July 1, 1930 (No. 179), this is the present point of view:

"As soon as the trade-unions took into consideration the needs of the workers, they no longer took the standpoint of those of the state industry. The Soviet Government, through the organs of the party, simply removed all those persons who were at the head of the trade-union movement in the U. S. S. R."

In these conditions it may be affirmed that the trade-unions, being alone qualified to conclude labor contracts in the name of workers but making common cause with the employer state, this latter fixes unilaterally and without appeal the amount of wages and the terms and conditions of work.

(9) THE WORKER CAN ONLY PROCURE THE FOOD AND CLOTHING WHICH HE NEEDS FOR HIMSELF AND HIS FAMILY BY MEANS OF CARDS PROCURED FROM THE EMPLOYER STATE

This is a fact of public notoriety. We only mention it to complete the picture of the total subjection in which the Socialist state which governs the U. S. S. R. holds the worker.

In truth, under the U. S. S. R. the worker has become a serf, taxable and liable to forced labor at pleasure. The state disposes of him as it likes. It is true that this is in the logic of Marxism and socialism. The worker is no longer anything but an inert portion of the mechanism of the state, to be moved about or thrown aside at the will of the dictators.

JANUARY, 1931.

[Extracts from Forced Labor in Soviet Russia, by William Armstrong Fairburn]

* * * When men are drafted or conscripted into an army, they lose all their liberty of action; they become part of a machine. They are required and compelled to obey any and all orders; they are given no personal choice. This condition exists in Russia in toto. There can be no such thing as unemployment in a conscripted military army; in this sense there is none, or should be none, in Russia, for the Soviet Union is at war—at present primarily in the economic realm; it drafts all the labor that it wants and discards into a sort of human junk pile those whom it does not want; and all who can work and are permitted to work are assigned tasks like soldiers, and are subjected to discipline far more severe, exacting, and humiliating than that affecting any army or any other people in the world. In a military army, men are given a periodic leave of absence; in Soviet Russia (within the confines of the border of the union) there are no such relaxing or "free" sessions—the pressure of drastic discipline is relentlessly and constantly maintained, both at work and when away from work. Soldiers in military armies in "capitalistic" countries have liberty of thought, but not so in Russia. Every printed and informative word, radio program, "movie" and "talkie," stage performance, etc., is censored, and secret police and spies abound on every hand, so no man knows who his enemy is, and no man dares to express himself freely and honestly.

There can be no such thing as "unemployment" on a plantation operated entirely with slave labor. Slaves are held in bondage and in a state of compulsory subjection and servitude. Slaves to live must work and be useful to their masters. If they do not work, they die; if they do but little work or indifferent work, and if they are careless and damage property and tools, they are punished; if they attempt to escape they will either be recaptured and severely treated or shot; they can not wander from one plantation to another; they can not choose their jobs. If they are obedient to the commands of their owners and work well, they will be fed, housed, and clothed. This is the condition existing in Russia to-day among the most favored of the population. A large percentage of the Russian people, however, have neither the social standing in the eyes of the dictator nor enjoy the great boon of food, housing, and clothing that is granted the plantation slave. * * *

Russia is a vast and soulless prison for its people, who are robbed of all freedom, individuality, and self-respect. They can not escape from its boundaries, and, to live, they must work as decreed by the State when, where, and as arbitrarily decreed. * * *

Russia is governed by an arbitrary autocratic dictator, who functions through committees, the Communist Party, the trade-unions, the International, the army, and O. G. P. U. He controls some two million members of the Communist Party (about 1¼ per cent of the population) and they in turn control the trade unions and the proletariat; there are unions for every class of work, and the possession of a trade-union card carries with it such tremendous benefits and privileges that it is natural for adult workers of all types, if they want to live, to desire to be enrolled. * * *

The Soviet State is the sole employer of labor, the sole purveyor of food and of other articles of consumption, and the sole importer and exporter of goods. All workers in Russia are employed by the state and must bup or otherwise receive their sustenance from the state. * * * All workers are deprived of the privilege of bargaining or of selling their services; they have no voice with regard to wages, or working hours or days—all are arbitrarily decreed by the state. * * * All work performed in Russia is exacted by the state from any and all persons of working age, without regard to sex, under the menace of the penalty of withholding food, shelter, and the necessities for sustaining life, for its nonperformance, and, to perform this work, the worker does not offer himself voluntarily, but is conscripted, drafted, and compelled by force to serve when, where, and as arbitrarily directed. No labor in Russia is free. All labor in Russia is forced labor.

Eve Garrette Grady, wife of an American mining engineer, who recently returned from Russia, states in an article printed in the Saturday Evening Post on June 20, 1931:

"Congress has defined forced labor for American tariff-regulation purposes as labor for which one does not voluntarily offer oneself, and for the nonperformance of which there is a penalty. According to this definition one may unqualifiedly state that there is no line of industry, no human endeavor in Soviet Russia today in which there is not forced labor.

"First of all, it must be understood that Soviet Russia is under absolute military dictatorship. * * *

"Consider the following decree of the Commissariat of Labor published on November 5, 1930: 'Skilled workmen refusing the work offered to them are put onto unskilled heavy labor, and if they refuse this, they are struck off the employment register.' * * * Just exactly what does being 'struck off the employment register' mean? It means, first, that a man is deprived of his food book—the greatest calamity that can befall a Russian. Loss of the food book means the loss of the right to buy in the stores—in other words, starvation by slow inches. Second, he is ejected from his lodgings. Only those on the employment register have the right to shelter, the right to a roof over their heads. * * * It means that he can not buy medicine or even see a doctor, for only those in good standing on employment registers have that privilege. Furthermore, he becomes a social outcast, a pariah, for no man or woman is going to run the risk of giving him succor. The Argus-eyed secret police, the O. G. P. U., are ever alert to apprehend friends of deserters from the glorious cause of building for socialism."

"The Soviet Government holds the people of Russia in the hollow of its hand. It pulls the strings and they dance. It tells them where to work, and if they refuse, it exacts a penalty. Yet every time the subject of forced labor is mentioned abroad, there are shrieks of rage and shouts of fury; in fact, as I write, I can hear the Bolsheviki crying from the housetops: 'You are telling capitalistic lies'."

Prof. Paul Haensel,[1] of Northwestern University, who was associated with the University of Moscow for more than 20 years, where he held the chair for public finance, and with the School of Economics in Moscow, in an article Labor Under the Soviets, in Foreign Affairs magazine, stated:

LABOR UNDER THE SOVIETS

By Paul Haensel

When the Soviet Government boldly adopted the 5-year plan it had three aims in view: First, to bring about the rapid industrialization of Soviet Russia—a natural desire for a government bent on socializing a peasant country; second, to liberate the country from foreign dependence and to make it economically self-sufficient; third, to increase the military strength of the Red Army. The plan also had important international aims, and these constitute a further reason why no effort has been spared to carry it to fulfillment. (Cf. my recent book, the Economic Policy of Soviet Russia, published in English by P. S. King & Son, London, 1930, 200 pp., and in German by J. C. B. Mohr, Tubingen, 1930, under the title "Die Wirtschaftspolitik Sowjetrusslands.")

In spite of many failures in both quality and quantity of achievement, the results of the 5-year plan have as a whole been quite remarkable. To no small extent this has been due to the enthusiasm of the workers in the state factories. But the chief cause of what progress has been made is to be found in the drastic exploitation of the working class and in the pressure which has been put on all other classes. The methods applied by the Soviet Government in dealing with labor would be impossible in normal times in any civilized democratic country.

The system of piece-work wages has been introduced wherever possible. This system is contrary to all socialistic conceptions, but the Soviet rulers realized very well that they had a powerful incentive with which to increase the productivity of labor and an important means of swelling the profits of the employer, i. e., the state. A special order signed by the presidium of the Central Council of Trades Unions and the Supreme Council of National Economy on December 13, 1930, seeks "to regulate wages by encouraging laborers to increase the quality and output of their labor, by means of the utmost possible application of piecework wages, and by forcing skilled laborers (or unskilled laborers where there is a lack of such) to remain in their respective factories."

Means like these stimulate the worker's zeal to increase production; on the other hand, the quality of production is lowered, and the worker's health suffers. Overstrain is very noticeable among Soviet workmen and the administrative personnel.

In order to spur the workers on to still further efforts, special "shock brigades" of experienced communist workmen are sent on tours to the various factories. They work as foremen and "stimulate the enthusiasm" of the rest. Experienced and highly paid foreigners are also employed for the purpose of increasing the efficiency of the Soviet workmen. Competitions, too, are held in all factories, and special premiums, gifts, and decorations are awarded to those who produce the most. The names of inefficient or delinquent workmen are exhibited on special blackboards or published in the newspapers for public derision.

Needless to say, such devices as these are condemned by all traditional trade-unionist practice.

The production of the Soviet factories has been greatly increased by the introduction of two measures which—it should be noted—were not foreseen at the time the 5-year plan was inaugurated, namely, the abolition of Sundays and the adoption of the so-called uninterrupted working week, and the introduction of a 7-hour working day with two or three shifts. Thus the Soviet factories work 360 days a year and 21 hours (3 shifts of 7 hours each) a day. Under this system every laborer gets a day of rest after four days of toil, but the work at a factory never stops. It is interesting to note that under the present arrangement the Russian workman works on the average 10 days more in the year than he did during the Tsarist régime, when Sundays and many holidays were observed and factories closed. With the introduction of the uninterrupted week, the clerical staff and employees in institutions were ordered to work one hour more than was the case before, viz, seven hours, and no increase of staff was allowed.

The 7-hour working day was introduced in October, 1929, and will be applied to 92 per cent of all workmen in state factories in 1931. It was a clever measure to increase the profits of the state factories, because three shifts of seven hours each insure a higher yield on capital investments and reduce the overhead charges. The main reason why the Government added a third shift, however, was to absorb the large number of unemployed. On April 1, 1930, some 1,300,000 unemployed were registered, in comparison with a total number of workmen in all state factories of only 2,500,000. By adding a new shift the Government achieved a considerable saving on the unemployment doles.

LABOR UNDER THE SOVIETS

Nevertheless, the system has its dark spots. In particular, it entails the introduction of night work and, consequently, lower efficiency. A special investigation by the shock brigades of the Central Council of Trades Unions in the Moscow and Leningrad factories revealed an "absolutely inadmissible attitude of the night shifts of workmen toward their factories. The workmen arrive too late for work, the machines are kept idle, the workmen sleep during working hours, and such a state of affairs is now usual." (Izvestia, October 20, 1930.)

In order to eliminate the constant friction which existed between the factory managers and the Communist Party "cells" (which exist in each organizations) or the trade-unions, it has been ordered that henceforth all authority and responsibility within a factory shall rest exclusively with the manager, who is entrusted with the selection of the technical and administrative staff. "On appointing or discharging any worker, the management shall be bound to take into consideration the opinion of the Communist Party or the factory trade-union representatives, which in the event of disagreement concerning any appointment or dismissal shall be entitled to appeal to a higher body of the party or trade-union. But such a course shall not invalidate the enforcement of the management's decision." This principle of the independence of the factory management, adopted at the end of 1929, has since been applied with increasing rigor. One of the reasons for poor efficiency in the Donetz coal mines is stated to be that the principle of "one-man power" has not been fully adopted there, and orders have been given that it is to be adhered to strictly in the future. (Izvestia, December 17, 1930.)

The execution of the 5-year plan involves an enormous investment of capital. The necessary funds are accumulated by means of high taxation, compulsory loans, and artificially high profits in state enterprises. The state factories are monopolistic. The prices of manufactured goods are kept at a very high level (computed at about 250 per cent of the prices prevailing in the international market). (See Kontrolniye Ziffri, 1928–29, Moscow 1929, p. 280), while wages and salaries are low. The average wage of a workman in a Russian factory to-day amounts to 3 rubles, 10 kopeks a day. This is nominally about $1.60, but the purchasing capacity is much smaller; according to the computation of a German economist, it is equivalent to about 3.50 Reichsmarks, or 87 cents a day. (Cf. Berkenkopf, in Schmoller's Jahrbuch, August, 1930, p. 35. Soviet leaders frequently emphasize the Government's expenditure of large sums for "welfare" projects. A large item is the expenditure for creating new dwellings, which represents ordinary investment (it is ridiculous to count capital invested in workmen's dwellings in the wages' fund). Workmen do not get free housing; they spend on the average about 14 per cent of their wages on housing, heating, and light.)

The great pressure exercised to increase production, the low wages, the inadequate and unbalanced food supply, and the bad housing conditions resulted in 1930 in a "catastrophic" flight of workmen from the factories. During the three summer months of last year the Leningrad factories engaged 225,000 new workmen and during the same period 134,000 workmen left. In some cases the turnover reached 125 per cent. Not only workmen, but engineers and technicians began to leave the factories.

The Government ordered drastic measures against all these "deserters." A general mobilization of specialists has now been proclaimed; engineers who do not remain at work or do not accept positions offered by the state are to be criminally prosecuted. (See the official Soviet paper Za Industrializatsiu, September 25, 1930.) Mobilizations of this kind, which hardly differ from mobilization in time of war, have been applied many times lately to engineers, teachers, railroad workers, and students. By an order of October 4, 1930, not less than 50 per cent of the students in all mining schools were commandeered for work in the Donetz mines, and their period of study has consequently been prolonged for one year. On January 29, 1931, all students in agricultural institutes and schools were mobilized for the spring sowing campaign.

[1] Professor Haensel left Soviet Russia in 1928 and has written a book on the Economic Policy of the Soviet Russia, which deals with this subject. From 1921 to 1928 he was president of the financial section of the Institute of Economic Research, attached to the Commissariat for Finance of the U. S. S. R.

The latest and most drastic mobilization was that of all railroad workers in January, 1931. All who were ever employed in any sort of railroad service, including porters, have to appear before the labor boards for assignment to railway work. Criminal proceedings will be taken against defaulters and against employers who conceal such workers. Also, the Central Government Board of Collective Farms has recently given orders (January, 1931) that the collective farms shall send laborers regularly to industry and threatens defaulters with criminal prosecution. Moreover, the Government proclaimed a series of coercive measures designed to prevent the large labor turnover and to punish those who refuse the jobs offered to them. In the aggregate, these various measures amount to the introduction of forced labor. All unemployment doles have been abolished since October 1, 1930. Instead of labor exchanges, special boards for recruiting workmen have been organized.

The Government has also attachked the labor problem from other angles. A law passed on December 15, 1930, prescribes: 1. Factories are allowed to engage workmen or clerical employees only through the governmental boards whose duty it is to recruit and assign labor. 2. Skilled laborers and specialists engaged in occupations alien to their qualifications are to be employed in the work for which they are fitted. 3. Willful disorganizers of production—that is, those who leave their jobs without permission and for no reasonable cause—shall not be assigned new jobs in industry or transport for six months (which means that they will be unable to get work for that period). 4. Registered candidates who refuse a job which is offered them without giving a reasonable excuse are to be suspended from the register for a period of not more than six months (which means that during this time they are prevented from getting a job). 5. Directors who employ laborers irregularly or in excessive numbers, or offer higher wages than prescribed, or entice laborers from other undertakings, or resist the orders of labor boards with reference to the transference of employees to other places, shall be punished by their respective authorities or the labor boards. 6. Workers in the mining, metal, chemical, textile, and building-material industries, in transport, and in important new construction undertakings, who have worked not less than two years, beginning on November 1, 1930, shall receive for each year an additional leave of three days or an equivalent remuneration in cash.

In the new regulations issued by the Labor Commissariat workmen and other employees who systematically disregard discipline are to be dismissed without warning and without payment of the regular two weeks' dismissal compensation; moreover, it is forbidden to employ them in industry or transport for the next six months; and not only shall willful disorganizers of discipline be dismissed but a criminal prosecution shall be started against them. The administration is given the right to fine a delinquent workman or to withhold his wages either for the time lost or to compensate for spoilage of materials or for using raw materials which are defective if he has not informed the administration beforehand about them. Workmen leaving a factory or dismissed before the lapse of a year shall have their wages cut for each day of leave they enjoyed during the year. (Every workman has the right to a two weeks' leave once a year.) Willful disorganizers include men who leave a factory without waiting for the appointment of a substitute.

Another regulation (published December 1, 1930) binds to their respective jobs all building laborers engaged in construction work. Labor deserters, "fliers" and "graspers" (those demanding excessive wages), are not to be allowed to take up construction work or work in factories preparing building materials, but should be sent for six months for "physical mass work" (i. e., unloading, wood cutting, etc.); in case of their refusal to do such work, their names must be erased from the registers of the labor boards. This means they will not be allowed to get other jobs. Further, the authorities threaten workers who decline assignments with eviction from their homes—a severe threat indeed, considering the acute housing shortage in the cities.

In order to prevent "flying" from work, other drastic measures have been proclaimed. These include the introduction of black lists in all the principal factories as a means of preventing workmen who have left one factory from getting work in another (this became necessary partly because some skilled workmen left their factories and reappeared elsewhere as unskilled workmen), and the expulsion of delinquent workers from the trade-unions—a very severe measure, depriving the worker and his family of many civic rights. Those who remain at work receive special premiums and privileges, such as the admittance of their children to the universities, better housing, etc. For example, in order to induce miners in the Donetz region to stay on the job, the Government promised to give each a special premium of 13 pounds of wheat flour a month on condition that he maintained a normal output. Members of the Communist Party or Communist Youth organization, as well as peasant laborers, are from time to time "mobilized" and sent to the factories to replace "fliers." Labor Commissar Tsikhon is now urging the introduction of "behavior passports" for workmen, these to be produced whenever a man seeks employment. (Izvestia, January 4, 1931.)

Railway workmen must submit to an even more drastic rule. According to a law passed on November 3, 1930, they may be punished for breaches of discipline by reprimand, by imprisonment for not more than three months with or without the deduction of 50 per cent of their wages, by reduction in rank, or by dismissal. These various forms of punishment are meted out to them by their respective chiefs and are executed by the O. G. P. U. The law expressly provides that protests shall not postpone the execution of the sentence. It should be noted that a special tribunal exists for dealing with serious delinquencies on the railways.

The new military conscription law of August 13, 1930, provides that military service for the usual 2-year period may be performed in factories, and military instruction is given to such recruits during their employment. On occasion they may remain voluntarily for further work after the two years are up, serving as military instructors. On the other hand, recruits who by reason of their class status are deprived of the right to serve "with arms" in the Red army (traders, clergymen, etc., and members of their families) are to be assigned compulsory work for two years under the direction of the labor boards.

Extensive use is now being made of compulsory work in order to maintain the supply of different commodities. Wherever necessary the population, chiefly peasants, are compelled to appear for work with horses and vehicles. This procedure is followed, for instance, in the transportation of timber, wood for fuel. (The Izvestia of December 17, 1930, describes the "castatrophic situation" in wood cutting in central Russia.) The reports blame the kulaks (well-to-do peasants) who "in many districts scarcely get any 'hard assignments' (in wood cutting and transportation) and become so insolent that they beat and kill poor wood cutters." It is urged that the kulaks be given "hard assignments" wherever this has not yet been done and that no mercy be shown in dealing with them, hay rafting, and so on. (Cf. the decree issued by the council of labor and defense on September 21, 1930, on hay collecting. In October, 1930, the situation with regard to wood rafting became critical. The Government issued orders "to bind" (zakrepit) all laborers engaged in this work till the end of the rafting season; to engage as helpers by means of "compulsory paid work" all the able-bodied population along the rivers where wood rafting is done; and to insist on the "utmost discipline" in dealing with absenteeism. The administration was charged with full responsibility and the O. G. P. U. was directed to help the management.—Izvestia, October 6, 1930.)

It should be borne in mind also that the Soviet Government uses another powerful weapon to compel the population of certain districts to do "prescribed work," namely, the threat not to supply the district with manufactured goods or with necessities such as salt and sugar. All railways and other means of transportation are in the hands of the Government, and no private automobiles exist; outside supplies, therefore, depend entirely on the Government. In this way the Government is able to force the population into submission without having actually to send military detachments to enforce its orders.

The most severe pressure, however, is that which springs from fear. Intimidation takes every conceivable form. Every official knows that if any Government plan or order is not fulfilled, he may be held responsible, whether or not he is directly to blame. Officials very often are simply scapegoats for the governmental blunders. Nobody is safe in this respect, and for the slightest misadventure people directly or indirectly responsible are shot, imprisoned, exiled, starved, or humiliated. There is no redress, and, of course, escape by emigration is impossible. By ordinary standards this amounts to a refined system of slavery.

In the matter of grain collection, all well-to-do peasants (as a rule, those whose produce is valued at over $300 a year are considered kulaks) receive orders every year as to the amount of grain and other agricultural products which they are to turn over to the Government. This is in addition to the regular heavy taxes which they have to pay. In case they do not fulfill the requirements they undergo very severe punishment. The following item is taken from a list of innumerable similar cases related in Izvestia on October 30, 1930:

"In the village of Denissovka three kulaks who willfully withheld their assignments of grain have been sentenced to 3, 5, and 10 years in jail, in addition to being fined. In the Lebedinsky district several kulaks have been fined. In the Gadiach district the local soviet has confiscated the property of several kulaks who did not surrender grain."

It might be noted at this point that for murder of father or mother the highest penalty in Soviet Russia is 10 years' imprisonment. For withholding grain the punishment may be more severe; in addition to 10 years in jail the delinquent may be sentenced to a heavy fine and have his property confiscated.

There can be no doubt that convict labor exists, particularly in the northern timber districts of European Russia, but it is extremely difficult to get reliable details. However, Sir Hilton Young, M. P., recently published (the Times and Daily Telegraph, December 16, 1930. Conditions in the Soviet concentration camps were described by a former O. G. P. U. official in the New York Times, January 31, 1931. The number of prisoners in these camps was given as 662,200) the story of three Russian prisoners who escaped from Archangel timber camps and who described the appalling conditions under which the prisoners work there. In a letter in the London Times on December 31, 1930, these reports were confirmed by an English eyewitness. "These men," he remarks, "are certainly not convicts as civilized people understand the word, nor are they of convict type. They are slaves pure and simple."

Persons sentenced to forced labor have been used in lumber and forestry work since 1929. This is confirmed by the soviets themselves in an order, issued June 1, 1929, by the Commissariat

of Agriculture (from which the following paragraph is taken), quoted in the recent British Blue Book ("Russia No. 1 (1931): A selection of documents relative to the labor legislation in force in the U. S. S. R." Cmd. 3775) on the subject:

"The present instructions are the first attempt to utilize on timber and improvement work the labor of persons sentenced to forced labor without detention under guard. Considering this experiment of exceptionally great importance, the People's Commissariat of Agriculture instructs all agricultural organizations to begin forthwith from the current season to explore all existing possibilities of utilizing the labor of persons sentenced to forced labor for forestry and improvement work of a mass character and to establish for this purpose permanent relations with the bureau of forced labor."

The whole economic system of Soviet Russia to-day is based on pressure and forced labor. No doubt great masses of workmen earnestly believe, or are made to believe, that they will achieve a true and happier socialistic state in the near future. Present sufferings are always described as temporary and it is promised that the communist golden age will dawn on that not-distant day when the capitalist régimes existing in the rest of the world fall in hopeless disaster. But there is no victory of socialistic methods of "planned economy" over the "chaotic system" of capitalist production. There is merely a display of fanatical brute force.

[Translation]

FORCED LABOR IN SOVIET RUSSIA

(From researches made by the committee for study of economic conditions, formed by the Russian Commercial, Industrial, and Financial Union, and comprising N. H. Denissoff, president; I. Avnatamoff, P. H. Apostol, Prof. M. V. Bernatzky, P. A. Bourishkin, Prof. K. I. Zaitzeff, N. Isnar, M. A. Kritzky, Prof. A. P. Markoff, Prof. A. Michelson, V. N. Novikoff, I. Poplavsky, B. N. Sokoloff, Prof. P. B. Struve, and Prof. N. S. Timasheff, members.)

I. Industrial proletariat

The public opinion of Europe and America has lately become more and more interested in one of the most characteristic facts connected with the carrying out of the 5-year plan in U. S. S. R.—which is forced labor. The interest this question has aroused is quite comprehensible and natural. As stated in the preface to the statute of the International Labor Bureau, the efforts made by the civilized countries to create more humane conditions of work, would be a failure should only one country establish its labor regulations on a different basis. The entire world is at present carrying on trade with the soviets, in spite of the fact that if forced labor is really employed in Russia, the competition of Soviet goods manufactured by such labor will impede social progress in all the other countries.

CONVICT LABOR

The object of this report is to throw more light on this question which begins to worry the entire civilized world. The public opinion pays the greatest attention to convict labor in U. S. S. R. The use of convict labor has indeed taken in U. S. S. R. an unprecedented development as it can be seen from a number of special decrees issued in 1930 and approved by the last session of the All-Union Central Executive Committee. According to these decrees, any sentence of imprisonment for a period longer than three years is to be served by the convict in work camps under the supervision of O. G. P. U. (General State Political Administration). Moreover, the tribunal has the right to replace any sentence of imprisonment foreseen in the criminal code by deportation connected with hard labor. Such tribunal decisions do not at all depend upon the maximum term of sentences, as stipulated in the Criminal Code, and the tribunal can, in every case, sentence to deportation and hard labor for a period up to 10 years. The number of people who have been deported and sentenced to hard labor (mostly for opposition to "collectivization") without any judgment, simply by order of the Government, and this both for offenses foreseen in the decree of August 10, 1930 (regarding hard labor), and often without any lawful justification, is also very considerable.

However significant the question of convict labor is another fact, that of compulsory work applied to all the workers in U. S. S. R., and especially to those employed by the industry and the railways, is still more important. One can show the importance of this question only by carefully analyzing the recent Soviet decrees and regulations, as the Soviet Government—which is attentively watching the campaign raised abroad for the limitation of trade with U. S. S. R., as a country employing forced labor—has composed its decrees in such a way as to render their meaning not easily comprehensible abroad.

LABOR REGULATIONS IN THE PERIOD OF N. E. P. (NEW ECONOMIC POLICY)

The soviets have attained the above object without difficulty owing to the fact that in the period of N. E. P.—when the intention of the soviets was to apply "economic methods of capitalistic countries in earnest and for long"—the position of workers, both industrial and agricultural, was in many cases similar to that of workers in "bourgeois" countries. Though the contents of labor contracts were in U. S. S. R., more than anywhere else, regulated by a special law, the conclusion and breaking off of such contracts were always done, during the N. E. P., of free accord between the two agreeing parties. Outside of very special cases, nobody could then be compelled to work for the state, if he wanted to earn his living otherwise. Those who wanted to work were free to choose their place of work. Moreover, at that time, there were no indications in the law that the right of free work, in any branches of industry, did not belong to all the citizens, but only to certain categories of people.

This labor statute still exists in U. S. S. R. and the Bolsheviks, referring to it, can assure even now that their labor regulations are based on the principle of free agreement. However, in one of the last copies of the Soviet publication, Soviet Justice (No. 30, 1930), there is a very remarkable article which calls attention to the anomalous fact that Soviet labor regulations enacted in 1922–23 have remained unchanged though the Soviet economic policy has since then been greatly modified. In the publication, For Industrialization (Nov. 15 and 16, 1930), is a report on a conference about labor, in which it is openly stated that the existing labor regulations impede the social reconstruction and must be revised, such a revisal to be done in the nearest future, as officially announced in Isvestia of January 4, 1931.

THE RIGHT TO WORK

In fact, such a revisal of labor regulations has begun long since, and there can be no question any more of free agreement as basis of Soviet labor regulations. It is to be noted that such a revisal of labor regulations has been closely connected with a number of measures taken by the Government and which have changed the right every citizen had to work, into a privilege of only a few classes of people.

This change has been gradually and inconspicuously operated by a number of decrees and instructions to trades-unions, issued since 1926. Such decrees and instructions directed that, on one hand, those who had not been heretofore employed by the soviets should not be registered on the labor exchange, and on the other hand, those who were not registered on the labor exchange could not be employed by anyone.

Subsequently began the enslavement of the industrial workers. In autumn, 1930, the problem of labor was such that it obliged the soviets to revert to the policy suggested in its time by Trotzky (at the end of military communism), which seemed to have been forgotten long since. Trotzky's opinion was that the development of Soviet production could not be carried out without forced labor. His belief was that the fiction of free labor must be rejected and replaced by the obligation for everybody to work, such an obligation to be enforced, if necessary, by penalties. (Terror and Communism, p. 133.) The same ideas were repeated in a slightly different form in the program of the Communist Party, issued in 1922.

THE PROBLEM OF LABOR

What were the above-mentioned conditions which compelled the Bolsheviks to attach the industrial workers to respective enterprises? The labor problem of that period can be characterized by the so-called "changeability of labor." In one of the Soviet publications, this fact is called the "chief disease of industry and even of agriculture." (For Industrialization, August 2, 1930.) No figures as to this movement of labor are, or can be obtained from Soviet official sources. However, there are interesting figures obtained in this respect from private sources. In the Donetz region for the six months of the last economic year, 167,000 workers; i. e., about 75 per cent, have left their work and been replaced by others. In some of the factories on the Ural, 80 per cent of all the workers have been changed. (Isvestia, August 18, 1930.) The most remarkable figures are, however, those given for the district of coal mining and forges, which development is considered to be most important for the 5-year plan. In this district, during one month, 94 per cent of all the workers have been changed. This leaving of factories did not only apply to ordinary workmen. As seen from the report of Kaganovich made at the session of the Communist Party (Pravda, July 1, 1930), the same movement was to be noticed among the technical personnel and the communists.

The Soviet Government had no illusions as to the reasons which prompted the workers to leave so easily one place for another. In the publication For Industrialization (July 29, 1930) this is explained on one hand by the fact that the conditions on the labor exchange were such that each worker had the hope to find somewhere else better conditions of work and a higher salary, as the salaries paid by various enterprises differed very much, and, on the other hand, also by poor living conditions, insufficient protection of labor, and difficulties for the workers to supply themselves with necessities. The Economic Life (August 22, 1930) adds to these reasons another very important one—the revival of the so-called meshechniks. ("Meshechnik" means a person who carries a bag. When food supply became so difficult in cities, especially during military communism, crowds of people were going with bags to the villages, exchanging there everything they could against food products, which they were bringing back in their bags.) This revival of meshechniks showed that workers were leaving factories simply because they could not live on the very low remuneration they received both in money and in products.

SALARIES

Such a statement may seem questionable from the standpoint of Soviet official data as regards workers' salaries. According to these data, toward the last session of the Communist Party (June–July, 1930) the average salary of workers represented 139 per cent of pre-war salaries, and by adding to it payments for social insurance and payments made to divers funds for the im-

provement of workers' living conditions it reached even 167 per cent. It is true that, according to official data, the increase in salaries has lately considerably slowed down and in certain cases even ceased entirely. According to information given by Soviet Trade (September 1, 1930), the nominal salary was in 1929–30 8 to 9 per cent higher than the same salaray for the previous year. However, as the cost of living has risen exactly to the same extent, the salary in reality has remained the same. According to data given in the report of the December session of the central executive committee of the All-Union Communist Party and of the central controlling commission (Isvestia, December 17), the nominal salary has increased 12 per cent during the second year of the 5-year plan. There is no mention, however, of an actual increase in salaries—i. e., an increase in salaries which would have been greater than the increase in the cost of living—which mention would certainly have been made if such an actual increase existed. At the same time, the communists who are in opposition to Stalin's policy are all the time calling attention to the decrease in salaries (for instance, Pravda of the Communist Youth, December 7, 1930).

If the above given official figures, as to an increase of 39 or 67 per cent in salaries, were exact, Soviet workers should be satisfied with their lot. But these figures, as it was openly acknowledged by Kalinin on a local conference of the Communist Party in the lower Volga district, "can appear to many not at all convincing if one takes into consideration the great need experienced by the workers in articles of first necessity and especially in food products. What is then the reason," continued the speaker, "for this apparent disagreement between the figures of salaries received by workers and their insufficient means of living? The reason lies in the fact that the high salaries mentioned as those of the entire working class are only the salaries received by a small category of workers." (Pravda, June 19, 1930.)

In these conditions, the figures given by Soviet statistics, as to the increase in salaries, lose all their significance. This is not all. In figuring out the actual salary received by a Soviet worker in comparison with pre-war salaries, one must remember that in Soviet Russia there are two different prices for the same article, whether it is sold at an established price by governmental or semigovernmental institutions, or by private dealers. The difference between these prices has always been very considerable in U. S. S. R., but at present it is enormous. The Soviet press, in autumn 1930, is full of indications that the prices in the free market are eight, ten, and even twenty times higher than those established by the Government.

It is, therefore, necessary, in order to be able to correctly compare present and pre-war salaries, to figure out: (1) What percentage of necessities the worker can buy from the Government and what percentage he has to get in the free market; and (2) what is the real index of prices in the free market.

In both cases, Soviet statistics are very insufficient. The calculation is based on the presumption that the worker buys in the free market 20 per cent of the things he needs. (Economic Survey, October, 1929.) However, Stalin himself acknowledged at the session of the Communist Party that this figure has increased to 25 per cent. (Pravda, June 29, 1930.) According to other official data it has in reality reached 44 to 47 per cent. (For Industrialization, July 25, 1930.) The relation between the index of prices in the free and in the official market is 2.23. (For Industrialization, July 25, 1930.) In reality, it is much more considerable.

In thus making the necessary corrections in the calculation of Soviet statisticians, one sees that the real salary received by the workers does not represent 139 per cent of the pre-war salary, but about 70 per cent. To this must be added that: (1) The figures of salaries given by the soviets represent only the salaries received by a privileged class of workers; and (2) that about 15 per cent of all the salaries are retained by the Soviet Government for the buying of governmental bonds, "voluntary" contributions to all kinds of workmen's associations, etc.

Such inferences as to the real salary of a Soviet worker, based on Soviet statistical data, have been confirmed by an interesting document recently published in the German press. (Dortmunder Zeitung, Dec. 12, 1930.) It is the relation of experiences through which have passed several German miners who went to work in the Donetz district at an invitation of the soviets. This relation is especially interesting because its authors not long ago were convinced communists and played leading parts in local communist organizations. The following extracts relate to the question of workmen's salaries and their standard of living.

"The 140 rubles which were promised us when we were still in Germany were not fully paid to us for all kinds of reasons. * * * The Russian workers receive 3 rubles 50 kopeks a day, but young working women not more than 21 rubles a month, so that they have to revert to prostitution to earn some more.

"The food was bad, though we German workers received more than the Russian workers, who had to work as much as we did. The dinner was uneatable, but it was forbidden to complain.

"The Russian workers have no shoes. They put on old bags on their feet and are in rags.

"In order to live the life of a German unemployed, who exists on the allowance granted by the Government, the Russian worker should earn twice the salary he earns at present."

This statement of German workers shows that the salary received by Russian workers is even insufficient for their exceedingly small needs.

But perhaps such a low salary is compensated by light work?

WORKING HOURS

It is well known that the Bolshevik law has from the very beginning established an 8-hour working day. After the tenth year of Bolshevik power working hours were even officially reduced to seven hours a day.

However, these official figures again do not concern all the workers, but only a small part of them. In fact, the working day is much longer. A long time ago has been established a system of overtime work, and lately all kinds of surplus work in the form of "socialistic competition" among the workers, etc. The Soviet press mentions a 10 and even 12 hour working day. (Work, Feb. 10, 1930, and Pravda of Communist Youth, Jan. 5, 1928.)

The above-mentioned statement of German workers gives on this question interesting information: "We could not even think of a 6-hour working day (officially established in mines). We were compelled to do a certain amount of work, and to accomplish it we had to work 11 hours. To that must be added several hours to get to the place of work and back."

Thus, according to the testimony of German workers, the working day is more than 12 hours long, even in such hard work as coal mining.

There are also indications about, on one hand, impossible housing conditions in which the average Soviet worker has to live and the insufficient measures taken for his protection, and, on the other hand, the fictitiousness of social insurance and all the other privileges the Soviet worker is supposed to obtain, by giving a certain amount of his salary to the fund for the betterment of the workmen's standard of living. What has been said above is, however, sufficient to prove that the conditions of life of Russian workers are absolutely unbearable.

NEW CONDITIONS ON THE LABOR EXCHANGE

Nevertheless, the present conditions on the labor exchange appear to be such that it seems to be precisely the time for the Russian worker to improve his position. Though the success of Soviet industrialization, as announced by official statistics, seems rather doubtful, one thing is certain, that the demand for labor on the part of state enterprises has greatly increased. On one hand, the establishment of uninterrupted work (i. e., the abolishment of Sundays and holidays, each workman getting one day off after five days of work), and, on the other hand, the development of industry are sufficient reasons for it.

It is true that the country has enormous reserves of labor owing to peasant "overpopulation." But the Soviet factories are not open to all those who want to enter them, as, first, it would upset the political program of the soviets to take all the applicants in, because elements antagonistic to communism would penetrate in the working class (such as former rich peasants, deprived of their means of existence), and, secondly, because it would upset the plans of the soviets regarding the peasants whom they are otherwise compelling to join the collective farms.

Therefore, the Soviet Government, as it will be seen further, has but carefully increased the number of people who can work in the factories and has so organized their being accepted by factories, that the less passive elements fall off after their first contact with the administration. The result is that the reserves of labor for industries and railways have remained very limited. As regards skilled workers, their number is more limited than ever. It would have seemed, therefore, that not only the specialists but even the workers who are a little more skilled than the average could have put forward their desiderata and improved their position. But this would have upset the main object of the 5-year plan, which is to reconstruct industry with the help of cheap labor and at the cost of the health and life of Russian workers.

The opportunities which are opened to workers in U. S. S. R. are indeed quite different from those which they would have under a normal economic régime. In U. S. S. R., the trade-unions, as it has recently been confirmed by their president, Shvernik, at a session of the Communist Party (Pravda, July 14, 1930), are not intended to represent the interests of the workers before their employer—the state—but to facilitate the enlisting of workers for the "social reconstruction." Since a long time already, strikes are considered inadmissible in state enterprises (Voitinsky, working regulations of U. S. S. R., Moscow, 1925, p. 115).

Therefore, the only possibility the workers have to improve their condition and take advantage of the present state of things, is to change one factory for another in search of a better position. Thus the "changeability of labor" appears as a peculiar reaction of the working class against the impossible living conditions created by the Soviet Government.

The soviets could solve this problem only in two different ways, either by improving the condition of workers and thus making it unnecessary for them to change their place of work, or to attach them to the enterprises where they were needed. The first solution would have meant for the soviets the giving up of the 5-year plan, and therefore the Government decided for the second solution.

DISTRIBUTION OF LABOR

Consequently, from September to December, 1930, the Government decreed a number of measures which though increasing the number of people who could work in factories at the same time made it obligatory for those who accepted such work to be employed only in the factory where they were first appointed by the Government. The significance of this reform is explained in Clause I of the decree of December 15, 1930, issued by the Central Executive Committee of U. S. S. R., and can be summarized by the following sentence: "Labor is to be systematically distributed by labor organizations." Thus, the idea of Trotzky is, in this new decree, embodied in a law.

The decrees regarding labor issued during the autumn of 1930 refer to: (1) The classes of people who are to be sent to work in factories; (2) methods of labor distribution; (3) the obligation for the worker to accept any work offered; (4) penalty for not complying with this obligation.

WHO HAS THE RIGHT TO WORK

The decree of December 15 (p. 4) definitely establishes "the classes of people who can be registered by work organizations as being in search of work." Those privileged classes are defined in the decree of the Labor Commissariat of December 23 (Isvestia, December 29 and 30). Besides those who have already worked in Soviet enterprises, the following persons will be permitted to register in order to find work: (a) Wives and children of Soviet workers and employees, and with some limitation other members of their families; (b) members of workers associations ("artel") if these associations are comprised "in the system of professional cooperation," and their children; (c) farm hands, poor peasants, collective farmers, and their children; (d) former red soldiers during one year after the end of their service.

Class distinction is fully maintained: People who belong to "socially antagonistic elements" not only are not registered (par. a, clause 9, decree of December 23) but if they already work and their origin is found out they are immediately discharged (par. 1, p. 9, decree of October 20, 1930, issued by the central executive committee of the All-Union Communist Party).

In order to prevent the number of workers to decrease, measures were also taken to restrict the possibility the workers had to be transferred from factories to offices to higher posts. The decree of October 20, 1930 (par. a, p. 6), prohibits the promotion of any worker before two years have elapsed since the worker has begun to work in an enterprise.

METHODS OF LABOR DISTRIBUTION

In the decree of December 15, page 2, distribution of labor is thus defined: "All the enterprises, institutions, farms, and individuals can engage workers and employees only through labor organizations."

It is true that there are cases when workers, who already work in an enterprise, can change their factory for another without referring for that purpose to "labor organizations" (called now personnel administration). But this can be done only with a special permission from the management of the said enterprise. (Par. b, p. 5, decree of December 15.) This measure will evidently permit to transfer from one enterprise to another the eventual surplus of labor.

Special regulations concern students who have graduated from universities. (Decree of December 15, p. 5.) They can accept work only in the enterprises which belong to the same department as the university they were studying in.

Exceptions to the above regulations as to the hiring of workers and employees are applied to a very restricted class of people. In centers of minor importance such exceptions are, however, applied more generally. Thus everywhere only "responsible executive and technical workers" are exempt from passing through "labor organizations" in order to obtain work. (Above decree, par. a, p. 5.) In minor centers, however, the following persons can be hired directly without referring to such "labor organizations": (a) Farm hands to work on individual farms (farms not belonging to peasants who have been declared "kulaks"—rich peasants); (b) shepherds (without the above restriction); (c) apprentices, to be employed by workmen who either work at home or have a small workshop, but do not employ more than two hired persons; (d) charwomen. (Above decree, pars. c, d, e, p. 5.) As seen above, these exceptions do not concern industrial workers who are compelled to follow the regulations regarding the "distribution of labor."

To these regulations must be added a decree which can be characterized as "the abolishment of unemployment."

The decree of the Labor Commissariat published in the Isvestia of October 11, 1930, prescribed all the organizations for the hiring of labor to take immediate steps to find work for the unemployed, especially for those who had a right to an allowance, and all allowances to unemployed were at the same time canceled. In order to facilitate the carrying out of this measure it was decreed that the unemployed must be put to work not only according to their profession but must be employed at any kind of work which did not demand a special qualification.

OTHER RESTRICTIONS OF THE LIBERTY OF WORK

The regulations regarding the "distribution of labor" have greatly restricted the right of the worker to choose his work or to change it. Other regulations have still more restricted liberty of work. A number of measures compel the worker to (a) accept a new kind of work, even if he does not want to leave his old work, and (b) to remain at his post, even if he would like to leave it.

This concerns only skilled workers and specialists. This measure can be applied to them in two cases: (1) If they are not employed in the branch of industry they are skilled in and (2) if skilled workers are not proportionately distributed among the more and less important branches of industry. The first case is referred to in the decree of December 15, paragraph 7, which stipulates that all skilled workers and employees of enterprises which are situated in the "socialized" parts of the country (where "collectivization" and industrialization have intensively been carried out) must be so distributed among the various enterprises as to work in the branches they are skilled in (they thus can be employed not only in industrial enterprises but in state farms, collective farms, timber industry, etc.). There are indications in the Soviet press that such a distribution of labor has already begun. (Evening Red Paper, December 28, 1930.)

In the second case the decree of December 15, paragraph 8, authorizes the transfer of specialists and skilled workers (a) in general, from less important enterprises to more important ones, and (b) in the same branch of industry, from less important enterprises to more important ones, even if they are situated in a different part of the country. In both cases the acceptance on the part of the worker for such a transfer is not required.

There is no open interdiction for the workers and employees to leave their work, but it naturally derives from all kinds of penalties for abandoning work.

PENALTIES FOR ABANDONING WORK

The penalties inflicted to workers for not following the regulations of the "systematical distribution of labor" are the following:

(a) As far as the refusal to accept the work offered by the Government is concerned, the most severe punishment is applied to workers, especially to the former unemployed. The refusal to accept the work offered is immediately followed by the exclusion of such a person from the list of workers, i. e., his exclusion from the privileged class, having the right to work. The only acceptable reason is illness, which must be attested by a document from a hospital. (Decree of October 11, p. 4.) The exclusion from the list of workers is final. It is evident, therefore, that the measures taken by the Government for abolishing unemployment have in fact put the unemployed in such a position that they have to choose either to take any kind of work, even cutting wood in the far north, or to lose not only their allowance as unemployed but even their right to work, and therefore starve. This measure is explained by the fact that the Soviet Government found it superfluous to continue to give the unemployed the same food rations it was giving to other workers, and considered that the best solution was to put all the unemployed to work, even if this work was not the one they were used to, so that they should earn the food they were given.

The other cases are mentioned in the decree of December 15, paragraph 14. This paragraph states that all those who have refused without any acceptable reason, to work in the branch they are skilled in and where they were appointed by the labor organization, are barred from the list of workers for a period up to six months. This category comprises those who refuse to change their line of work, though there is constant unemployment in their profession. (Decree of December 23, 1930, par. 11.)

(b) As to the transfer of specialists to other places of work, the nonexecution of such orders is put entirely on the responsibility of the management. (Decree of December 15, par. 15.) Evidently it is supposed that the latter will know how to compel the workers to change their place of work, if necessary by threatening to discharge them. The tribunal has another view on the subject and sentences to hard labor those specialists who have refused to change, when ordered, their place of work. (Pravda, January 6, 1931.)

(c) The penalty for leaving work without permission is the measure through which the enslavement of workers has really begun. Already on September 26, 1930, the Isvestia communicated a circular letter of the Labor Commissariat of the Highest Council of National Economy, and of the all-union council of trades-unions, which directed to take away from those harmful bunglers, loafers, and tramps their pay book, i. e., depriving them in fact of their right to work. At present this question is regulated by paragraph 13 of the decree of December 15, which states: "If the harmful disorganizers of production who leave of their own will and without acceptable reasons the work in enterprises of the socialized sector, apply for work to labor organizations, they must not be given work in industry or on railways during a period of six months."

To this principal measure of punishment—the deprival of the right to work always or only a period of time—are sometimes added other measures, in Provinces. Thus in Ukrainia the harmful loafers and deserters of work are deprived of the right to receive food products and other necessities from the state. (Ivestia, October 11, 1930.)

COMPLETE ENSLAVEMENT OF WORKERS

If considered separately, each of the above measures might appear not so exceedingly strict; but when put together, they constitute a system which has abolished any freedom of work.

Let us suppose for instance, that a worker registered with the personnel administration would refuse the work offered to him.

He will then lose, forever or for a period of time, the right to be given any kind of work. We know that not only the Soviet institutions and enterprises but also all the private concerns and individuals can not hire a worker without applying to these labor organizations. If the person who refused work offered by these labor organizations can not otherwise find work as shepherd or farm hand (and a woman as a servant), this person will simply starve. Moreover, in connection with the development of collectivization and the ruination of the well-to-do classes in Soviet Russia such positions which the outcasts can fill, become rarer and rarer.

Let us suppose now that a worker has decided to change his place of work. If the management of the concern he worked in protests against his leaving his work, he will find himself in a very difficult position, as the labor organizations will refuse to register him and give him any other work.

Finally, let us suppose that a worker refuses to be transferred to a new post, when ordered by his employers to do so. In that case he will be discharged. The personnel administration will register him (there is no legal reason for refusal), but evidently will send him to the post he has just refused.

We see that in final analysis all this clever system of enslavement is based on the fact that the worker is economically dependent on the state. The above-mentioned measures contribute to enslave the worker precisely because he can not escape their network. The industrial worker is bound to state industries and railways, and there he can work only by submitting to the orders of his employer as to the place and conditions of work, however unbearable such conditions might be. The worker has always to obey as it is the only possibility for him to keep his right to a ration (i. e., to be supplied with food in exchange of part of the money he earns). There can be no doubt as to the fact of the enslavement of the Russian workers. There can also be no doubt that the condition of Russian workers answers the paragraph 307 of the new tariff regulations of the United States, which says: "The term 'compulsory work' in the present regulation, means any work or services required from any person under the threat of a punishment for not executing this work, and work which a worker is not performing of his free will." As seen above, for not accepting the work offered by the personnel administration, the worker is inflicted as severe a punishment as being put, for a period of six months, in the category of those who have not the right to work. Moreover, work which can not be left without fear of the same kind of punishment, can not be considered work done of free will.

The civilized world must realize that in buying Soviet products, it is buying products manufactured by means of forced labor. In making such deals, it is wrecking the noble program of social progress projected in the above-mentioned preface of the Statute of the International Labor Bureau, by allowing competition to exist between the production of its free workers and the production of forced labor employed by a country which, in bitter irony, is called the "country of workers and peasants."

II. Agricultural proletariat

HIRED LABOR BEFORE N. E. P. (NEW ECONOMIC POLICY). INTERDICTION OF HIRING LABOR IN PEASANT FARMS

Before the introduction of N. E. P., the problem of hired agricultural labor did not exist in Soviet Russia. The existence of agricultural proletariat was legally admitted only in "sovkhoz" (state farms), i. e., in those few remaining landlords' estates which were not divided among the peasants and which were transformed into state farms. In the peasant farms, the hiring of labor was officially prohibited. The idea was that the land, stock, and implements must be either divided among peasant families who can cultivate their land themselves or be taken by the so-called "kolkhoz," i. e., collective farms (communities and all kinds of associations for the cultivation of land), where there should be no workers and employers, everybody working on the same terms. The cultivation of land by separate peasant families was the prevailing type of farming adopted by the peasants, but the soviets, through all kinds of repressive measures and in having the land constantly subdivided among the poorest peasants, soon stopped all development of individual farming. The peasants producing strictly for their own needs and having entirely retired from the market, there could be, at that time, no question as to any extensive hiring of labor.

THE BEGINNING OF A SHARP WEALTH DIFFERENTIATION BETWEEN THE PEASANTS DURING THE TIME OF MILITARY COMMUNISM

The above, however, does not mean that, at that time, there did not exist in villages a movement of differentiation between the peasants, as to property owned. On the contrary, one can assert that it is precisely during this period of the so-called military communism and the following famine that the weakest elements of the peasants not only lost all they could have acquired during the revolution, but even what they had before the revolution. It is in this period that personal property, especially stock, began to pass from the hands of the lower peasant class to the upper class of peasants, the latter having been able, during these hard times, to store away surplus of corn, which they gave to other starving peasants in exchange for various personal belongings. At that time also appeared those crowds of "biedniaks" (poor peasants), who, after the origination of N. E. P., passed into the class of farm hands.

THE GROWTH OF AGRICULTURAL PROLETARIAT LEGALIZED DURING THE PERIOD OF N. E. P.

This transformation of "biedniaks" into farm hands was partly authorized by the Government, though mostly it was done illicitly. At the beginning of N. E. P., as heretofore, the legally recognized mass of agricultural proletariat consisted of workers employed by "sovkhoz." As regards hired labor in peasant individual farms, such labor was more or less legally authorized only in 1925, during the so-called new N. E. P. period. The law then established working hours and salaries for such hired labor, and the obligation for the employer to insure his workers and give them an allowance in time of disease, etc. The contracts were to be made in a written form and be registered in the village soviet. Special tribunals of peace, to settle differences between workers and employers, were attached to each communal executive committee. All the workers had to be organized into trade-unions. The number of such legally authorized and recognized agricultural workers was rapidly increasing and it reached toward 1927 (together with the workers employed in "sovkhoz") the important figure of 7,500,000. (On the Agrarian Front, Nos. 6-7, 1928, p. 85.)

THE DIFFICULT FINANCIAL SITUATION OF THIS LEGALLY AUTHORIZED AGRICULTURAL PROLETARIAT DURING THE N. E. P.

What was the position of agricultural workers at that time? It was very bad, as confirmed by trade-unions' representatives, Soviet leaders, and Soviet press. The law regarding the protection of work remained dead letter. "The greatest number of employers and workers do not know the working regulations at all" states, for instance, Poverty, May 21, 1927 (publication especially concerned with peasant life). The legal standing of farm hands both in peasant farms and in state farms was not better than before the revolution, and their financial situation much worse. The salary a farm hand received was, according to the statement of Molotoff on the XV Session of the Party (in 1927), 6 roubles 75 kopeks per month. Several Soviet economists consider it to be slightly higher, but they also recognize that the salary of farm hands represented (in 1926) less than two-thirds of the pre-war salary. (On the Agrarian Front, No. 7, p. 83.) These figures concern not only farm hands employed on peasant farms, but also the workers employed on state farms. The latter are engaged for a certain period of time and paid at the end of their term. In peasant farms the system of engaging journeymen was more usual. "The study of the budget of state farms," it was stated at a conference of "workers of fields and forests," has shown that the salary of the greatest part of the workers is insufficient for the very restricted needs. If one compares the salaries received by workers in "sovkhoz" with those they formerly received in landlords' estates, one will find that these salaries have decreased 25 to 30 per cent.

SURREPTITIOUS EMPLOYING OF HIRED LABOR

However, the majority of agricultural workers were not those "authorized" farm hands. As stated above, the process of sharp property differentiation between various classes of peasants, which started during the period of military communism, took a definite shape in the first years of the N. E. P. All the peasant communities were divided into "real property owners" and "pseudo-property owners," the latter having become in fact but farm hands, working for the benefit of their richer neighbors. The relative freedom in passing contracts for the hiring of labor and in leasing land, which was established in 1925, was an insufficient remedy to this division of the village into two distinct classes. The wealthy peasants were afraid to show their power too apparently, as the Government has never stopped its fight against them. The result was that the village life was subordinated to a peculiar system of relations between the various classes of peasants, which entirely escaped the Government. A "biedniak" (poor peasant) or "seredniak" (middle peasant) officially appeared as landowners employing hired labor, because they officially rented the implements and stock of richer peasants, sometimes even the services of the latter as journeymen. In fact, it only meant that the land of these "biedniaks" or "seredniaks" has passed into the hands of their richer neighbors, who employed them as farm hands, giving them part of the crops in payment for their land and services.

THE GREAT NUMBER OF "PSEUDOFARMS"

What was the number of such "pseudofarms"? It was very great. There can naturally be no exact statistical figures as to such illicit methods of farming, but one can judge of their expansion by the following fact: In 1926, in western Siberia, 40 per cent of farms had neither stock nor implements, according to Soviet statistics. (On the Agrarian Front, 1927, No. 6, p. 121.) This figure seems to be more or less an average figure for entire Russia; for instance, in Ukrainia farms which had no stock represented 44.8 per cent. (On the Agrarian Front, Nos. 11–12, p. 27.) If one takes into consideration that, according to Soviet press, the collective farms existing at that time were in majority organizations in which the richest peasants exploited surreptitiously the poorest peasants, by compelling them to work as farm hands, one can say, without fear of exaggeration, that after 10 years of Bolshevik power, at least one-half of the Russian rural population was changed into proletarians and, without legal status, made dependent on the richer peasant class.

THE PRESSURE EXERCISED BY THE GOVERNMENT ON THE WEALTHY PEASANTS AND THE STILL GREATER IMPOVERISHMENT OF THE "BIEDNIAKS."

The Soviet Government did not cope with this situation by improving the condition of the poorest peasants and regularizing their relationship toward the wealthy peasants, but by ruining the wealthy peasants and by kindling against them class hatred among the lowest classes of the village. This naturally resulted in a still greater impoverishment of the "biedniaks." As farming under the pressure of the Soviet Government was regressing, the demand for help in the farms fell considerably, creating the so-called problem of "peasant overpopulation," and the peasants who had no personal property were simply starving. Thus the interruption of the growing wealth of a class of peasants and the ruination of the richest peasants (in which the Bolsheviks did fully succeed) did not diminish poverty in villages but, on the contrary, made the poverty still greater.

THE CHANGE TO "GENERAL COLLECTIVIZATION"

The change in Stalin's policy, according to which all the farms in Russia had to be "socialized," has entirely altered the aspect of the labor question. Hired labor now exists mostly in state farms. For the rest, the hiring of labor is strictly prohibited only in the districts of "general collectivization." During the period of the violent carrying out of the program "the liquidation of the kulaks (rich peasants) as a class" this applied to enormous territories; but later on, after the famous "retreat" of Stalin, many collective farms fell to pieces and at present individual farms are again the majority. However, the wealthy peasant class received from the soviets such a blow that it could not recover. Therefore the hiring of labor, though not prohibited at present as a general rule, is very limited. Individual farming is doomed to disappear. The future belongs to a new type of collective farms—large agricultural enterprises subordinated to a strict supervision and control on the part of the state and comprising a great number of peasant farms, with all their land, stock, and implements. In the next few years all peasant Russia will have to accept this new régime. All the farmers will have to join large collective farms, which will take possession of their land and personal property.

HOW IS WORK ORGANIZED IN THE COLLECTIVE FARMS CREATED BY STALIN?—DIFFERENT KINDS OF COLLECTIVE FARMS

How is work organized in these collective farms? In fact, they are state farms, which though supposed to be supervised by elected members of the collective farms, in reality are supervised by appointed boards of directors, which are headed by communists sent by the Government for that purpose. However, there exists still a great difference between the "sovkhoz" (state farms) and "kolkhoz" (collective farms). The peasants employed in "sovkhoz" are mere workers who receive a salary for their work. The members of the "kolkhoz" are officially not workers, they are not hired, they live from the revenue of the "kolkhoz," and if they receive any money it is not as a salary but as an advance payment of such revenues.

IN THIS DIFFERENCE LIES THE REASON OF THE ENSLAVEMENT OF COLLECTIVE FARMERS

This difference between state farms and collective farms is not to the benefit of collective farmers. When compared to workers in state farms, the collective farmers are in a still greater bondage. The fact, precisely, that collective farmers are not mere workers who receive a salary for their work, but that they are bound to the collective farm as (officially) its collective owners, is the reason of their enslavement.

TOO MANY MOUTHS TO FEED IN "COLLECTIVE FARMS"

In state farms workers are engaged only when needed and at established salaries. It is otherwise in the collective farms where there is no relation between the labor needed and the number of peasants who constitute a collective farm. Land is taken away from a group of farmers, their property is "socialized," and though for the time being the farmers themselves continue to live in their houses and keep their household belongings, they all depend on the collective farm for their food and other necessities. Already at its origination every "kolkhoz" includes a certain number of people who represent "superfluous labor." Soviet economists figure this excess of rural workers to represent about one-half of all the agricultural labor needed. (On the Agrarian Front, 1930, No. 6, p. 42.) If a "kolkhoz" adopts machinery for the cultivation of land, this excess of labor is still greater. The technical improvement of collective agriculture in U. S. S. R. will only considerably increase this surplus of labor and this "peasant overpopulation," owing to which the "kolkhoz" have too many mouths to feed in comparison to the labor they need.

THE STATE DOES NOT WANT TO FEED THOSE UNWANTED MOUTHS

The Soviet Government is interested that these "mouths" should not put claim on the Government. The mass joining by peasants of the "kolkhoz" was called forth at the beginning by the desire of famished and desperate peasants to receive a governmental allowance, and the "retreat" of Stalin is to a certain extent a "counteraction," which for a time returned the peasants to their former "individual" condition, so as not to have to feed all this mass of starved peasants. Up to the present time, Stalin constantly reminds the local authorities that it is inadmissible to make any comparison between state and collective farms. The members of collective farms must not count upon any help on the part of these collective farms, outside their share in the revenue.

IN ORDER NOT TO BE COMPELLED TO FEED THIS EXCESS OF WORKERS FOR NOTHING AND IN ORDER TO RECEIVE CORN FOR ITS OWN NEEDS, THE GOVERNMENT HAS ORGANIZED FORCED LABOR

The object of the Government is not only to escape feeding "collective farmers," but also to get as much corn as possible from the "kolkhoz." For that purpose, the Soviet Government has established forced labor in the "kolkhoz." Collective farmers are bound to the "kolkhoz." Those who "voluntarily" have joined a "kolkhoz" will not be given land, stock, and implements if they left it. "The kolkhoz is not a thoroughfare," said Molotoff at the last session of the party. Where can "collective farmers" go? Any stimulus of work is dead in the "kolkhoz." The maximum ambition of the "kolkhoz" peasant is to be fed. It is very much in Russia at the present time, and this makes the peasant remain in the "kolkhoz," but does not make him work any more intensively. Everybody must be fed in the "kolkhoz." The efforts of the Soviet Government to introduce a piecework system in the "kolkhoz" was unsuccessful precisely because of the necessity to feed all the members of the "kolkhoz." What is there to do? The only thing is to organize forced labor. All the workers of the "kolkhoz" are divided into gangs and sent to work under the most strict discipline. By thus organizing labor the "kolkhoz" are resembling those rare estates in the old times of serfdom in Russia, when the landlords took the land and stock away from peasants in order to organize production on a large scale.

TO USE THE WORKERS WHICH ARE NOT NEEDED INSIDE THE "KOLKHOZ" THE GOVERNMENT HAS ORGANIZED FORCED LABOR OUTSIDE THE "KOLKHOZ"

Forced labor inside the "kolkhoz" under the form of a daily "communistic" service (during the time of serfdom in Russia peasants could be made to work for the landlord only three days a week; this "communistic" exploitation of the peasants would have been considered unlawful in those old times) does not solve the problem of the excess of labor. At the time of serfdom the peasants who were not needed on the estate went away to cities or other centers to earn their living by all kinds of trades, paying only the landlord certain dues. This was rather beneficial for the serf; he paid the landlord a sort of income tax, but otherwise was free and often made a fortune, and sometimes even an important career.

In Soviet Russia the peasant has nowhere to go, as there is no free economic intercourse on the entire territory of Russia. Here, also, the Bolsheviks have to apply compulsion. They have already found a solution of the above problem. Officially, part of the "collective farmers" is put on the "dues" system. In fact, another comparison seems to be more adequate. In the old days of serfdom landlords sometimes established their own factories, employing as workers their own peasants. It was a much more harder service than the work in the fields. Stalin, in transferring part of the "collective farmers" to factories or organizing gangs for all kinds of nonagricultural work, is, in fact, creating a new type of servitude more cruel than the work in the "collective farms." Russia is gradually transformed into an enormous estate, which will produce and manufacture by means of forced labor everything it needs.

Stanley Baldwin, in a statement at the Conservative Party session, at Albert Hall, London, in 1931, stated:

"The Bolsheviks, by bringing engineers from Germany and the United States, and having forced labor at their disposal, are flooding England with cheap merchandise. That is not commerce, but a veritable economic war which is, perhaps, much more dangerous for England than actual warfare. The present situation in Russia can do nothing but bring fear to the hearts of us all."

We submit herewith official statements made by the various Secretaries of State and other officials with reference to the character and purposes of the Soviet régime, most of which is probably already in your files.

On August 10, 1920, Hon. Bainbridge Colby, Secretary of State, issued a statement against the recognition of the Soviet Union, from which we give the following quotations:

"That the present rulers of Russia do not rule by the will or the consent of any considerable proportion of the Russian people is an incontestable fact. * * * At the moment when the work of creating a popular representative government based upon universal suffrage was nearing completion, the Bolsheviki, although, in number, an inconsiderable minority of the people, by force and cunning seized the powers and machinery of government and have continued to use them with savage oppression to maintain themselves in power. * * *

"It is not possible for the Government of the United States to recognize the present rulers of Russia as a government with which the relations common to friendly governments can be maintained. This conviction has nothing to do with any particular political or social structure which the Russian people themselves may see fit to embrace. It rests upon a wholly different set of facts. These facts, which none dispute, have convinced the Government of the United States, against its will, that the existing régime in Russia is based upon the negation of every principle of honor and good faith, and every usage and convention, underlying the whole structure of international law; the

negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals. The responsible leaders of the régime have frequently and openly boasted that they are willing to sign agreements and undertakings with foreign powers while not having the slightest intention of observing such undertakings or carrying out such agreements. They have made it quite plain that they intend to use every means to promote revolutionary movements in other countries. * * *

"In view of this Government, there can not be any common ground upon which it can stand with a power whose conceptions of international relations are so entirely alien to its own, so utterly repugnant to its moral sense. There can be no mutual confidence or trust, no respect even, if pledges are to be given and agreements made with a cynical repudiation of their obligations already in the mind of one of the parties. We can not recognize, hold official relations with, or give friendly reception to the agents of a government which is determined and bound to conspire against our institutions, whose diplomats will be the agitators of dangerous revolt, whose spokesmen say that they sign agreements with no intention of keeping them." * * *

On March 25, 1921, Hon. Charles Evans Hughes, then Secretary of State, said:

"It is manifest to this Government that in existing circumstances there is no assurance for the development of trade, as the supplies which Russia might now be able to obtain would be wholly inadequate to meet her needs and no lasting good can result so long as the present causes of progressive impoverishment continue to operate. It is only in the productivity of Russia that there is any hope for the Russian people and it is idle to expect resumption of trade until the economic bases of production are securely established. Production is conditioned upon the safety of life, the recognition by firm guaranties of private property, the sanctity of contract, and the rights of free labor. If fundamental changes are contemplated, involving due regard for the protection of persons and property and the establishment of conditions essential to the maintenance of commerce, this Government will be glad to have convincing evidence of the consummation of such changes, and until this evidence is supplied this Government is unable to perceive that there is any proper basis for considering trade relations."

President Calvin Coolidge, at a joint session of the Senate and House of Representatives, on December 6, 1923, on the convening of Congress, stated:

"I do not propose to barter away for the privilege of trade any of the cherished rights of humanity. I do not propose to make merchandise of any American principles. These rights and principles must go wherever the sanctions of our Government go."

The Department of State, officially addressing the press, on September 18, 1922, said:

"The text of a statement by the Soviet authorities concerning the inquiry recently made with regard to their attitude, should this Government consider sending to Russia in the future an expert technical commission to study and report on the economic situation there, has been received at the State Department. It is not different in purport from the text reported in press dispatches from Moscow September 15. In view of the definite refusal contained therein, the matter is considered to be terminated."

On March 21, 1923, Hon. Charles Evans Hughes, Secretary of State, stated, in part:

"Not only would it be a mistaken policy to give encouragement to repudiation and confiscation, but it is also important to remember that there should be no encouragement to those efforts of the Soviet authorities to visit upon other people the disasters that have overwhelmed the Russian people. I wish that I could believe that such efforts had been abandoned. Last November, Zinoviev said: 'The eternal in the Russian revolution is the fact that it is the beginning of the world revolution.' Lenin, before the last Congress of the Third International last fall, said that 'the revolutionists of all countries must learn the organization, the planning, the method, and the substance of revolutionary work. Then I am convinced,' he said, 'the outlook of the world revolution will not be good but excellent.' And Trotsky, addressing the Fifth Congress of the Russian Communist Youths at Moscow last October—not two years ago, but last October—said this: 'That means, comrades, that revolution is coming in Europe as well as in America, systematically step by step, stubbornly and with gnashing of teeth in both camps. It will be long protracted, cruel, and sanguinary.'"

On December 19, 1923, the Department of State issued to the press a release for publication:

"The Department of State made public to-day the text of instructions given by Zinoviev, president of the Communist International and president of the Petrograd Soviet, to the Workers' Party of America, the communist organization in the United States. The Department of Justice has assured the Department of State of the authenticity of these instructions. The Communist International, with headquarters at Moscow, is the organ of the Communist Party for international propaganda. The Soviet régime in Russia is the organ of the Communist Party for the governing of Russia. As Steklov, member of the Russian Communist Party and of the All-Russian Central Executive Committee and editor of the Izvestia, official organ of the Soviet régime, has stated in this official paper:

"'The close organic and spiritual connection between the Soviet Republic and the Communist International can not be doubted. And even if this connection had not been admitted many times by both sides, it would be clear to everybody as an established fact. * * * This connection is not merely of a spiritual but also of a material and palpable character. * * * The mutual solidarity of the Soviet Republics and the Communist International is an accomplished fact. In the same degree as the existence and the stability of Soviet Russia are of importance to the Third International, the strengthening and the development of the Communist International is of great moment to Soviet Russia.'"

The following is an excerpt from a statement entitled "Foreign Relations," by the Hon. Frank B. Kellogg, Secretary of State, published in 1928:

"* * * No State has been able to obtain the payment of debts contracted by Russia under preceding governments or the indemnification of its citizens for confiscated property. Indeed, there is every reason to believe that the granting of recognition and the holding of discussions have served only to encourage the present rulers of Russia in their policy of repudiation and confiscation, as well as in their hope that it is possible to establish a working basis, accepted by other nations, whereby they can continue their war on the existing political and social order in other nations.

"Current developments demonstrate the continued persistence of Moscow of a dominating world revolutionary purpose and the practical manifestation of this purpose in such ways as render impossible the establishment of normal relations with the Soviet Government. The present rulers of Russia, while seeking to direct the evolution of Russia along political, economic, and social lines in such manner as to make it an effective 'base of the world revolution,' continue to carry on, through the Communist International and other organizations with headquarters at Moscow, within the borders of other nations, including the United States, extensive and carefully planned operations for the purpose of ultimately bringing about the overthrow of the existing order in such nations."

Hon. Charles Evans Hughes, now Chief Justice of the Supreme Court of the United States, in a 500-page memorandum submitted to the Senate on January 21, 1924, in his capacity as Secretary of State, is quoted in part as follows:

"It is believed that the evidence presented by the Department of State (to a Senate committee considering the recognition of the Soviet Government) establishes the unity of the Bolshevik organization known as the Communist Party, so-called Soviet Government, and the Communist International, all of which are controlled by a small group of individuals technically known as the political bureau of the Russian Communist Party. Second, the spiritual and organic connection between this Moscow group and its agents in this country—the American Communist Party and its legal counterpart, the Workers' Party. Not only are these organizations the creation of Moscow, but the latter has also elaborated their program and controlled and supervised their activities. While there may have existed in the United States individuals and even groups imbued with the Marxist doctrines prior to the advent of the Communist International, the existence of a disciplined party equipped with a program aiming at the overthrow of the institutions of this country by force and violence is due to the intervention of the Bolshevik organizations into the domestic political life of the United States. The essential fact is the existence of an organization in the United States created by and completely subservient to a foreign organization striving to overthrow the existing social and political order of this country. Third, the subversive and pernicious activities of the American Communist Party and the Workers' Party and their subordinate and allied organs in the United States are activities resulting from the flowing out of the program elaborated for them by the Moscow group."

In presenting this petition we wish to stress the close relationship and unity of the Communist Party, the Third (Communist) International, and the Soviet Government, as brought out in the various State Department statements given above, for the purpose of submitting that any statements made by any one of these organizations is equally binding on the other and has in reality the support and approval of the other groups, and that the use of three separate names for groups that have the identical purposes is solely as a subterfuge to avoid responsibility of one or more of the groups, the Soviet Government in particular.

The Third International is the child of Lenin, and its policies are dictated by the political bureau of the Communist Party. To illustrate the interlocking directorates of these three bodies, we give the case of Zinovieff (or Zinoviev) (who was referred to in the State Department reports): In 1924, Zinoviev ranked next to Stalin in power in the Russian Communist Party, when Lenin was the Soviet dictator, being at that time a member of the political bureau and central committee of the Russian Communist Party; a member of the all-Russian central executive committee of the Russian Soviet Republic, and a member of the federation central executive committee of the Federation of Soviet Republics; and at the same time on the executive committee of the Communist International, and chairman of the presidium of executive committee. At the Fourth Congress of the International, speaking on the relations of the Communist International and the Communist Party, Zinoviev stated:

"It would be laughable to ask who has the advantages and who is the subject and who is the object. It is the foundation and roof of the same building. One belongs to the other."

The attached chart, submitted as part of this petition, gives the actual connections of the high officials in Soviet Russia in the Communist Pary, the Third International, and the Soviet Government, and is submitted as evidence that the policies and actions of the one are identical to the other.

Chart showing control by the All-Union (formerly Russian) Communist Party of the Government of the Union of Socialist Soviet Republics and of the International Revolutionary Organizations

[Abbreviations are shown at the end of the table]

	All-Union (formerly Russian) Communist Party (of Bolsheviks).			Union of Soviet Socialist Republics (U. S. S. R.)			
Political bureau (1), (2) Mb: 10; Alt: 3	Organization bureau (1), (2) Mb: 10; Alt: 4	Central committee (1), (2) Mb: 69; Alt: 67	Central control commission (1), (2), (33) Mb: 187	Central executive committee of the U. S. S. R. (Mb: 610) and its Presidium (x) (Mb: 27; Alt: 23) (3), (4)	Soviet of People's Commissars of U. S. S. R. (4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16) (52)	Soviet of Labor and Defense (STO) (14), (17)	All-Union Central Soviet of Labor Union (x), Presidium (y), and Secretariat (z) (18, 14, 19, 20)
Kaganovich	Kaganovich	Kaganovich, L. M. (S).		Kaganovich, L. M. (x).			Kaganovich (x, y)
Kalinin		Kalinin, M. I.		Kalinin, M. I. (P) (x).			
Kirov		Kirov, S. M.		Kirov, S. M. (x)			
Kosior, St.		Kosior, St. V.		Kosior, St. V. (x)			
Kuibyshev		Kuibyshev, V. V.		Kuibyshev, V. V.	Kuibyshev, V. V. (VP) (4).	Kuibyshev, V. V. (VP).	Kuibyshev (x).
Molotov		Molotov, V. M.		Molotov, V. M.	Molotov, V. M. (P) (4).	Molotov, V. M. (P).	
Ordzhonikidze (2)		Ordzhonikidze, G. K.	Ordzhonikidze, G. K.	Ordzhonikidze, G. K.	Ordzhonikidze, G. K. (4).	Ordzhonikidze, G. K.	Ordzhonikidze (x)
Rudzutak		Rudzutak, Ya. E.	Rudzutak, Ya. E. (P) (33).	Rudzutak, Ya. E. (x).	Rudzutak, Ya. E. (VP) (4).	Rudzutak, Ya. E. (VP).	Rudzutak (x).
Stalin	Stalin	Stalin, I. V. (GS)		Stalin, I. V		Stalin, I. V	
Voroshilov		Voroshilov, K. E.		Voroshilov, K. E.	Voroshilov, K. E. (4)	Voroshilov, K. E.	
Chubar (A)		Chubar, V. Ya.		Chubar, V. Ya. (x)			
Mikoyan (A)		Mikoyan, A. I.		Mikoyan, A. I.	Mikoyan, A. I. (4)	Mikoyan, A. I.	
Petrovsky (A)		Petrovsky, G. I.		Petrovsky, G. I. (P) (x).			
							Abolin, A. K. (y, z) (S).
				Aitakov, N. (P) (x).			
	Akulov		Akulov, I. A.	Akulov, I. A. (xA).			Akulov (x).
		Amosov, A. M. (A).		Amosov, A. M.	Amosov, A. M. (AC) (5).		Amosov (x, y).
			Andreyev, A. A. (33).	Andreyev, A. A. (x).	Andreyev, A. A. (6)	Andreyev, A. A. (VP).	Andreyev (x).
		Antipov, N. K.		Antipov, N. K.	Antipov, N. K. (AC) (7).		
		Antselovich, N. M. (A).		Antselovich, N. M.	Antselovich, N. M. (AC) (8).		Antselovich (x, y, z) (S).
	Bauman	Bauman, K. Ya. (S).		Bauman, K. Ya.			Avdeyeva, (x, y).
			Belenky, Z. M.		Belenky, Z. M. (AC) (16).		
		Bryukhanov, N. P. (A).		Bryukhanov, N. P.	Bryukhanov, N. P. (AC) (9).		
		Bulat, I. L. (A)		Bulat, I. L.			
	Bubnov	Bubnov, A. S.		Bubnov, A. S.			
		Bukharin, N. I.		Bukharin, N. I.			
			Chemodanov, V. T.				
				Chervyakov, A. G. (P) (x).			
	Dogadov, (A)	Dogadov, A. I. (A).		Dogadov, A. I.			Dogadov (x).
		Eliava, Sh. Z. (A)		Eliava, Sh. Z.	Eliava, Sh. Z. (AC) (10).		
			Enukidze, A. S.	Enukidze, A. S. (S) (x).			
			Evreinov, N. N.	Evreinov, N. N.			Evreinov (x, y, z) (S).
			Figatner, Yu. P.				Figatner (x).
	Gamarnik	Gamarnik, Ya. B.		Gamarnik, Ya. B.	Gamarnik, Ya. B. (AC) (11).		
		Gei, K. V. (A)		Gei, K. V.			Gei (x).
				Grinko, G. F.	Grinko, G. F. (4)	Grinko, G. F.	
			Gusev, S. I.				
		Kalmanovich, M. I. (A).		Kalmanovich, M. I.	Kalmanovich, M. I. (AC) (12).	Kalmanovich, M. I.	
			Khitarov, R.				
		Khloplyankin, M. I. (A).		Khloplyankin, M. I.	Khloplyankin, M. I. (AC) (13).		
			Kirkizh, K. O.	Kirkizh, K. O.			Kirkizh, K. O. (x, y).
		Knorin, V. G.					
	Kosarev (A)	Kosarev, A. V. (A)		Kosarev, A. V.			
				Khodzhayev, F. (P) (x).			
		Kosior, I. V.		Kosior, I. V.	Kosior, I. V. (AC) (14)		
		Krinitsky, A. I. (A).			Krinitsky, A. I. (AC) (14).		
		Krzhizhanovsky, G. M.		Krzhizhanovsky, G. M.			
				Litvinov, M. M.	Litvinov, M. M. (4)		
		Lyubimov, I. E.		Lyubimov, I. E.	Lyubimov, I. E. (52)		Lyubimov (x).
	Lobov	Lobov, S. S.		Lobov, S. S.	Lobov, S. S. (52)		
		Lozovsky, S. A. (A).					Lozovsky (x, y).
		Manuilsky, D. Z.					
							Melnichansky (x)
		Mezhlauk, V. I. (A).		Mezhlauk, V. I.	Mezhlauk, V. I. (AC) (15).		
			Milyutin, V. P.	Milyutin, V. P.	Milyutin, V. P. (AC) (14).		
	Moskvin	Moskvin, I. M. (AS).					
		Mussabekov, G. K. (A).		Mussabekov, G. K. (P) (x)			

Chart showing control by the All-Union (formerly Russian) Communist Party of the Government of the Union of Socialist Soviet Republics and of the International Revolutionary Organizations—Continued

	All-Union (formerly Russian) Communist Party (of Bolsheviks)			Union of Soviet Socialist Republics (U. S. S. R.)			
Political bureau (1), (2) Mb: 10; Alt: 3	Organization bureau (1), (2) Mb: 10; Alt: 4	Central committee (1), (2) Mb: 69; Alt: 67	Central control commission (1), (2), (33) Mb: 187	Central executive committee of the U. S. S. R. (Mb: 610) and its Presidium (x) (Mb: 27; Alt: 23) (3), (4)	Soviet of People's Commissars of U. S. S. R. (4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16) (52)	Soviet of Labor and Defense (STO) (14), (17)	All-Union Central Soviet of Labor Union (x), Presidium (y), and Secretariat (z) (18, 14, 19, 20)
Petrovsky (A)				Musratulla, M. (P) (x).			
			Ozersky, A. V.		Ozersky, A. V. (AC) (14).		
			Pavlunovsky, I. P.	Pavlunovsky, I. P. (xA).	Pavlunovsky, I. P. (AC) (14).		
		Perepechko, I. N. (A).		Perepechko, I. N.			Perepechko, I. N. (S) (x, y, z) (19).
		Pyatnitsky, I. A.					
	Postyshev	Postyshev, P. P. (S).		Postyshev, P. P.			
			Rozengoltz, A. P.	Rozengoltz, A. P.	Rozengoltz, A. P. (4)		
		Rykov, A. I.		Rykov, A. I.	Rykov, A. I. (7)		
		Schmidt, V. V. (A)		Schmidt, V. V.			Schmidt (x).
		Schwartz, S.					Schwartz (x).
	Shvernik	Shvernik, N. M. (AS)		Shvernik, N. M. (x).			Shvernik, N. M. (S) (y, z).
		Skrypnik, N. A.		Skrypnik, N. A. (x).			
	Smirnov, A. P. (A)	Smirnov, A. P.		Smirnov, A. P. (x)			
			Soltz, A. A.				
		Strievsky, K. K.		Strievsky, K. K.			Strievsky, K. K. (y)
		Sulimov, D. E.		Sulimov, D. E.			
		Tomsky, M. P.		Tomsky, M. P.			
				Tormosova, A. G.			
	Tsikhon (A)	Tsikhon, A. M.		Tsikhon, A. M.	Tsikhon, A. M. (4)		Tsikhon, A. M. (x, y).
		Ukhanov, K. V.		Ukhanov, K. V. (x).	Ukhanov, K. V. (52) (AC).		
		Unshlikht, I. S. (A).		Unshlikht, I. S.	Unshlikht, I. S. (AC) (14).		
		Veinberg, G. D. (A).		Veinberg, G. D. (xA).			Veinberg, G. D. (x, y, z) (S).
		Yakovlev, Ya. A.		Yakovlev, Ya. A.	Yakovlev, Ya. A. (4)	Yakovlev, Ya. A.	
			Yanson, N. M.	Yanson, N. M.	Yanson, N. M. (4)		
			Yaroslavsky, Em. (S).	Yaroslavsky, Em.			
							Yuzefovich, I. S. (x).

	Communist International			Red International of labor unions	
Political bureau (1), (2), Mb: 10; Alt. 3	Executive committee (x) international control commission (y) (21) and commission for Working out the program of Communist International (z) (22)	Presidium of executive committee (x) and political secretariat (y) (23)	Delegates to congresses and members of various commissions of the Communist International (24)	Central Soviet (x) and executive bureau (y) (25), (26)	Remarks (27*)
Kaganovich			Kaganovich (V, VI)		P. mb. 1911 Mb. Revvoensoviet of Moscow Mil. Distr. (28) & S of Moscow Obl. Party Committee (28).
Kalinin			Kalinin (V, VI)		P. mb. 1898 P. of Central Executive Committee of R. S. F. S. R. (29).
Kirov			Kirov (VI)		P. mb. 1904 S. of Leningrad Obl. P. C. & Mb. of Pres. of Leningrad Obl. E. C. (30).
Kosior, St.			Kosior (V, VI)		P. mb. 1907 S. G. of Ukrainian Party Central Committee (31).
Kuibyshev			Kuibyshev (V, VI)		P. mb. 1904 P. of Committee on Fuel at STO (32).
Molotov	Molotov, V. M. (x, z).		Molotov (V, VI)		P. mb. 1906 P. of Commission of Review (17).
Ordzhonikidze			Ordzhonikidze (VI)		P. mb. 1903
Rudzutak			Rudzutak (V, VI)		P. mb. 1905 VP of Commis. of Review (8); Com-ar for Work. & Peas. Insp. (33); P. of Com. on Transportation at STO (32).
Stalin	Stalin, I. V. (x, z)	Stalin, I. V. (x)	Stalin (V, VI)		P. mb. 1898
Voroshilov			Voroshilov (V, VI)		P. mb. 1903
Chubar (A)					P. mb. 1907 P. of Ukrainian Sovnarkom (34); Mb. of Politbureau of Ukrain. Com. Party (31).
Mikoyan (A)			Mikoyan (V, VI)		P. mb. 1915
Petrovsky (A)					P. mb. 1897 P. of Ukrainian C. E. C. (34); Mb. of Politbureau of Ukrain. Com. Party (31).
				Abolin (x, y) (26).	P. mb. 1908 One of editors of "Red Intern. of Labor Unions" (35); editor of Trud until Dec. 16, 1931 (36).
					P. mb. 1922 P. of Turkmen Centr. Exec. Committee (37).
			Akulov (VI)	Akulov (x)	P. mb. 1907 First Vice President of United State Political Administration (38).
			Amosov (V)	Amosov (x)	P. mb. 1914 Mb. of Budget Commis. USSR (37); P. of C. C. of Railway Transport Workers (14).
			Andreyev (V)		P. mb. 1914 Del. Congr. Profintern, 1928 (39).
					P. mb. 1912 P. of All-Un. Sov. of Physical Culture (14); Mb. of Pres. Budget Commis. (37); P. of Com. on Inventions at STO (63).
			Antselovich (V, VI)	Antselovich (x, yA) (26).	P. mb. 1905 Mb. of Gosplan of U. S. S. R. (40); Mb. of Budget Commis. USSR (37).
				Avdeyeva (x, y) (26).	P. mb. 1920 P. of C. C. of Medical and Sanitation Workers (14).

Chart showing control by the All-Union (formerly Russian) Communist Party of the Government of the Union of Socialist Soviet Republics and of the International Revolutionary Organizations—Continued

Political bureau (1), (2), Mb: 10; Alt. 3	Communist International			Red international of labor unions	Remarks (27*)
	Executive committee (x) international control commission (y) (21) and commission for working out the program of Communist International (z) (22)	Presidium of executive committee (x) and political secretariat (y) (23)	Delegates to congresses and members of various commissions of the communist International (24)	Central Soviet (x) and executive bureau (y) (25), (26)	
Petrovsky (A)			Bauman (VI)		P. mb. 1907
			Belenky (V)		P. mb. 1905
					P. mb. 1902 Mb. of Presid. of Budget Commis. of U. S. S. R. (37).
				Bulat (yA) (26)	P. mb. 1912
			Bubnov (V, VI)		P. mb. 1903 Com-ar for Education of RSFSR (29); Mb. of Gosplan of USSR (40); Mb. of Budget Commis. of USSR (37).
	Bukharin, N. I. (x, z).		Bukharin (V. VI)		P. mb. 1906 Mb. of Presid. of VSNH of U. S. S. R. & Chief of its Scientific Research Sector (14).
		Chemodanov (x, yA).			P. mb. 1924 Polit. S. of Young Communists International (41).
			Chervyakov (V, VI)		P. mb. 1917 P. of White Russian Central Executive Committee (42).
			Dogadov (V, VI)	Dogadov (x)	P. mb. 1905 Mb. of Budget Commis. of USSR (37); Del. to Congr. Profintern in 1928 (39).
					P. mb. 1904 Mb. of Budget Commis. of U. S. S. R. (37).
			Enukidze (V. VI)		P. mb. 1898 P. of Central Election Commission, U. S. S. R. (43).
					P. mb. 1912 P. of C. C. of Cotton Industry Workers (14); Mb. of Exec. Bureau of Profintern until Aug. 1930 (44).
				Figatner (x)	P. mb. 1903 Mb. of Presid. of VSNH of USSR (14); Mb. of Presid. All-Un. Sov. of Communal Economy (57).
					P. mb. 1916 Mb. of Budget Commis. of USSR (37); Chief of PURKKA (45); Voroshilov's Substitute in STO (46).
			Gei (VI)	Gei, K. V. (x)	P. mb. 1916 S. of White Russian Party C. C. (47).
					P. mb. 1919
	Gusev (S. I.) (xA).	Gusev (S. I.) (xA).	Gusev (V, VI)		P. mb. 1896 Chief of Press Dept. of Party C. C. since 1928 (48).
					P. mb. 1917 P. of State Bank of U. S. S. R. (14).
	Khitarov (x, z)		Khitarov (VI)		P. mb. 1919
					P. mb. 1914
					P. mb. 1910 Mb. of Budget Commis. USSR (37); P. of C. C. of Machine Building Workers (14); A. M. b. of Ex. Bureau of Profintern until Aug. 1930 (44).
	Knorin, V.G. (xA, y)		Knorin (V, VI)		P. mb. 1910.
			Kosarev (V)		P. mb. 1919 Mb. of Gosplan of USSR (49); S. G. of All-Un. Young Comm. Union (50).
			Khodzhayev (V)		P. mb. 1920 P. of Uzbek Sovnarkom (51).
					P. mb. 1908
					P. mb. 1915 Mb. of Gosplan of U. S. S. R. (40).
			Krzhizhanovsky (V)		P. mb. 1893 Mb. of Presid. of VSNH of USSR (62); Mb. of Gosplan of USSR (62); VP of Academy of Science (30).
					P. mb. 1898
					P. mb. 1902
					P. mb. 1912 Mb. of Budget Commis. of U. S. S. R. (37).
	Lozovsky, S. A. (x).	Lozovsky S. A. (x, y A)	Lozovsky (V, VI)	Lozovsky (x, y) (GS).	P. mb. 1900
	Manuilsky (x, z)	Manuilsky (x, y).	Manuilsky (V, VI)		P. mb. 1904
			Melnichansky (V)	Melnichansky (x).	P. mb. 1902
					P. mb. 1917
			Milyutin (V, VI)		P. mb. 1903 P. of Society of Agrarian Marxists (14).
					P. mb. 1911 Mb. of Presid. of VSNH of U. S. S. R. (14).
					P. mb. 1919 P. of Trans-Caucasus Sovnarkom (53).
					P. of Tadzhik Central Executive Committee (54).
					P. mb. 1917 Trade Representative in England (55).
					P. mb. 1905 Mb. of Budget Commission of U. S. S. R. (37).
					P. mb. 1914 Mb. of Presid. of All-Un. Soviet of Communal Economy (57); Del. to Congress of Profintern in 1928 (39).
	Pyatnitsky (x)	Pyatnitsky (x, y).	Pyatnitsky (V, VI)	Pyatnitsky (x, y) (26).	P. mb. 1898
			Postyshev (VI)		P. mb. 1904 Mb. of Commis. of Review (17); S. & Mb. of Politbureau of Ukr. Comparty (31).
					P. mb. 1905
	Rykov, A. I. (x, z)		Rykov (V, VI)		P. mb. 1899
			Schmidt (V, VI)		P. mb. 1905 Del. to Congr. of Profintern in 1928 (39); Mb. of Budget Commis. of USSR (37); Chief Arbiter at STO (56).
			Schwartz (V, VI)	Schwartz (x)	P. mb. 1899 Del. to Congress of Profintern in 1928 (39).
				Shvernik (x, y) (26).	P. mb. 1905 Mb. of Commiss. of Review (17); Mb. of Gosplan, USSR (40); Mb. of Presid. of VSNH of USSR (14).
	Skrypnik N. A. (x, z).		Skrypnik (V)		P. mb. 1897 Mb. of Budget Commiss. of USSR (37); Comsr. for Education of Ukr. SSR (34); Mb. of Politbureau of Ukr. Comparty (31).
			Smirnov (VI)		P. mb. 1896 P. of All-Un. Soviet of Communal Economy (57).
	Soltz, A. A. (y)		Soltz (V, VI)		P. mb. 1898 Mb. of Presid. of Supreme Court, RSFSR & P. of Commis. for Private Amnesty Cases at VTSIK (58).
					P. mb. 1902 Mb. of Budget Commis. USSR (37); P. of VSNH of RSFSR (29); Mb. of Presid. of VSNH of USSR (14).
	Stuchka, P. I. (y, z)		Stuchka (V, VI)		P. mb. 1895 P. of Supreme Court of RSFSR (58); Director of Moscow Institute of Soviet Law (59).
					P. mb. 1905 P. of Sovnarkom R.S.F.S.R. (29).
			Tomsky (VI)		P. mb. 1904.
				Tormosova (x, yA) (26).	
					P. mb. 1906 Mb. of Budget Commission of U. S. S. R. (37).
	Tskhakaya, M. (y).		Tskhakaya (VI)		P. mb. 1898 P. of Trans-Caucasus Central Executive Committee (51).
			Ukhanov (VI)		P. mb. 1907 P. of Moscow Obl. Exec. Com. and Mb. of Presid. of Moscow Sov. & Moscow City Exec. Com. (14).
			Unshlikht (V, VI)		P. mb. 1900 One of the founders of the MOPR in 1923 (60); P. of "Oscaviakhim" of USSR & RSFSR (61).
				Veinberg (x, y) (26).	P. mb. 1906 Mb. of Presid. of Budget Commis. of USSR (37); Mb. of Gosplan USSR (40); Mb. of Presid. of VSNH of USSR (14).

Chart showing control by the All-Union (formerly Russian) Communist Party of the Government of the Union of Socialist Soviet Republics and of the International Revolutionary Organizations—Continued

	Communist International			Red international of labor unions	
Political bureau (1), (2), Mb: 10; Alt. 3	Executive committee (x) international control commission (y) (21) and commission for working out the program of Communist International (z) (22)	Presiduum of executive committee (x) and political secretariat (y) (23)	Delegates to congresses and members of various commissions of the communist International (24)	Central Soviet (x) and executive bureau (y) (25), (26)	Remarks (27*)
Petrovsky (A)			Yakovlev (V)		P. mb. 1913
			Yanson (VI)		P. mb. 1905
	Yaroslavsky, Em. (xA).		Yaroslavsky (V, VI)		P. mb. 1898 P. of Central Soviet of Militant Atheists (Bezbozhniks) (14).
			Yuzefovich (V, VI)	Yuzefovich (x, y) (26).	P. mb. 1917

ABBREVIATIONS

A	Alternate member.
AC	Assistant commissar.
AS	Assistant secretary.
All-Un	All-Union.
All-Ukr	All-Ukrainian.
C. C	Central committee.
C. E. C	Central executive committee.
Com	Committee.
Com-ar	Commissar.
Comm	Communist.
Commis	Commission.
Congr	Congress.
Colleg	Collegium.
Comintern	Communist International.
Del	Delegate.
Distr	District.
E. C	Executive Committee.
Edit	Editor.
Educ	Educational.
Empl	Employees.
Ex	Executives.
I. C. W	International Committee of Workmen.
Intern	International.
Mb	Member.
Mil	Military.
MOPR	International Red Aid.
Obl	Oblast.
O. G. P. U	United State Political Administration.
OSOAVIAKHIM	Society for Air and Chemical Defense.
P	President.
Presid	Presidium.
P. mb	Party member.
P. C	Party committee.
Profintern	Red International of Labor Unions.
PURKKA	Political Administration of the Red Army.
Repres	Representative.
Revvoensoviet	Revolutionary Military Soviet.
S	Secretary.
SG	Secretary General.
Sov	Soviet.
Sovnarkom	Soviet of People's Commissars.
STO	Soviet of Labor and Defense.
Tr	Trade.
Turkm	Turkmen.
Uzb	Uzbek.
VP	Vice president.
VSNH	Supreme Soviet of National Economy.
VTSIK	All-Russian Central Executive Committee.
*	Data concerning party membership appearing in this column was taken from source 27.

SOVIET OF PEOPLE'S COMMISSARS OF THE U. S. S. R.

President, V. M. Molotov; vice presidents, Ya. E. Rudzutak, V. V. Kuibushev; commissar for foreign affairs, M. M. Litvinov; assistant commissars, N. N. Krestinsky, L. M. Karakhan; commissar for military and naval affairs, K. E. Voroshilov; assistant commissars, Ya. B. Gamarnik, M. N. Tukhachevsky, S. S. Kamenev; commissar for supply, A. I. Mikoyan; assistant commissars, K. V. Ukhanov, N. P. Bryukhanov, M. I. Khloplyankin, M. A. Chernov, P. Ya. Volkov, M. N. Belenky; commissar for workers' and peasants' inspection, Ya. E. Rudzutak; assistant commissars, N. K. Antipov, N. M. Antselovich, G. E. Prokofiev, Z. M. Belenky, A. I. Krinitsky; commissar for ways of communication, A. A. Andreyev; assistant commissar (first), I. N. Mironov, assistant commissar (second), G. I. Blagonravov; assistant commissars, P. S. Shushkov, A. M. Amosov, V. S. Shatov; commissar for foreign trade, A. P. Rosengeltz; assistant commissars, S. K. Sudyin, A. V. Ozersky, Sh. Z. Aliava, I. Ya. Veitzer; commissar for post and telegraph, A. I. Rykov; assistant commissars, A. M. Lyubovich, M. L. Granovsky; commissar for agriculture, Ya. A. Yakovlev; assistant commissars, I. G. Birn, S. S. Odintsov, A. V. Odintsov, T. A. Yurkin, P. D. Akulinushkin, F. A. Tsylko, A. M. Markevich; assistant commissar (for forestry), A. V. Grinevich; commissar for labor, A. M. Tsikhon; assistant commissar, I. A. Kravel; commissar for finance, G. F. Grinko; assistant commissars, V. N. Mantsev, M. I. Kalmanovich, E. B. Genkin, R. Ya. Levin; commissar for water transport, N. M. Yanson; assistant commissars, V. I. Zof, V. I. Fomin, E. F. Rozental; commissar for heavy industry, G. K. Ordzonikidze (formerly supreme sovereign of national economy); assistant commissars, G. L. Piatakov, I. V. Kossior, A. P. Serebrovsky, I. P. Pavlunovsky; assistant commissar for machine building; M. M. Kaganovich; assistant commissar for black metallurgy, A. I. Gurevich; assistant commissar for aviation industry, P. I. Baranov; commissar for light industry, I. E. Lyubimov; assistant commissars, I. G. Eremin, A. M. Fushman, M. M. Karklin, P. Ya. Voronova; commissar for the timber industry, S. S. Lobov; assistant commissars, I. G. Rudakov, A. K. Albert, K. Ya. Rozental; president of state plan commission (gosplan), V. V. Kuibyshev, vice president (first), V. I. Mezhlauk; vice presidents, I. G. Unshlikht, I. T. Smilga, V. V. Osinsky, V. P. Milyutin, G. I. Lomov, L. N. Kritzman.

SOVIET OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R.

President, D. E. Sulimov; vice president, D. Z. Lebed; vice president, T. R. Ryskulov; commissar for labor, M. M. Romanov; commissar for workers' and peasants' inspection, N. I. Ilyin; commissar for agriculture, A. I. Muralov; commissar for justice, N. V. Krylenko; commissar for finance, V. N. Yakovleva; commissar for supply, N. V. Eismont; commissar for education, A. S. Bubnov; commissar for health, M. F. Vladimirsky; commissar for social welfare, I. A. Nagovitsyn; commissar for communal economy, N. P. Komarov; commissar for light industry, K. K. Strievsky; president of state-plan commissariat, M. I. Rogov.

SOVIET OF PEOPLE'S COMMISSARS OF UKRAINIAN S. S. R.

President, V. Ya. Chubar; vice president, A. M. Dudnik; vice president, A. K. Serbichenko; vice president, V. P. Zatonsky; vice president, D. I. Petrovsky; vice president, V. I. Poraiko; commissar for labor, K. M. Gulyi; commissar for workers' and peasants' inspection, V. P. Zatonsky; commissar for agriculture, N. N. Demchenko; commissar for justice, Polyakov; commissar for finance, K. F. Koval; commissar for supply, Maiorov; commissar for education, N. A. Skrypnik; commissar for health, Kantorovich; commissar for social welfare, G. N. Pokornyi; commissar for light industry, K. V. Sukhomlin; plenipotentiary for military and naval affairs, I. E. Yakir; plenipotentiary for ways of communication, S. L. Shimanovsky; plenipotentiary for foreign affairs, S. S. Alexandrovsky; plenipotentiary for foreign trade, M. A. Kattel; plenipotentiary for water transport, S. N. Krupko.

SOVIET OF PEOPLE'S COMMISSARS OF WHITE RUSSIAN S. S. R.

President, N. M. Goloded; vice president, K. F. Benek; vice president, A. Ya. Kalnin; vice president, G. P. Grisevich; commissar for labor, K. F. Benek; commissar for workers' and peasants' inspection, A. Ya. Kalnin; commissar for agriculture, Rachitsky; commissar for justice, M. A. Levkov; commissar for finance, A. I. Khatzkevich; commissar for supply, Baltin; commissar for education, A. M. Platun; commissar for health, M. I. Barsukov; commissar for social welfare, P. U. Kalinin; commissar for light industry, G. P. Grisevich; plenipotentiary for military and naval affairs, I. P. Uborevich; plenipotentiary for foreign trade, A. Ya. Reder; plenipotentiary for post and telegraph, A. V. Dubin; plenipotentiary for water transport, N. D. Ershov.

SOVIET OF PEOPLE'S COMMISSARS OF TRANS-CAUCASUS S. F. S. R.

President, G. Mussabekov; vice president, S. M. Ter-Gabrielyan; commissar for labor, Ragimov; commissar for workers' and peasants' inspection, Dogadov; commissar for justice and public prosecutor, A. G. Dolidze; commissar for finance, Vagan Eremyan; commissar for supply, Svanidze; commissar for light industry, Kurulov; plenipotentiary for military and naval affairs, I. F. Fedko; plenipotentiary for foreign affairs, N. F. Sivolap.

SOVIET OF PEOPLE'S COMMISSARS OF TURKMEN S. S. R.

President, Kh. Atabayev; vice president, Ya. M. Galperstein; commissar for labor, T. Gladyshev; commissar for workers' and peasants' inspection, Kuliev Kary; commissar for agriculture, Tashly Anna-Muratov; commissar for finance, I. 1. Kalnin; commissar for justice, Anna-Mukhamedov; commissar for education,

Artykov Anna-Kuli; commissar for health, I. V. Ventsenostsev; commissar for social welfare, A. Makarov; commissar for light industry, N. S. Sergeyev; plenipotentiary for military and naval affairs, Kh. Atabayev; plenipotentiary for ways of communication, G. I. Must; plenipotentiary for foreign trade, Berdy Atayev; plenipotentiary for foreign affairs, A. V. Zaslavsky.

SOVIET OF PEOPLE'S COMMISSARS OF UZBEK S. S. R.

President, F. Khodzhayev; vice president, I. D. Martynov; commissar for labor, I. Ibragimov; commissar for workers' and peasants' inspection, Karimov Abdulladzhan; commissar for agriculture, Burnashev Khanifa K.; commissar for justice, Mavlyanbekov Akhmed-bek; commissar for finance, Pulatov Kari-Yuldash; commissar for supply, Khodzhayev; commissar for education, Ramzi Mannan; commissar for health, F. T. Pridannikov; commissar for social welfare, Mavlyanbekov Bababek; commissar for light industry, Nasyrbayev Satter; plenipotentiary for ways of communication, I. P. Kravnikov; plenipotentiary for foreign affairs, G. A. Apresov; plenipotentiary for post and telegraph, Matkulov Alibek.

SOVIET OF PEOPLE'S COMMISSARS OF TADZHIK, S. S. R.

President, A. Khodzhibayev; commissar for finance, Islamov; plenipotentiary for agriculture in central Asia, S. K. Shaduntz; plenipotentiary for workers' and peasants' inspection and of party central control commission in central Asia, D. I. Manzhara; plenipotentiary for labor in central Asia, Dmitriev; plenipotentiary for foreign trade, Kasym Kariev; president of central Asia economic soviet (EKOSO), M. F. Boldyrev; president of the state plan commission (Gosplan) of central Asia, D. P. Rozit.

CHIEFS OF IMPORTANT STATE AND OTHER ORGANS

Presidents of All-Union Central Executive Committee: M. I. Kalinin, G. I. Petrovsky, A. G. Cherviakov, G. Mussabekov, N. Aitakov, F. Khodzhayev, M. Nusratulla; president of All-Russian Central Executive Committee, M. I. Kalinin; president of Ukrainian central executive committee, G. I. Petrovsky; president of white Russian central executive committee, A. G. Chervyakov; president of trans-Caucasus central executive committee: F. Makharadze, A. Ananyan, M. Takhakaya; president of Turkmen central executive committee, N. Aitakov; president of Uzbek central executive committee, Yu. Akhun-Babayev; president of Tadzhik central executive committee, N. Nusratulla; president of the United State Political Administration (OGPU), V. R. Menzhinsky; vice president (first) of the United State Political Administration (OGPU); I. A. Akulov; vice president (second) of the United State Political Administration (OGPU); G. G. Yagoda; vice president (third) of the United State Political Administration (OGPU); V. A. Balitsky; president of supreme concession committee, L. B. Kamenev; president of central union of consumers cooperatives, I. A. Zelensky; president of board of directors of State Bank; M. I. Kalmanovich; president of the supreme court of the U. S. S. R., A. N. Vinokurov; president of the supreme court of R. S. F. S. R., P. I. Stuchka; prosecutor of the U. S. S. R., P. A. Krasikov; president of the Moscow Soviet, N. A. Bulganin; president of the Leningrad Soviet, I. F. Kadatzky; inspector of military and naval forces of red army, R. A. Muklevich; president of Society for Air and Chemical Defense (OSOAVIAKHIM), I. S. Unshlikht; secretary general of peasant international (KRESTINTERN), I. A. Teodorovich; secretary general of All-Union Young Communists Union (VLKSM), A. V. Kosarev; political secretary of Young Communists International (KIM), V. T. Chemodanov; president of the central committee of the MOPR of U. S. S. R., E. D. Stasova.

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(3) Izvestia, No. 76, March 18, 1931.
(4) Izvestia, No. 77, March 19, 1931.
(5) Izvestia, No. 343, December 14, 1931.
(6) Izvestia, No. 273, October 3, 1931.
(7) Izvestia, No. 89, March 31, 1931.
(8) Izvestia, No. 287, October 17, 1931.
(9) Izvestia, No. 98, April 9, 1931.
(10) Izvestia, No. 115, April 26, 1931.
(11) Izvestia, No. 152, June 4, 1930.
(12) Izvestia, No. 303, November 2, 1930.
(13) Izvestia, No. 342, December 13, 1930.
(14) Vsia Moskva for 1931.
(15) Izvestia, No. 311, November 12, 1931.
(16) Izvestia, No. 309, November 10, 1931.
(17) Izvestia, No. 354, December 25, 1930.
(18) Trud, No. 299, December 25, 1928.
(19) Trud, No. 318, November 24, 1931.
(20) Izvestia, No. 137, May 20, 1930.
(21) Izvestia, No. 207, September 6, 1928.
(22) Izvestia, No. 170, July 24, 1928.
(23) Pravda, No. 113, April 24, 1931.
(24) Stenographic reports of Sixth Congress of Communist International, 1929, and of Fifth Congress of Communist International, 1925.
(25) Pravda, No. 80, April 4, 1928, and No. 301, December 21, 1929.
(26) Trud, No. 240, September 1, 1930, and No. 224, August 16, 1930.
(27) Stenographic reports of Sixteenth Party Congress, 1930, and Fifteenth Congress, 1927.
(28) Krasnaya Zvezda, August 17, 1930, No. 191.
(29) Izvestia, No. 65, March 7, 1931.
(30) Ves Leningrad, 1931.
(31) Izvestia, No. 154, June 25, 1930.
(32) Izvestia, No. 297, October 27, 1931.
(33) Izvestia, No. 280, October 10, 1931.
(34) Izvestia, No. 64, March 6, 1931.
(35) Red International of Labor Unions, No. 23–24, December, 1931.
(36) Trud, No. 237, December 17, 1931.
(37) Izvestia, No. 358, December 29, 1931; and Laws of U. S. S. R., Part II, No. 15, October 19, 1931.
(38) Izvestia, No. 210, August 1, 1931.
(39) Trud, No. 54, March 3, 1928.
(40) Izvestia, No. 43, February 13, 1931.
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(42) Izvestia, No. 60, March 2, 1931.
(43) Izvestia, No. 80, March 22, 1931.
(44) Pravda, No. 309, December 29, 1929; and Trud, No. 240, September 1, 1930.
(45) Pravda, No. 152, June 4, 1930.
(46) Laws, U. S. S. R., Part II, No. 46, September 1, 1930.
(47) Socialisticheskoe Zemledelie, No. 233, October 5, 1930.
(48) Large Soviet Encyclopedia, 1930.
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(50) Komsomolskaya Pravda, No. 47, February 17, 1931.
(51) Annual of Commissariat for Foreign Affairs for 1929.
(52) Izvestia, No. 6, January 6, 1932.
(53) Zaria Vostoka, No. 310, November 15, 1931.
(54) Pravda Vostoka, No. 342, December 18, 1931.
(55) Izvestia, No. 303, November 2, 1931.
(56) Izvestia, No. 83, May 17, 1931.
(57) Izvestia, No. 346, December 17, 1931.
(58) Izvestia, No. 140, May 23, 1931; and No. 72, March 14, 1931.
(59) Soviet Justice, No. 17, June 20, 1931.
(60) Imprecor, English edition, No. 13, March 7, 1928.
(61) Pravda, No. 195, July 17, 1931.
(62) Laws of U. S. S. R., Part II, No. 3, March 14; and No. 6, April 5, 1931.
(63) Izvestia, No. 185, July 7, 1931.

In this connection, we quote from the report of the special committee appointed by the House of Representatives to investigate the activities of the communists in the United States (H. Rept. No. 2290, 71st Cong., pp. 7 and 8):

"The main principles of the Communist International are as follows: Overthrow and annihilation of so-called capitalist governmental power and its replacement by proletarian power; dictatorship of the working class; confiscation of property; arming of the proletarist; armed conflict by the proletarist against capitalism; no compromise with socialists remaining in the Second International. The main objectivity of the Communist International is to promote world revolution, in order to bring about a world-wide union of soviets, or dictatorship of the proletarist, with the capital at Moscow.

"The Communist International is dominated by the Russian Communist Party and Soviet officials and could not exist without the whole-hearted support of the leaders of the Russian Communist Party and the financial backing of the Soviet Government.

"The two most important and powerful men in Russia, Joseph Stalin, the communist dictator who now holds two Soviet posts, and Viacheslaf M. Molotov, chairman of the Council of People's Commissars, are on the presidium or select committee that plans and controls all the policies of the Communist International, for spreading revolutionary propaganda in foreign countries in order to intensify class hatred and cause strikes, riots, sabotage, and revolutionary activities, leading to civil war and revolution.

"The Communist International is actually part and parcel of the Russian Communist Party and the Soviet Government. For diplomatic reasons, the Soviet Government denies that it is responsible for the propaganda that emanates from the Communist International, but this pretense has long been apparent and has again been unmasked by the recent appointment of its two outstanding leaders, Stalin and Molotov, to important positions in the Soviet Government.

"The Government of Russia, which is known as the Union of Socialist Soviet Republics (U. S. S. R.) is an autocratic self-constituted dictatorship by a small group of self-perpetuating revolutionists. Joseph Stalin, the secretary-general of the Communist Party, is the actual dictator. The Communist Party consists of 1,500,000 members, out of 150,000,000 people in Russia, but it controls the Soviet Government and the Communist International.

"The Political Bureau of the Central Committee of the Communist Party, or the Politbureau, is composed of 10 of the outstanding communist leaders, including Stalin and Molotov, and is the real power in Russia, effectively controlling and directing (1) the Soviet Government, which carries out the policies laid down by the politbureau and administers the affairs of Soviet Russia, and (2) the Comintern, or Communist International, which is the vehicle for the dissemination of revolutionary propaganda and directs and stimulates revolutionary activities throughout the world."

However, we believe that it is important to set forth the direct effect of the employment of forced labor in Russia is having in the world markets, where our own products of free labor are being sold, and how the plan of the soviets has materialized toward the ultimate aim of the destruction of our own economic system. In this connection, therefore, we again quote from House Report No. 2290:

"The question of trade relations with the Soviet Government is one of great importance and of interest to the American people. The wheat farmers of America, due to our large exportable surplus of wheat, which largely determines the price of all wheat produced in the United States, have much at stake. * * *

"The export of wheat from Russia from 1918 until 1930 has averaged less than 10,000,000 bushels. The reason that Russian wheat has not flooded the European markets for the last eight years, or ever since the Soviet Government became stabilized after the civil wars between the red and white armies were ended, is that the Soviet Government for many years badly bungled the agricultural situation by antagonizing the peasants, who constitute 80 per cent of the Russian people.

"The Communist Party in Russia consists very largely of members from the industrial centers, and is directed by city workers for their own benefit. The peasants were looked down on as inferior beings and were regarded as little better than animals to plant and harvest the food supply for the city workers. Consequently there was no cooperation between the communist city workers and the peasants, and the bulk of the peasants hated and feared the communists, who sent out expeditions into the farming country and confiscated most of the grain from the farmers on various pretexts, such as nonpayment of taxes or counter-revolution, or paid for it in worthless currency or receipts for Government bonds. The poor peasant became more and more exasperated and often found the more he harvested the less he had, so he began to plant only a sufficient amount for the needs of his own family. The result was in effect a gigantic, though undirected, strike by the peasants of Russia, which forced the Soviet Government to change its tactics. First, it permitted a modified free trade, and agriculture revived. Lately it has begun to create huge state farms and organize the peasants into enormous producing cooperatives.

"The first step was a campaign to eliminate or liquidate the kulaks, or so-called rich farmers, who were bitterly opposed to communism. These kulaks were the more thirfty farmers who were able, through individual effort, to acquire a few cows and horses and live in a better house than the other peasants. These kulaks were not rich in the sense of American farmers, as they probably did not make over a couple of hundred dollars a year, yet the word went out from Moscow that they must be suppressed. A reign of terror ensued. Peasants were told that they could take away the property of any kulak who had as much as two cows or two horses and the red army and police were used to wipe out the kulaks. In turn these farmers, the best in Russia, began in desperation to kill off their cattle, so that in 1928–29 it is estimated that 15,000,000 head of cattle were slaughtered, seriously impairing the milk, butter, and cheese supply of Russia, and also the production of beef. * * *

"The ruthlessness of the Soviet Government in liquidating the kulaks aroused the sympathy of the peasants and caused widespread resistance and antagonism, so that Stalin issued an edict from Moscow that the kulak liquidation had gone far enough and that from now on only counter-revolutionists among the peasants would be suppressed. The warfare against the kulaks had brought about chaos in Russian agriculture, as the best farmers and those who gave employment had been deported or ruined.

"With the kulaks largely eliminated, the communists had no effective opposition to socializing the peasants. Huge state farms were organized in a hundred different parts of Russia. Some of these farms contained a half million acres of good wheat land. The peasants were likewise organized into enormous Government cooperatives. They entered voluntarily, as there was nothing else to do, as the Government was the only employer left and practically the only buyer. The success in the development of the state farms and collectives during 1930 was beyond the wildest expectations of the communists. In one year approximately 50 per cent of all the farmers of Russia were virtually socialized and formed into Government cooperatives, controlling 100,000,000 acres of arable lands. On the giant state farms the peasants are paid direct by the Government, approximately 15 cents gold per day, and in the cooperatives the Government buys the crop with depreciated paper currency and exports it to foreign countries for sale on a gold basis at seven times the currency it paid to the peasants.

"There is an almost inexhaustible supply of good wheat land in Russia, estimated at over 200,000,000 acres, all seized by the Government without compensation to the private owners, and a huge reserve of poorly paid peasant labor wihch, backed by American tractors, engineers, mechanics, farm specialists, brains, and credit, guarantee low production and wheat supremacy and monopoly to the soviets.

"If it were not for the 42-cent duty a bushel on wheat, Russian wheat might, within a few years, be underselling the wheat produced by American farmers in our own markets in Chicago and Kansas City.

"What applies to wheat with equal force applies to other grains, such as barley, rye, and oats. In a lesser degree only, and progressing at a rapid rate, is the growth and development of enormous state farms and cooperatives for cotton, fruit, cattle, sheep, tobacco, and beet sugar. The production of cotton is under special Government concentration, and is making rapid headway in Turkestan, and may take care of all of the Soviet requirements and be a competitor in the world markets before very long.

"American lumber exports have averaged $110,000,000 annually for a number of years, and rank just below our large agricultural exports of cotton, wheat, and tobacco. Every day steamers are plying the Atlantic carrying pulpwood and lumber to New York and other eastern ports from the Russian forests for American manufacturers. It is something new to import Soviet pulpwood and lumber into the United States. In 1929 only 6,000 cords of pulpwood were imported from Russia, and in 1930 it is estimated that 200,000 cords were landed in the United States.

"The forest area of the Soviet Union covers about a billion and a half acres, much more than the forest area of the United States and Canada combined.

"Soviet lumber, like Soviet wheat, can undersell lumber produced by free American labor in the world markets.

"The testimony offered to the committee discloses that hundreds of thousands of aristocrats, former professional and business men, army officers, kulaks, and social democrats and other counterrevolutionists have disappeared into the forests without leaving any trace. The mystery and the horror of the convict-labor camps is yet to be told in its lurid details.

"Oil resources of the Soviet Union are greater than those of any other country, according to the Commercial Handbook of the Union of Socialist Soviet Republics. There are three main fields, Baku, Grozny, and Emba. The production and export of oil from Russia is more than four times that of 1913. * * * The depression in the American oil industry is very marked, and competition from Soviet sources is becoming serious on the world market. The Soviet Government pays nothing for the leases on the land.

"Witnesses testified before the committee that the Soviet Government has practically ruined the manganese industry in the United States by dumping its product into this country at a price far below our cost of production, which they claim is unfair competition, because manganese is an essential ingredient in the manufacture of steel, and the destruction of the manganese industry in the United States places us at the mercy of Soviet Russia in time of war. The Assistant Secretary of War, Frederick H. Payne, stated in a speech recently:

"'Of the raw materials necessary to us in war none is more important than manganese. We take a deep interest in the efforts of the domestic manganese producers to develop processes that will enable the United States to utilize its large deposits of low-grade ore and be at least self-sustaining in this respect.'

"Convict labor should not be confused with forced or conscripted labor. It is claimed by Matthew Woll, vice president of the American Federation of Labor, that practically all labor in Soviet Russia to-day comes under the category of forced labor, as compared to free labor in the United States or Europe. He testified before the committee that existing Soviet decrees provide that workers become deserters when they quit their jobs, that the unemployed must accept any position offered, and that skilled workers may be transferred to any part of the country without their consent. These restrictions on the freedom of the workingman, Mr. Woll claims, places him in practically the same position as a conscripted soldier.

"The United States, as a large exporter, is vitally concerned by any dumping of Soviet products in the United States or on the world markets. * * *.

"The United States has more to lose from the economic system in Russia, if it succeeds, than any other nation, as we are the largest exporters of agricultural products, such as cotton, wheat, tobacco, and other grain, and will have difficulty in holding our export markets against this kind of competition than can be anticipated from the Soviet system. * * *

"Boiled down to a reasonable conclusion, if the 5-year plan (of the Soviet Union) succeeds, the Soviet Union is to become a great money-making machine that it may finance communism and world revolution. To undersell the rest of the world in agricultural and industrial products is a part of the scheme to create unrest, ripening into revolution.

"This activity would affect us ultimately in the destruction of our grain and cotton markets; especially is this true of wheat and cotton produced by peasant labor on Government-owned and controlled land, practically without cost, and with which American labor can not compete. The same would be true in the industrial world. Russian products have already practically destroyed the manganese industry with us. It seemingly threatens our lumber and wood-pulp industries, as well as the anthracite coal and oil markets, and the proof strongly indicates that convict and impressed labor are used especially in producing lumber and pulpwood.

"Taken in connection with the acts and avowed purposes of the Soviet Union, the 5-year plan is not intended alone to benefit the home union and government and to improve the condition of the Russian people—it goes farther—its purpose is not to build up but to tear down and destroy. * * *"

In stating that the "purpose of the 5-year plan is not to build up but to tear down and destroy," the committee referred to the statement of G. T. Grinko, vice chairman of the Union of Soviet Socialist Republics state planning commission, who is credited to a large part with being the author of this 5-year plan, contained in his book entitled "The 5-Year Plan of the Soviet Union," in the first chapter, under Planned Economy and Perspective:

"The 5-year plan is a program for the further extension and consolidation of the great October revolution. Nor should the great international significance of the plan be underestimated. For the first time in history a vast country, with inexhaustible natural resources and a population of 150,000,000 free people, faces the world with an elaborate plan for upbuilding a socialist economy and culture—a socialist party. We fully share the view expressed in the editorial of the Pravda of August 29, 1929: 'The 5-year plan

is an important part of the offensive of the proletariat of the world against capitalism; it is a plan tending to undermine capitalist stabilization; it is a great plan of world revolution.'"

For more complete details relating to laws, decrees, and labor policies in force in Soviet Russia, we refer you to the following documents now on file in the Treasury Department:

A Selection of Documents Relative to the Labor Legislation in Force in the Union of Soviet Socialist Republics, a document presented by the Secretary of State for Foreign Affairs to the British Parliament by command of His Majesty, in 1931, known as the British Blue Book.

Memorandum on the Control of the Distribution of Labor in Russia, Based on Soviet Sources Available on October 22, 1930, compiled by the Department of State, United States Government.

Part 2 (confidential) of Hearings Held by Committee of the House of Representatives to Investigate Communist Activities in the United States, and the report of that committee, House Report No. 2290, Seventy-first Congress.

AGRICULTURAL DEPARTMENT APPROPRIATIONS

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McNARY. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the President pro tempore appointed the senior Senator from Oregon [Mr. McNARY], the senior Senator from Washington [Mr. JONES], the junior Senator from New Hampshire [Mr. KEYES], the senior Senator from Georgia [Mr. HARRIS], and the senior Senator from Wyoming [Mr. KENDRICK] conferees on the part of the Senate.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore, as in executive session, laid before the Senate a message from the President of the United States submitting the nomination of Lawrence A. Merrigan, of New Orleans, La., to be collector of internal revenue for the District of Louisiana, to fill an existing vacancy, which was referred to the Committee on Finance.

RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 12 minutes p. m.) took a recess until Wednesday, March 16, 1932, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate March 15 (legislative day of March 14), 1932

COLLECTOR OF INTERNAL REVENUE

Lawrence A. Merrigan, of New Orleans, La., to be collector of internal revenue for the District of Louisiana, to fill an existing vacancy.

HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 15, 1932

The House met at 12 o'clock noon.

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

As the tides of each day break on the shore lines of our lives, give us strength, O God, to bear the load, to withstand the evil and the spirit of willingness to accept the good. O Master and Teacher of men, be Thou the inspiration and the standard of our daily conduct. Brighten the skies of our country and of all peoples. May they determine their services by the common fatherhood of God and the brotherhood of man. We pray that what we shall do this day shall meet Thy approval and contribute to the welfare of our fellow men. Keep alive that sacred flame in our breasts that generates the moral and the spiritual power of our beings. With counsels of wisdom, prudence, and discretion direct us, and unto Thy excellent name be praises forever. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes;

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H. R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes;

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians; and

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933.

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

S. 95. An act to amend the second paragraph of section 6 of the civil service retirement act of May 29, 1930 (relating to persons retired for disability);

S. 266. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly;

S. 326. An act for the relief of Abram G. O'Bleness;

S. 1003. An act for the relief of Capt. Jacob M. Pearce, United States Marine Corps;

S. 1307. An act authorizing an appropriation for the alteration and repair of the buildings of Eastern Dispensary and Casualty Hospital;

S. 1317. An act for the relief of the State of California;

S. 1406. An act to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark.;

S. 2059. An act for the relief of Albert Ross;

S. 2062. An act for the relief of Adam Augustus Shafer;

S. 2148. An act for the relief of Clarence R. Killion;

S. 2290. An act for the conservation of rainfall in the United States;

S. 2335. An act for the relief of O. R. York;

S. 2355. An act to define, regulate, and license real-estate brokers and real-estate salesmen; to create a real-estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for other purposes;

S. 2364. An act to authorize the Secretary of the Interior to extend or renew the contracts of employment of the attorneys employed to represent the Chippewa Indians of Minnesota in litigation arising in the Court of Claims under the act of May 14, 1926 (44 Stat. 555);

S. 2682. An act to amend section 5 of the Criminal Code;

S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended;

S. 3362. An act to prevent fraud in the promotion or sale of stock, bonds, or other securities sold or offered for sale within the District of Columbia; to control the sale of the same; to register persons selling stocks, bonds, or other securities; to provide punishment for the fraudulent or unauthorized sale of the same; to make uniform the law in relation thereto, and for other purposes;

S. 3508. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians,

for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes," approved June 25, 1910, as amended;

S. 3536. An act for the relief of Jerry O'Shea;

S. 3570. An act to amend the act entitled "An act confirming in States and Territories title to land granted by the United States in the aid of common or public schools," approved January 25, 1927;

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes;

S. 3744. An act for the construction of a reservoir in the Little Truckee River, Calif., and for such dams and other improvements as may be necessary to impound the waters of Webber, Independence, and Donner Lakes, and for the further development of the water resources of the Truckee River;

S. J. Res. 116. Joint resolution relating to the allocation of funds to the Secretary of Agriculture under the Reconstruction Finance Corporation act; and

S. Con. Res. 6. Concurrent resolution favoring the designation and appropriate observance of American conservation week.

DIRECT LOANS TO FARMERS

Mr. JONES. Mr. Speaker, I ask unanimous consent that the joint resolution (H. J. Res. 334) be rereferred from the Committee on Banking and Currency to the Committee on Agriculture, and that a similar resolution (S. J. Res. 116), which yesterday passed the Senate, be referred to the Committee on Agriculture when it is messaged over. I will state in this connection that I took the matter up with the chairman of the Committee on Banking and Currency and he agrees that the joint resolution should be referred to the Committee on Agriculture.

The SPEAKER. May the Chair suggest that the second request be deferred because the resolution has not come over from the Senate.

Is there objection to the rereference of the joint resolution (H. J. Res. 334) from the Committee on Banking and Currency to the Committee on Agriculture?

Mr. SNELL. Mr. Speaker, reserving the right to object, and I do not know anything about this specific resolution, I do not see any of the Republican members of the Banking and Currency Committee on the floor at the present time I would like to ask the gentleman from Texas if he has conferred with them.

Mr. JONES. I will state that I consulted with the only one I could communicate with, and also consulted the chairman and the ranking member of the Banking and Currency Committee.

Mr. SNELL. Mr. Speaker, will the gentleman let this request go until later in the day?

Mr. JONES. I withdraw the request, Mr. Speaker.

THE REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes; and pending that I would like to make this statement.

At the conclusion of the deliberations of the House to-day we will have had five days of general debate on the revenue bill. To-morrow I am going to take up the question and see if we can reach an agreement as to when general debate shall close, because it is my purpose to have liberal debate under the 5-minute rule. When the House adjourns to-day we will have had more liberal general debate on this bill than has ever been had, I think, on any bill, and I simply make this statement to give notice that to-morrow I am going to see if we can not reach an agreement as to when general debate shall close.

Mr. HARE. Will the gentleman yield?

Mr. CRISP. I will.

Mr. HARE. The gentleman means to-morrow when the House convenes at noon?

Mr. CRISP. Yes.

Mr. BLANTON. Mr. Speaker, may I ask the gentleman a question? In case the committee should not adopt the sales tax as provided in the bill, the gentleman from Georgia would then want the bill to go back to the committee and let the committee consider and put in new provisions, would he not?

Mr. CRISP. My answer to that is that I do not admit the premise; I think the sales tax will be adopted. [Applause.]

Mr. LAGUARDIA. The gentleman is an optimist.

Mr. BLANTON. I am firmly convinced that the sales-tax provisions now in the bill will never be adopted.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, with Mr. BANKHEAD in the chair.

The clerk read the title of the bill.

Mr. CRISP. Mr. Chairman, I yield myself five minutes.

This morning the Committee on Ways and Means considered the question of proposing several committee amendments to the bill. The committee decided that we would offer as a committee amendment an amendment eliminating from the manufacturers' tax canned fruits, canned vegetables, canned and smoked fish and canned meats. [Applause.]

If these amendments are adopted it will practically mean that all food articles, except foods of luxury, are removed from the bill. You will recall there are broad basic exemptions of food products in the bill including meat, flour, butter, milk, and so forth, and if the amendment proposed by the committee is adopted, I repeat that practically all foods used by the ordinary man, rich and poor, except foods of luxury, would be removed from the imposition of the tax.

Mr. CULLEN. Mr. Chairman, I do not want to interrupt the gentleman, but that includes smoked fish?

Mr. CRISP. Yes; I stated that.

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

Mr. CRISP. Yes.

Mr. COLTON. What about canned milk?

Mr. CRISP. Canned milk is already exempt. Milk, under the original text of the bill, in any form is exempt.

Mr. BEAM. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. BEAM. Has the committee given any consideration to lard and sausage and frankfurters? These are the poor man's food.

Mr. CRISP. The committee has given consideration to it, but has reached no conclusion in the matter.

The committee also took up the question of exempting from the tax admissions to State and agricultural fairs. We find that under the bill, admissions to State and agricultural fairs, where no profit inures to the stockholders, are already exempt, so there is no need to offer any amendment as to that.

The committee also further decided to offer an amendment exempting from the provisions of the tax telegraph messages, and press messages from bona fide correspondents of newspapers conveying news, when sent collect.

Mr. SABATH. I have not had a chance to examine the bill thoroughly. I would like to ask the gentleman if perfumes are taxed or untaxed?

Mr. CRISP. Perfumes will have to pay the general manufacturers' tax of 2¼ per cent.

Mr. LAGUARDIA. Flour and meat are exempt. Has the committee considered the advisability of taxing provisions made of flour?

Mr. CRISP. Flour and seminola are exempt.

Mr. LAGUARDIA. How about the products of seminola, like macaroni?

Mr. CRISP. My recollection is that things made from that, unless a manufactured product, are exempt. Shred-

ded wheat biscuits, fine crackers, pay the manufacturers' tax.

Mr. McCLINTIC of Oklahoma. What attitude has the committee taken on agricultural implements?

Mr. CRISP. The committee regrets levying a tax on those things, but if we are going to have any basis for revenue, we can not broaden the exemption. The committee thinks that the bill shows great equity to the agricultural interests.

Mr. GLOVER. Has the committee considered the question of exempting electric power when used for pumping for rice and general farm use?

Mr. CRISP. That matter was brought up, but the committee reached no decision. The committee at its morning session did not have time to pass on everything. It will have other meetings.

Mr. WHITTINGTON. I want to call the gentleman's attention to the fact that power for the operation of cotton gins is very important, and that a tax would be a grievous burden on cotton production.

Mr. CRISP. That is like the other proposition I referred to.

Mr. WHITTINGTON. I can think of no greater article of necessity than lard, and I should like to see that exempt.

Mr. CRISP. The committee has that question before it.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, for the purpose of answering inquiries I yield myself five minutes more.

Mr. NELSON of Missouri. I would like to inquire whether there is a tax on processed eggs, like frozen eggs and powdered eggs, and so forth?

Mr. CRISP. I can not answer the gentleman's question, and I do not like to give information about things I do not know.

Mr. BLANTON. Has the committee considered the advisability of placing a tax on sales on the stock exchange, and especially a tax of at least 10 per cent on short selling?

Mr. CRISP. The committee did put a 4 per cent tax on stock loans for short selling.

Mr. BLANTON. I believe that there should be a tax of at least 1 per cent on all sales on all stock exchanges and at least 10 per cent on short selling. Did the committee consider the ill advisability of putting a tax on theater tickets, something that affords the only amusement that the poor family has? I am not in favor of that tax. Poor people have the right to see a good picture show just the same as the rich who can and will afford to pay any tax.

Mr. CRISP. The committee decided that when we put a tax on clothing, farm implements, and so forth, there was no reason why theater tickets should not be taxed.

Mr. FINLEY. The committee has shown a praiseworthy desire to take care of the home. Has it considered the idea of exempting fuel for the home?

Mr. CRISP. We have, and the committee has put a tax on oil.

Mr. SABATH. I have read in the press that people who purchase perfume and cosmetics seem to have had plenty of money, and why not put a tax on the little things of that sort, and reduce the tax on the necessaries of life?

Mr. CRISP. If we should pick out a few luxuries only, it would be impossible to raise the money, and the committee thought it was equitable to broaden the base, and not single out a few industries to bear the burden.

Mr. SABATH. That would not be true.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. LANKFORD of Georgia. At present the committee puts no tax on a cold drink when served at the soda fountain, but does put a tax on that same drink, if it is purchased in a bottle.

Mr. CRISP. My understanding is that where a soda fountain buys sirup, it pays a tax. The bottlers and the manufacturers will have to pay about a cent and a half on 24 bottles of coca-cola or other soft drinks if sold by the case.

Mr. WOLCOTT. Mr. Chairman, has the committee had under consideration the matter of the exemption of chicory, when used as a substitute or an adulterant of coffee, from the tax?

Mr. CRISP. The committee has not. If I am not mistaken, the gentleman wrote me a letter about that, but we have not passed upon it.

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Chairman, my good friend the distinguished gentleman from Maine [Mr. NELSON] yesterday gave a most logical and convincing résumé of the opposition to the excise tax on oil. I regret his voluminous facts were refuted, not by other facts but by an unjustifiable appeal to sectionalism and prejudice. It has been my experience when a cause is lacking in facts it generally relies on personalities. In all fairness it must be admitted the opposition to this excise tax on oil is not a New England fight. Every State along the Atlantic seaboard has just as much interest in this oil tax as have we of New England, and eventually I believe every consumer of gasoline and fuel oil and oil products throughout the country will be just as keenly interested, and I do not exclude the people of the States of Texas, Kansas, and Oklahoma.

The complaint of unfairness raised by the Representatives from the oil-producing States might stand on a more substantial basis if there own record were better. My mind goes back to June of 1930, when the shoe workers were appealing for a duty on shoes. I can remember, as if it were but yesterday, when the distinguished Speaker of this House moved an amendment which would have placed shoes on the free list and deprived the shoe workers of their protection. Where then were the voices of protection from the oil States?

Yesterday when I looked over the roll call I almost went blind as I tried to find a vote favorable to the shoe workers from the great State of Oklahoma. There was but one vote cast for the shoe workers from Texas, the empire State of the South, and that was cast by a splendid Republican Representative who has gone to his eternal resting place, one whom we all loved and admired for his sterling character and the fine service he rendered to the Nation. When I came to the State of Kansas, I found but one man who voted for a duty on shoes, and, strange to say, it was not the gentleman whose voice rang out here so eloquently yesterday. I am not criticizing the Representatives of the oil States. They voted as they believed they ought to vote; they voted as they believed their districts wanted them to vote. I can not find fault with that. But having done so, they can not with good grace criticize the gentleman from Maine [Mr. NELSON] when he comes up here and talks about a tariff on an item that has no place in the bill now pending. This item is distinctly a tariff item, and that is being included as a rider on a tax bill.

Mr. NELSON has a right to debate, even if he does come from New England, the inclusion of the subject matter of tariff in a tax bill, particularly when it is a commodity which is outside of the past tariff policy of the country. He has a right to debate a tariff item which has been disapproved by the platforms of the two great major parties of this country, and he has a right to do that without being subject to personal attack. We of New England have been taunted with boycott, retaliation, and reprisals. My answer to that is this: It is not new for New England.

We have been through that many times, as far back even as the days when the American colonies were subject to Great Britain. We could not be bullied in those days, and we can not be bullied to-day. It would be much easier and pleasanter in my personal relations here if I could sacrifice the interests of the people of my State and accept this bill as it stands with all its tremendous burdens. But the people of my State expect, and they have a right to expect, I will represent them faithfully and with the same loyalty as the able men from the oil-producing States represent the views

of their people. This I propose to do even if it does bring criticism.

I can not fail to consider this measure means an increase in the cost of gasoline to every farmer and automobile owner; I can not fail to recognize it means an average cost of increase of $27 in the fuel bill of more than 100,000 homes in Massachusetts which burn oil in their heaters; I can not fail to consider this tremendous boost in the cost of fuel oil to the big industries in the eastern part of my State may well means the closing of some establishments with its consequent misery to thousands of workmen.

With this picture in mind, I can not sacrifice my people to make my own personal relations here a little pleasanter.

This feature of the bill is neither equitable nor just, does not rightfully belong in a tax bill, and will bring disaster to thousands of people. This heavy burden of a duty on oil falls not on New England alone, although it is particularly oppressive to my section of the country. Every State along the Atlantic seaboard feels it just as keenly as New England; and eventually, once a monopoly has been created for the oil producers, it will be felt by every consumer of gas and fuel oil in the country.

If this tariff is effective, it must do one thing, and that is to establish an embargo and "jack up" the prices of fuel oil and gasoline. If it does not do this, then the proponents of this legislation will be sorely disappointed. Let no Member who votes for this clause deceive himself upon this point. If he supports the committee proposal, he is voting to increase the cost of fuel oil and gasoline to the millions of consumers.

If this legislation is an embargo, then it has no place in a bill which is designed specifically to increase the revenue of the Government. If this legislation is not an embargo, then it will be no aid to the oil-producing States, and all that it will accomplish will be to place a heavy burden upon users of oil and gasoline in a period when it should be the purpose of the Government to assist rather than destroy enterprises which are struggling under adverse conditions; all gallantly trying to give employment to thousands of people, notwithstanding the fact that at the end of every month a deficit is written into the books. Either way you look at the question you are forced to the conclusion it is unwise legislation.

Who will benefit from this tariff? The small, independent oil company with whom we have sympathy and who has led the fight for this legislation? Unfortunately that will not be the case. Write this tariff into law and you make every person in this country pay tribute to a rich and powerful industry. In the words of George M. Cohan, the famous playwright, "Let us pass the hat for the Rockefeller family, poor devils." I noticed down in Florida the other day John D. ran out of the dimes he recklessly distributes. Pass this bill and his supply will be well replenished.

The immediate effect of the passage of this legislation will be to increase the price by 1 cent a gallon on the 665,870,000 barrels of oil in stocks in this country or, translated into money, an assessment of $279,665,400. Of this vast storage of oil, the 20 big oil companies of the United States gather in 95.6 of the melon. Heading the list of beneficiaries is that infant industry, the Standard Oil Co. of New Jersey, with a rake-off of $66,604,800; and then in the line comes the big brother, the Standard Oil of New York, the Texas Co., Standard Oil of Indiana, and numerous other Standard Oil subsidiaries.

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

Mr. MARTIN of Massachusetts. Not now. Unfortunately this is the beginning and not the end. Everybody knows the big oil companies of this country work in close harmony, and if an embargo is placed on imports the consumers of this country will be forced to pay a tremendous price before the adventure is ended.

This tariff is not in order in this particular bill, and even if it was it would not be justified in the spirit of American tariffs. An industry which exports more of its products than it imports is not in any particular need of governmental assistance. It has been able to go into the foreign markets and win a substantial trade in competition with foreign companies. The exports of oil products in every year have been larger than imports. The industry has actually exported in 1931 more crude oil than in the previous year, while imports have substantially declined.

There is also to be considered the policy of conservation. Is it wise to deplete all our oil reserves in our period and leave the country entirely at the mercy of foreign countries in the next or succeeding generations?

It was because of this policy of conservation the Government was prompted to urge American capital to go into Mexico, Venezuela, and Colombia to develop these fields. Having urged the opening of these fields, whose operations are directed chiefly by American nationals, are we treating them fairly now to say their products can not enter the markets of the United States? That is worth thinking about.

It is a new departure in a tariff policy that we are asked to make. No flat tariff has ever been laid on any fuel. Fuels of all sorts are articles of prime necessity in all production, agricultural and industrial; and protective tariffs aimed to protect and encourage American industry have always heretofore logically admitted all fuels free. Such a radical change should come, if it is to come, in a tariff bill.

The industries and people who consume this fuel and gas are patriotic American citizens. They are willing to bear their full share of any tax which is imposed to balance the Budget and pay the tremendous cost of Government. All they ask is that in a tax bill the burdens be evenly distributed and disguised tariff items be eliminated.

As it is, in the so-called sales tax, they will be called upon to bear a tremendous burden. Is it wise to make that burden heavier with this fuel tax?

The next phase is to consider the contribution to the balancing of the Budget. The Ways and Means Committee, in its report, estimates the revenue at $5,000,000. The Treasury Department, when queried as to the revenue which would be derived from a 1-cent tax on crude and fuel oil, answered "Nothing."

Summing up, we find little, if any, revenue is anticipated from the item, and consequently, we must believe it is in the bill solely for the purpose of getting support for the bill from several Southwestern States. For this support, millions of American consumers of gas and crude oil are to have extracted from their pockets many millions of dollars.

Let me point out a few of the items gathered at random, which tell what it means to the struggling industries of my section of the country. The municipal light plant of Taunton will pay $40,000 a year more, and that cost will be sent along either in the tax rate or higher lighting rates. The Whittenton Manufacturing Co. of Taunton will pay $30,000 more for its fuel; the Mount Hope Finishing Co. of Dighton will pay $80,000 a year more; the American Printing Co. of Fall River, $157,000 more; the Sayles Finishing Co. of Pawtucket, R. I., $125,000; and one of the Lawrence mills, $200,000. The Plymouth Cordage Co. will also feel it heavily. These are only instances. Put this tax on these industries this year and you will deprive thousands of working people of employment.

We have been trying to build up a merchant marine in this country. No industry will be more severely hit than American shipping. Probably the only American coastwise shipping firm which is doing business at a profit is the Eastern Steamship Co. of Boston. This duty will cost that concern $286,500.

This duty will deprive the great Atlantic seaports of the opportunity of selling "bunker oil." None of the big steamships will load here when they can do so abroad and avoid the tariff. A New York newspaper estimates this loss to New York City above 20,000,000 barrels a year. It is easy to visualize the jobs which will be lost in the area of New York City.

If there is one industry which has been prosperous in the past year, it is that industry which installs oil equipment in the homes. Over 100,000 homes in Massachusetts have been equipped and probably a million homes in the country

as a whole. One man well informed told me he estimated it would cost him $27 a year if this duty goes into effect. Every person burning oil in the East will pay a similar tribute.

When we contemplate the cost to automobile owners, it is impossible to estimate. I repeat the only purpose of this legislation is to keep out all foreign oil and gasoline. Accomplish this end and the big companies which dominate the domestic market will be in absolute control. Is there anyone guileless enough to believe they will be more solicitous of the consumers than in the past when they accumulated fabulous profits?

To-day we find all the big companies in the East, and I presume it is the same in the West and the South, all working in complete harmony. Increases in gas prices are announced simultaneously and every company exacts the same price. The same conditions, quite often unfair conditions, are forced upon the dealers. The gas-station owner is forced to bow to these regulations or else he is out of business. Give these companies an absolute monopoly and the American consumer will pay a bill which will in the end demand Government regulation.

In conclusion, may I repeat what I said in the beginning. This is not a New England fight; it is a fight in the interest of consumers of gas and fuel oil in every part of the country.

If this battle is won by the powerful oil industries, the American consumer in every State can become reconciled to paying the heavy costs of this unwise departure from a traditional American policy. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Chairman, I shall not at this time discuss any details of the provisions of the pending bill. I may do that at some other time during the debate.

I desire now rather to show some of the fundamental reasons which impel me at this time to support this bill for an increase of Federal taxation. I am satisfied that the bill, as written, is as fair and as well balanced for the purpose of distributing the new and increased taxes as could be expected. Let me say, also, that the work of the Ways and Means Committee during the last two months has been the most distressing within my experience in this House. Perhaps I should feel compensated to some extent by the fact that I previously had the pleasure of assisting my colleagues upon the committee on three occasions in reducing the taxes of the people of the United States. However, at this time a very serious problem and a very dangerous situation confronted the committee. It seemed to me, at least, that a national emergency has arisen to which we must give immediate attention. The rising deficits in the Federal Treasury must be eliminated as soon as possible. The pending bill is estimated to produce the $1,241,000,000 that will be necessary to balance the Budget for the fiscal year 1933. In one way or another our Budget must be balanced.

Mr. Chairman, the pending revenue bill, H. R. 10236, is essentially a temporary measure for the increase of the revenues of the United States to meet the deficit in the income of the Government caused by the reduction of tax payments under the existing law, the revenue act of 1928. The necessity for this legislation will appear from a brief résumé of the state of our national finances during and since the World War, which revolutionized our entire fiscal system by reason of the extraordinary drains on the Federal Treasury resulting from it.

At the close of the fiscal year 1915—that is, on June 30, 1915—the total gross debt of the United States was $1,191,362,078.53, against which there existed in the general fund a balance of $158,141,780.79, making the total net cash indebtedness of the United States $1,033,220,297.74. In the fiscal year 1916 our national debt began to increase, until at the close of the fiscal year 1919, on June 30, 1919, it reached the total sum of $25,484,506,160.05, against which there was a cash balance in the general fund of $1,251,664,827.54, making a net cash indebtedness of $24,232,841,332.51. Debt reduction began during the fiscal year 1920 and ended with the fiscal year 1930, during which 11 fiscal years the national debt was reduced by the total sum of $9,299,196,328.62. Even during the last of these years, which closed on June 30, 1930, our national debt was reduced by the large sum of $745,778,652.67, and at the close of that year there was a cash balance in the general fund of $318,607,168.11.

As a matter of fact, the debt reduction in the fiscal year 1930 compared very favorably with the debt reduction in the preceding year 1929, when it was $673,204,717.33, and in the fiscal year 1928, when it was $907,613,730.42. It is, therefore, plain that the deficit, which appeared in the fiscal year 1931, and which for that year amounted to $902,716,845.07, came upon the Government suddenly by reason of the enormous losses in the income of our people during the calendar year 1930. This is shown by the fact that the income-tax collections during the fiscal year 1931 amounted to $1,860,040,497.39, as against $2,410,259,230.28 during the fiscal year 1930, showing a decrease of $550,218,732.89, or 23 per cent. During the second six months of the fiscal year 1931 income-tax collections diminished 39 per cent as compared with like collections for the second six months of the fiscal year 1930. The larger decrease was in the income-tax returns for individuals, which was $313,196,965.31, as compared with $237,021,767.58 for corporations.

It is notable that during the fiscal year 1931 the miscellaneous internal revenue collections amounted to $568,188,256.83, as compared with $629,886,502.89 for the fiscal year 1930, a decrease of $61,698,246.06, or only 10 per cent. Also, the customs receipts during the fiscal year 1931 amounted to only $378,300,000 as compared with $587,000,000 during the fiscal year 1930, a decline of $208,700,000, or about 36 per cent. It appears plain that the loss in customs receipts followed along with the loss in income or purchasing power of our people, while the receipts from excise taxes were more stable, because they were levied upon articles, principally tobacco, the consumption of which was not exceedingly reduced, though transferred to different forms, as, for instance, from cigars to cigarettes.

The total loss in revenue for the fiscal year 1931, as compared with the fiscal year 1930, was $861,000,000. However, the actual expenditures of the Government during the fiscal year 1931, were only $225,000,000 in excess of those for 1930, so that the change from a surplus of $183,789,214.90 in 1930 to a deficit of $902,716,845.07 in 1931 can not be laid to an increased expenditure in 1931.

While the total deficit between receipts and expenditures for the fiscal year 1931 was approximately $903,000,000, the net increase of the national debt was actually $615,971,660.28, by reason of payments made on account of principal through the sinking fund, amounting to $440,000,000, and the increase of the cash balance in the Treasury during the year by $153,000,000. However, it became necessary during the fiscal year 1931, to sell securities in the amount of $507,000,000 to finance loans to veterans on their adjusted-service certificates, and therefore the total of new money taken out of the market by the Federal Government during the fiscal year 1931 was $1,123,000,000.

Much has been said about the retirement or reduction of the national debt during the fiscal years 1920 to 1930, inclusive. It has been argued that these reductions were so large and so far in advance of sinking fund requirements that we may now safely increase the national debt by at least a corresponding amount and thereby avoid increased taxation at the present time. Of course, it is a novel argument that because indebtedness has been reduced in good times, it should be increased in bad times. The truth is, however, that with the application of the actual sinking fund requirements we have practically made no advance upon the reduction of the national debt beyond that intended or anticipated by the legislation passed by Congress in the authorizations for the Liberty and Victory loans for the prosecution of the war. In other words, the Government has little more than kept its actual pledge to the people when the enormous bonded indebtedness for the war was incurred. Of the $9,299,196,328.62 actually applied on debt reduction since July 1, 1920, the following amounts have

been received and applied upon the debt in strict accordance with provisions of law, viz:

Out of ordinary receipts for the cumulative sinking fund	$3,187,468,300.00
Repayments of principal by foreign governments:	
In cash	376,904,500.00
In United States bonds and securities	205,446,800.00
Payments of interest by foreign governments in United States securities not reissuable under the law and therefore automatically applied to debt reduction	906,369,150.00
Other miscellaneous receipts, specifically allotted to debt retirement, as follows:	
Franchise tax receipts—	
Federal reserve banks	146,620,599.09
Federal intermediate credit banks	2,409,863.31
Federal estate taxes paid in bonds and securities not reissuable	66,182,600.00
Gifts, bail-bond forfeitures, etc	15,224,281.75

These various items make a total of $4,906,626,094.15, which has been applied upon the retirement or reduction of our national debt pursuant to and in accordance with requirements of law, without reference to surpluses from time to time existing in the Federal Treasury.

In addition thereto the total sum of $4,432,570,234.47 has been applied during these 11 years in reduction of the national debt from surplus receipts ($3,459,512,575.04) and through reduction in the general-fund balance ($933,057,659.43). This sum of approximately $4,432,000,000 may be said to have been applied upon the national debt in acceleration of legal requirements, with the reservation, however, that this amount may well be claimed to have been applied on the debt in lieu of the much larger amounts which were due our Government from our foreign-government debtors under the original terms of the advances to them. But even this amount of $4,432,000,000 will be largely swallowed up in the deficits for the fiscal years 1931 and 1932, particularly when it is recalled that neither during the fiscal year 1932 nor the fiscal year 1933 is it contemplated to reduce the national debt even to the extent required by the sinking-fund provisions. The deficit for the fiscal year 1931 is over the dam. It amounted to $903,000,000. The deficit for the fiscal year of 1932 is conservatively estimated at $2,240,000,000, not including the $500,000,000 already appropriated for the capital stock of the Reconstruction Finance Corporation and the $125,000,000 already set aside for additional capital for the farm loan banks. These amounts aggregate $3,768,000,000 and the end for this session is not yet.

At the close of the fiscal year on June 30, 1931, the gross national debt was $8,683,000,000 smaller than on June 30, 1919; but of this amount $4,906,000,000 had been applied upon the debt automatically in accordance with existing legislation. Are we now to cast aside the small balance of probably $600,000,000, which will represent our good works in tax reduction during an unprecedented era of national prosperity, largely due to unhealthy inflation, and which will probably be reduced by further expenditures ordered by this Congress? By July 1 next our national debt will again reach the figure of $19,600,000,000, where it stood on July 1, 1926, before our late "boom" period, and any new appropriation made hereafter will increase that amount. Can we afford to permit our public debt to increase without attempting to balance the Budget? New bonds, new loans, will mean so much additional public debt, with increased annual payments for interest and amortization. It is a vicious circle, with a dangerous adder coiled in its center ready to spring at the throat of our national credit.

The Budget submitted by the President for the fiscal year ending June 30, 1933, contained total estimated expenditures of $4,112,009,950. This was a reduction of $369,243,450 below the expenditures for the fiscal year 1932. The pending bill, in order to secure the balancing of the Budget, assumes reductions in appropriations below the Budget estimate of $125,000,000 and increased revenue through legislation affecting the Post Office Department of $25,000,000. The alternative to increased taxes would be a further reduction of the expenses of the Government. Where might such reductions occur? There are certain fixed charges and assumed obligations which in all probability could not be materially reduced. These aggregate $2,814,769,200 and are distributed as follows:

For payment of principal and interest on the public debt falling due during the fiscal year 1933	$1,136,803,400
For national defense (military and naval expenditures)	694,805,800
For compensation, disability allowance, and hospitalization for veterans of former wars	933,160,000

The administration of the absolutely essential governmental departments is estimated at a total cost of $386,819,400. Expenses out of trust funds for refunds of taxes and for the government of the District of Columbia are estimated at $189,161,100. There remains a group of activities of the Federal Government estimated to cost during the fiscal year 1933 the total sum of $722,160,250, which are not in the ordinary sense governmental but which relate to the welfare of the people in many relations and represent services and interests which have widespread sympathy and support throughout the country. Broadly speaking, these services and interests are public health; education; conservation of national resources; aids to agriculture, labor, aviation, industry, and trade, and the merchant marine; and public buildings and public parks. It would be possible to curtail the activities of many of these departments and bureaus and to permanently eliminate some of them from the National Budget, but it is as certain as night follows day that vehement and voluminous protests would descend upon the Congress from millions of people who are interested in the maintenance of these activities.

Personally I have opposed some of these expenditures in the past and will do so in the future. I believe not only the people of the States and of the Territories and of the District of Columbia have grown to rely too much upon the assistance of Uncle Sam but I am also convinced that the States and their Representatives have deliberately placed upon the Federal Government burdens which the States and local communities should themselves bear. In fact, the relationship between the Federal Government and the States should be one of the great issues in our country to-day. If the Federal Government is to continue giving aids and subventions to the States in the performance of the functions which under our system of government properly belong to the States alone, there should be an entire reorganization of our system of National and State administration. The National Government has practically no domain of its own which is served by these expenditures. They benefit and promote local interests and local institutions and in no sense pertain to the obligations of a central government to the populations of sovereign States. I shall list some of these bureaus and services, with the expenditures actually made for each of them during the fiscal year 1931, the last such figures which are available:

Independent establishments:	
Federal Board for Vocational Education	$10,285,405
Federal Farm Board	1,880,000
Federal Oil Conservation Board	17,500
Federal Power Commission	362,010
Federal Radio Commission	431,360
Federal Trade Commission	1,266,500
National Advisory Committee for Aeronautics	1,012,310
Department of Agriculture:	
Office of Experiment Stations	4,681,940
Extension Service	10,428,060
Bureau of Animal Industry	15,319,127
Bureau of Dairy Industry	727,548
Bureau of Plant Industry	5,404,358
Bureau of Chemistry and Soils	1,859,840
Bureau of Entomology	2,656,395
Bureau of Biological Survey	1,794,710
Bureau of Public Roads	109,000,000
Bureau of Agricultural Engineering	525,290
Bureau of Agricultural Economics	6,735,953
Bureau of Home Economics	234,365
Bureau of Plant Quarantine	3,293,005
Enforcement of grain futures act	219,833
Food and Drug Administration	1,730,267
Miscellaneous items, including experiments and demonstrations in livestock production	41,325
Soil-erosion investigations	289,160
Building forest roads and trails	9,500,000

Department of Commerce:	
Aeronautics Branch	$8,929,660
Radio Division	598,500
Bureau of Foreign and Domestic Commerce	4,986,531
Bureau of Fisheries	2,337,640
Bureau of Mines	2,064,530
Department of the Interior:	
Bureau of Reclamation	14,368,360
Geological Survey	2,904,000
Bureau of Education	3,034,600
Department of Labor:	
Children's Bureau	$395,500
Women's Bureau	179,900
Employment service	820,000
Treasury Department:	
Federal Farm Loan Bureau	1,011,500
Public Health Service	11,607,498

These expenditures total the sum of $242,984,491. The list is not submitted for the purpose of suggesting or approving action in any particular case, but it shows the nature of the establishments which might be subjected to radical cuts in expenditures without affecting the real governmental functions of the Federal administration.

Among the foregoing activities are many for which the Federal appropriations are expended by direct payments to the States and for cooperative work with the States, these being in fact activities of the States to which the Federal Government makes contributions. Such appropriations for the fiscal year 1932 included the following:

(a) For direct payments to the States:	
Federal Board for Vocational Education	$9,694,000.00
Federal water power act	58,275.00
Agricultural experiment stations	4,357,000.00
Agricultural extension work	8,672,936.00
National forest funds	1,640,000.00
Forest fire cooperation	1,775,000.00
Cooperative distribution of forest planting stock	95,000.00
Cooperative construction of rural post roads	159,000,000.00
Federal-aid highway system (total in Department of Agriculture, $234,611,869.76)	59,071,933.76
Colleges for agriculture and mechanic arts	2,550,000.00
Payment from receipts under mineral leasing act	1,500,000.00
Various special funds (total in Department of the Interior, $4,707,000)	657,000.00
In the Navy Department, for State marine schools	100,000.00
In the Treasury Department, to promote the education of the blind	75,000.00
(b) For cooperative work with the States:	
In the Department of Agriculture—	
For forest roads and trails	12,500,000.00
For cooperative farm forestry	74,000.00
In the Treasury Department, for the Public Health Service—	
Preventing the spread of epidemic diseases	400,000.00
Interstate quarantine service	68,040.00
Studies of rural sanitation	2,338,000.00

The total of these aids to the States aggregate the following:

For direct payments	$249,246,144.76
For cooperative work	15,380,040.00
Grand total of Federal aid to the States during the fiscal year 1932	264,626,184.76

Among the items for direct payments to the States I have omitted two which are sometimes listed among the foregoing, but which, in my opinion, relate to the national defense, clearly one of the necessary functions of the Federal Government. These items are:

National Guard appropriations	$34,905,628.73
State and Territorial homes for disabled soldiers and sailors	600,000.00

With the exception of these two items relating to the national defense, all of the foregoing services are, strictly speaking, not governmental in character. They are activities and services in the Federal administration which are not essentially necessary for the maintenance of the Government and of our institutions as planned by the fathers of the Republic. Under the welfare clause in the Constitution we have, during the course of the years, generously built up a multitude of organizations and departments which serve very beneficial purposes, which are very convenient and very desirable for the people but which, in time of serious distress, in time of a great emergency, and in a time of actual depression and loss of governmental revenues, might well be curtailed or postponed for a while.

I know I will be branded as a reactionary by many for making these suggestions and even for mentioning these services. I can see the spirit of Theodore Roosevelt stalking in these halls when anybody says something which might mean the curtailment of our policy of national conservation of natural resources. I can see many powerful organizations arise in their might when it is suggested that some of these activities might be reduced. But I submit seriously that many of these services might await a happier day in our financial situation for further Federal appropriations.

But we have another school of thought in this emergency. We have a new generation of greenback and free-silver economists. Even in this House there are those who would substitute printing presses and minting machines for the only force, aside from nature itself, which ever produced wealth, viz, human labor. We are told that government, forsooth, can produce values by dictum or fiat. These gentlemen would say: "Let there be wealth and, behold, there is wealth!" They would usurp the omnipotence of the Almighty, the omniscience of the All-Wise, the creative power of the Infinite. Thank God, our Nation is strong and efficient; we believe it represents the best of mankind; we are probably the best-favored people on earth; but we can not create values by mere word of mouth or stroke of pen. Nor will the beneficence or even the necessity of our purposes help us in overriding the laws of economics any more than the laws of nature.

Yet another, somewhat similar expedient is being proposed. It is thought and argued that we can continue borrowing indefinitely. During the war we succeeded in selling enormous amounts of national obligations by appealing to the patriotism of the people. Five million of our sons were in the military and naval service of their country. Many of those who remained at home had large incomes, which were paid out of the very money that was subscribed and invested in bonds. Patriotism was at the highest pitch in our history.

I personally headed an organization which canvassed a large population from house to house and from family to family and which permitted no one to escape from the purchase of Liberty and Victory bonds. Gentleman would apply those high-pressure methods now in selling peace-time securities. In my humble opinion it can not be done. Our bonds now will have to sell on their merits. Purchasers must be assured not only of adequate but absolutely certain returns. Low-interest securities can not be sold on a falling market except for very short terms which appeal to holders of large funds as a desperate means of getting some return for unprofitable holdings. Low interest on short-term Federal securities is proof of an unhealthy economic condition. So also is high interest on long-term bonds. Both such transactions show an unwillingness and timidity in investing money for agricultural, industrial, and commercial purposes, which, after all, are the blood streams of our economic being.

Government securities find buyers, because the private pursuits of the people are not considered safe for investment. Such a situation does not promise well for the return of prosperity. Hoarding can be done in banks and unproductive securities as well as in vaults and mattresses. Funds, so hidden, do not benefit production and trade or give employment to the jobless. Besides, increased outputs of securities will increase the interest rates, not only on Government obligations, but on private investments as well. We get into another vicious circle where high money rates freeze assets, that should and would be available for reasonable returns from private enterprise, if the Government were not a competitive salesman of securities at every turn.

To my mind there are only two alternatives for the Congress, for wise and patriotic statesmanship, in the present unfortunate condition of the national finances. A combination of both would doubtless be the most satisfactory solu-

tion all around. The Budget must be balanced. Our income will not pay our outlay. What would a prudent man do in his own business, in like circumstances? Seek to reduce his expenditures and increase his receipts. The House Appropriations Committee has done commendable work in cutting the supply bills even below the Budget estimates. But it is their duty, after all, to propose allowances—as economical as possible, it is true, but reasonably adequate—for the agencies lawfully created to perform the functions of the Government. The present situation requires more than that. It requires, as I have said, the elimination, temporarily or permanently, of services and establishments, not absolutely necessary for the maintenance of the Federal Government in its constitutional operations. The Select Economy Committee, appointed by the House and given plenary powers, will be able to give consideration to the large aspects of this question. I urge them to act.

Our foreign relations, the national defense, the regulation of interstate and foreign commerce, the post-office service, and other matters specifically mentioned in the Constitution, including the preservation of the sovereign rights of the States—those are the chief concerns of the Federal Government, to whose exclusive attention we should address ourselves, particularly at a time when Federal revenues are inadequate and the States and local authorities are encroaching upon the taxing resources of the Republic. In spite of all of the expenditures by the Federal Government, outside of its own specific jurisdiction in and for the States, proposals for Federal taxation are constantly confronted with objections that the States have preempted some revenue field or that some special local condition created by the State itself renders the proposed Federal tax imposition inconvenient or unfair. I sometimes wonder whom we represent here, after all. Shall we legislate for this, that, or the other State, or for the United States of America? And if we do not protect the interests of the Federal Government, who is there to do it? Are we here to get all we can out of the Federal Government or should we give something to it? Are not these pertinent questions in the present inquiry? Should we not, must we not, subordinate local and even personal considerations in this national emergency which may involve the very permanency of the Republic? The national credit is at stake; the perpetuity of our institutions is involved in the balancing of this Budget, so necessary to restore confidence and stability. France recovered through economies from the greatest devastation wrought by the World War; Great Britain imposed tremendous tax burdens to regain financial stability; the German Republic has given new proof of commendable stamina in the face of enormous difficulties; shall we falter or stumble in the path of national honor on the road to prosperity, happiness, and peace? I am sure we shall not. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I was particularly pleased this noon to hear the chairman of the committee state that the committee would offer amendments to the bill taking off the tax on canned foods.

I think this will be of particular benefit to the farmers of the country, and I know it will be of particular interest and benefit to the farmers of my district. During the past few days I have received upward of 200 communications from the farmers of my district protesting against this tax, and I know now that in view of the fact the committee has recommended this amendment that this tax, of course, will not be imposed. I think it might be interesting, however, to refer to one of the communications I received from a prominent farmer of my district, a man who is representing his community in the American Society of Equity, a man who is a member of the Wisconsin State Legislature.

Last year he planted 10 acres of peas on his farm. Those of you who are familiar with the procedure of the canneries know that the cannery furnishes the seed to the farmer and charges him up with the value of the seed to be paid at the time the crop is harvested. Last year, after this particular farmer had settled up with the company, he owed the company $9.75; in other words, he got $9.75 less for his crop than it cost him for the seed, and he was obliged to perform all the work, provide the land, prepare the land for the seed, and harvest the crop. It was a total loss to him, and still, at the present time, we are considering a bill that will put a further burden on the farmers of this country. Although practically everything the farmer produces is exempt from this tax, nevertheless practically everything he buys is subject to a tax.

The farmer must pay 2¼ per cent as a tax on practically everything he buys, including all of his machinery and everything he buys to provide his family with the necessities of life.

I am glad that there is to be no tax on foodstuffs, because such a tax would be a heavy burden on the laboring man living in the city. We all know that he should not be required to pay additional taxes. I want to call your attention to the fact that a large part of all the money earned by the laborer is spent for rent and food. This is the bulk of his expenditure, and I am glad these items are not to be taxed. None of the necessities of life should be subject to a sales tax. The farmer, however, who is already suffering from too great a tax burden, must pay a tax on practically everything he buys, and therefore he is not getting a fair deal in this proposal. The farmer is paying too much of a tax and would carry even a greater burden under this bill than he is under existing law.

Mr. RANKIN. Will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. RANKIN. The gentleman is mistaken about the food of the man in the city not being taxed, because, for instance, lard and lard substitutes, and things of that kind, are taxed under this bill.

Mr. BOILEAU. I thank the gentleman for the correction. I meant to say that a large percentage of the food of the man in the city would be exempt from taxation; but there are some commodities that are still taxed that ought not to be taxed, especially when there are so many of our people who are unable, under present conditions, to get enough money to buy the necessaries of life for themselves and their families.

I am absolutely opposed to a sales tax of any kind, because it is contrary to my idea of what a proper tax should be.

I believe we are going a long way from sound principles of taxation when, instead of placing the burden of taxation where it can best be carried, we place it upon the shoulders of those who are already overtaxed and who are already so overburdened that they find it impossible at this time to provide their families with a decent living.

We have also included in the bill a tax on amusements. It seems that every possible avenue has been thoroughly explored to see where there could be found some way of placing a tax on those who are least able to pay it. I maintain that a tax on the poor man's entertainment, the moving-picture show, is unfair and unjust, and I believe it is absolutely contrary to American principles to say that when a man provides his family with the luxury of a moving-picture show he must pay a penalty or must pay a tax before his family can enjoy that privilege. I am absolutely opposed to this amusement tax, and I hope the committee will strike this provision out of the bill when it is up for consideration under the 5-minute rule.

You may ask, and fairly, I believe, how we can raise a sufficient amount of money with which to carry on our Government. I believe this can be done easily and be done in such a way that the American people will not resent the tax but, in fact, will be pleased with having the opportunity of paying it.

I maintain that the American people are anxious that this Congress give them the right to engage in an industry that will not only satisfy the wishes of the vast majority of our citizens, but will also provide a great amount of needed revenue. I refer to the opening of our breweries and providing for a tax on beer.

Mr. GUYER. Will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. GUYER. Who is going to drink the beer?

Mr. BOILEAU. The people will drink the beer in those States that want to legalize beer.

Mr. GUYER. It is a poor man's drink, is it not?

Mr. BOILEAU. Yes.

Mr. GUYER. And he is the man who is going to pay that $1,000,000,000 tax. Why do you want to saddle this tax upon the back of labor?

Mr. BOILEAU. I want to tell the gentleman that the people of the State of Wisconsin will gladly pay their share of the tax on beer.

Mr. GUYER. It is the poor man, however, who will pay the tax.

Mr. BOILEAU. The poor man will pay it if he wants to drink the beer. At the present time he can not drink the beer without violating the law, and I submit that the people in the States that want the beer will pay the tax gladly, and there is no State of the Union that will be obliged to legalize beer even if Congress does modify the Volstead Act. This matter should be left to the various States.

Mr. OLIVER of New York. They are paying the tax now to the bootlegger.

Mr. BOILEAU. They are paying now a very heavy tax to the bootlegger.

Mr. CHIPERFIELD. If the poor man can afford to pay the tax the gentleman mentions, why can not the poor man better afford to pay the sales tax? [Applause.]

Mr. BOILEAU. I will submit to the gentleman that the people of my home city of 25,000 population had three small breweries going before this prohibition law; and I want to say to the gentleman that if they were permitted to go ahead and make beer, these breweries would give steady employment all the year around to at least 100 men, and there would be 100 additional wage earners in my city. In addition to that, these three breweries are now in a state of collapse, so that at least 100 men would be given temporary employment to put the breweries back in proper condition. I submit that if these breweries were put back into operation they would give employment to quite a large percentage of the men who are unemployed, and these men would again be consumers, and they would again be in position to buy the manufactured products of other men engaged in other industries. I submit to you that the people of the State of Wisconsin and the people of practically every other State except Kansas, according to the Literary Digest poll, would be very pleased to have an opportunity to pay this tax. I may say to those of you who live in dry States, or States that are presumably dry, that I can not see why you should object to the people of my State paying this tax if they want to.

Mr. GUYER. I will tell the gentleman why. We do not want to put the burden that the gentleman is talking about on the poor man who is going to drink this beer.

Mr. BOILEAU. I have heard all kinds of arguments in favor of prohibition, but I have never before heard anybody holding out for prohibition in one breath and in the next breath saying that he is doing it to prevent the poor man from paying the tax. The American Federation of Labor represents the poor man. What is their sentiment? They have gone on record favoring a return of beer. Practically every organization or association in this country that has had a poll on this subject in recent years has unequivocally gone on record in favor of the restoration of this industry, not only as a means of raising revenue but also to give to the people something they want and to restore in this country a proper respect for law and order and give real relief to a vast number of people who are now unemployed, who would find employment if the Volstead Act were modified to legalize the manufacture and sale of beer.

Mr. McGUGIN. If we were to set aside the manufacturers' tax and the admissions tax, this would mean we would have to raise about $700,000,000; is not that right?

Mr. BOILEAU. Approximately.

Mr. McGUGIN. What percentage of tax on beer would the gentleman think proper?

Mr. BOILEAU. Three cents on a pint of beer.

Mr. McGUGIN. What percentage would that be?

Mr. BOILEAU. It would be much higher than 2¼ per cent, but the people would gladly pay it.

[Here the gavel fell.]

Mr. McGUGIN. Then the gentleman thinks the country could stand to pay $15,000,000,000 for beer.

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. NOLAN].

Mr. NOLAN. Mr. Chairman, I have sat here during the past few days listening to the discussion of the bill now before us, and from that discussion I am led to believe it is absolutely essential that we find some way to balance the Budget. I have been told also that the only way we can successfully do it is to pass this revenue measure.

I have listened to an appeal to patriotism on the floor of the House, insisting that it was the duty of every Member to support this measure as the only method whereby we can meet the present emergency.

I listened to the acting chairman of the committee deliver a very clear, informative, and impressive discussion of the merits of the bill and the conclusions to which the committee had arrived. I want to compliment the committee on the work which they have done; but I do not feel as a Member of the House, in spite of the fact that we must pass a revenue measure, that I should accept everything in the measure.

There are some portions of the bill I want to support, and some I can not support. I am opposed to the sales tax. I am opposed to it because I do not believe that it is a defensible system of taxation.

We have found by experience that there is one tax that is equitable and fair, one which reaches those that should bear the burden of taxation, and that is the income tax.

We are told that it is impossible to secure sufficient revenue from the income tax to balance the Budget. I want to observe that there is not a cent paid in taxes but must come out of the income of the people, whether you take it by direct assessment on the income or by the indirect method.

One of the difficulties of the farmers at the present time is that they have not enough money to pay the direct taxes imposed upon their property. Their income is not sufficient to meet the taxes, and that is why a great many farmers find themselves in the unfortunate financial position that they are in. You may say that they are to blame for this—that they are responsible in part—as we all are for the condition we are in at the present time.

For years there has been an effort in this country to induce Congress to pass a sales tax. It is un-American, and Congress would not consider it, if it were not brought up in this time of emergency. But they say it is a temporary measure. I feel that if this sales tax is adopted we never will get rid of it.

The strong argument in favor of a sales tax is that it is easy to collect and is a painless system of taxation. That is true. People get accustomed to paying it and they forget all about it, but that does not prove that it is a fair tax.

A great deal of the support for the sales tax comes from those who have been paying a large income tax. It is the old proposition of shifting the burden of taxation from the shoulders of those who can afford to pay the tax to the shoulders of those who can least afford the burdens of taxation.

The chairman analyzed the tax in so far as it applies to the man of small income. He took the family with an income of a thousand dollars, and said that half of that money was expended for necessities, and that half of that would be exempt, leaving a tax on one-quarter of the income, which would amount to $6 when collected as a sales tax. Why, then, not assess him $6 as an income tax and let him make that contribution direct to the Government?

I realize that many people are not aware of the taxes they pay; and if the taxpayers of the United States to-day had a

statement of every cent of money they pay to maintain the Government in direct and indirect taxes, there would be a revolution. The people are carrying the burden largely through taxes they know nothing about, but still they are paying them.

We are told that if we eliminate the sales tax there is only one other alternative, and that is to accept proposals in many ways far more objectionable than the sales tax itself. It seems to me that this situation is not so serious that we have at this time to inaugurate a sales tax in this country. Balancing the Budget does not necessarily mean that we must raise by taxation all of the money that is necessary to maintain our Government. The Budget can be balanced in part by a reduction of expenditures, and, if necessary, the Budget can be balanced by utilizing the credit of the country, and we have not by any means exhausted our credit at this time. We are going through a period of depression, and we will carry ourselves through this period, and business will come back, and the sources of income that we have been depending upon in the past will be available for sources of revenue to maintain the operation of the Government.

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

Mr. NOLAN. Yes.

Mr. ANDRESEN. My colleague has suggested that we cut down the governmental expenditures. Can he suggest to the committee any governmental departments or bureaus that might be eliminated, or any program for curtailment of Government expenditures?

Mr. NOLAN. At this time I have no suggestions to make. We have a committee of this House that is making an investigation along that line. I do not know how far you can go.

Mr. KNUTSON. Both gentlemen, the gentleman who is speaking and the gentleman who asked the question, are proponents of a proposition to expend $500,000,000 for the development of the upper Mississippi. We might cut that out for the time being, and that would help some.

Mr. NOLAN. That money has not been authorized, so far.

Mr. KNUTSON. The gentleman is proposing it.

Mr. NOLAN. We are not proposing any appropriation for that purpose.

Mr. LAGUARDIA. And I suppose there are some people who would want to stop all national activities, all improvements, all progress, in order to relieve the few bankers who have bankrupted and ruined this country.

Mr. NOLAN. We know it is doubtful whether any very great savings are going to be made by the Congress through reorganization or consolidation of governmental activities. That is a fine thing to talk about, but we have been talking about it for years, and nothing has ever been done about it. It is doubtful if anything will be done at this session of Congress which will amount to a great deal in the way of reduction of expenditures. But this Congress has been spending money. We appropriated $500,000,000 for the Reconstruction Finance Corporation, and $125,000,000 for the Farm Loan Banks, which makes $625,000,000 that we have appropriated without knowing where the money will come from. We are told that the sales tax will produce in revenue $675,000,000; just a little more than enough to cover these appropriations. Before this Congress adjourns we will be called upon to make, and we will make, other expenditures in addition to what we have already made. Where are we going to find this additional money? I am opposed to a sales tax because I believe it is not a proper system of taxation, that it is not based on any fundamental theory of taxation which is sound, and because I believe if it is once adopted and goes into force in this country, it will be a mighty difficult tax for us to get rid of. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. LAMBERTSON].

Mr. LAMBERTSON. Mr. Chairman, I am not satisfied in my own mind that we can not balance the Budget without this sales tax. I hold in my hand a copy of the individual income-tax return, with which gentlemen are familiar. This is the last day upon which this income tax can be made and paid. There are 55 items in it, and the first item is the question:

Are you a citizen or resident of the United States?

The fifty-fifth item is:

Balance of tax.

However, the fifty-fourth item is:

Income tax paid to a foreign country or United States possession.

That was interesting to me, and I asked the Treasury how much was paid by branch factories of the United States in foreign lands last year. They reported to me that for 1929 $35,000,000 was paid in foreign countries. The point is that that money which is paid in foreign countries is deducted from the tax of the major corporation in the United States. If that corporation has a branch in Missouri, where they have a State income tax, and, say, in New Jersey, the home company had $100,000 of income and the Missouri branch had $5,000 income, they would deduct from the Federal income $5,000 out of Missouri, and then would pay the taxes here on the $95,000; but if a branch factory is in France and they pay $1,000 tax over there and the total tax here is $1,500, the $1,000 is deducted from the $1,500 of the tax itself. The last item of deduction is what you pay a foreign country, and that is taken out of the total tax paid in this country. We lost just $35,000,000 that we ought to have had in the Treasury over here. If that is true, there may be many more similar places where we could pick up money. It looks unjustifiable to let them deduct $35,000,000 paid by branch factories in foreign lands from the total tax due in America.

The gentleman from Iowa [Mr. RAMSEYER] proposed to lower the estate-tax exemption to $50,000. That would make up probably $200,000,000. That is nearly one-third of the proposed sales tax. I think there should be a general reduction which may come from this Economy Committee on all appropriation bills before this Congress adjourns, say, 5 per cent.

If we were to reduce these appropriation bills 5 per cent, we would be working at the thing in the proper manner to balance the Budget. There have not been any real reductions effected yet. Let us get at this thing and really reduce 5 or 10 per cent of all of our major appropriation bills and let them adjust that matter themselves, and then let us bring down this estate-tax limit. Let us go into the medium brackets of the income tax, $30,000 or $40,000, and raise them a little. I am not convinced in my own mind that the vanishing point on incomes of $100,000 is just exactly 40 per cent. They tell us that is just exactly the place to stop. In war times it was 65 per cent. At this time we might make it 45 with safety.

Mr. RANKIN. Will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. RANKIN. They told us that same thing in 1921, yet those with incomes of a million dollars multiplied twenty-five times in seven years.

Mr. LAMBERTSON. I think we can go up on those incomes. We can go back in the middle brackets; we can pull down this estate tax, and we can pick up things like this $35,000,000 that we lose in foreign lands and a few other items and make up this sales tax.

There has been a great deal said about nonpartisanship, and it does have some influence in making us think it is all right, because it is equally supported on both sides. I am not so sure but that it is unholy bipartisan as well as wholly nonpartisan on both sides. I am not so sure about it. Whenever this thing starts and we get this tax we will always have it. The Seventy-third Congress will have 40 more Members from the industrial sections. As the gentleman from Michigan said the other day, when the camel gets his nose under the tent he is going to stay there.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield 20 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, the Government of the United States is at the present time confronted by a serious economic dilemma. The operating expenses of the Federal Government exceed its income, and this economic dilemma not only affects the Government but to all intents and purposes it likewise economically affects each individual citizen.

The Ways and Means Committee of the House, after weeks, nay, months of consideration, a consideration which has been nonpartisan, have reported to the House a revenue bill, H. R. 10236. Now, in Committee of the Whole, the Members of the House, after considering that measure with a view to ultimately raise sufficient revenue to pay the expenses of the Government in the future, and in short, as it is commonly termed, to balance the Budget, and by doing so to relieve the Government from this economic dilemma which is facing it. Questions have been asked by various Members of the House, as well as by private citizens, such as, Why has not the Budget been balanced and who is responsible for not balancing it and what is proposed by the Congress to remedy the present situation so that the credit of the Government might be stabilized? Before attempting, therefore, to discuss the provisions of the present bill now under consideration, I shall in a brief manner attempt in a way to answer these questions as to who is responsible for not having a balanced Budget and why it was not balanced. Without, therefore, engaging in any partisan debate, it is not amiss for me to remind the committee that until the 4th day of December last the Republican Party has continuously and without interruption had everywhere from a clearly working majority to a very large majority in the Sixty-sixth, Sixty-seventh, Sixty-eighth, Sixty-ninth, and Seventieth and Seventy-first Congresses, in both the Senate and the House. And from the 4th day of March, 1921, until the present time, with the exception of the organization and control of the present House by the Democratic Party, with Mr. GARNER as Speaker, the Republican Party has been in full and complete control of the United States Government in all of its branches. The raising of revenue, the expenditure of public money, and all other functions of Government rested in the hands of the Republican Party and the Republican administration, and no one can gainsay or deny this statement.

But upon several occasions I have heard Republicans say that the present condition is due entirely to the war and its aftermath. It, I say, is not amiss for me to remind you that the Republican Party, in its platform of 1928, under the title of finance and taxation, claimed that all these problems arising had been solved:

> The record of the United States Treasury under Secretary Mellon stands unrivaled and unsurpassed. The finances of the Nation have been managed with sound judgment. The financial policies have yielded immediate and substantial results.
>
> In 1921 the credit of our Government was at a low ebb. We were burdened with a high public debt, a load of war taxes, which in variety and weight exceeded anything in our national life, while vast unfunded intergovernmental debts disorganized the economic life of the debtor nations and seriously affected our own by reason of the serious obstacles which they presented to commercial intercourse. This critical situation was evidenced by a serious disturbance in our own life which made for unemployment. Today all these major financial problems have been solved.

And in addition to this, their candidate for the present President of the United States, in his speech of acceptance, also claimed that the Republican Party had solved all the financial problems which affected this Government arising from the war:

> The Republican Party came into authority nearly eight years ago. It is necessary to remind ourselves of the critical conditions of that time * * *. No party ever accepted a more difficult task of reconstruction than did the Republican Party in 1921. The record of these seven and one-half years constitutes a period of rare courage in leadership and constructive action. Never has a political party been able to look back upon a similar period with more satisfaction. Never could it look forward with more confidence that its record would be approved by the electorate.

It might be well also to quote from the keynote speech of the chairman of the Republican National Convention, delivered at Kansas City, Mo., on June 12, 1928, which entered to a great extent into the success of the Republican Party in solving the financial questions arising from the war, and which stated:

> This achievement was made possible only on the sound economic policy of the Government under the present leadership and was not at the expense of efficiency in administration nor at the loss of any needed appropriation.

He likewise stated that—

> This achievement was not the result of accident but rather of management.

Even during the last three years, with the deficit of $900,000,000 facing us in 1931, nothing was done by the administration; and even though we have a deficit which it is estimated will be from two and a quarter to two and a half billion dollars for the fiscal year ending June 30, 1932, for nine months the administration did nothing, although it could have called Congress into session.

It is needless therefore for me to say anything further along this line, but it is necessary for me to remind you that during all these years that the Republican Party was in control of the Government the appropriations were not decreased; additional employees were placed upon the Government pay roll; and this party is justly chargeable for this and can not relieve itself of the responsibility for the present governmental deficit while it has been in control of the Federal Government. They even went so far in their platform as to pledge to the people of the United States a continuation of these policies which they had carried through in the seven and a half years preceding.

There is therefore no question but that a deficit exists. There is no question whatever but that the operating and running expenses of this Government far exceed its income; and there is no question but that the Budget is not balanced and that this is a Republican deficit that we are confronted with to-day. But, be that as it may, this does not in any way relieve any Member of the Congress from the responsibility that he owes to his constituents and the Government of the United States. We can in no wise shirk that responsibility which rests upon us as Members of the House of Representatives.

Nor can we who are Democrats, who are in the majority party in the House of Representatives, at present shirk the responsibility that goes with the majority party; and, as has been so well said, the House of Representatives itself can not shirk its responsibility in inaugurating and proposing this revenue bill. This responsibility is placed upon us by the Constitution. But there may be those who say—and I heard it among the Members of the House on both sides of the Chamber—that it is not necessary to balance the Budget. Balancing a Budget means nothing more nor less than that the Government shall collect sufficient revenue to pay its operating expenses and that the credit of the Government will not be imperiled by borrowing to meet these annual expenses. No individual can continue to maintain his credit if his annual expenses exceed his annual income. Nor can a partnership or corporation continue to do business when its annual expenses of doing business exceed its annual income. Bankruptcy will immediately overtake the individual, the firm, the partnership, or the corporation; and so it is with a government, whether that government be Federal, State, county, or municipal. Destroy the credit structure of a government and you immediately bring disaster. Already we note that the expenses of operating the Government for the fiscal year ending June 30, 1931, created a deficit of $900,000,000, and the deficit for the present fiscal year ending June 30, 1932, will be $2,500,000,000; and that if no new law were enacted but the Government collected the revenue under the existing law there would be an estimated deficit of $1,700,000,000 for the fiscal year ending June 30, 1933.

The deficit of $900,000,000 for the past year and the estimated deficit for the present year of $2,500,000,000 has been or will be taken care of by the issuance of Treasury notes, thereby increasing the national debt. If, therefore, we should fail to balance the Budget for the future, we would seriously affect the credit and stability of this Government

of ours. We would destroy all that we hoped to accomplish when we passed the Reconstruction Finance Corporation act, the Steagall banking bill, and other remedial legislation. We would destroy confidence in the very Government itself. There is no way that can be devised to pay the expenses of the Government except by money secured through taxation. Not only is it our responsibility, our service to this Government, to raise revenue but it is also our duty to courageously see that the expenses of the Government are reduced. There are certain items of expense that can not be reduced, it is true, for it is costing practically $1,100,000,000 a year for hospitalization, compensation, and allowances for the veterans of all wars. The interest on the public debt and the sinking-fund account will approach another $1,100,000,000. But you will notice from the report of the Ways and Means Committee on this bill that it is contemplated that Congress will save $150,000,000 in addition to the reduction in governmental expenses which was contemplated in the Budget for 1933 and which amounts to $370,000,000.

We will then have to increase or raise additional taxes of $1,100,000,000. How shall it be raised? That is the question. The Ways and Means Committee, by its nonpartisan patriotic work, has presented to the House this bill. Many of the provisions of the bill are noncontroversial. I have heard no objections from anyone as to lowering the exemptions on personal incomes. And the increase in personal income taxes do not seem to incite a controversy at all, with the exception that there are some who would increase the amount over 46 per cent. And the same view applies to the estate tax and the corporation tax. The controversial part of this bill seems to be the manufacturers' tax, the admission tax, and a few other items, but mainly these two. No one has opposed any kind of a sales tax more than I have opposed it during the time that I have been in and out of Congress, but an emergency exists to-day, an emergency nearly as great as that which existed in time of war, and it is my duty as well as yours to courageously meet the situation that does exist, regardless of what the future may hold in store for each of us.

If this manufacturers' tax were to be placed as a permanent means of obtaining revenue, I doubt very much if I would vote for it; but as an emergency measure I make this pledge to the House and my constituents that if I remain in Congress I shall use my full power and my vote against a continuation of this tax. I have heard it said that we should not attempt to balance the Budget by a bill in the House; that we should pass a bill increasing the taxes some and then let the Senate do the rest. To my mind this is absolute cowardice. I have heard it likewise said that we could put a tax on all articles—for instance, on men's hats that retail for over $3 each, with an exemption to those below. There would probably not be one hat out of a hundred that would be sold for less than $3. And while, as I said, I have never approved of a sales tax and that I would not support this bill at the present time if it were not on account of the great emergency that exists, an emergency which extends not only to the Government but to every financial institution and every individual in America, yet I realize that new sources of revenue had to be found, and, as so well said in the report of the Ways and Means Committee on the manufacturers' tax, this bill meets the requirements in that—

First. The rate must be low, so that undue burdens will not be imposed.

Second. Certainty, both as to liability and amount, must be attainable in advance of the sale.

Third. Pyramiding must be prevented.

Fourth. The tax must be imposed uniformly and without discrimination.

Fifth. The law must present the least possible number of difficult administrative problems—such as the questions of classification arising in connection with exemptions.

Sixth. Adequate authority must be granted to assure a sound, smoothly functioning, and flexible administration.

I am extremely gratified to support the amendment which will further relieve manufactured foodstuffs from the provisions of this bill, and I shall support such amendments. I hope and trust that if it is possible to do so that there will be no tax at all on any article of food that is a necessity. And only a tax on that food which may be termed luxury.

I realize as well as anyone that this tax will not be a popular tax, but I also realize that if the Budget is not balanced the effect upon the individuals in the United States will far exceed the amount of tax that they will have to pay under this provision.

There is more or less controversy upon the admission tax and, in my opinion, all agricultural fairs or exhibitions should be exempt and, if possible, if it is absolutely necessary, as it seems to be for an admission tax be placed, I would like to see that no tax be charged on any other admission where the admission did not exceed 50 cents. By all means I am firmly convinced that any tax on admission to agricultural fairs or exhibitions should be removed. The oil-importation tax is another tax which I do not approve of and which I believe on account of the small amount of revenue that it produces could be well left out.

But, as stated before, taking everything into consideration, including the emergency that exists in the country to-day, the necessity of maintaining the credit and stability of the Nation, the ultimate good that will come to the individual citizens of the Nation, I firmly and conscientiously believe that it is my duty as a Representative in this Congress to support this bill, and I shall therefore support it. [Applause.]

Increases in taxes proposed

(Estimated additional revenue for fiscal year 1933)

Manufacturers' excise tax at 2¼ per cent	$595,000,000
Income tax:	
Individual	112,000,000
Corporation	21,000,000
Estate and gift taxes	35,000,000
Admissions tax at 10 per cent on admissions of 25 cents and over	90,000,000
Stock transfers and sales, increase from present rate of 2 cents to 4 cents, and application of tax of 4 cents to loans of stocks	28,000,000
Lubricating oil, 4 cents per gallon	25,000,000
Malt sirup, 35 cents per gallon; grape concentrates, 40 per cent ad valorem; wort, 5 cents per gallon	50,000,000
Telegraph, telephone, and radio messages, 5 cents on messages costing 31–49 cents, and 10 cents on messages costing 50 cents or more	35,000,000
Gasoline, gas oil, fuel oil, and crude oil imports, 1 cent per gallon	5,000,000
Reduction in postal deficit	25,000,000
Administrative changes	100,000,000
Total additional revenue	1,121,000,000
Reduction in expenditures	125,000,000
Total additional revenue and reduction in expenditures	1,246,000,000
Amount required to balance the Budget [1]	1,241,000,000
Excess over requirements	5,000,000

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, the passage of this bill with the sales-tax provision in it would, in my opinion, be one of the greatest betrayals of the American people that was ever committed by the American Congress and one that would be everlasting.

It is an attempt to unload onto the masses of the American people the great burden of taxation of the Republic. That attempt has been going on by the possessors of large fortunes for many years. They have been attempting to get a sales tax levied in order that they might place on the shoulders of the toiling masses of the country the burden of maintaining this Government in order that they may pyramid their own fortunes and pass them on down from generation to generation.

This bill levies a tax even on the man in the bread line. It taxes the very clothes in which he is shivering, the shoes

[1] Exclusive of statutory debt retirements.

in which he tramps the streets looking for work, and the meager rations with which he feeds his hungry children.

Behind it is the impulse of the predatory interests that have been striving for years to pass this load on to the masses of the people in order that they might escape.

I was very much amused to see high-tariff advocates from New England and from Kansas spit fire at each other about the tariff on oil and lobsters. They reminded me of a bunch of horse thieves who horsewhipped one of their number for stealing on Sunday. [Laughter.]

The Wall Street Journal said this morning that we who are opposing this sales tax would be defeated because we are not organized. Well, we are going to organize, and we are going to do it this afternoon. [Applause.] The American people are going to be heard from on this proposition, and don't you forget it. [Applause.]

This sales-tax provision violates every principle of Democracy. Some one asked why it wasn't brought in here when we were in control of the House years ago. I will tell you why. In those days there were giants in this House. There was that old Roman, Champ Clark, whose heart beat in sympathy for the American people. Before they could get such a measure before this House, they would have to bring it in, politically speaking, over his dead body. [Applause.]

There was that giant from North Carolina, Claude Kitchin, who was not only the Democratic leader, but was chairman of the Ways and Means Committee. If he were even alive to-day, you could not get this thing on to Capitol Hill, much less into the House. [Applause.]

Then there was Finis J. Garrett, that young Demosthenes, who led us for years in our fights against the predatory interests, and also that distinguished Democrat, who now towers at the other end of the Capitol, CORDELL HULL of Tennessee. If they were Members of the House now we would not be confronted with this measure because it would never have come out of the committee. [Applause.]

Those men who come with vulnerable records, such as the gentleman from Illinois [Mr. CHINDBLOM], who has just spoken, tell us that above all things we must balance the Budget. I agree with the gentleman from Iowa [Mr. RAMSEYER] that that is not the most important issue before us. The most important issue is that of bringing back commodity prices, putting our people to work and taking them out of the bread line, in order that we may enjoy prosperity for the people rather than that we may pass a bill that will enable the profits of favored interests to escape taxes in the future. [Applause.] Besides, I shall show you before I close how we can balance the Budget without imposing this injustice.

In the last 10 years, during the time that the gentleman from Illinois [Mr. CHINDBLOM] has been on the Committee on Ways and Means, there has been the greatest concentration of wealth in this country that has ever been known in all the history of mankind. During the war those who made their profits out of that conflict, those who grew rich out of that unfortunate affair, who coined their money out of the blood and tears and suffering of men, women, and children of the world, began to place their wealth beyond the pale of taxation by investing in those tax-exempt securities which the Government was compelled to issue, and which your States, counties, and municipalities and mine were compelled to issue, to meet the expenditures incident to the high prices which then prevailed. In 1921–22, not satisfied with the enormous profits they had made during the war, they had passed the Fordney-McCumber tariff law, the highest protective tariff act, the most unconscionable protective tariff that was ever levied in a civilized country in time of peace up to that time—a tariff that levied a tax on everything that the American people buy from the swaddling clothes of infancy, to the lining of the coffin in which old age is laid away.

It even went beyond that and placed a tariff upon the tombstones that mark their last resting places. It soon bled the agricultural States white. It took from those people who produced wheat and corn and cotton and other agricultural commodities all of the money that they could rake and scrape. Let me show you what it meant, and I want you to take this home, you sales-tax advocates, and read this, and then I am going to show you what else you are putting on them.

For years after that law was passed it cost the American people $4,000,000,000 a year. Of that $4,000,000,000, $600,000,000 went into the Treasury, and $3,400,000,000 went into the pockets of the beneficiaries of that law. Those beneficiaries have invariably placed their gains beyond the pale of taxation. There is only one way to reach them, and that is through the inheritance tax, to which I shall refer again in a moment.

In order that your constituents may understand, if you have a county in your district of 30,000 people, it costs them thirty times $40 or $1,200,000 a year. Every single county in the United States with 30,000 people during those times paid this tribute to Rome of $1,200,000 a year.

Your people in the wheat and corn and cotton growing States got nothing in return. No wonder you are bled white, no wonder your States to-day are struggling and your counties and municipalities are struggling under the burden of taxation.

During that time some of the so-called leaders of organized capital took some of the so-called leaders of organized labor and organized agriculture up onto the mountain top and showed them the cattle of a thousand hills and said, "All this will be ours if you will join in passing the Esch-Cummins law and in passing the Fordney-McCumber tariff law, for we will boost your wages and your prices and incidentally double our incomes." Some of them fell, and as a result of that distortion of the power of government a few of those alleged leaders of labor found their way into the Cabinet, while organized capital placed their wealth in tax-exempt securities, and the great mass of the laboring people to-day find themselves in the bread line, and the farmers find themselves in bankruptcy. It is time to wake up. Not only has it concentrated the wealth of this country and broken every agricultural State, not only has it strung bread lines down the streets of every city in America, but it has provoked retaliation on the part of foreign countries until to-day the map of the world is a barbed-wire entanglement of tariff barriers, behind which world trade has become stagnant and world commerce has become paralyzed.

Let us see what all this amounted to. There finally came the greatest economic crash ever known in all the history of the world, a crash from which we may not soon recover. Let us take some concrete results, and I hope the gentleman from Illinois, and the other members of the Ways and Means Committee supporting this bill, will not leave the Chamber.

In 1921 there were 21 individuals in the United States with incomes of $1,000,000 a year and more. In 1928 there were 511 individuals with incomes of $1,000,000 a year. They multiplied twenty-four times.

In 1921 there were 63 individuals in the United States with incomes of from $500,000 to $1,000,000 a year. In 1928, seven years later, there were 983. While our people were growing poorer, while they were having their farms sold from under them in your State and mine, their homes being swept away, those men with enormous incomes multiplied from ten to twenty-five times. They placed their wealth in that ark of the covenant, known as tax-free securities, and now warn us not to touch them. One object behind this bill is to keep us from raising the inheritance taxes and making them pay their pro rata share of the expenses of this Government [Applause.]

During that time the same members of the Ways and Means Committee who are supporting this bill brought in a bill to fund the foreign debts. England had proposed to pay us in 25 years, and to pay the same interest rate we were paying, but instead of accepting that a debt-funding commission was appointed. They extended all those loans over 62 years and reduced the interest so much lower than we are paying that it cost the American people $8,000,000,000. Why? What was behind it? Those international bankers who had their money invested in foreign countries and

wanted to weaken our security in order to strengthen theirs. That is what was behind it.

Another thing. This same committee brought in bills that reduced the income taxes of those with large incomes, $750,000,000 a year. If that had not been, we would now have several billion dollars with which to meet this deficit; but instead of that they reduced the income taxes on the large income-tax payers and the inheritance on large estates more than $750,000,000 a year.

In 1924, I believe it was, they returned or remitted $232,000,000 as a bonus, or a dole, to the big income-tax payers. Not only that, but two years ago they voted to give back $160,000,000 to income-tax payers before we ever passed a single appropriation bill. A dole, if you please! They said, "Why, we have a surplus." The Treasury Department can show a surplus or they can show a deficit. It is just owing to whether they want to defeat appropriations or whether they want income taxes returned.

In the last nine years the Treasury Department has paid back to these big income-tax payers more than $3,394,508,218. For what? They said they had made mistakes in making out their income-tax returns. Does any man with ordinary intelligence believe that they made mistakes amounting to $3,000,000,000? They did that without even consulting Congress. They did not even consult the Committee on Ways and Means.

Not only that, but when we met this time you were asked to give $260,000,000 in moratoria to foreign countries, and Wall Street was so badly scared for fear they would pay that money that they even sent a member of the House of Morgan before the Ways and Means Committee, who did not appear to know anything about the transaction. The facts are those European countries had the money to pay, and would have paid it if the Treasury Department and the State Department had not stopped them. That would have taken up $260,000,000 of this deficit that you are now asking us to make up by imposing this unconscionable burden upon the backs of the great masses of the American people.

In 1929, just after Mr. Hoover's election, as soon as you met you were going to give us farm relief. What did you do? Instead of giving us relief from a tariff that we were then struggling under you raised it and helped provoke this retaliation to which I have just referred.

Some men have called my attention to the fact that we have a State sales tax in some States and say they can not understand the difference. The legislature of my State is now struggling with a sales tax. They are doing it because they are unable to pay the interest and the sinking funds on the bonds held by people who are escaping the income taxes. They are doing it because they must do something to save our farms and our homes. They are struggling with a question much more stupendous from their viewpoint than we have to deal with here, but if they had these enormous fortunes and had the power of taxing them that we have to-day there would be no doubt about what they would do. They would never impose a sales tax.

Let me show you what this bill does. It is the easiest thing in the world to figure out. You are raising in the first year $600,000,000 by this sales tax. That means $5 per capita. In my State we have 2,000,000 people. It means a burden of $10,000,000 a year on them. That is, if they just collect the amount of the tax alone, but when it is doubled, as it will be, two or three times, it will mean on the people of my State fifteen or twenty million dollars a year—people who are already bled white and ground into the dust by these indirect taxes you have imposed in the last 10 years.

Not satisfied with having added to the iniquity under which we are now suffering, you increased the tariff in this bill. Of all things on earth, to increase a tariff that has produced the very calamities we are suffering from to-day is the most inexcusable thing I have ever known.

I do not mean just putting this burden on top of the tariff, but they increased the tariff 2¼ per cent. It makes a double additional burden on the American people.

In addition to that, they gave a bonus, if you please, to manufacturers of articles to be shipped into foreign countries of 2¼ per cent. If a firm manufactures two tractors and sends one to Maine to plow potatoes with or down to Kansas to cut wheat with or down to Mississippi to run a cotton gin, we pay 2¼ per cent tax on it under this bill. But if they send it to Russia to be used in raising wheat or cotton in competition with the American farmers, that tax is left off. In other words, they are giving our competitors a bonus of 2¼ per cent.

This sales-tax provision is unconstitutional, and it would, in my opinion, be set aside by the Supreme Court. Direct taxes are forbidden by the Constitution. The manufacturers' sales tax, as provided in this bill, is a direct tax. It has been held that you may levy a sales tax on certain specified articles and escape the penalties of that provision, but when you make a sales tax general and then attempt to specify exceptions you come clearly under that provision of the Constitution which forbids and prohibits this kind of legislation.

Not only that, but this bill is unnecessary. As I said, it is unnecessary at this time, because we have the power to raise taxes otherwise.

The distinguished gentleman from Illinois [Mr. CHINDBLOM] seems to fear we are going to inflate the currency. Of course we are going to inflate the currency, if we ever get out of this panic. We are going to have to inflate it in some way. We can raise this $600,000,000 by setting aside sufficient gold to make a 40 per cent reserve and then issue United States Treasury notes against it, just as Lincoln did during the Civil War. That can be done without imposing this burden on the masses of the people. In my opinion we have a sufficient gold reserve to issue two billion or two and a half billion dollars worth of Treasury notes without in any way impairing our gold reserve.

There are other things which we might tax. Those of you gentlemen who are willing to crucify the rest of mankind on a cross of gold, as Mr. Bryan said, and those of you who are afraid of inflation, might take the other horn of the dilemma. I will show you the means by which you can get all this money out of taxes and yet not impose a burden on the people who are unable to pay. Suppose we should tax all deals on the stock exchanges of the country? That might help to prevent another catastrophe such as the one through which we are now passing; it might prevent the pyramiding of prices and deluding innocent purchasers into investing their money in worthless securities, and would bring in a great deal of revenue.

We can raise the income taxes in the higher brackets. We can put them where they were during the war, when the maximum was 65 per cent. We are in a war now. Do not deceive yourselves, and you are just now in the skirmish line. Wait until you go back home. Then you will see the main battle, and some of you are going to need some stretcher bearers if this bill passes. [Applause.]

I am in favor of raising the inheritance tax, beginning with 1 per cent on the first $10,000 above $50,000, exemptions allowed, and going up to 70 per cent when you get as high as $15,000,000 or more. Some men are going to say that is too much. Let me ask any of you gentlemen whether the people of your State, your county, and your communities are not paying more taxes because these men escape taxation? Your people are paying all their incomes and then seeing their homes sold from under them. Your people are under a great burden of taxation in order to meet the payments on those bonds which are now held by those people who have large estates and who, as a rule, are escaping their part of the burden of taxation and some of them paying no taxes at all.

Mr. TARVER. Will the gentleman yield?

Mr. RANKIN. For a question; yes.

Mr. TARVER. Is the gentleman aware that under section 810 of this bill it is actually proposed to refund a considerable amount of inheritance taxes already collected?

Mr. RANKIN. I am not at all surprised.

Mr. TARVER. Is the gentleman advised as to the amount of money in this revenue-raising bill which will actually be taken out of the Treasury by that section of the bill?

Mr. RANKIN. No; not fully. But I can not yield further.

If we should raise inheritance taxes to 70 per cent, it would not bother these rich men as long as they live. As a rule, they have escaped all income taxes. If those men had paid taxes in proportion to their wealth all down through the years, they would have paid a much larger proportion than the 70 per cent proposed on their estates. But to-day we have concentrated wealth in this country until about 5 per cent of the people of the United States own more than 90 per cent of the wealth. The only way to reach it is through this inheritance tax, and, as I say, I am in favor of raising it to 70 per cent when you get to $15,000,000.

This will help to break up those large estates and turn them back through the channels of our economic life, and thereby give the coming generations of young Americans a chance in this life.

In this way we will raise $560,000,000, practically enough to wipe out this deficit. When we have done this, and when we have raised the income-tax rates to where they should be, then if we have not enough money to pay the deficit I am in favor of floating short-term bonds for the balance. Then when we have reinflated the currency and stimulated commodity values these large incomes will come back, just as they did in 1924, 1926, and 1928; and then if we have not sufficient money, if we are not getting sufficient revenue, it will be our duty to reduce expenses to bring our expenditures within our revenue.

Mr. SIROVICH. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. SIROVICH. Can the gentleman tell us by what means the gentleman can justify imposing a tax of 10 per cent on theaters and motion pictures and 2½ per cent as a general sales tax when in Europe they subsidize the theater while here we tax culture?

Mr. RANKIN. No. This theater sales tax is another thing. Our States are already taxing them. The small picture show that sells tickets for 10 or 15 or 20 cents is already paying a tax in my State. This bill invades and usurps the field of taxation that our States must have. [Applause.]

I want to appeal to every Democrat on the floor of this House; I want to appeal to every Republican on the floor of this House who has at heart the interests of the great masses of the American people, whose welfare we must look after and protect, to help us to strike this sales tax provision from this bill, so that we may not impose an extra burden on the man who is already burdened to death.

Raise the inheritance taxes, raise the income taxes, tax luxuries and tax transfers on the stock exchange, but let us go back to the American people and say, "We are not going to burden you to death; we are not going to place a tax on you that is unjust and one that will finish the destruction of your economic existence." [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 25 minutes to the gentleman from Washington [Mr. HADLEY].

Mr. HADLEY. Mr. Chairman, I question whether further debate at this time will be very fruitful of good results, and yet it is an open forum and the debate has thus far, I am sure, been informing and profitable. Necessarily there is now much repetition. I have no desire to discuss the bill except to say something that will help and further it, as I have helped to draft it in committee.

My only purpose in taking the floor is to make reference to a few of the fundamental things which I think must be controlling on the minds of the committee here in determining its action upon the bill.

The gentleman from Mississippi [Mr. RANKIN] is always entertaining and forceful. He has made a splendid argument from his viewpoint, but much of it, if you will pause to consider it, is collateral to the issues that are presented here. I shall not undertake to review the gentleman's argument on matters that are collateral, because we have enough to do here at the moment to take care of the issue that is presented by the pending bill.

What is the issue? The fact is before us that we will have an estimated deficit for 1933, which fact is well understood, of $1,241,000,000, and the question is, What are we going to do about it? Shall we provide for it? This is the first question. The second question is, How shall we provide for it? The first question, in my view, is not debatable, but the second one may well be debated.

The committee has produced a plan. It may not be the best plan, but it is the best plan the committee could agree upon, and in the judgment of the committee it is the best plan under the existing circumstances which can be adopted to meet this emergency.

When we faced this fact and determined we would undertake to balance the Budget for 1933, of course, the committee naturally turned at once to the ordinary sources of revenue, including income taxes. Naturally, it went to the income schedules first. We gave them quite thorough consideration. The gentleman from Mississippi who has just taken his seat has advocated a return to the abnormal taxes of the war period and the period subsequent thereto. The committee has been all over that subject. The gentleman from Mississippi ignores the principle of the law of diminishing returns altogether in his argument. This question was fought out not only on the floor of this House but throughout the country. It was an issue for years after the war as to how far you could go in these schedules of income and corporation taxes and produce revenue.

It was the deliberate judgment of the Congress and of the country that there is a line beyond which you can not go and produce revenue.

Many of the members of the committee who have brought this bill to you were members of the committee through all that epoch when that contest raged throughout the country. They had the benefit of the experiences of that period, of the hearings repeatedly held upon the subject, and they had the benefit of the best advice that experts in the country could give them on tax and fiscal questions; and we have further considered that subject again this year. We have analyzed the matter in the light of the experience of the country and the experience of the Treasury Department itself, and we have determined that when we have gone to 40 per cent in the upper brackets plus the normal tax of 6 per cent we have gone at least to the line of diminishing returns. I myself am of the opinion that it is very doubtful whether 46 per cent will produce as much revenue to the Government as a lower rate. To raise the surtax rates above those recommended in the bill will defeat revenue rather than produce it. What we are now concerned with is the vital task of raising additional revenue in excess of that available under existing law.

I am convinced that to go farther will destroy revenue rather than increase it. The gentleman from Mississippi has raised this question here, and I ask you to pause and hesitate, and read the hearings in years that have gone by, having regard for the judgment of the people as reflected by the representation they have had heretofore on the question that faces us now.

What we want here is a program that will produce revenue. We must have it, we can not deal with fanciful figures based on irresponsible speculation on what the result may be.

We have brought you a program, which, although not the original recommendation of the Treasury, is approved by the Treasury now in respect to the administration features of the manufacturers' tax, its feasibility, and the revenue it will produce. No one has questioned the fact that it will balance the Budget. The only question is whether it is the best method to adopt. When you consider some other method it is vital to consider whether it is a method that has demonstrated its capacity to produce the required revenue.

When we began this work in committee we raised the income taxes to the limit of capacity to produce revenue. We raised the corporation tax to the point of diminishing revenue. We raised the estate tax, we doubled it.

The gentleman from Mississippi stressed the point that he would produce the balance required from the estate taxes. Why, my fellow Members, how much money do you think we could realize from that source during the next two years? These returns from estate taxes will not come immediately nor in largely increased amounts. In the years to come, as a matter of policy, it may produce the amount estimated, but we are concerned in getting revenue during the emergency.

What is the situation? I will call your attention to a statement of the Secretary of the Treasury. You probably heard it over the radio last Saturday, but the press the next morning carried it, and I want to quote one paragraph from it:

> But when the United States Government closed the fiscal year 1931 with a deficit of over $900,000,000, when it will close the fiscal year 1932 with a deficit of as much as two billion and a half dollars, and when the prospective deficit of the fiscal year 1933 amounts to more than $1,700,000,000, the time has come beyond all question to put our financial house in order.

Do you realize that in these three years the deficit, in the judgment of the Secretary of the Treasury, will amount to the huge sum of $5,000,000,000? The question is, What will we do about it? Of course, the House is not going to pass a bill that will not balance the Budget.

I am satisfied of that, but what I fear is that in the desire to modify and rearrange the burden the House may make the mistake of adopting a system here which will be inconsistent with the emergency program and will not be productive of the necessary revenue, in which event the result will be financial chaos for the Government. Of course, the committee had the benefit of the Treasury's views during the preparation of this bill, in the executive sessions as in the open hearings. The bill is now before the country, and I want to read another extract from the address of the Secretary of the Treasury. It is argued here that it is not necessary to balance the Budget, though I think that is argued upon the part of a small minority. I shall not dwell upon it at any length. If it were serious, the subject certainly ought to be deliberately analyzed.

I think the Members of the House and the atmosphere of the debate have fully evidenced their intention to balance this Budget for the fiscal year 1933, that they recognize that the faith and credit of this Government must not be impaired; and that if the integrity of its obligations are impaired, so will the integrity and obligations of private citizens be impaired, as will all values throughout the country. That matter is in a nutshell briefly and comprehensively stated in this paragraph of the Secretary's statement:

> Our private credit structure is inextricably bound to the credit of the United States Government. Our currency rests predominantly upon the credit of the United States. Impair that credit and every dollar you handle will be tainted with suspicion.
>
> The foundation of our commercial credit system, the Federal reserve banks and all other banks which depend upon them, is tied into and dependent upon the credit of the United States Government.
>
> Impair that credit to-day and the day after thousands of development projects—they are still going on—will stop; thousands of business men dependent upon credit renewals will get refusals from their bankers, thousands of mortgages that would otherwise be renewed or extended will be foreclosed. Merchants who would buy on credit will cancel orders, factories that would manufacture on part capacity at least will close down.
>
> Impair the credit of the United States Government, and all that we have sought to accomplish in the course of the last few months is, to a large extent, nullified. The renewed courage and confidence that have replaced the fear and uncertainty which prevailed almost universally will once more grow weak and hesitant.

After going to the limit on the income, corporation, and estate taxes, how much did we derive in increased revenue over and above that of the present law? Under the estimates of the Treasury, only $168,000,000. We did not want to go into extraordinary avenues for taxes unless we had to. We then consulted the current situation. Through our chairman we consulted the chairman of the Committee on the Post Office and Post Roads and found we might possibly through legislative channels be able to derive $25,000,000 of saving from that source; and we consulted the situation with respect to the general supply bills which have been passed and are passing through Congress for the fiscal year. It was the judgment there that we could perhaps realize $125,000,000 of savings.

Then, through our subcommittee on administrative provisions, by blocking up holes and leaks in existing law which we felt could be corrected, it was the judgment that we would save there $100,000,000. That makes $250,000,000, which, added to the $168,000,000 derived from income taxes and estate taxes, makes in all $418,000,000. That is approximately one-third of the total increased revenue required to balance the budget for 1933, leaving $823,000,000 required to do the job. After exhausting the resources of the increased rate in the income-tax schedule, the estate tax, and an added gift tax, as well as all other sources of saving, we found that we could raise only one-third and would have to raise $823,000,000 additional. It was at that point that the committee, staggering under that presentation of facts, resorted to the question of policy, and what was it? Shall we proceed on a narrow base to a few industries and load them with the burden, or shall we expand it to a broad base and spread the burden wide and thin? We decided upon the latter policy and that is all that is involved here. The question is, Will you in the Committee of the Whole center this burden upon a few industries, upon a few people, or will you broaden the base to the extent that the burden will be so light when generally dispersed that it will not be destructive of the business interests of the country? If you center it upon the few, you will not only load them beyond their capacity to bear the burden, but it will be destructive of the revenue we expect to derive; and furthermore all the backwash from that disaster to these industries will be felt by all the industries of the land, and instead of doing something that will be effective to restore prosperity, you will be contributing to the continuance of the present depression. What the committee has sought to do is not only to bring something here that will work administratively, something that will produce the necessary revenue for the Government, but something that also will further operate as an immediate aid to prosperity in this country. The fact is, and gentlemen must know that it is true, that the great financial centers of the country have held their assets liquid, not only to protect those whom they represent, stockholders or otherwise, but to absorb the Government requirements. They are not going to permit this Government's credit to be impaired if it can be helped. They must retain a liquid status to meet the situation, and while that condition obtains there is nothing adequate to back up the great credit facilities which we have set up in this country during the last few months.

But if you balance this budget, if you set up something in this bill that it is known will do the job, rather than something that is chimerical, speculative, and uncertain, then the flow of money from the money centers will again be directed and deflected through normal channels, in support and furtherance of these credit facilities which we have provided through legislation at this session of Congress. When that happens, then the people, through those channels, will have the benefit of the money that is now locked up, to protect credit and the impaired securities of this Government.

Now, it will not be long until we reach the amendment stage in the consideration of this bill, and that will be the time to discuss the details more in particular, but when we do reach that stage I hope this committee will keep in mind the outstanding purpose of the bill—that it is to raise revenue, and the certainty of the revenue; the certainty that it is adequate and the certainty that we are not overburdening those who can not stand the burden, and that you will distribute it so that all will be able to live under it.

I have noticed several forms of proposed amendments that have been suggested. I have one here that was furnished by courtesy of the gentleman from New York [Mr. LAGUARDIA]. The gentleman is always helpful and constructive; at least he means to be and usually is in his activities here, but in this case I feel he has failed to rise to the level of his usual conception of constructive effort.

This schedule which the gentleman proposes is arranged in 14 groups. It places the entire burden, which the gentleman estimates would raise $518,500,000, upon 14 groups of interests; and the first one is a stamp tax on checks and drafts, which the gentleman estimates will raise $95,000,000.

Now, irrespective of the merits of that subject, bearing in mind what I have said about the necessity of raising revenue and making it certain that we will get it, we have to have something that will pass this House. Is it believed that this House will support a tax so distinctly a nuisance tax as a tax on checks and drafts? If not, then there is $95,000,000 of revenue that can not be raised without other substitution. Can you substitute it intelligently on this floor? Obviously not.

Then there is a tax suggested on contracts, covenants, conveyances, and things of that sort. I was a member of the committee which drafted the bill of 1921, 1924, 1926, and 1928, and I remember, as the gentleman from Illinois suggested a while ago, that those were easy days, when we were taking taxes off. I remember the appeals that came to us from all over the country. You gentlemen who were here then will remember the appeals that you received for relief from the burdens of war and nuisance taxes. We were then wafted on a wave of general prosperity, a rising tide of income, easy-to-pay taxes, and the people were just as restive and complaining about them then as you have ever known them under any situation.

Now, what a different situation! We are in the trough of a financial sea, attempting to rise out of it; and yet it is proposed to go back, by this schedule and by others suggested here, to those nuisance taxes of the war and the subsequent period, under which we suffered so long.

I shall not discuss all of these suggestions. There is one of a corporation tax estimated to raise $50,000,000. You do not need to be told by anybody that the corporations of the country are largely in the red. The gentleman's schedule avoids the suggestion of a capital-stock tax, because of its well-known unpopularity during the war and after the war, that it is a tax of a capital nature; but the gentleman suggests a different name for it, and that is about all. The gentleman suggests a graduated system of corporate registration, which he estimates would realize $50,000,000 out of corporations, out of impecunious stockholders, most of them who are struggling, like all individuals are struggling in an individual capacity to-day, to get out of this depression. Not only would this not raise the revenue but in my opinion it would not pass this House under any circumstances. The gentleman proposes a tax on automobiles and accessories.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield to the gentleman from Washington five additional minutes.

Mr. HADLEY. I wonder if it is the thought of the gentleman who offers this substitute for the manufacturers' sales tax that a tax on automobiles would pass this House?

The committee was well advised of the sentiment of the country upon this. The committee was well advised of the sentiment of the House upon it, and it was certainly its judgment that such a tax would not pass this House, even under the circumstances of an emergency; and it did not adopt it. It rejected it. It is now brought forward in this substitute suggested by the gentleman from New York, and is supposed to raise $68,500,000.

I will mention one more of the 14 groups. There is suggested an increase of 1 cent on first-class mail, which is estimated to raise $135,000,000. I will not discuss that on its merits at all, but if you gentlemen who are so much concerned about passing on some of these consumption taxes, so called, upon the people at the bottom of the financial ladder, if you are so disturbed about that, what do you think they will say when they find their postage increased 50 per cent?

That is a tax that they will see and feel. If you are so jealous of their interest in one particular, why not in others?

This schedule will not bear analysis from the standpoint of practicability. I am not attempting to discuss it on its merits but only upon the advisability of substituting it for the well-conceived, well-worked-out program which the committee has submitted to you, known to be administratively feasible and known to be adequate to produce the necessary revenue.

You may take any schedule that is brought here by way of substitute for this bill, and you will find when analyzed it will result in uncertainty and inadequacy.

I have worked on the bill with the committee for two months and more. I know there never was a harder job submitted to a committee; and while it is not a perfect job, I believe it is a good one and merits unqualified support. We are not jealous of it at all. Personally I am only jealous of it to the extent of doing the thing which will accomplish the result which the country so much needs at the present moment.

I have no interest in the controversy suggested by the gentleman from Mississippi among the Members of his own party. I served here with the distinguished and lamented gentlemen who have gone to whom he referred. We can not speak for them, of course; but I have no doubt if they were here and faced this situation to-day they would not permit a bill of this kind to be wrecked nor the credit of this Government to be impaired by ill-conceived and ill-advised amendments.

Mr. PEAVEY. Will the gentleman yield?

Mr. HADLEY. Yes.

Mr. PEAVEY. The gentleman has spoken of the intense demand that comes from the country for balancing the Budget. Will the gentleman tell from what sections of the country that demand comes and from what class of people of the country such a demand comes?

Mr. HADLEY. Will the gentleman state his question again?

Mr. PEAVEY. The gentleman has spoken of the intense demand that comes from the country at this time for the balancing of the Budget. Will the gentleman tell us just where that demand emanates?

Mr. HADLEY. It emanates from the whole country.

Mr. PEAVEY. From the farmers?

Mr. HADLEY. From the whole country. I deliberately believe that. I do not believe that any of the protests which have been filed against this bill have been filed because the petitioners are in favor of impairing the credit of the United States, farmers or anybody else. The farmers are just as much interested as you or I in balancing the Budget. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 30 minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include certain quotations.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GARBER. Mr. Chairman and members of the committee, I am sure I express the hope of this committee for the early restoration to health of the distinguished chairman of the Committee on Ways and Means. He has rendered invaluable service to the committee and the country. He has been a Member of the House for a quarter of a century and has devoted his life to the public service. I am sure I express the appreciation of this House in saying that we are deeply indebted to the temporary chairman of this committee, the distinguished gentleman from Georgia, who, in my judgment, gave one of the most fearless and able expositions of this bill that this discussion has disclosed. I like CRISP. The House likes CRISP for his democracy, because he is one of us. Let me say to you that the name of CRISP is typical and representative of the American family at almost every fireside in this country.

We are deeply indebted to the excellent services rendered by the senior ranking member of this committee. His presentations of public questions are always filled with concrete information, facts, and figures, however much you may differ with him in regard to his conclusions.

I feel the House appreciates the services rendered by every member of that committee in its work of weeks and months with the most difficult problem that perhaps has ever been presented to any committee of this House in recent years. I believe the membership of this House has respect for the deliberate judgment of this committee composed as it is of a seasoned personnel, with the public interest of the country as its paramount consideration.

I have not been privileged to hear all of the arguments presented. I was not privileged to hear what I am sure was an able presentation by the distinguished gentleman who sits before me, Doctor CROWTHER, of New York; neither have I read his presentation in support of this bill.

It is not my purpose to consider the various provisions which have been so ably presented, but I am informed that a direct attack was centered upon the provision which provides for an excise tax of only 1 cent per gallon on crude, fuel oil, and gasoline.

It is my purpose, so far as I am able, to give you some direct information regarding the relationship of this tax to the third largest industry in the United States.

Whenever we think of oil we think of monopoly, we think of the Standard, we think of the Dutch Shell, we think of the crooked dealings, we think of the policy that has been inimical to the public interest of this country by the great major companies in oil. But in this instance the facts are reversed.

I want to talk to you Democrats for a moment. In this instance the facts are reversed. It is not big capital investment seeking a special privilege; it is not monopoly that is asking for protection; it is the independent producers that are asking for protection in order to preserve the competition which protects you and the public interest in reasonable prices for oil products at filling stations.

The facts are reversed. Now, which side are you on in this contest for this little insignificant tax in this bill, which is for revenue only? Which side are you going to ally yourselves with, you Democrats who have always claimed that your party stood for the championship of the underdog, the common masses as against the intrenched influences of the country?

Mr. HOWARD. Will the gentleman yield?

Mr. GARBER. For a question.

Mr. HOWARD. I would like to answer the gentleman's question.

Mr. GARBER. Well, the gentleman has my permission, if it is not too long.

Mr. HOWARD. Speaking for one individual Democrat it is easy for me to say now that I intend to follow the long line of Democratic precedents and vote against anything in the name or nature of an infamous sales tax. Is that plain?

Mr. GARBER. That is very plain, but this is not a sales tax, it is an excise tax upon the importation of the products of the subsidiary companies, of the major companies of this country. It is regrettable to listen to the distinguished gentleman from Nebraska in his desertion of the principles and policies of his party in refusing to come to the assistance of the struggling independents in this country.

The oil industry, perhaps, contacts more people daily, outside of food products, than any other industry in this country.

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

Mr. GARBER. I yield.

Mr. ARNOLD. I am fully in accord with the gentleman's idea with respect to this tax on importation of crude oil. Can the gentleman give us any idea of the extent to which the importation of crude oil will be stopped by the tax of 1 cent per gallon?

Mr. GARBER. I will be very glad indeed to cover that point.

Mr. ARNOLD. That is a very vital issue in the matter.

Mr. GARBER. I will be pleased to answer the gentleman in so far as I am able to do so.

The tax of 1 cent on crude may, possibly, minimize or lessen the importations of crude oil and fuel oil and gas oil. It will not lessen, in fact, it will encourage, it will increase the importations of gasoline. Why? Because it takes three and one-third barrels of crude to make one barrel of gasoline. Mind you, the tax is 42 cents a barrel on each of the commodities. Therefore there will be concentrated in one barrel of gasoline three and one-third barrels of crude. So that instead of paying three and one-third times 42 cents on crude, they will be permitted to ship in that quantity of crude in the form of gasoline for 42 cents a barrel.

There is no compensatory duty whatever. We suggest that an amendment should be adopted to cure this inequality; that it ought to be commensurate with the duty on crude, which would be about 3 cents per gallon on the gasoline.

Mr. ARNOLD. I shall be very glad, indeed, to join with the gentleman in getting a tax of 3 cents a gallon on the importation of gasoline.

Mr. GARBER. I certainly appreciate that cooperation from the distinguished gentleman whose influence and whose judgment is so respected by the membership of this committee.

I know the two thoughts that are lurking in your minds—exhaustion of the product and increase in price—and I regret that my time is so limited I shall be unable to present to you authorities which will show that the quantity of crude petroleum in sight is sufficient to supply this country for 70 years, and with coal and shale for the next 500 years, and that the matter of its exhaustion is simply propaganda put out by the major companies for their own sinister purposes, and has now been abandoned except by the distinguished gentleman from Dayton, Ohio, who re-echoed the stale propaganda that has been relegated to the junk or wastebasket long since.

Think of the gentleman from Ohio restating an exploded proposition that has been purely manufactured for monopolistic purposes! The gentleman from Dayton, Ohio, from the very heart of protected industries, is president of the Federated Humane Society of Ohio. Let me suggest to the gentleman that he put a little of the humanity of his organization into his political economy and support a proposition that will give employment to 350,000 American citizens who are out of employment in the oil fields of this country. [Applause.]

Then the question is: Will it increase the price at the filling station? What are you paying now? You have your cheap imports. You have your imports that are products of peon labor, that are dumped into the Atlantic seaboard by the major oil companies. You are paying the same price for your lubricating oil, for your gasoline, that the consuming public is paying in the mid-continent fields. There is no difference in the price, although you are securing these cheap oils.

Who then gets the difference? Answer this question. Who is reaping the profits if the public is not receiving the benefits of cheap importations?

Why, the dividends declared by the Standard group in 1930, the year of our lowest depression, were the highest in all the history of those companies, exceeding a total of $286,000,000.

Seventy per cent of the imports of crude oil and 90 per cent of the imports of refined products originate in the Maracaibo Basin in Venezuela.

The 1930 report of the Tariff Commission made a year ago showed a difference in production costs of crude delivered on the Atlantic seaboard of $1.19 per barrel. Its latest report shows a difference of $1.03 per barrel, the difference being occasioned by the recent discoveries of oil reservations in Texas. In all fairness, it must be stated that such did not take into consideration the difference in the quality of the several products. While such differences is a matter of controversy, the report, however, did specifically find that the mid-continent and Gulf coast oil was being delivered at the Atlantic ports at a cost of $1.90 per barrel, that the refining costs by refiners on the Atlantic coast was 73 cents per barrel, making a total cost of $2.63 per barrel of refined products.

The commission further found that the value of such product was $2.74, leaving a profit of 11 cents per barrel or 5.78 per cent upon the amount of cost investment for mid-continent and Gulf coast oil.

The report also found that the cost of a barrel of Maracaibo Basin crude delivered at the Atlantic ports was 87 cents per barrel, but the cost of refining was 30 cents per barrel, making a total cost per barrel of $1.17. The commission found the value of such product to be $1.71, leaving a profit on the Maracaibo Basin import of 54 cents per barrel, or 62 per cent of the cost investment.

This specific finding of fact discloses enormous profits being made on the free imports of oils, profits made from the consuming public in our market. It discloses the reason for the determined opposition of the importing companies to any tariff or tax on oil imports, from which the consuming public receives no benefit. They pay the same price for the untaxed imported products of peon labor in foreign countries that they pay for the home-taxed products of American labor.

Of all industries the industries of oil should have been the least affected by this period of depression because the consumption of their products was even greater than before; but because of their inability to stabilize production to domestic consumption because of the flood of cheap importations this was not so, and the price of crude oil was depressed from $1.45 to as low as 10 and 15 cents per barrel. It is now 77 cents per barrel, much below the cost of production.

The consuming public has never received the benefits of the oversupply of oils or the importations of cheap oils from foreign countries. The prices of lubricating oils and gasoline have varied but little, if any. They sold for the same price at the filling station when oil was selling at 10 cents per barrel or $1.45. All the benefits have gone to the monopolistic importing companies.

If you Democrats are diplomatic, if you are disposed to go into the coming campaign with the advantages which are at your disposal, why do you not demonstrate to the public, here and now, that you are for the independent producers, the under dogs, in this great fight with the major oil companies of the country?

The major oil companies—and there are four of them, the Standard group, the Dutch Shell, the Gulf, and the Pan-American—have their thousands and thousands of subsidiary companies. Here is your opportunity; and let me say that you have a leader as the Speaker of this House, one of the great Democrats of the country, who has cooperated in developing this issue and supporting the under dog in this great fight which is now precipitated upon this floor by this little, insignificant tax.

Let me give you a brief glimpse of the background of this fight. The major industries of oil represent a capital investment of $12,000,000,000 by 2,250,000 investors, and furnish employment to approximately 2,000,000 employees.

Surrounded by surpluses, our industries are in the midst of depression. The initial step to recovery is to adjust production to consumption and this results in unemployment which in turn becomes a vicious circle affecting all.

In the production of oil we have two classes, the one confining its operations to exploration, development, and production, while the other class is engaged not only in production but in transportation, with its own pipe lines, tank cars, and trucks, with its own refineries and marketing facilities and filling stations. This class is also engaged in production abroad in Mexico, Venezuela, and other countries, where it also has its pipe lines, refineries, and tankers. In these countries it produces oil and its refined products for export into this market. This class is composed of what is known as the "Big Four" and their subsidiary companies.

Such companies are exploiting the oil fields of Mexico and Venezuela for the export of crude and its refined products to their parent companies in this country so that conservation by curtailment of production here gives them a better market in this country. They are the foremost champions of conservation and curtailment in this country while exploiting the fields in foreign countries to supply this market.

They are, therefore, opposed to any tariff or tax upon such imports. Here, with funereal, ministerial attitude, they sanctimoniously chant the hymns of conservation and curtailment by proration and mournfully act as the pallbearers of the independents, while their subsidiaries exploit foreign fields with cheap labor for cheap oils for enormous profits from an unsuspecting public in this market.

The big four, importing 82 per cent, are commonly known as the Standard Oil group, the Royal Dutch Shell, and the Gulf. It must be remembered that they are also domestic producers of crude. They are in control of the pipe lines, of the refineries, and of the wholesale and retail distribution of oil and its refined products. They produce 50 per cent of the crude oil, control 90 per cent of the pipe lines and 85 per cent of the refined products, including fuel oil and gasoline, sold in this country.

These companies, which control 90 per cent of the transportation and 85 per cent of the refined products, can dump enough imported cheap oils into the market at any time to break it for crude and destroy the independent producer or the independent refiner who is forced to carry a stock of such raw material.

The uncertainty created by free imports with unlimited resources of oil stocks and capital creates anarchy in the market for the independent producers and refiners. Thousands have been forced out of the business, their properties appropriated by the major companies, and, if the policy of free imports continues another year, the competition of the independents will be destroyed and the monopoly in this market will be complete. The oil reserves of this country will be in control of the major companies, the companies that control the transportation, the refining, and the marketing industries of oil. When that condition is brought about the consuming public will be completely at the mercy of monopoly, which the Supreme Court in 1911 declared to be against the public interest.

Ninety-five per cent of the oil lands in Mexico are owned by capital foreign to that country. Practically 100 per cent of the oil lands in Venezuela are owned by capital foreign to that country. The oil lands in those countries are owned by the major companies in this country. They secured large concessions from the government upon a 10 per cent royalty basis.

To illustrate: The Pan-American Transport Co., having 27 subsidiary companies of its own and itself being a subsidiary of the Standard Oil Co. of Indiana, has a concession in Mexico of 2,500,000 acres. It also has a concession of 3,000,000 acres in Venezuela. Upon this land they pay no rentals; they simply pay a royalty of 10 per cent of the production when it is produced. The same monopolistic conditions exist in Colombia, Peru, and Trinidad. The major companies have an absolute monopoly of the oil lands in foreign countries with the exception of Russia, a complete monopoly of oil production in foreign countries, a complete monopoly of the refining industry in foreign countries, a complete monopoly of all the revenues derived from oil and its products in foreign countries.

The citizens of those countries have no investments in oils. The major companies, which includes the Dutch Shell, do not import oil products produced by the citizens of those countries. They do not import oil products produced by the capital of those countries. They import the products produced by their subsidiaries in those countries; so it is not a matter of trade between countries or between the citizens of countries but strictly a matter of free imports by the major companies in this country from their subsidiaries in foreign countries.

Contrast this production investment of these companies in foreign countries with the production investment of the producers of this country. Those engaged in the production industry here have no concessions from the Government. They must lease the land from the individual owners

for which they must pay a bonus for the lease, $1 per acre rental annually, and give a royalty interest therein all the way from 12½ per cent to as high as 50 per cent. The royalty interests are reserved to each of the landowners. Under normal conditions they are of market value. The royalty interests are capitalized and sold in distributive shares to thousands of investors and the annual rentals total millions of dollars to the landowners of whom the greater number are the farmers.

The point is, there is no distribution of benefits in monopolistic foreign production. The royalty interest to the Government is the only consideration. There are no rentals, no bonuses, and no royalty interests to individual land owners. All these interests are retained by the producing companies.

Here, in such industry, there is wide distribution of benefits, perhaps a wider distribution of direct benefits than in any other industry.

In monopolistic foreign production there is employed only 1 white person to every 100 peons. In domestic production, the employees are all American citizens and paid American wages.

Such is the difference between the distribution of foreign development by monopolistic companies and the development by producers in this country.

There are more oil States than there are wheat States, more oil States than there are corn States, more than there are cotton States, more than there are steel States or iron States. The oil States represent a population of 22,000,000 people. That is the difference between the distribution; one is monopolistic and the other is distributed more widely than the interests of any other industry in this country.

There is another phase for you to consider: Foreign monopolistic development pays no taxes. It does not contribute a single dollar to the maintenance of the subdivisions of the Government of this country.

Mr. GLOVER. Will the gentleman yield?

Mr. GARBER. I yield for a question.

Mr. GLOVER. The gentleman has spoken of the Democratic Party. I happened to be in Congress at the time you had the oil question up, and you had oil people here asking for a tariff on oil. You had something like a hundred majority on the Republican side. Can the gentleman tell us why you did not get your majority to give you a duty on oil?

Mr. GARBER. In reply to the gentleman I will say that our failure then is no excuse for inaction of the Democratic Party now. There may have been different reasons operating during the latter part of the session, when that matter was presented.

Regarding the question of taxation, oil and oil products are the most highly taxed of the products of any industry in this country. From the very inception when oil is produced it begins to pay a tax. It pays a production tax of 3 cents ad valorem, a tax regardless of whether there is any profit made on the production or not. It pays a corporation tax and a capital stock tax. Those taxes are paid whether it makes anything or not.

In other words, oil in 1931 paid a total tax of $754,000,000, or about 87 cents per barrel.

Mr. FIESINGER. Will the gentleman yield?

Mr. GARBER. Yes.

Mr. FIESINGER. I want to say to the gentleman I am for the oil tax, but I am receiving considerable propaganda from farm organizations. They seem to be writing letters to Members of Congress.

Mr. GARBER. For or against the tax?

Mr. FIESINGER. Against the tax. Now, the oil people have a great many farmers. Why is it that the farm organizations are writing letters against this tax?

Mr. GARBER. I am satisfied that the farmers in the oil States are not sending in this propaganda.

[Here the gavel fell.]

Mr. GARBER. May I have 15 minutes additional?

Mr. WATSON. I will yield to the gentleman five minutes.

Mr. FIESINGER. The gentleman thinks that the big oil companies get back of the farmers' organizations?

Mr. GARBER. No doubt that is the result of the sinister influence of the major oil companies in developing propaganda in opposition to this tax.

Mr. FIESINGER. They are telling the farm organizations that the price of gasoline and other products will be increased?

Mr. GARBER. That is it exactly. This is a fight against the greatest monopolistic influence that there is in the United States or in the world.

Mr. HART. If the gentleman will yield, I will tell you where you are getting the propaganda from. They had the same thing during the consideration of the Muscle Shoals bill, where the International Cyanamid Co. got up the propaganda, yet the farm organizations asked the Congress to accept their bid; and these oil companies are getting the propaganda through the American Farm Bureau.

Mr. GARBER. Yes; they often resort to respectable agencies to accomplish their purpose. What would this tax do if it was what it ought to be, if it prohibited the cheap products of foreign countries—and why should it not, when we have an oversupply in this country, when we have more oil than we know what to do with, when we have 350,000 of our citizens out of employment? What would it do? It would simply give a job to our unemployed to supply our home market. That is what it would do, and nothing more. The price would regulate itself and conditions would improve.

The competition in this country in this industry, especially the producing competition, is absolutely sufficient to protect the consuming public from any unjust exaction. It would simply give our own producers the right to raise the curtailment of production; to uncap their wells and produce a little more than they are permitted to do now.

During the years 1929, 1930, and 1931 oil imports, free of duty, were admitted into this country in the value of $377,321,374. And this, too, during a period of severe depression, when our citizens were out of employment and begging for work. And this, too, at a time when we had an oversupply of oil and refined products in this country, when we had such an enormous potential supply that we were compelled to curtail our production in the flush production States down to only 9 per cent of our potential production. These imports of millions of dollars of cheap oil products were admitted free of duty during this period when our own producers were curtailing their production, discharging their employees, and sacrificing their investments and their properties.

During the year 1930 we shut in, by proration, 109,000,000 barrels of oil and let in, by free imports, 105,000,000 barrels. As rapidly as we emptied our tanks they were filled up to overflowing with a flood of cheap oils by the importing companies.

This drastic curtailment was at a tremendous sacrifice of the independent producers. Not so with the importers. They had their free imports of cheap oils, their pipe lines, their refineries, their marketing facilities, and filling stations to make up their losses in curtailment here.

What industry in the United States has had the self-restraint and control to voluntarily, and by statute, curtail its production to as low as 9 per cent of its potential production? It was only accomplished and brought about by the cancellation of leases, totaling millions of dollars, to the farmers—$46,000,000, to be exact.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. ARNOLD. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. GARBER. During this time that we curtailed our production this period of three years—1929, 1930, and 1931—to as low as 9 per cent, the independents discharged their labor and canceled their leases. The major oil companies gobbled up the properties of the independents at forced sales, in bankruptcy, put thousands of independent producers and crude refiners out of business, and secured the benefits. This is a deliberate, premeditated plan of the big companies to crush out the little, independent producers and the competition which they afford. It is simply a step,

and the last step, in securing a complete monopoly of oil products in this country. I see the distinguished gentleman from North Carolina [Mr. DOUGHTON], who seems to be interested in this statement. In 1911, after five years of litigation and investigation, the Supreme Court of the United States approved the finding of fact by the circuit court that the major oil companies were exercising such a monopolistic control in this country that it was inimical to the public interest and decreed their dissolution and disintegration. Gradually, after years, in a sinister way, silently, stealthily, these companies have been coming back together, gradually absorbing the control of which the Supreme Court divested them in that famous decree of 1911; and the big value of your support of this little insignificant tax will not be the little revenue that it will bring into the Government, but it will be the preservation of competition furnished by these independent producers and refiners for the benefit of the consuming public.

Which would you rather do, pay an additional cent in tax to preserve this competition or pay the additional tax to the monopoly when they secure complete and absolute control? That is the question for you to determine in regard to your attitude and support of this provision.

This provision is viciously opposed by the major companies through respectable agencies. Who appeared before the Ways and Means Committee? The independent producers and the American Federation of Labor, who understood the issue. They understood it and they demanded from that committee the degree of protection to this industry that has been accorded to every other American industry; and of all the places whence opposition should come, the Atlantic seaboard, and especially New England, is the last place where one would expect to find it—the home of protection, which has built up factories and manufacturing establishments. The gentleman from Maine [Mr. NELSON], who has been working 24 hours every day to secure an embargo on lobsters not exceeding 3¼ inches in length, viciously opposes this little insignificant tax to protect a great industry with thousands of men out of employment. Think of it! Think of the sordid, selfish, picayunish, narrow policy of such opposition by the gentleman from Maine to protect a baker's dozen of fishermen scattered along his rock-bound coast and his denial of the principle and policy of protection to an industry whose employees are 90 per cent American citizens, and are represented in 20 different States in the Union. [Applause.]

I distinctly recall the occasion when the three gentlemen from Maine stood upon this floor proclaiming their regularity, their fealty to the Republican Party and protection, demanding an increased duty on potatoes. On former occasions it had been the products of the factories of Maine, then it was the potatoes of Maine, and now it is lobsters, not exceeding 3¼ inches in length, "measured from the eye socket to the rear end," mind you. [Laughter.]

Oh, yes; Maine demands protection for the products of her factories, for the products of her manufacturing establishments, for her potatoes, and last but not least, for her lobsters! It is millions for protection for the products of Maine but not one cent for oil! Protection on the products of Maine does not raise the price to the consumer. Oh, no! It employs labor and creates prosperity, but protection on oil is a "robber tariff" and the consumer pays it all. Oh, yes! Protection is O. K. for Maine, but all wrong for the producers in the 20 different oil States in the United States. Is it—can it be that there is a Standard of Maine? Perish the thought!

The Atlantic seaboard buys 36 per cent of its crude, 16 per cent of its gasoline, and 49 per cent of its fuel oil from the free imports of the major companies, while we have an oversupply of oil with 350,000 oil workers out of employment in our own country. Such companies have led the opposition to any restriction on free imports. They have opposed a tax, a tariff, or an embargo on such imports, even when they are dumped in from Rumania or by the Russian Soviet for the express purpose of destroying the competition of the independent American producers who are but asking the privilege of supplying the American market with American products. And yet the seaboard States with their factories and manufacturing establishments is the home of protection, a protection that has built up and maintained their factories and their plants in flourishing prosperity since such conditions prevailed anywhere in the United States!

Now, when these oil States ask, with greater merit than they ever presented in support of their claims, for a small degree of the protection they enjoy in cooperation with the major companies they repudiate protection and demand a continuation of free trade in oil products.

Gentlemen, New England, especially, can not afford such a selfish, narrow, sordid policy. The market for your products is outside of your tariff wall. It is in the oil-producing States with their 22,000,000 of consumers and the adjoining agricultural States with 20,000,000 more. Here is the greatest market in the world for your products of iron and steel, of textiles, and the various other products of your thriving industrialism. It always has been. Do you want it to continue?

From out of New England comes the confession of one of your great leaders, the gentleman from Massachusetts [Mr. TREADWAY], as to the unwisdom of your course. In the discussion of this subject, he said:

> Let me remind my New England friends that our section has, ever since the first tariff bill was written, asked for protection to our industries. Let me remind them, too, that many sections of the country feel that our neck of the woods has received more favorable consideration than it merited. Even in the last tariff act New England made certain appeals to Congress for her industries, which were heeded. I do not need to enumerate them at this time. My colleagues should bear these facts in mind before they seek to deny to other sections of the country what we of the East have asked of Congress from time immemorial.
>
> For several years past a wide area of this country in the States of Kansas, Oklahoma, and Texas has been clamoring at the doors of Congress for the protection of its local industry, namely, the production of oil. Its appeal has gone unheeded. To-day, through the instrumentality of a tax, the people of that section think that to a certain extent they are accomplishing their purpose. I for one propose to help them with my vote. I do this for at least two reasons. First, protection to their industry, call it tariff or tax. They consider this measure as a means of protecting their industry exactly as we in the East have asked and received protection for our industries. Second, it is a contributing item in the big measure before us, one factor in the effort which is being made to balance the Budget and maintain the credit of the United States Treasury.
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> Most fantastic statements have been made relative to the cost of this item upon the taxpayers of the Atlantic coast. It has also been stated that it would not produce revenue. The lowest estimate we have had of the revenue it would produce is $5,000,000, which of itself is well worth while when every possible effort is being made to secure the aggregate amount needed for Budget balancing.
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> The exaggerated statements of additional cost to the eastern coast, running as high as $100,000,000, are ridiculous and can not be borne out by any authoritative evidence that can be submitted to this House. Assuming, however, that the entire additional tax of 42 cents per barrel is added to our fuel bill, this is not out of proportion to the additional possibilities of sale of our industrial products to the section of the country which is asking for this help. If that section of the country can come into our market with its fuel oil, payment can be made in our products and we ourselves would be the direct beneficiaries in the employment of labor for our home industries.

Contrast this broad, statesmanlike utterance of the trade policy for New England with the selfish, short-sighted policy of the opposition. The gentleman's recognition and assurance of cooperation created a friendly feeling and appeal that will return her tenfold in trade for the increased cost, if any, for her fuel.

New England must reciprocate with protection for the products of the oil States or they will reciprocate with free trade for New England. They will level the protective wall to a revenue or competitive basis to the same level as their own. We have offered reciprocity; we prefer it to retaliation. We are one family, citizens of a common country. If we are Americans, then why not act like Americans, vote American, buy American products, and give our employment to our fellow Americans at home. [Applause.]

The following editorials from the Washington Herald, the Enid (Okla.) Morning News, and the Blackwell (Okla.) Tribune portray conditions in the oil industry and the imperative need for remedial legislation:

[From the Washington Herald, January 25, 1932]

TARIFF ON OIL NEEDED

The problem of prosperity for numerous States in the Union would be solved overnight by a prohibitive duty on imported petroleum.

No State would be injured.

On the contrary, the Nation in general would profit both directly and indirectly by the stimulus to this particular national industry.

Money now sent abroad would be spent at home.

American money now furnishing employment to labor in other lands would perform a more legitimate function in furnishing employment to American labor.

Fair prices would be assured by the very vigorous competition of American producers against other American producers which universally exists, while there would be an end to the present cut-throat competition forced upon them by excessive importations of foreign oil.

Such cut-throat competition prevents a fair return to capital and labor and general employment. Thus the country as a whole suffers from the foreign competition which is disrupting the domestic industry.

It is one of the many paradoxes of our present national problems that the United States is at once the world's greatest producer and greatest importer of oil.

Domestic production is decreasing, owing largely to the ruinous effect of foreign competition; but importations continue to represent a large amount of money sent out of the country to give employment to foreign labor.

Last summer there was a movement to induce the President to order an embargo on imported oil, but there was no authority for him to do so, and, even if there had been, there was no evidence of his inclination.

Fortunately, a presidential embargo is not necessary. Adequate protection for American oil can be afforded by a constitutionally imposed high tariff on imported oil.

Congress and the President can do what the President alone could not do to restore prosperity to this important national industry.

Prosperity must begin somewhere, and it would begin at once in the oil-producing States of the Union if Congress imposed a high duty on imported oil.

[From the Enid (Okla.) Morning News]

"BUY AMERICA"

President Hoover has added the weight of his influence to the "buy American goods" movement, by writing a letter to JOHN GARNER, Speaker of the House of Representatives, suggesting regulation which will provide for the purchase of supplies made in the United States by our Government Departments. Under the law which has been in effect for some time, Government departments must purchase from the lowest bidder. As foreign goods, made in countries with cheap labor and low living conditions, can be sold generally at a less price than American goods, this often results in the forced purchase by the United States Government of supplies made abroad. In his letter to Speaker GARNER the President said in part:

"It would be of substantial advantage to American manufacturers and producers if Congress should authorize all departments and executive establishments uniformly to give this preference, and I suggest the enactment of legislation providing that in advertising for proposals for supplies heads of departments shall require bidders to certify whether the articles proposed to be furnished are of domestic or foreign growth, production, or manufacture, and shall, if in their judgment the excess of cost is not unreasonable, purchase or contract for the delivery of articles of the growth, production, or manufacture of the United States, notwithstanding that articles of foreign origin may be offered at a lower price."

Two bills for the purpose outlined have been introduced, one by Representative FLORENCE KAHN, of California, and the other by Representative WHITE, of Ohio. Mrs. KAHN's bill provides that all materials and supplies purchased by any department, and all materials and supplies furnished by contractors doing work for the Government, shall be produced within the limits of the United States, unless there is express authorization to the contrary by law or unless the material is used for experimental purpose or can not be manufactured in this country. Mr. WHITE's bill would leave a limited discretionary power with departmental heads.

There can be no question of the value of legislation of the kind at this time. Surely Uncle Sam, above all purchasers, should buy and use American-made goods wherever possible. What we need in the United States is a speeding up of the campaign to buy American goods. In Great Britain a "buy British goods" campaign has been in progress for several months and the British magazines are full of advertisements pushing this campaign. It is just as necessary for our well-being that the Americans buy American-made goods as it is that the British buy British-made goods. On the Continent the nations are pushing and encouraging the sale of home products, too, and Uncle Sam can not afford to lag behind in this movement.

The consumption of American-made goods keeps the money at home and affords additional employment for American workers.

[From the Blackwell (Okla.) Tribune, July 18, 1931]

MORE FOREIGN OIL

Importations of crude oil are increasing. There is nothing in that fact to cause surprise. The surprising thing would be for there to be no increase in imports. The history of the move for curtailment of oil production in the United States has been that as domestic production decreased, importations of foreign oil increased. Why should there be reason to expect anything but increased importations as the shut-down plan goes into effect? The Pan-American Petroleum Co., a subsidiary of the Standard Oil of Indiana, has increased its importation approximately 140,000 barrels a week. Of course, in response to a request by Hoover, the big oil-importing companies agreed to limit importations for a time, and less than a month ago the Pan-American Co. agreed to a 25 per cent curb on imports, but what of that?

The agreement to cut importations entered into by the Pan-American, the Dutch Shell, the Standard of New Jersey, and the Gulf Coast Co., Secretary Mellon's company, was limited to 90 days, and that term expired recently. Also, it was recently that the series of drastic cuts began which forced the price of oil down to 10 cents a barrel. A shut-down of domestic production having been thus forced, what was there to expect but an increase in oil imports.

For the week ending July 11, 1,202,000 barrels of crude and refined foreign oil were received at "the principal United States ports," which means New York and Baltimore. That imports will be increased to meet the shortage caused by the shut-down of producing wells in this country is to be expected as a matter of course. It is all working out according to plans carefully made and ruthlessly executed by the big corporations.

[From the Blackwell (Okla.) Tribune, November 12, 1931]

THE OIL SITUATION

During the past 10 years there has been imported into the United States over a billion dollars worth of crude oil and refined products. About three-fourths of this total was crude oil and the other one-fourth "tops" or gasoline, a little kerosene, and practically no lubricating oil. In fact, until Venezuela came into the oil picture almost all of our imports were low-grade crude oil and fuel oil.

Recently Russell Brown, attorney for the Independent Petroleum Association, called our attention to the fact that in the past five years foreign oil valued at over half a billion dollars had been dumped into our already overloaded market. This, indeed, had a very depressing effect on the domestic market and the oil industry in the United States. And during the past five years the larger percentage of this oil, which has been dumped on our market, has been refined products. This change has been due to the building of two huge refineries on islands just off the Venezuelan coast. The combined capacity of these two refineries is about 375,000 barrels per day, or more than one-seventh of the present capacity of all the refineries in the United States.

These two huge refineries ship a substantial part of their refined products into the United States in competition with our domestic industry, and at prices with which our American oil men can not compete.

On account of this importation of foreign crude oil, over 2,000,000 men in the oil industry in the United States are out of work, due to the present price of oil. Most of the oil produced at the present time in the United States is produced at a loss to the operator.

Governor Murray has helped the oil industry in the United States by the forced shutdown of the Oklahoma fields during the past summer, which shutdown was joined in by Texas and other States. Governor Murray's program forced the price of crude oil from 10 to 20 cents per barrel, in the mid-continent fields up to 85 cents per barrel. The program of Governor Murray has helped the oil industry, but President Hoover should have handled the situation himself by declaring an embargo on foreign oil.

[From the Blackwell (Okla.) Tribune, April 29, 1931]

OIL AND THE FARMER

Are the farmers of Oklahoma financially interested in measures to put the oil industry back on its feet? In other words, are the farmers financially interested in the effort to secure a tariff on oil?

Grant County records for April 18, 19, and 20 show agreements by 67 landowners of that county to reduce rentals to oil companies, which means that the 67 landowners will receive less for their oil leases. There is nothing in the legal notices to show how much the 67 reductions total, so it can not be stated here how much less money the landowners will receive for their leases and we don't know how many more such reductions have been made or will be made. Grant County is not one of the big oil counties of the State, but 67 agreements to lessen lease prices in three days shows something of what is happening all over the oil section of Oklahoma. We are afraid to venture a guess as to the total loss to farmers of revenues from that source; our guess probably would be much too low, but the loss amounts to hundreds of thousands of dollars annually, and to that loss must be added that caused by the failure of oil companies to renew expired leases.

Why are oil lease prices decreasing? It is hardly necessary to ask that question or to answer it. To-day's prices for crude oil tell the story. For 65 years after the completion of the first oil well at Titusville, Pa., the average price in the United States for crude oil

at the well was $1.33 per barrel; to-day the average price is about 60 cents a barrel. With oil at 60 cents a barrel, oil leases are worth less than 50 per cent as much as with oil at $1.33 a barrel, just as a farm lease is worth less when wheat is 60 cents a bushel than it would be with wheat worth $1.33 a bushel. What has forced oil prices down to the present point? Enormous importations of foreign oil. What would check those importations and restore oil and oil leases to their former values? A tariff on oil. Oh, yes; the Oklahoma farmer is financially interested in the effort to secure a tariff on oil.

Perhaps no other argument is needed, but here is the same proposition stated in another form. For the 4-year period ending December 31, 1930, production of crude oil in the United States was 725,000,000 barrels more than for the preceding four years. The price received at the well was $159,000,000 less than for the 720,000,000 barrels less oil produced in the preceding four years. It is not hard to understand why the farmers of the State are forced to take less for leases on the oil lands they own, and it is just as easy to understand how they would be benefited by a tariff on oil.

Mr. ARNOLD. Mr. Chairman, I am directed to yield 20 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, I desire to concur in the tribute paid by the gentleman from Oklahoma to the chairman of the committee which reported the pending bill. His career in the House is another corroboration of the belief which I have always entertained on the influence of heredity. In all the long line of Speakers who have presided over this body, there is none who was abler; none who occupies a higher place in the parliamentary history of the House than his distinguished father. It is eminently appropriate that his son should be carrying on his great work.

But, Mr. Chairman, it is a peculiar psychological quirk that no two men can at all times agree on all questions, and I consider it a real misfortune that I am not, in this particular instance, able to concur in the recommendation which the chairman of the committee has felt constrained to make in presenting this bill. In fact, the bill is one of those controversial measures on which comparatively few have been able to fully agree in all respects.

But out of all the differences of opinion that have been expressed on the subject in the last several days, there is one spot of common ground. There is one thing on which every Member who has yet spoken has agreed, and that is that the sales tax, sometimes called the "manufacturers' tax," has many objectionable features. Even the warmest advocates of the sales tax, while insisting that it is the only practicable method of balancing the Budget, concede that it is highly objectionable, and submit that it is offered here only as a last resort. They justify it solely on the ground that it is proposed as a temporary expedient, and they assure us that it is offered purely as an emergency measure, and they wish us to understand that as soon as normal conditions return and the emergency has passed they expect to dispense with it. But it is agreed, both by those who advocate it and those who oppose it, that sales taxes in any form are highly objectionable, even for the laudable purpose of balancing the Budget.

Its proponents imply, if they do not state in so many words, that if there were any other legitimate means of raising the revenue required to balance the Budget they would not propose a sales tax. And they would have us believe that it is recommended only because no other feasible method of raising revenue is available.

In view of this protestation I venture to relieve their embarrassment by suggesting other methods of securing funds to make up the deficit, methods which are free from the objectionable features of the sales tax. I do so with some diffidence, but inasmuch as the committee and the Treasury Department are unsophisticated in tax matters and are circumscribed in facilities for securing information on the subject, I beg to point out various sources of potential revenue which they have inadvertently overlooked. Up to this time the Treasury Department in its determined search for some form of taxation which would balance the Budget without invoking the evils of the sales tax have been able to find only such nuisance taxes as the increase in postage, the tax on checks, the various stamp taxes, and kindred forms of taxation which harassed us during the war. And so I desire respectfully to call to their attention certain other methods of raising revenue which can be utilized in this emergency without invoking the sales tax or other nuisance taxes which they have suggested as alternatives.

For example, why not repeal section 141 of the revenue act authorizing corporations to consolidate their tax returns? Under the provisions of this section of the revenue act every great trust in America to-day is avoiding taxes which their small competitors must pay. There are twenty and odd thousand corporations in America, with branches in every State, which do not make individual tax returns. The mother corporation makes one return for all subsidiaries and thereby escapes millions of taxes; and the statement has been made in the CONGRESSIONAL RECORD that one man, Mr. Andrew Mellon, profiting by this section of the revenue act, saved $1,000,000, and that one corporation has saved as high as $5,000,000. It is estimated that if this section of the revenue act was repealed, such giant corporations as the Standard Oil Co., the United States Steel Trust, the Pittsburgh Coal Co., General Motors, and numerous public utilities would pay into the United States Treasury every year more than $100,000,000 in additional revenue.

Why not let these profitable industries, one of them paying its president a bonus of $1,500,000 a year, another granting its president a bonus of $2,383,000 a year, and all of them receiving immeasurable benefits from the Government, be allowed to contribute to its support instead of taking it from the food and clothing of the poor? A day laborer stepping into a grocery for his lunch of a piece of bologna and crackers or a can of sardines and spaghetti would pay a tax on every article he ate. While the president of the United States Steel Trust, receiving $40,000 a week, could go into the Waldorf-Astoria and order a sirloin steak and French rolls with Florida strawberries without paying a penny's tax on any of it. Why not repeal this little section of the revenue act and let these twenty-odd thousand corporations pay what other corporations pay instead of taking it out of the meager lunch of the laboring man?

Now, Mr. Chairman, this is not an impracticable suggestion. It is backed by the highest authority in this House. It is the identical proposal made by JOHN N. GARNER, of Texas, now Speaker of the House. In 1929, speaking on this subject, Mr. Speaker GARNER recommended the repeal of this provision of the revenue act. And had it been repealed at the time he urged it a very large part of the deficit which is now reported would have been avoided and it would not have been necessary for the Treasury Department and the Committee on Ways and Means to come in here to-day proposing the levy of a sales tax on the necessities of life.

If, in the opinion of the Speaker of the House, it was a good thing in 1929 when the need was not so great as to-day, why is it not a good thing in this crisis when they are claiming that there is no other feasible method of balancing the Budget but the imposition of a sales tax on every man, woman, and child in America. It would raise $100,000,000 at a minimum, and yet the Treasury Department has entirely overlooked it in their frantic search for means of reducing the deficit.

Strike out section 141. Consolidated returns of corporations. On pages 108, 109, 110, 111, and 112 strike out line 19 of page 108 to line 3 of page 112, inclusive.

That is proposition No. 1. That is the first alternative.

Second. Repeal sections 31 and 131 of the revenue act.

Sections 31 and 131 of the revenue act provide that taxes paid by an American corporation to any foreign government may be deducted from its domestic tax. And I want to call your attention to an important phase of the deduction. Whenever an individual or corporation pays a local tax in any State or in the District of Columbia such local tax is deductible from the net income on which tax is computed. But under section 131 of the current revenue act when an American corporation with branches in foreign countries pays a tax on such assets abroad it makes the deduction—not from its taxable income but from the tax after it has been computed.

Under the benign influence of our tariff laws a great number of American corporations have established branches

abroad, and many of them have heavy investments in practically every foreign country.

Just across the international line in Canada there are duplicates of numerous manufacturing plants of the United States. When I was at Niagara Falls some time ago I saw there in close proximity, plants belonging to the same corporation that were practically identical, producing the same commodity, one in Canada and one in the United States, the Canadian plant being established there in order to avoid the tariff.

What is the effect of the establishment of these foreign branch factories? We are not only deprived of the revenue from the taxes formerly paid when their products were manufactured in the United States, but we are also deprived of markets for American products which are consumed in these factories as raw materials.

The raw materials consumed in these factories are now purchased in foreign markets and from foreign producers, while American cotton, American oil, American ore, American coal, American grain, and other American products are left to congest our own markets and pile up a surplus that drags down the price of every American commodity.

In addition to the loss of a market for our raw materials American labor suffers. According to latest estimates, branch factories of American corporations now in operation abroad are employing half a million foreign workmen instead of the half million American workmen who would be employed in these industries if they operated within the United States as formerly.

With the lack of employment in the United States to-day, with armies of unemployed walking our streets, what a boon it would be to American labor if these plants were operated at home and these pay envelopes were being delivered every Saturday to our own workmen.

However, if our tariff laws are to continue to drive American industries abroad, and our other producers are to be deprived permanently of this market for their products; if they must take the jobs of half a million American citizens and give them to half a million foreign workmen, let us at least eliminate this exemption and secure full payment of taxes on the income from these foreign investments. If this section of the revenue act had been repealed by the last Congress it would have brought into the Treasury of the United States in the last year over $35,000,000. Why did not the Treasury Department, in its anxious search for revenue, recommend the payment of this $35,000,000 by corporations with branches all over the world instead of taking it out of the farmer's tractor, the laborer's overalls, the housewife's market basket, and the children's toys?

Strike out section 31 and section 131. Credits of taxes of foreign countries and possessions of United States.

On page 36, strike out lines 2 to 7, inclusive.

On pages 103, 104, 105, 106, 107, and 108, strike out line 3 of page 103 to line 7 of page 108, inclusive.

That is proposition No. 2. That is the second alternative.

Third. And let me ask you here how would you like to have a method of taxation which would bring into the Treasury of the United States not the paltry amount which they propose to raise by a sales tax but an annual revenue of $6,000,000,000? What would you think of a method of taxation which alone would produce every year three times the amount of the total deficit in the United States Treasury—a method to which nobody would object—a method which would shear the pig and get the most wool with the least squeal?

I do not suggest this happy solution on my own responsibility. It is a tax proposed by one of the most eminent legislative authorities on the subject, not only in the United States but in the world to-day.

Here is the proposition as he formulated it. This is the form in which he offered it as an amendment to the revenue act in the United States Senate in 1929:

There shall be levied, collected, and paid on all sales or agreements or contracts or options for sales of shares of stock of any corporation at, or under the rules and usages of, any stock exchange, or other similar places, $5 for each $100 of the selling or buying value, whichever may be the greater, or fraction thereof, of the stock covered by such sale agreement, contract, or option—if the seller has not had the legal title to or the beneficial interest in the stock for at least 60 days prior to the sale agreement, contract, or option.

This amendment, if adopted in 1929, would have produced a revenue, according to the computation of a former Secretary of the Treasury, of $6,000,000,000 annually. If I were drafting it originally I would not put the rate so high, but I am offering it as originally proposed. Its adoption would not only have provided an adequate revenue, but it would have been attended by many other beneficial results. One of the evils accentuated by the present financial depression is the practice of short selling. So deleterious has been its influence and so seriously has it retarded business recovery that the President recently addressed a message to Congress on the subject, and it is everywhere the subject of widespread condemnation. The proposed tax on the sale of stocks would go far toward remedying the evil. It would discourage short selling; it would discourage gambling in stocks; it would stabilize the market and curb both bulls and bears, and so benefit both the producer and the consumer.

It taxes the market rigger and the stock gambler, while the sales tax penalizes the farmer, the workman, and the tradesman. Which class do you think can better afford to contribute to the support of the Government?

The fourth applies the same principle to the commodity exchange. It is a tax on options; a tax on futures. Every year there are millions of bushels of imaginary wheat and millions of bales of cotton that never grew thrown on the market. On the Chicago exchange alone last year every bushel of corn raised in the United States was sold eighteen times. These unlimited quantities of make-believe products passing through the exchanges suspend the law of supply and demand. They depress the price to the producer and boost the cost to the consumer. Compensation for toil on the farm and the cost of daily bread in the city are governed not by harvests and consumption but by curb deals in margins and options and eddying whirlpools of phantom grain in the wheat pit. Here is the remedy:

There shall be levied, collected, and paid a tax of one-fourth of 1 per cent of the selling or buying value of all sales or agreements or contracts or options for the purchase or sale for future delivery of cotton, grain, and all other farm products without intending that such products shall be actually delivered or received, or offering to make or enter into a contract whereby any party for whom or in whose behalf such contract is made, acquires the right or privilege to demand in the future the acceptance or delivery of cotton, grain, or other farm products without specifying the grade to be delivered, and being thereby obligated to accept or deliver such cotton, grain, or other farm product of the grades and quantities specified in said contract.

Such a tax would produce a rich revenue. There would be no protest from those who paid it, for the gambler never quibbles over the commission retained by the "house." And simultaneously it would reduce gambling in agricultural products and meet with the approval of every farm organization and every labor union in the United States.

That is proposition No. 4—the fourth alternative to a sales tax.

The fifth alternative provides for an increase in the estate tax. The estate tax, or as it is usually termed, the inheritance tax, is among the most meritorious of all forms of taxation. It conforms to every rule of scientific taxation. It is adequate; it is certain; it is the least obnoxious; and it taxes in proportion to ability to pay. The inadequacy of the present rate of inheritance taxes is indicated by the following tabulation, showing the rate levied by Great Britain as compared with the tax proposed in the pending bill:

Estate tax

Net estate (before specific exemption)	Tax under existing law (before credit for State taxes)	Total tax under bill (before credit for State taxes)	British tax
$100,000	0	0	$8,000
$200,000	$1,500	$3,000	26,000
$500,000	12,500	25,000	100,000
$1,000,000	41,500	83,000	260,000
$5,000,000	489,500	979,000	2,000,000
$10,000,000	1,334,500	2,669,000	5,000,000
$50,000,000	9,333,500	18,667,000	25,000,000
$100,000,000	19,333,500	38,667,000	50,000,000

Note the low tax on inheritances proposed by the bill as compared with the tax imposed by England—a tax that is being levied, collected, and paid to-day. The pending bill reported on the advice of the Treasury Department taxes a $200,000 estate only $3,000. The English revenue law taxes the same estate $26,000, and in like proportion through all the upper brackets. The rates provided in this bill should be increased to yield at least $500,000,000 additional revenue, instead of taxing the school boy's lunch basket and the widow's bowl of soup.

That is proposal No. 5. It provides for millions of dollars in revenues which seem to have been overlooked by the Treasury in its efforts to find substitutes for the sales tax.

The seventh is an old friend. It served us well in our last emergency. It is the excess-profits tax:

Reenact title 3 of the revenue act of 1918.

An excess-profits tax is one of the most admirable taxes that can be levied. It does not tax a corporation until it begins to profiteer. It brings in revenue from those most able to pay and it protects the consumer from exorbitant prices. It first permits an exemption of $3,000. Then it allows a profit of 8 per cent. After all expenses are paid and $3,000 allowed and a dividend of 8 per cent on the capital stock—water and all—is declared, then on the remaining profit above the $3,000 and the 8 per cent the corporation pays a reasonable tax. If the corporation is satisfied with a fair profit there is no tax. Only the profiteers pay the tax. The last year it was in force it brought into the Treasury $486,000,000, and it protected the consumer from the profiteer. But the bill by providing a sales tax prefers to tax the man who pays excess profits instead of the man who charges excess profits.

That is proposal No. 6. It is the sixth alternative overlooked by the Treasury Department.

Eighth—and most imperative of all, Mr. Chairman—there should be an increase of income taxes in the higher brackets. The degree to which the larger incomes are favored in the pending bill is little short of a scandal. Although we are told that an emergency has been precipitated by the Treasury deficit and that a crisis impends unless the Budget is promptly balanced, the income taxes of the wealthiest class in America are below the schedules of the act of 1918 and far below the schedule now in force in England and other European countries. Here is a table showing comparative rates under the three schedules:

Comparison of income tax on individuals under revenue act of 1928, proposed revenue bill of 1932, revenue act of 1918, and present English schedule

MARRIED PERSON WITH NO DEPENDENTS, $5,000 EARNED INCOME; DEPENDENTS, $5,000 EARNED INCOME

[British tax figures on investment income. United States figures on total income. In 1918 law there was no differentiation between earned income and investment income. British pounds are expressed in dollars at $5 per pound.]

Net income	Tax under 1928 act	Tax proposed	Tax under 1918 act, United States	Present tax in Great Britain
$550			0	0
$800			0	$6.25
$1,000			0	31.25
$2,000			0	203.12
$3,000	0	$2.50	$60.00	453.12
$4,000	$5.63	20.00	120.00	703.12
$5,000	16.88	37.50	180.00	953.12
$6,000	31.88	57.50	250.00	1,110.62
$7,000	46.88	77.50	630.00	1,473.12
$8,000	69.38	115.00	770.00	1,683.12
$9,000	99.38	155.00	920.00	1,983.12
$10,000	129.38	195.00	1,070.00	2,203.12
$12,000	219.38	312.50	1,390.00	2,830.62
$14,000	339.38	472.50	1,730.00	3,512.50
$16,000	479.38	652.50	2,090.00	4,012.50
$18,000	639.38	852.50	2,470.00	5,007.50
$20,000	819.38	1,072.50	2,870.00	5,562.50
$22,000	1,019.38	1,312.50	3,290.00	6,117.50
$24,000	1,239.38	1,572.50	3,730.00	7,327.50
$26,000	1,479.38	1,852.50	4,190.00	7,947.50
$28,000	1,719.38	2,152.50	4,670.00	9,190.00
$30,000	1,979.38	2,472.50	5,147.00	9,850.00
$35,000	2,659.38	3,362.50	6,510.00	12,200.00
$40,000	3,399.38	4,372.50	7,970.00	14,550.00
$45,000	4,209.38	5,512.50	9,560.00	17,175.00
$50,000	5,079.38	6,772.50	11,270.00	19,800.00
$60,000	6,999.38	9,672.50	15,070.00	23,760.00
$70,000	9,159.38	13,072.50	19,370.00	31,370.00

Comparison of income tax on individuals under revenue act of 1928, proposed revenue act of 1932, revenue act of 1918, and present English schedule—Continued

MARRIED PERSON WITH NO DEPENDENTS, $5,000 EARNED INCOME; DEPENDENTS, $5,000 EARNED INCOME—continued

Net income	Tax under 1928 act	Tax proposed	Tax under 1918 act, United States	Present tax in Great Britain
$80,000	$11,459.38	$16,972.50	$24,170.00	$35,850.00
$90,000	13,859.38	21,222.50	29,470.00	43,300.00
$100,000	16,259.38	25,672.50	35,270.00	48,110.00
$150,000	28,759.38	48,672.50	67,270.00	78,485.00
$200,000	41,259.38	71,672.50	101,270.00	110,235.00
$300,000	66,259.38	117,672.50	173,270.00	156,185.00
$500,000	116,259.38	209,672.50	323,270.00	307,610.00
$1,000,000	241,250.38	439,672.50	703,270.00	615,220.00

SINGLE PERSON WITH $5,000 EARNED INCOME

$550			0	$6.25
$800			0	37.50
$1,000			0	62.50
$2,000	0	$15.00	$60.00	265.62
$3,000	$16.28	32.50	120.00	515.62
$4,000	28.13	50.00	180.00	765.62
$5,000	39.38	67.50	240.00	1,015.62
$6,000	61.88	95.00	610.00	1,273.12
$7,000	91.88	135.00	750.00	1,530.62
$8,000	121.88	175.00	890.00	1,750.62
$9,000	151.88	215.00	1,040.00	2,040.62
$10,000	191.88	262.50	1,190.00	2,265.62
$12,000	311.88	402.50	1,510.00	2,908.12
$14,000	431.88	562.50	1,850.00	3,570.00
$16,000	571.88	742.50	2,210.00	4,080.00
$18,000	731.88	942.50	2,590.00	5,060.00
$20,000	911.88	1,162.50	2,990.00	5,625.00
$22,000	1,111.88	1,402.50	3,410.00	6,190.00
$24,000	1,331.88	1,662.50	3,850.00	7,390.00
$26,000	1,571.88	1,942.60	4,310.00	8,010.00
$28,000	1,811.88	2,242.50	4,790.00	9,245.00
$30,000	2,071.88	2,562.50	5,290.00	9,912.50
$35,000	2,751.88	3,452.50	6,630.00	12,262.50
$40,000	3,491.88	4,462.50	8,090.00	14,612.50
$45,000	4,301.88	5,602.50	9,680.00	17,237.50
$50,000	5,171.88	6,862.50	11,390.00	19,862.50
$60,000	7,091.88	9,762.50	15,190.00	26,940.00
$70,000	9,251.88	13,162.50	19,490.00	31,430.00
$80,000	11,551.88	17,062.50	24,290.00	35,920.00
$90,000	13,951.88	21,312.50	29,590.00	43,355.00
$100,000	16,351.88	25,762.50	35,390.00	48,175.00
$150,000	28,851.88	48,762.50	67,390.00	78,550.00
$200,000	41,351.88	71,762.50	101,390.00	110,300.00
$300,000	66,351.88	117,762.50	173,390.00	170,460.00
$500,000	116,351.88	209,762.50	323,390.00	307,675.00
$1,000,000	241,351.88	439,762.50	703,390.00	615,350.00

MARRIED PERSON WITH NO DEPENDENTS AND MAXIMUM EARNED INCOME $30,000 UNDER 1928 ACT; $12,000 PROPOSED

$550			0	0
$800			0	$6.25
$1,000			0	31.25
$2,000			0	203.12
$3,000	0	$2.50	$60.00	453.12
$4,000	$5.63	20.00	120.00	703.12
$5,000	16.88	37.50	180.00	953.12
$6,000	28.13	55.00	250.00	1,110.62
$7,000	39.38	72.50	630.00	1,473.12
$8,000	56.25	100.00	770.00	1,683.12
$9,000	78.75	135.00	920.00	1,983.12
$10,000	101.25	170.00	1,070.00	2,203.12
$12,000	168.75	260.00	1,390.00	2,830.62
$14,000	258.75	420.00	1,730.00	3,512.50
$16,000	363.75	600.00	2,090.00	4,012.50
$18,000	483.75	800.00	2,470.00	5,007.50
$20,000	618.75	1,020.00	2,870.00	5,562.50
$22,000	768.75	1,260.00	3,290.00	6,117.50
$24,000	933.75	1,520.00	3,730.00	7,327.50
$26,000	1,113.75	1,800.00	4,190.00	7,947.50
$28,000	1,293.75	2,100.00	4,670.00	9,190.00
$30,000	1,488.75	2,420.00	5,147.00	9,850.00
$35,000	2,168.75	3,310.00	6,510.00	12,200.00
$40,000	2,908.75	4,320.00	7,970.00	14,550.00
$45,000	3,718.75	5,460.00	9,560.00	17,175.00
$50,000	4,588.75	6,720.00	11,270.00	19,800.00
$60,000	6,508.75	9,620.00	15,070.00	23,760.00
$70,000	8,668.75	13,020.00	19,370.00	31,370.00
$80,000	10,968.75	16,920.00	24,170.00	35,850.00
$90,000	13,368.75	21,170.00	29,470.00	43,300.00
$100,000	15,768.75	25,620.00	35,270.00	48,110.00
$150,000	28,268.75	48,620.00	67,270.00	78,485.00
$200,000	40,768.75	71,620.00	101,270.00	110,235.00
$300,000	65,768.75	117,620.00	173,270.00	156,185.00
$500,000	115,768.75	209,620.00	323,270.00	307,610.00
$1,000,000	240,768.75	439,620.00	703,270.00	615,220.00

SINGLE PERSON AND MAXIMUM EARNED INCOME, $30,000 UNDER 1928 ACT; $12,000 PROPOSED

$550				$6.25
$800				37.50
$1,000			0	62.50
$2,000	0	$15.00	$60.00	265.62
$3,000	$16.88	32.50	120.00	515.62

Comparison of income tax on individuals under revenue act of 1928, proposed revenue act of 1932, revenue act of 1918, and present English schedule—Continued

SINGLE PERSON AND MAXIMUM EARNED INCOME, $30,000 UNDER 1928 ACT; $12,000 PROPOSED—continued

Net income	Tax under 1928 act	Tax proposed	Tax under 1918 act, United States	Present tax in Great Britain
$4,000	$28.13	$50.00	$180.00	$765.62
$5,000	39.38	67.50	240.00	1,015.62
$6,000	56.25	90.00	610.00	1,273.12
$7,000	78.75	125.00	750.00	1,530.62
$8,000	101.25	160.00	890.00	1,750.62
$9,000	123.75	195.00	1,040.00	2,040.62
$10,000	153.75	230.00	1,190.00	2,265.62
$12,000	243.75	350.00	1,510.00	2,908.12
$14,000	333.75	510.00	1,850.00	3,570.00
$16,000	438.75	690.00	2,210.00	4,080.00
$18,000	558.75	890.00	2,590.00	5,060.00
$20,000	693.75	1,110.00	2,990.00	5,625.00
$22,000	843.75	1,350.00	3,410.00	6,190.00
$24,000	1,008.75	1,610.00	3,850.00	7,390.00
$26,000	1,188.75	1,890.00	4,310.00	8,010.00
$28,000	1,368.75	2,190.00	4,790.00	9,245.00
$30,000	1,563.75	2,510.00	5,290.00	9,912.50
$35,000	2,243.75	3,400.00	6,630.00	12,262.50
$40,000	2,983.75	4,410.00	8,090.00	14,612.50
$45,000	3,783.75	5,550.00	9,680.00	17,237.50
$50,000	4,663.75	6,810.00	11,390.00	19,862.50
$60,000	6,583.75	9,710.00	15,190.00	26,940.00
$70,000	8,743.75	13,110.00	19,490.00	31,430.00
$80,000	11,043.75	17,010.00	24,290.00	35,920.00
$90,000	13,443.75	21,260.00	29,590.00	43,355.00
$100,000	15,843.75	25,710.00	35,390.00	48,175.00
$150,000	28,343.75	48,710.00	67,390.00	78,550.00
$200,000	40,843.75	71,710.00	101,390.00	110,300.00
$300,000	65,843.75	117,710.00	173,390.00	170,460.00
$500,000	115,843.75	209,710.00	323,390.00	307,675.00
$1,000,000	240,843.75	439,710.00	703,390.00	615,350.00

The advocates of the sales tax have charged that proposed income-tax schedules are confiscatory. If they are confiscatory, what of the schedules now being paid in England, from whose legislative system we adopted the fundamental principles of American jurisprudence, and where traditional estates entailed for a thousand years are being broken up to meet current taxes? When ancestral acres handed down from contemporaries of William the Conqueror are being sacrificed to balance the English budget, why not permit our own multimillionaires to sacrifice a portion of their income, without touching the principal, to balance ours?

But the most inexplicable feature of the pending bill is that it provides no graduation of schedules for incomes above $100,000. In every other country and in all previous revenue acts of our own country, the rate has been graduated through both the lower and the upper brackets. But in the bill here proposed the rate is stationary after passing incomes of $100,000. Note the graduated increase in the act of 1918 and the stationary rate of 40 per cent in the pending bill, as indicated in the comparative table of schedules below:

Net income	Rate under 1918 act	Rate under bill
	Per cent	*Per cent*
$100,000	48	40
$150,000	52	40
$200,000	56	40
$300,000	60	40
$500,000	63	40
$1,000,000	64	40
All over $1,000,000	65	40

This is proposal No. 7. This is the seventh alternative for the sales tax overlooked by the Treasury in its survey of possible methods of raising revenue to balance the Budget. Great incomes should be as patriotic during this crisis as during the war. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Missouri five additional minutes.

Mr. CANNON. Mr. Chairman, the sales tax is the most indefensible tax known to history. It is the last resort of despotism, and our Republic has never had recourse to it even in the stress of war. It burdens the poor and favors the rich. It penalizes the wages of labor and patronizes the unearned increments of wealth. A man with an income of from $400 to $1,500 a year and who necessarily spends his entire income in support of his family must pay a tax on his entire income. But a man with an income of $25,000 a year and who supports his family on $5,000, pays tax on only one-fifth of his income. The smaller the income the heavier the burden; the larger the income the lighter the burden. It is not a tax in proportion to ability to pay or in proportion to benefits derived from the Government.

The very name of "manufacturers' tax" is a misnomer. The idea that the manufacturer will pay it is absurd. He will take it out of the price he pays for raw material. He will take it out of the wages of labor. And he will add it to the price he charges the consumer.

To study its effect on the price of raw material let us consider the packing industry. It is a matter of common knowledge that the profit of the packing house has averaged one-half cent on every dollar for the last several years. As a matter of fact, the packing industry last year operated at a loss. It can not possibly absorb a tax of even one-half of 1 per cent, much less 2¼ per cent.

This is the testimony not of the packers but of the farm organizations and agricultural journals. A 2¼ per cent tax on lard, sausage, processed meats, and cooked and canned meats must be passed back to the farmer in the reduced price paid for his livestock and would cost the livestock producers of the country approximately $10,000,000 a year, when prices are already below cost of production. There is no alternative except to add the tax to the price paid by the consumer. The wages of labor have already been reduced to a minimum and can not be further deflated. If the tax is added to the retail price, it will reduce the amount of sales and further restrict the market for raw material and the demand for labor. The consequent reduction in the consumption of agricultural products and the corresponding increase in unemployment would have a most disastrous effect on the country at this time. Industry would slow down, business recovery would be retarded, and all progress gained through remedial legislation would be lost. Employment is now at a critical stage.

The total wages paid factory workers dropped from $1,009,000,000 in September, 1929, to $472,000,000 in January, 1932, a decrease of 53.2 per cent. The number employed fell from 9,182,000 to 5,776,000. The average earnings declined from $109.85 per month to $81.77 per month. The total number of unemployed men in the country at this minute is estimated at 7,000,000, with 3,000,000 employed part time. Labor can not sustain a further increase in unemployment. And the manufacturer's tax means further loss of employment. Increased cost of commodities invariably decreases demand. And decreased demand necessarily involves idle factories and idle labor. Adoption of a sales tax would be the greatest blow to labor in the history of American industry. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CANNON. Advocates of this tax suggest that it is an emergency measure, a stop-gap, a temporary expedient, to be abandoned as soon as the special occasion for it has passed. But there is no reason to believe that once adopted it will ever be abandoned. The Canadian people were told by the Borden government when the Canadian sales tax was enacted that it would be retained only a year or two, but they have never been able to shake it off.

In fact, the influences back of this bill frankly avow their intention permanently to substitute the sales tax for the income tax.

A great chain of newspapers which has campaigned since the close of the war for a sales tax and which recently claimed through its editorial columns credit for the introduction of this bill in the House carries continuously on its editorial pages this slogan:

Federal sales tax and excise taxes to replace the income tax, which has degenerated into a racket.

That is the explanation of this determined drive to impose a sales tax on the American people. This great chain of papers, decrying labor retrenchments while it dismisses employees and lowers the wages of its own staff, filling its pages with "sob stories" of the kidnaped child while it attempts to reduce the living standard of every child in America, seeks to tax the ice-cream cone, the stick of wholesome candy, the educational motion picture ticket in the hands of American children in order that vast incomes may go untaxed to accumulate more money to buy more newspapers to dominate American politics for self-seeking interests.

The income tax they seek to abolish is the fairest tax in the world. If a man has no income he pays no tax. He ought not to pay a tax. If he has an income he pays a tax. He ought to be glad to pay it.

No written authority on the subject of taxation, either ancient or modern, can be cited in support of a sales tax. Not a single economist in any college or university in the land indorses such a system of taxation. Both Theodore Roosevelt and William Howard Taft earnestly supported the income tax and it is one of the proudest boasts of the Democratic Party that the law became effective under the administration of Woodrow Wilson. Thomas Jefferson, the founder of the Democratic Party, denounced indirect taxes as "infernal" and "odious." And opposition to such forms of taxation has been a tenet of the Democratic Party from that day to this. The Democratic National Convention of 1924 adopted a platform specifically condemning the sales tax, and the convention at Chicago next June will reaffirm that declaration.

Enactment of such a tax would effect an abandonment of the principle of taxing in proportion to ability to pay and would amount to renunciation of everything for which the Democratic Party has stood for a hundred years.

Nor can the bill be modified or amended to admit the tax in any form. It can not be disguised or camouflaged or minimized. When the King of England was asserting his right to tax the Colonies the English made the price of tea so low that even with the tax it was cheaper per pound at Boston than in any other port in the world. But it was not the tax itself our forefathers objected to. It was the principle of the tax. And that is the basis of our objection to the sales tax—it is the principle involved.

This law if passed becomes effective within 30 days. There will be ample time before election for the people to realize by sad experience just how the burden of government has been shifted to their shoulders. And judging by the signs of the times, if this tax is enacted there will be a Boston tea party at every voting precinct in the country next November. [Applause.]

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, the debate which has been going on on the floor for the last week reminds me of a debate which occurred over in the other body at the end of the Spanish-American War. There was a bill up then to reorganize the Army and discharge the volunteers. The volunteers were anxious to get out of the service, and their retention was costing the Government a million dollars a day. In spite of all this an old distinguished Senator, who was representing the downtrodden, spoke against the bill day after day. It was costing the Government a million dollars a day for that speech. At last the Secretary of War became a little bit anxious, and he asked another how the old Senator was going to vote, because nobody could tell. The Secretary of War said, "How is Senator So-and-So going to vote on this bill?" His colleague said, "I do not know; but he is like the razorback hogs down in my State. When they crawl under the rail fence they squeal like hell, whether they are coming or going." [Laughter.]

That is the way with some Members who have spoken on this bill—they squeal like hell. [Laughter.]

I wish I could put into the hands of every voter that remarkable speech by our colleague from Alabama [Mr. HUDDLESTON] delivered last Wednesday. I would like our countrymen to know what heavy expenses we have to pay for many Members of this House. I, like him, paid my own election expenses in the last election, and I propose to pay my election expenses next year, and not have them paid out of the Public Treasury.

Probably all of our town, county, and State treasuries are bankrupt, and they are appealing to Congress for help. We have Members here who wish to accede to the demands, because there are votes behind them. They will vote anything out of the Treasury, but they will not vote anything into the Treasury. I am not going to join that crowd. [Applause.] I am not going to vote money out of the Treasury until I see it placed in the Treasury.

Now, on that premise, realizing as we do, knowing as we do, that the Government is running behind about $4,000,000 a day, how are you going to relieve the situation, how are you going to put the money into the Treasury that you propose to take out?

There are two ways, and one is by the issue of bonds. I think the bond-issue business has about reached the end of its rope. In my home paper the other day they advertised for a sale of State bonds at 4½ per cent interest, and they did not get a bid. The cities and counties in my district to-day are borrowing money from the banks against the first tax payment, which comes in May. I believe that the Government can not float its bonds much longer at a reasonable rate. I think the day is coming when the United States bonds, if we keep this up, of spending without producing revenue, will end, and that means collapse.

If we can not float bonds to satisfy the spenders, the only thing left is to balance the Budget. If we put money into the Treasury as we pass it out, we will balance the Budget. That is what we are up against, the balancing of the Budget. For one, I am going to vote to balance our Budget.

Now, the opposition seems to gather around the sales tax. The old Members of the House, the old leaders, the old experienced leaders, the ones who get on the Ways and Means Committee, have gone into this matter thoroughly, they have examined it thoroughly, they are experts, and after all, our Democratic friends will be held responsible for action on this bill, and therefore we must follow the leaders. To follow the leaders is the only way that battles are won.

Despite some gentlemen attempting to show me that this committee has betrayed its trust and has been unwise, I am going to follow the leaders of my party and the leaders on the Ways and Means Committee, because they are the experts and have examined all of these things that have been rehashed here. The great cry, of course, is to soak the rich a little bit more. I have no brief to speak for the rich, though I wish to God I belonged to their class, but when you are taxing the great rich men, when you are taking from them 46 per cent of their income, when you take 40 per cent of their wealth when they die, I think that is soaking them like hell, because if you go out in the market and sell a man's property and exact 40 per cent, anybody with common sense knows that finally means confiscation. But while you are so anxious about these multimillionaires, think about your poor little devils with only $100,000 or $150,000 or $200,000. What is going to happen to them when they die? I shall not go a step further in soaking the rich than the able men of this committee have gone, and I think they have gone the limit. If you are going to put more money into the Treasury, I think we have to examine these taxes that were recommended by the Treasury Department, these excise and nuisance taxes, which the committee discarded. One was the increase of postage from 2 to 3 cents. I know that you all received scores of letters protesting against that, those of you who have people who write letters and who

would buy 3-cent stamps. The other day a gentleman on the floor, whose constituents do not use many 3-cent stamps, suggested that that was a fine thing, but the rest of the country is opposed to that. Then it was proposed to increase the automobile tax. We all know that automobiles now are taxed the limit.

The automobile manufacturers are willing to pay the manufacturers' tax, but are not willing to be singled out and taxed when other manufacturers are not taxed. Then complaint is made about the poor people who will have to pay this 2¼ per cent. To-day there passed through this town one of the biggest clothing jobbers in my city. He just came from New York where he had been buying the spring stock. I asked him about this clothing tax. I thought of all people he would be the shoat who would yell like hell. He said, "Why, it does not amount to anything, the wholesaler will absorb that. The wholesalers have been giving 2, 3, and 5 per cent discount anyway for payment in cash, and they will readily absorb this." As the distinguished acting chairman of the Committee on Ways and Means pointed out in his preliminary speech, a man on an income of $1,500 will probably pay only about $8. Is that correct?

Mr. CRISP. That is correct.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. CRISP. Mr. Chairman, I yield five minutes more to the gentleman.

Mr. MARTIN of Oregon. Mr. Chairman, I have some figures here that I wish to call to your attention about the effect already of not balancing this Budget and not paying as we go. Any sensible man will pay as he goes, he will not keep running into debt and hoping to God that something will happen to take him out of it. Ten months ago the Government sold bonds carrying an interest rate of 1½ per cent. A few days ago the Government sold $300,000,000 of similar bonds, with interest at 3⅛ per cent. Ten months ago the Government sold bonds carrying 1½ per cent, and the other day to refund them it had to pay 3¾ per cent. That shows how it is going. Even so, the lenders demanded an assurance that the Government would balance the Budget; that is, would avoid further deficit. For only so may the Government avoid further borrowings, each increase of which must make security less and interest rates higher. Not only do Government issues impose a growing burden upon the taxpayer, but so long as the Government may be expected to borrow, lenders will hold funds to loan to it rather than to borrowers with less credit. That is common sense.

The Budget must be balanced, therefore, first, to maintain the Federal credit; second, to keep down the tax rate and the tax burden; and, third, to prevent interference with the normal flow of business credit, upon which in the end correction of the unemployment situation must depend. They are the people that we have to look out for. It is not well for the Government to absorb all the money there is in the country, but we should keep it free and liquid for the use of manufacturers and the correction of unemployment.

There is no difference of opinion among informed men that the Budget must be balanced, and still there are those who, for selfish or private advantage or through ignorance, propose printing all the money that may be needed to pay Government expenses. And outside Congress there are similar ideas advanced, as, for instance, by John A. Simpson, president of the Farmers' Union, whom the press reports to favor the issue of prosperity bonds. Did you ever hear of that before—bearing no interest and made legal tender? What a magnificent scheme that is. Start the printing presses and fill us full of money.

Any man of common sense would on theoretical grounds condemn such schemes as unsound in practice. Any man of integrity would reject them as dishonest. But it is unnecessary to theorize. History is full of examples of their failure. For these we may pass by the ruin of Germany by its unlimited issue of paper money and review only a few cases in our own national life.

Mr. GARBER. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. GARBER. I agree with the gentleman in regard to the importance of balancing the Budget, but what would the gentleman say to an increase on the transfer of stocks for purposes of short selling—an increase from 4 per cent to at least 10 per cent—to put a brake on the gambling on stock exchanges of the country?

Mr. MARTIN of Oregon. I think the committee has taken care of that. They raised it from 2 to 4. They were surrounded, in writing this bill, by the greatest experts in this country. They devoted nearly four long, weary months to it, and I am going to take their judgment. I am not going to give a saddle-bad opinion about it. I am a new Member. I respect and I revere them.

Now, after the Civil War in 1867 we had outstanding $1,600,000,000 six per cent bonds that would soon be callable. Their face was in dollars but interest was payable in gold. There was a panic. In the year following was a presidential campaign. Pendleton, of Ohio, was a Democratic candidate. I must painfully confess that the lovers of rag money are very prevalent in my party. Pendleton advocated redemption of the bonds with legal tender additional to that already issued and greatly depreciated. More rag money. More rag money. To this effect a plank was adopted in the Democratic platform. The debtor class in Ohio and States west were so pleased with the idea that Republicans did not dare openly to oppose it, but Pendleton was not nominated, and the Democratic candidate was not elected.

As a step toward resumption of specie payments Congress in 1866 had authorized a slow retirement of greenbacks outstanding, but this was soon stopped by the law of February, 1868. The outstanding greenbacks were reduced from four hundred and thirty-three to three hundred and fifty-six millions.

During the panic of 1873 the amount was increased to $382,000,000—as much as was deemed to be authorized. Business demands for currency had made a greenback dollar worth 90 gold cents. But the West again demanded inflation, and Congress authorized eighteen millions more in February, 1874. Grant vetoed the bill. At the fall elections his party was beaten, but before its Congress went out it passed the resumption act. The demand for inflation of prices, which is a demand for deflation of money, subsided, and in the autumn of 1875 Hayes was chosen Republican Governor of Ohio on a sound-money platform.

On December 17, 1878, greenbacks were at par for the first time since their first issue in 1861. On January 1, 1879, gold payments were resumed.

Under the plea of "absolute necessity" and against administration opposition, the United States issued unsecured notes made legal tender except for import duties. There were fifty millions in July, 1861, one hundred millions in February, 1862, one hundred more early in 1863, and two hundred more were authorized in 1864. The amount never exceeded $433,000,000. From the beginning these greenbacks, as they were called, never sold at par with gold. The dollar was worth about 40 cents through 1864, but fell as low as 35 cents.

In the South, bonds and notes were issued by both central government and the States. Rapidly sinking in value, they were finally so depreciated that towns, counties, insurance companies, and mining companies issued promises to pay. Before the end more than $1,000,000,000 of Confederate notes were worthless. So valueless were confederation promises to pay that its bonds were not exchangeable for supplies, and a tithing system had to be applied to agricultural products to support its armies.

IN REVOLUTIONARY TIMES

Continental paper money was issued at first in small amount and for a year passed at par of specie. In two years $3 in bills would buy $1 in coin. A year more and the ratio was 38 to 1. In March, 1780, when the circulation was nearly $200,000,000, it was 50 to 1. Soon after it declined to 100 to 1. Then Congress accepted payment of taxes at

40 to 1 and on the same basis exchanged some 5 per cent securities for bills. Currency thus withdrawn was destroyed. After 1790, another $6,000,000 was withdrawn at 100 to 1. About $75,000,000 was never redeemed and was a total loss to its holders. Continental money was in such contempt that in 1780 a joker led his dog, plastered with bills, through the Philadelphia streets, amid the laughter of the spectators.

The States also issued bills to nearly $200,000,000 in amount. The depreciation was enormous and the great part was never redeemed.

The issues of these currencies constituted a forced contribution upon the people and involved great sacrifice. [Applause.]

Mr. HILL of Washington. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Chairman, I have heard so far a number of our colleagues who are opposed to the sales tax, who so far have not yet, in my opinion, given this committee or this House a substitute for the sales tax. Everybody seems to agree that we have to balance our Budget, yet we have had debate after debate upon this floor in which we seem to find all sorts of objections to the sales tax as proposed by a committee of this House.

On last Thursday while on this floor I was fortunate enough to hear a speech made by the gentleman from Ohio [Mr. MOUSER]. It seemed to me at first the gentleman was going to support the tax, but after his talk developed and after the gentleman from New York [Mr. CROWTHER] asked him a question, I came to the conclusion that the gentleman was opposed to the sales tax. On page 5704 of the RECORD I asked a question of the gentleman from Ohio [Mr. MOUSER], and I suggested to him light wines and beer. The gentleman said in answer to my question:

> I think the gentleman's argument is simply injected here at this time to create an issue foreign to the matter under discussion.

I submit, Mr. Chairman, that what I asked the gentleman from Ohio was not foreign to the question under consideration. I wonder how many Members of this House have given any thought—I mean serious thought—to the minority statement in the back of the majority report on the revenue bill of 1932, and how many Members have read on page 54 the supplementary statement made by Messrs. CULLEN and SULLIVAN of New York and MCCORMACK of Massachusetts?

I know that my statement to you may not be in full accord with your opinion. I say to you that if we had followed the able report of those three distinguished men on this committee which deals with the subject of beer not only would we balance the Budget but we would have a surplus, and yet the very men who are opposing a sales tax do not want beer in this country.

Now, Mr. Chairman, who is behind the objection? Why should not the people have the opportunity? Why not try that plan out? Here we are with a deficit running into the billions, and here is a plan submitted by the minority group of the committee that will bring in the revenue that is sought to balance the Budget. Not only that but it will create new industries in the United States and it will employ over 2,000,000 people.

Let me give some figures that I have here from Great Britain on beverages alone. As a matter of fact, every household, to a great extent, is a brewery. The Government does not get the benefit of that revenue. Some gentlemen have said that the reason we do not want legalized beer is because they have it in their homes. That is true, but the Government is getting no benefit from the brewers in the brewing houses.

Mr. GARBER. Will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. GARBER. Would not the imposition of a tax on beer be tacit legal recognition of a traffic that is prohibited by the Constitution and the Volstead Act?

Mr. DICKSTEIN. That may be true; but the Volstead Act is not the Constitution. The Volstead Act is simply the enforcing act of the eighteenth amendment. We, as Members of this Congress, can define without any difficulty what constitutes intoxicating beverages, and if we are serious enough to-morrow or the next day, we can have a bill on this floor which will give you all the revenue you want. I am very thankful to the gentleman for asking me that question. We can amend the Volstead Act and we can define what constitutes intoxicating beverages. As a matter of fact, when you did pass the Volstead Act we fixed one-half per cent; if I am correct, that was simply guesswork, because there are numerous authorities who claim that 2.75 per cent or even 3 per cent is not intoxicating. To some people almost anything is intoxicating while to others it is not.

Mr. GARBER. Would not the imposition of a tax require substantive law to recognize such a traffic as legal, and would not that require a majority vote in Congress?

Mr. DICKSTEIN. Surely a majority vote is required to pass any bill, unless it is a constitutional amendment, which would require two-thirds of the House.

Mr. GARBER. Would not that require a majority vote?

Mr. DICKSTEIN. We could amend the Volstead Act and we can define very clearly what constitutes intoxicating beverages.

Mr. GARBER. It would require a majority vote to amend the Volstead Act, would it not?

Mr. DICKSTEIN. Let us define the difference between the Volstead Act and the eighteenth amendment. To amend the eighteenth amendment we would have to get a two-thirds vote of the Congress; while, as to the Volstead Act, we would only have to have a majority vote to legalize and define what shall constitute intoxicating beverages.

I will now give you some figures as to beverages, such as beer, in Great Britain. Persons employed in breweries—and I am confining myself only to the subject in question—and dealing with malt and bottling, 115,000; wholesale dealers, 6,000; retailing on premises, 400,000; retailers off of premises, 54,000; in registered clubs, 12,000; barley growers, 35,000; in hop industry, 14,000; and other allied trades, 35,000, making a total of 671,000 employed in that particular line of endeavor.

Persons directly and wholly dependent on the above as shareholders and stockholders, 440,000; persons indirectly dependent on taxation, and so forth, 500,000, making a grand total of 1,611,000 people usefully employed. If we had the same number engaged we could solve our troubles without much difficulty.

Personally I am not a drinking man, but it seems to me that with all the arguments against a sales tax and with all the arguments that were presented on this floor against every tax in the world, there has not been one man, who has spoken in opposition to the sales tax, who was willing to take into consideration in the slightest degree the question of taxing beer.

I want to point out to you, ladies and gentlemen of the committee, that you can legalize beer and yet have some power of regulation by the Government. There is no one quarreling with anybody pertaining to regulation. I would be willing to support any bill that will give you all the protection you want so far as traffic in illegal liquor is concerned.

If you would take this action on beer, you would put this country at rest; you would bring happiness to every home, and you would put millions of people to work. The legalization of beer would make a new industry in the United States; it would bring to this industry new capital—capital that is being hidden in almost every corner of this country. We talk about hoarding. Sometimes I do not blame people for hoarding, because there is not a bank which seems to be safe. In the last few years many have taken out their money, and they have done so because it seems you are not safe anywhere in dealing with the banks the way conditions are to-day.

Now, the population in Great Britain is approximately one-third of that of the United States. So you can well see that if you base it upon the figures I have indicated—1,611,000 people usefully employed and with the population of Great Britain approximately one-third of that of the United States—we can supply our own statistics as to how the same situation would affect the people of this country. In Great

Britain approximately one person out of every six finds employment in connection with the brewing of beer in that country. In France and Germany, by reason of the numerous sidewalk restaurants, gardens, cabarets, and music halls, the ratio is substantially greater.

We must not forget that in addition to the persons directly employed in the brewing of beer there are others who are vitally affected, such as coal miners, railroads, farmers, contractors, truck drivers, glass workers, bottle manufacturers, people engaged in the cork industry, and many other industries too numerous to mention, particularly those engaged in the real-estate business.

Mr. McCORMACK. Will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. McCORMACK. May I also suggest that the intensive use of machinery has resulted in the displacement of at least 2,000,000 of our workers; and in order to assure them of employment, even in normal times, we have got to have some new industry to reabsorb them, and the creation of this new industry would be of great importance in that respect.

Mr. DICKSTEIN. The gentleman is correct, and he has made a very clear statement in his minority views. As a matter of fact, in order to bring the situation clearly to the attention of the committee I have procured some official figures which show as follows:

Home brew, which literally floods this country, has a surprisingly low alcoholic content—2.12 to 3 per cent by volume. It is generally believed that by reason of its sudden "kick" it has a strong percentage of alcohol, but this is not the case—it is the ether and glycerin, unable to escape from the bottle, which hits the brain and provides the mistaken idea of strong alcoholic reaction. Just how good is it for this Nation to have millions of "etherized brains"?

Home brew shows 95 bacteria to the 1,000, while brewery beer shows about 3 to the 1,000. The kidneys can throw off this excess of bacteria just so long and then the health of millions of people becomes impaired. This alone is a very serious matter.

Gentlemen, consider the tremendous quantity of foodstuffs in the form of sandwiches and other edibles which would be consumed incident to the use of this beverage. The brewing of beer entails, as a natural consequence, the raising of hops, barley, and other cereals which the farmer will be able to raise in large quantities at a profit to himself and with great benefit to the community and to the country at large. It is an oversupply of farm products which has compelled this House from time to time to pass legislation for the relief of the farmer, and which has made it necessary for the Government to incur tremendous debts to take the surplus production off the hands of the farmer.

The benefits which our Government will derive by the elimination of appropriations to the farmers for their relief will certainly be beneficial to the Treasury and beneficial to the country.

I know the farmer does not want that kind of relief. I voted, so did many of my colleagues from New York, to support you on the farm proposition. We are still willing to vote to support you on any proposition that will help the farmer, but, gentlemen, the farmer does not want that kind of charity. He wants to go on his own. He wants to produce the crops that he toils for every day. He wants to have a market, he wants to be independent, he wants to sell his crop and get his money.

I say that this is enough argument and sufficient ground for the Members of this House to give the matter serious consideration. Let us not appropriate money for relief, but let us enable our people to stand on their own feet.

As I pointed out a moment ago, I believe that the example given by this House in exhibiting a spirit of nonpartisanship in passing legislation which will benefit such a large part of our country should be encouraged in every way. From time to time there have been voices raised criticizing some features of our proposed tax legislation, and there is quite a difference of opinion as to which part of our population should be compelled to bear the larger burden of this new revenue legislation which is so necessary in order to balance our Budget. We all agree, however, that the sanest way of approaching this problem would be by way of spreading the tax burden in such a way as not to lay an undue burden upon any particular portion of the people of this country, and spread it as evenly as possible. I say that if you will give us beer back, with a tax of $12 a barrel, the burden will be spread as evenly as possible; and, furthermore, the revenue can be easily checked up, because we collect it at the source, and the Government could have in its Treasury within 30 days after the bill is passed the revenue from this industry for the purpose of the functions of Government.

As I stated at the outset of my remarks, at the present time I am concerned merely with the revenue features of the proposed legislation, but I can not lose sight of the fact that in addition to its productiveness as a revenue measure the legislation itself will certainly be beneficial to the country from the standpoint of preventing bootlegging.

It was never the intention of the framers of the eighteenth amendment, which is now a part of our Constitution, that people should be prevented from obtaining for their use nonintoxicating beverages, and it requires a great deal of imagination and a lot of perversion of fact to reach the conclusion that beer is an intoxicating beverage.

It is regrettable that just because the saloon was for many years a standing reproach to our American civilization, particularly in great cities, that Congress saw fit to combat the evil of the saloon with the greater evil of total prohibition.

I hold no brief for the person who is a habitual drunkard or for one who would spend his life's earnings in drinking hard liquor. I believe the record of this country prior to the eighteenth amendment did not show as much flouting of the law and disrespect for its enforcement as has been engendered by that unhappy experiment to control our personal habits by legislation.

But aside from the eighteenth amendment, I do not believe that any law can control this body if it sees fit to amend its own statute, known as the Volstead Act, as heretofore pointed out, which placed restrictions upon the sale of beverages far beyond and above those which were intended by the eighteenth amendment.

The Volstead Act declared every beverage containing more than one-half of 1 per cent of alcohol as intoxicating and paid no attention to the known facts which showed that beverages like beer were not, in fact, intoxicating. I do not believe anyone can point to any statistics which will sustain the theory that beer is intoxicating. Hard liquors, of course, cause intoxication, and their use is expressly prohibited by the Constitution. Beer, on the other hand, has only a mild alcoholic content and under proper safeguards can be safely manufactured, sold, and distributed without harm to anyone who wishes to use it.

I have been unable to obtain statistics on the sale and consumption of beer in other countries except Great Britain, but I have sufficient information as to the consumption of beer in this country prior to its prohibition.

The production of beer in the United States in 1914, which is the last year prior to the war-time restrictions in the production of beer, was 66,189,473 barrels. On the basis of the population of to-day, the production would amount to approximately 85,000,000 barrels; so that if a tax were placed on the basis of $12 per barrel, the Government would derive a revenue of over $1,000,000,000 per year.

Now, let us stop for a moment and consider how easily we can obtain this additional revenue by the simple expedient of legalizing nonintoxicating beer for sale and consumption in the United States.

From the standpoint of the consumer, near bear can be purchased to-day for $8 per barrel. With $12 taxes added, the cost would then be $20 per barrel. A barrel contains 256 pints, and even if retailed at 15 cents per pint the retail price per barrel would be $38.40, so that the spread between the price charged to the retailer and that charged to the consumer would be approximately $18 per barrel.

allowing for a substantial profit to the retailer and yet not burdening the consumer too much.

We all understand, of course, and we have definitely committed ourselves to the elimination of the saloon, that the saloon can not come back under any circumstances. The sale of the beer as contemplated is not to be a sale over the counter in saloons. We propose to distribute our beer directly in containers to the public and will not permit its sale and consumption on the premises except in bona fide restaurants.

Authority to sell nonintoxicating beer would result very speedily in a great increase of transportation in connection with the manufacturing and retailing of the beer; and our railroads, which are at present groaning under a heavy load of moving freight at low rates because of the business depression, would immediately find great stimulation in the transportation of beer. A million men thrown out of employment will be immediately reemployed in this new industry, as I have pointed out. A general revival of business will speedily result in an increase in security values and will lift this country out of its present depressed situation almost magically.

In times like the present it needs a stimulant to bring about confidence in success of business ventures, and the step taken by Congress in legalizing the sale of nonintoxicating beer will be interpreted by the business community as a sign of optimism, and it is just such optimism which is sorely needed as a stimulant to business revival.

Much might be said against a good many provisions of our proposed revenue act, but I do not believe that a word of censure can be uttered against this legislative proposal. Remember, this tax is payable only by those who derive satisfaction from the consumption of nonintoxicating beer. It is not a general burden to be assumed by every inhabitant of this country, as is, for instance, the income tax or the estate tax. It is not even to be compared to the amusement tax, which is imposed again in this proposed revenue act. This is a tax solely payable by the consumer of beer and will only result in a diminution in the drinking of hard liquor.

This legislation will promote temperance, because it will substitute for illicit hard liquor nonintoxicating beer which will be legalized by this act. Many people who now habitually drink hard liquor and pay profits reaching in tremendous sums of money to bootleggers and other violators of law, will turn their attention to the harmless drinking of nonintoxicating light beer, which will result in pleasure to themselves and a revenue to the Government. It is hard liquor which causes drunkenness and which is perhaps responsible for the eighteenth amendment in its sweeping prohibition of all alcoholic beverages whether intoxicating or not.

It was never the intention of the framers of the eighteenth amendment to forbid all beverages which were not in fact intoxicating.

Mr. Chairman, ladies, and gentlemen of the committee, let us wake up on one of the greatest burning questions of time; let us sit at the round table and reason this thing out as statesmen and as Americans. If we do that, we will lift the burden of our present overtaxed people who have been loaded with taxes both by communities, cities, States, and the Government, and who no longer can bear the burdens and keep up with the present times. The proposal that I make before this honorable body is in my opinion—and I think should be in the opinion of every legislator of this great National Government—that we must once for all face the facts and amend our laws in such a way that we may not only relieve the burdens of our people on taxation, but also, I am sure, rid this country of bootleggers, violators of the law, and restore peace, prosperity, and law enforcement.

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from West Virginia [Mr. BACHMANN].

The CHAIRMAN (Mr. BRIGGS). The gentleman from West Virginia is recognized for 10 minutes.

Mr. BACHMANN. Mr. Chairman, I am opposed to the sales-tax provision in this bill. If that provision is retained, as much as I regret to do so, I must vote against the passage of this bill.

We have had a gross sales tax in the State of West Virginia for the last 15 years. It has proven very unsatisfactory. We have not been able to repeal it. We have manufacturing concerns in the State of West Virginia to-day that are and have been losing money; and yet when the end of the year comes around, these concerns must pay the sales tax on their gross business.

If this provision is retained in the bill, and the Federal Government imposes an additional sales tax of 2¼ per cent on the manufacturing concerns of West Virginia, it is believed that it will be necessary to close some of the manufacturing industries in that State.

It is all right to pay a tax to the State and the Government out of the profits made by manufacturers and industries, but they can not pay a tax on their gross business unless they have sufficient money to enable them to carry on. This proposition is a serious one to all manufacturing industries in the State of West Virginia.

It is believed by many that even though the sales tax be just and reasonable in principle, there is still some question whether or not the Federal Government should take that tax away from the individual States, because just as sure as I am standing here to-day, if we adopt the principle of the sales tax as contained in this bill, the Federal Government will never relinquish that tax in your day or mine.

I am familiar with the provisions of the bill providing for the collection of the tax for only two years, but I say to you now, that if we adopt this provision, the Federal Government will always maintain that form of taxation.

Let me read to you a telegram which I received from a prominent manufacturing concern in West Virginia:

> West Virginia manufacturers unable to pay additional sales tax. Suggest Congress devote more thought to reducing salaries, commissions, and expenses as all other business and industry has been obliged to do. Further sales-tax burdens will result in stifling initiative and industries in West Virginia.

I have a letter from a prominent citizen in the northern part of my State, in which he says:

> If there ever was a damnable, discriminatory class proposal to be inflicted upon a line of industry already grossly overburdened and struggling for very existence, it is this. * * * It is just another scheme to saddle national burdens upon one class, allowing all the rest to escape, and to transfer what the entire Nation should contribute onto the shoulders of producers of certain States. A rascally proposition.

I have before me an editorial which appeared under date of March 14 in one of the leading newspapers in the State of West Virginia, the Wheeling Intelligencer. It sets forth the condition confronting the people of our country, and I ask unanimous consent that I may insert the editorial in the RECORD.

The CHAIRMAN (Mr. BRIGGS). Is there objection?

There was no objection.

The editorial is as follows:

THE SALES TAX CONFISCATORY

Secretary of the Treasury Mills is certainly an official of a buoyant and airy disposition. Burdens which rest heavily on the ordinary man are disposed of by Mr. Mills as mere bagatelles.

Referring to the proposed 2¼ per cent manufacturers' sales tax, Mr. Mills expressed the belief that it is so low that practically no one will feel it.

Either Mr. Mills never conducted a manufacturing operation and employed labor, or his path has been an unusually rosy one. Instead of a 2¼ per cent sales tax being negligible it is more accurate to say that it approaches confiscation. If Mr. Mills will take a day off and study the income-tax returns that will be piling into the internal-revenue offices during this week, he will find that the large majority of the manufacturers of the United States did not earn in 1931 a profit of 5 per cent on their sales.

He will find that a very large percentage of them earned no profit.

He will find that the average profit of a highly successful manufacturer is barely 10 per cent of the volume of sales.

A proposal under these conditions to exact a 2¼ per cent tax means in short a special revenue tax of the most prosperous of 22¼ per cent of their profits, and on many of them the complete confiscation of their profits, and on many more the loading of an extra burden on heavy losses already incurred.

Manufacturers in the United States to-day pay an 11 per cent income tax. Add to that in the case of the most prosperous 22 to 25 per cent more, and we have approximately a 35 per cent income tax imposed on manufacturing industries. The manufac-

turing of the country is the basis of the country's prosperity. The men who work in the mills and factories and produce create the market for the American farmer. The factories employ more than half of our working population. To put a tax burden upon these industries ranging from 35 per cent of the income to 100 per cent of the income would be to create the greatest hindrance to the return of national prosperity.

Why should any man in his senses seek to build a factory and employ labor, take all the chances of accidents and loss, for the purpose of paying 35 per cent of his profits in taxes if he has profits, and the further purpose of pocketing all of his own losses if he has losses?

In the judgment of this newspaper there are many less objectionable ways of raising necessary revenues than the saddling of such a burden upon business. An income tax is much more equitable. A luxury tax is far to be preferred. Finally, a reasonable bond issue, repaying to the American people part of the five or six billion dollars they have advanced toward retirement of the public debt in excess of legal requirements, might well be undertaken.

This is a time to assist business by encouraging employment, not to lay upon it a confiscatory tax.

Mr. BACHMANN. Mr. Chairman, I appreciate the fact that the Secretary of the Treasury and the members of the Ways and Means Committee have agreed upon a measure which, in their judgment, would balance the Budget. All of those gentlemen have given deep study and consideration to a means of providing revenue. I agree that the Budget ought to be balanced; but if we have to drive manufacturers out of business, if we have to add to the unemployment that already exists, if we have to pay that price for balancing the Budget, then this Government is big enough and rich enough to continue a year longer with an unbalanced Budget. Let us not add to the already distressed conditions of the country. I do not know how many States have a sales tax like that of West Virginia. I tried to find out from the gentleman from Oregon [Mr. HAWLEY], and he said he thought there were five or six. Certainly it can not be doubted that those States that have a sales tax must bear an additional burden if this provision of the bill is maintained.

I have heard comparisons made here on the floor of the House of Representatives as to how satisfactory the tax works in other countries. We are told the sales tax works fine in Canada and in other countries, but they forget that in Canada and in other countries the great bulk of the revenue raised from the sales tax comes from a tax on intoxicating liquors. We have no intoxicating liquors legalized in this country that we can tax. Therefore, to compare the operation of the tax in another country is not a fair comparison as to how a sales tax will work in this country.

Mr. LAGUARDIA. And Australia is broke.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. BACHMANN. Yes.

Mr. DICKSTEIN. What is the amount of money derived from the sales tax in the State of West Virginia?

Mr. BACHMANN. I do not have the figures. I am aware that any Member who is opposed to any of the provisions of this bill ought to have something to offer instead. I do not believe the Federal Government should adopt this form of taxation when the manufacturers and the people of the country have not had an opportunity to study the result of a tax of this kind. If we pass this bill without the sales tax, it provides revenue amounting to $700,000,000. I think we can get along for another year with a deficit of $600,000,000 without harming anybody.

The people of West Virginia do not favor a sales tax. In my opinion, the situation throughout the country is the same. We will hear from the manufacturing industries of this country just as sure as you gentlemen are sitting here on the floor of this House to-day if we pass this sales tax, because it can not be satisfactory. It is an unjust tax.

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

Mr. ARNOLD. Mr. Chairman, I am directed to yield 10 minutes to the gentleman from Oklahoma [Mr. HASTINGS.]

Mr. HASTINGS. Mr. Chairman, the bill known as the revenue bill was only reported to the House on Monday last, March 7, 1932. Copies of the report on the bill could not be secured until March 9. There was a night session of the House for the consideration of private bills that night. The bill was taken up for consideration on Thursday, March 10. Some impatience was exhibited by the members of the Ways and Means Committee because those who do not share their views with reference to the bill were not prepared to go on with the debate when the bill was called up for consideration. The bill contains 278 printed pages. The hearings on the bill contain 1,237 pages, and the report has 57 pages.

This revenue bill rewrites the entire Federal statutes covering taxation. No man who is not an expert on tax legislation could possibly familiarize himself with the details of this bill if he were to give his entire time to it for several weeks. Not only is the revenue bill rewritten, but here and there throughout the pending bill are amendments which can not be understood by the average citizen of the country without closely studying the context and without knowing the decisions of the departments and the Board of Tax Appeals where the laws have been construed.

I find no fault with any Member with whom I find myself in disagreement. I accord to everyone the same high purpose, the same patriotic motives, and the same right to express himself upon the questions involved in this bill that I ask for myself.

This bill runs counter to every thought I have had on the subject of taxation. Finding myself in disagreement, I feel constrained in my own behalf, and on behalf of the splendid citizens whom I have the honor to represent, to give voice to the reasons that impel me to vote against the bill.

The report indicates that it is estimated this bill will raise $1,246,000,000 additional revenue. It is urged that chaos will reign if the Budget is not balanced. It is insisted that the best way to balance the Budget lies along the lines of the recommendations carried in this bill.

I can not support the bill for a number of reasons. I shall not detain the House as to all the details. I am unalterably opposed to the 2¼ per cent manufacturers' excise or sales tax.

It is estimated that $595,000,000 will be raised through the sales-tax provision. It was urged in the debate that all of this would not be passed on by the manufacturers to the consumers. It was admitted, however, that most of it would be. In my judgment a very large percentage of the $595,000,000, or as much as possible, will be pyramided and passed on to the consumers. I do not see how this can be successfully controverted. No one denies that part of it will be passed on to the consumers; and, of course, in time all of it will be, and, in addition, added costs and expenses will increase the amount. It will be passed on to the consumer just as the gasoline tax in every State is paid by him.

You are raising $1,246,000,000, and in this one item alone you are making the great mass of the people of the country bear a disproportionate part of this burden. They are already overtaxed, and they are unable to pay them. The homes of many are being foreclosed from over their heads. Their livestock is being taken away from them, yet in the face of these facts we are asked to place half of the burden of all of these additional taxes upon these people.

Now, everyone knows that the wealthy eat but little more and wear but little more clothes than the average citizen who earns $2,500 per annum or less. If this be true, each citizen as a consumer, regardless of ability to pay, would be taxed practically the same on account of the sales tax.

The second item contained in the report of the committee has reference to the amount to be collected from income taxes. It is estimated that from the individual income taxes $112,000,000 additional will be collected and from corporation taxes $21,000,000, or $133,000,000 in all. Yet you take $595,000,000 from the consuming masses of the plain people of the country and only $133,000,000 additional from the wealthy of the country.

I do not have the exact figures for 1931 before me; but the Treasury advises that in 1930, 6,000 individuals paid taxes on incomes of more than $100,000, and that 149 paid on incomes of $1,000,000 or more. In 1929, 15,000 paid on incomes of $100,000 or more, and 513 paid on incomes of $1,000,000 and over.

This bill lowers the exemption on single persons from $1,500 to $1,000 and on the heads of families from $3,500 to $2,500, and graduates the tax on incomes up to only $100,000. I have never known why we should stop at $100,000. If a graduated income tax is right in principle, why should we not graduate the rate to a figure greater than $100,000. No one has ever discussed it or satisfactorily explained it. No one can explain it.

In 1929, of the 513 persons who reported incomes of $1,000,000 or more, some had incomes of $10,000,000, yet the individual who had an income of this amount paid no higher rate than the person who had an income of only $100,000.

I oppose this bill for the reason that the rate is not graduated in the higher brackets so as to exact a greater share from those best able to pay. I have no prejudice against wealth provided it is honestly acquired and legitimately used, but I have always maintained that wealth should bear its fair proportion of the burden of Government, local, State, and Federal.

It is now estimated that 4 per cent of the population of our country own 80 per cent of the wealth of the Nation. They are not willing to share their proportionate part of the tax burden of the Government.

If one person were to own all of the land in a single township or a county, he would be required to pay the ad valorem taxes on all of his holdings. The same should be true of wealth. The more the individual makes and the greater his returns, the more he should contribute to the expenses of government. I do not think there is any answer to this argument.

If an opportunity is afforded, I am going to vote for an increase on income taxes in the higher brackets over $100,000.

This bill protects those in the millionaire class in the higher brackets from paying a higher graduated rate and passes on the amount estimated to be collected through a sales tax of $595,000,000, with costs and expenses added, to the consuming public. To the agricultural class this means to relieve wealth of its fair proportionate share of Government and places it upon the farmers who received around 25 cents per bushel for wheat at harvest time, 12 to 15 cents for oats, 18 cents for corn, 1½ cents per pound for cotton, and for all other farm products, including livestock, less than the cost of production.

The bill under consideration provides for the collection of a tax of 10 per cent on admissions to theaters of 25 cents and over, and it is expected to collect $90,000,000 under this provision. I do not object so much to the collection of an admission tax from the larger theaters where higher admissions are charged; but I believe that the movies, which are the amusement places of the great middle class of the people, should be exempt from taxation, and for that reason will oppose this provision and vote to strike it out of the bill, or amend it in accordance with this suggestion.

I do not favor the provision taxing telegraph, telephone, and radio messages, although this provision is not so objectionable as other provisions of the bill.

A tax of $5,000,000 is to be collected by a tax of 1 cent per gallon on crude-oil imports, and on imported gasoline, oil, and fuel oil.

The oil industry is greatly depressed. The price of oil has fluctuated from $1.45 per barrel to 15 cents per barrel in August of 1931. Thousands of the oil workers are out of employment.

I have urged a tariff of $1 per barrel on imported oil and 50 per cent of the value of refined products imported for the protection of the domestic-oil producers of this country. This I was unable to get during the last session of Congress. I joined with others in urging that an excise tax of 2 cents per gallon on imported crude petroleum and 4 cents per gallon on imported gasoline and other derivatives be levied, but instead an excise tax of only 1 cent per gallon is imposed. This is not sufficient. I fear it will have but little appreciable effect upon the domestic price of crude petroleum.

Such a slight concession to the oil industry, reported by the Treasury Department to raise no revenue, and by the Ways and Means Committee of the House to protect the oil fraternity to the amount of only $5,000,000, is not sufficient to justify a vote to change the fiscal policy of our country and impose a tax burden of $595,000,000, pyramided with costs and other expenses, upon the consuming masses of the country.

The Tariff Commission found that the difference in the cost of production of oil in this country and in Venezuela was $1.03 per barrel. An excise tax of 1 cent per gallon will shut out but little imported oil from that country. The four large companies can afford to import oil and can do it cheaper, after paying the excise tax of 1 cent per gallon, than oil can be delivered from the mid-continent field through pipe lines to the eastern seaboard. Let no one be deceived. While we welcome the provision it is a disappointment in that it does not go far enough to afford adequate relief to the oil industry. This is only half a loaf but it is better than no bread.

Now, everybody knows that by incorporating a manufacturers' tax in this bill it means we are embarking upon a policy different from any method of taxation we have ever had before in this country. Many are advocating a general sales tax. This, in my judgment, is the first step in that direction. It is urged that this tax is only temporary. My reply is that once made a part of our fiscal policy it is much easier to get it retained and extended and made permanent law than to get it enacted originally. Such was the boast of the gentleman from Pennsylvania [Mr. WATSON]. I am opposed to it because, as I have already pointed out, it passes the burden on to the ultimate consumer.

Those who advocate the sales tax hope to substitute it for the income tax, and thereby shift the entire tax burden from the wealthy and those best able to pay to the consuming masses of the country.

It is urged that there are liberal exemptions from the imposition of the manufacturers' sales tax as to farm products. This will not materially help the great agricultural class because the farmer raises his own food and feed for his work stock. Hence he will not be affected to any considerable extent by the exemption. Of course I favor the exemption of farm products in the interest of the consuming masses who must purchase them.

The gentleman from Alabama [Mr. HUDDLESTON] makes an adroit speech but one that will not bear analysis. He insists there are two questions to be met:

First, that we should raise sufficient revenue to balance the Budget; then he places the anticipated deficit far in excess of the revenue estimated to be raised by the pending bill.

The second question he urges is as to the best way to go about raising the money. On the second question his speech is a distinct disappointment.

Discussing the sales-tax provision, which is estimated to raise $595,000,000 of revenue to balance the Budget, he says:

> Taxes are bad, and a sales tax is particularly bad. It is levied upon poverty and not upon wealth. It is levied upon a man's needs and not upon his ability to pay. It is levied upon what men may consume and not according to the benefits which are derived from government. They violate every fundamental of taxation.

Yet he offers no substitute for this provision that taxes poverty, that is levied upon a man's needs and not upon his ability to pay, upon what men consume and not upon the benefits derived from government, and that "violates every fundamental of taxation."

How one can vote for a provision after such a severe condemnation is not made clear by the remainder of the speech.

He resorts to the strategy of many clever lawyers in making their pleas to the jury. When they find themselves unable to discuss the merits of their case they do one of two things: Either they attempt to lead the minds of the jury away from the condemning facts or heap a tirade of abuse or ridicule upon the opposing witnesses in an attempt to discredit them.

The gentleman from Alabama [Mr. HUDDLESTON] did both. He first attempted to lead the minds of the Members of the House away from the sales-tax provision through reference to other legislation previously enacted and which he criticized as not being meritorious, including the amount appropriated for the revolving fund for the use of the Farm Board.

Assuming his criticism is just, how could that justify a vote in support of a sales-tax provision that taxes poverty, levies upon what men consume and not upon benefits of government, and, finally, that "violates every fundamental of taxation"?

He then refers to Members who favor legislation for the benefit of the ex-service men. How does that justify voting to tax poverty through a provision fundamentally unsound?

He resorts to ridicule, to the delight of the Members of the House, to take the minds of the Members away from the odious, indefensible sales-tax provision, that is a tax upon poverty, and upon the consuming masses, not levied in accordance with the benefits received, and that "violates every fundamental of taxation."

I can not vote for a provision that violates every fundamental of taxation. I must search for some other source of taxation more equitable, more defensible, and not a tax upon poverty, where the entire burden does not fall upon the consuming masses but is distributed among those better able to pay and in proportion to the benefits received.

I am always delighted with oratory. I enjoy ridicule, but before I lay the heavy hand of the taxgatherer upon the consuming masses whom I am privileged to represent, before I agree to violate every fundamental of taxation, I am not content with criticism of the legislation as not justified nor in ridiculing the lack of courage of Members with whom I have served for years, but I must carefully search for other sources of taxation. I must try to find some method that does not "violate every principle of taxation" before I open the door to the taxgatherer and permit him to place his heavy hand upon the poor and oppressed people of my district and State.

Those who oppose the bill are challenged to offer a substitute to balance the Budget in lieu of the methods proposed in the pending bill.

In reply, permit me to say in the first place that a revenue bill of such magnitude can not be safely framed by amendment on the floor of the House; and if the vital provision, the sales tax, that raises a very large part of the revenue, is eliminated by amendment, then the bill should be recommitted to the Committee on Ways and Means, with directions to the committee, with the assistance of its experts, to frame and report another bill in accordance with the general instructions of the House. The committee has the advantage of the hearings, has the assistance of experts, and of course the members of the committee are better able to estimate how much revenue alternative methods of taxation would raise.

If an amount approximately sufficient to balance the Budget can be secured from an income tax in the higher brackets, and from estate taxes, then the recommitting of the bill might not be necessary.

As suggestions to the House and to the committee, permit me to say I would sharply reduce all the expenditures of our Government. Our expenditures for the fiscal year 1931 aggregated $5,071,711,693.56. Our appropriations and estimated expenditures for the current year are $5,178,524,967.95. The Committee on Appropriations has sharply reduced the appropriation bills so far as reported for 1933. In my judgment, aside from the interest on the public debt, the requirements of the sinking fund, and the appropriations for the Postal Service and Veterans' Administration, which is to cover pensions, disability compensation for ex-service men, hospitals, and other like expenditures, a careful study by a courageous subcommittee would find a way of reducing the balance of our expenditures by at least 25 per cent without in any way impairing the efficiency of any department or necessary bureau or commission.

I have before me the appropriations for the fiscal year 1887 under Cleveland. They amounted to $383,245,913.54. During the fiscal year 1891, under President Harrison, our Federal expenditures were $463,383,480.46. The expenditures for the fiscal year 1895, under Cleveland's second administration, were $492,477,759.97. Advancing four years more to the fiscal year 1899, under McKinley, our expenditures increased to $892,656,775.65. Whenever a commission is authorized or bureau created it immediately begins to expand and year after year additional appropriations are required.

The best way to economize is to reduce expenditures. This can and should be done. Every individual and every family pursues this policy. Whenever it is found that the individual or family does not have sufficient money to meet current expenses they are reduced and every effort is made to live within the income. We should apply a surgeon's knife to these appropriations. I would reduce all salaries in the higher brackets, including heads of bureaus, Cabinet officers, and Members of Congress.

Another suggestion as to where additional revenue may be raised is the estate tax. The present bill only doubles the old rates. Up to $50,000 the rate is 2 per cent. Up to $100,000 it is only 4 per cent, and the rate does not go to 40 per cent except as to incomes of $10,000,000 and over.

It is estimated that a sufficient amount could be secured through an estate tax if the same rates were used as are provided for income taxes.

In my judgment nothing is fairer than an estate tax, and nothing will do more to redistribute the wealth now held by a few persons than a higher estate tax. If higher rates were levied there would be no necessity for a sales tax and the Budget could be balanced without the sales tax.

In December we extended over a period of 10 years the payment of $252,000,000 interest on our foreign obligations. We are asked now to transfer this amount in the form of a manufacturers' sales tax upon the great masses of the overburdened people of our country. I can not do it. In all of our foreign-debt adjustments we have remitted $10,705,618,006.90. The total amount remitted or canceled must be borne by the taxpayers of our country. We are now reaping the whirlwind of our own folly. I voted against all of these settlements.

It is urged that chaos will reign if we do not balance our Budget. This is simply a statement. We are passing through a most serious economic depression. Under similar circumstances every individual and every head of a family finds it necessary to borrow money to tide them over temporarily. First, we should reduce our expenditures. We should cut down our appropriations; and if it be found that our revenues do not meet all the reduced requirements of our Government, I do not agree that chaos would reign if we borrowed money to tide us over temporarily.

In the first place, I shall support an amendment to eliminate the manufacturers' tax provision. I shall vote to cut out the admission tax of 10 per cent on admissions to movies where the charge is 40 cents or less. I do not favor the tax on telephone and telegraph and radio messages and will vote to cut that out; and, as I have already indicated, I favor increasing the income tax in the higher brackets so as to exact a greater share from those who are immensely wealthy. I believe that with the consolidation of Government activities, the abolishment of bureaus not needed, and with the reduction of governmental expenditures, our Budget can be balanced without a sales tax; and if we find that we can not balance the Budget, I favor continuing the temporary issuance of bonds to carry us over the period of depression. I would much prefer that plan than to have our fiscal policy changed and this additional burden of taxation placed upon the great mass of people of the country who are now paying more than their fair share by reason of the tariff. During the calendar year of 1931 the total amount collected through tariff duties was reduced to $353,970,000, but in ordinary years it approaches $600,000,000.

Everyone knows that the added cost of tariff duties is passed on and paid by the consuming public. Through the

tariff the average citizen pays more than his proportionate part of the burden of government. This bill adds $595,000,000 as an additional burden. Action upon this measure should have been withheld for at least a month so as to afford time to study and analyze every detail of its complicated provisions. If the reaction of the people throughout the country could be secured, I have no doubt that the sales-tax provision would be overwhelmingly defeated.

I have only called attention to a few of the more apparent objections. I can not vote for this bill because it relieves wealth of its fair share of the burden of government and places it upon the consuming masses.

No one, in my judgment, can justify a vote to spread over and pass on to the consuming masses, already overburdened and depressed, the tax burden that should rightfully be borne by those who have accumulated vast fortunes by reason of governmental protection and benefits received, both legislative and administrative. [Applause.]

The following is a list of Federal expenditures since 1887:

Congress	Total appropriation	President
First session Forty-ninth Congress, fiscal year 1887.	$383,245,913.54	Cleveland.
Second session Forty-ninth Congress, fiscal year 1888.	365,430,333.41	Do.
First session Fiftieth Congress, fiscal year 1889	422,867,168.11	Do.
Second session Fiftieth Congress, fiscal year 1890	395,430,284.26	Do.
First session Fifty-first Congress, fiscal year 1891	463,383,480.46	Harrison.
Second session Fifty-first Congress, fiscal year 1892.	524,381,815.60	Do.
First session Fifty-second Congress, fiscal year 1893.	507,376,397.53	Do.
Second session Fifty-second Congress, fiscal year 1894.	519,535,293.31	Do.
First and second sessions Fifty-third Congress, fiscal year 1895.	492,477,759.97	Cleveland.
Third session Fifty-third Congress, fiscal year 1896.	496,982,585.01	Do.
First session Fifty-fourth Congress, fiscal year 1897.	515,852,380.27	Do.
Second session Fifty-fourth Congress and first session Fifty-fifth Congress, fiscal year 1898.	528,735,878.33	Do. / McKinley
Second session Fifty-fifth Congress, fiscal year 1899.	892,656,775.65	Do.
Third session Fifty-fifth Congress, fiscal year 1900.	698,912,982.83	Do.
First session Fifty-sixth Congress, fiscal year 1901.	705,653,298.01	Do.
Second session Fifty-sixth Congress, fiscal year 1902.	730,241,862.51	Do.
First session Fifty-seventh Congress, fiscal year 1903.	801,682,773.42	Roosevelt.
Second session Fifty-seventh Congress, fiscal year 1904.	752,741,659.25	Do
First and second sessions Fifty-eighth Congress, fiscal year 1905.	781,288,214.95	Do
Third session Fifty-eighth Congress, fiscal year 1906.	818,191,283.26	Do.
First session Fifty-ninth Congress, fiscal year 1907.	881,953,644.09	Do.
Second session Fifty ninth Congress, fiscal year 1908.	919,163,823.18	Do.
First session Sixtieth Congress, fiscal year 1909	1,006,431,726.96	Do.
Second session Sixtieth Congress, fiscal year 1910	1,044,433,622.64	Do.
First and second sessions Sixty-first Congress, fiscal year 1911.	1,039,550,617.01	Taft.
Third session Sixty-first Congress, fiscal year 1912.	1,022,759,948.52	Do.
First and second sessions Sixty-second Congress, fiscal year 1913.	1,021,349,990.63	Do.
Third session Sixty-second Congress, fiscal year 1914.	1,098,602,065.65	Do.
First and second sessions Sixty-third Congress, fiscal year 1915.	1,122,471,919.12	Wilson.
Third session Sixty-third Congress, fiscal year 1916.	1,114,490,704.09	Do.
First session Sixty-fourth Congress, fiscal year 1917.	1,628,411,644.81	Do.
Second session Sixty-fourth Congress and first session Sixty-fifth Congress, fiscal year 1918.	18,881,940,243.79	Do.
Second session Sixty-fifth Congress, fiscal year 1919.	27,065,148,933.02	Do.
Third session Sixty-fifth Congress and first session Sixty-sixth Congress, fiscal year 1920.	6,454,596,649.56	Do.
Second session Sixty-sixth Congress, fiscal year 1921.	4,780,829,510.35	Do.
Third session Sixty-sixth Congress and first session Sixty-seventh Congress to July 12, 1921, fiscal year 1922.	3,909,282,209.46	Do. / Harding.
First session Sixty-seventh Congress, from July 13, 1921, and second session Sixty-seventh Congress to July 1, 1922, fiscal year 1923.	4,248,140,569.99	Do.
Second session Sixty-seventh Congress from July 2, 1922, and third and fourth sessions of the Sixty-seventh Congress, fiscal year 1924.	4,092,544,312.04	Do.
First session Sixty-eighth Congress, fiscal year 1925.	3,748,651,750.35	Coolidge.
Second session Sixty-eighth Congress, fiscal year 1926.	4,151,682,049.91	Do.
First session Sixty-ninth Congress, fiscal year 1927.	4,409,463,389.81	Do.
Second session Sixty-ninth Congress, fiscal year 1928.	4,211,011,352.58	Do.
First session Seventieth Congress, fiscal year 1929.	4,633,577,973.85	Do.
Second session Seventieth Congress, fiscal year 1930.	4,665,236,678.04	Do.
First and second sessions Seventy-first Congress, fiscal year 1931.	5,071,711,693.56	Hoover.
Third session Seventy-first Congress, fiscal year 1932.	5,178,524,967.95	Do.

Mr. DOUGHTON. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, the question of the position of organized labor toward the sales-tax provision has been raised several times in the course of this discussion. I would like to announce to the House that Mr. William Green, president of the American Federation of Labor, has issued a statement, which will be published to-morrow morning, informing the American people that organized labor is unalterably opposed to a sales tax as an oppressive and unfair additional burden to the wage earners of this country, and he calls upon the friends of labor to do everything within their power to defeat the sales-tax provision of this bill. [Applause.]

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon.

PROHIBITION

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, yesterday 187 votes were cast in this House in favor of discharging the Committee on the Judiciary from further consideration of H. J. Res. 208, to submit to the people the question of modifying the eighteenth amendment.

An analysis of that vote shows that those 187 Members represent over 52,000,000 people of the United States. In this stupendous total there is not included the representation of the Member at large from Illinois [Mr. DIETERICH], nor, of course, there is not included the representation of three admittedly wet Members who were unavoidably absent, one in Virginia, one in Kentucky, and one in New Hampshire.

The following analysis is worth studying:

States	Districts	Population
Alabama	1 out of 10	247,753
Arizona	1	435,573
California	7 out of 11	1,849,226
Connecticut	5	1,606,903
Illinois	16 out of 25	4,521,384
Indiana	5 out of 13	1,398,981
Iowa	1 out of 11	211,358
Kentucky	1 out of 11	197,604
Louisiana	4 out of 8	882,715
Maryland	5 out of 6	1,437,868
Massachusetts	13 out of 16	3,085,947
Michigan	9 out of 13	2,772,076
Minnesota	5 out of 10	1,190,321
Missouri	5 out of 16	1,402,172
Montana	1 out of 2	211,918
Nebraska	1 out of 6	226,074
Nevada	1	91,058
New Jersey	12	4,041,334
New Mexico	1	423,317
New York	32 out of 43	10,020,093
North Carolina	1 out of 10	408,139
Ohio	13 out of 22	3,319,168
Oregon	1 out of 3	338,241
Pennsylvania	18 out of 36	4,721,875
Rhode Island	3	687,497
South Carolina	1 out of 7	198,090
South Dakota	1 out of 3	251,405
Tennessee	1 out of 10	223,218
Texas	3 out of 18	820,314
Virginia	3 out of 10	641,804
Washington	3 out of 5	919,430
West Virginia	2 out of 6	549,535
Wisconsin	9 out of 11	2,481,983
Wyoming	1	225,565
Total	[1] 186 [2] 435	52,039,949

[1] 1 district in Illinois at large not counted.
[2] Total House Membership.

Another interesting analysis of this vote by the New York Times divides these 187 votes as follows:

	Republican	Democrat
East	47	33
South	0	22
Middle West	39	29
Far West	11	3
Total	97	90

Against the proposition the dry vote is analyzed as follows: follows:

	Republican	Democrat
East	35	1
South	6	89
Middle West	57	23
Far West	14	1
Total	112	114

Wet votes were cast by a majority of the Representatives of 18 States.

The drys were in the majority in 26 states.

In four States the vote was evenly divided.

In only 14 States were no wet votes cast, and wet Members from 2 of these States were unavoidably absent.

Such a result surely portends the future—the certain repeal or modification of the eighteenth amendment.

ABOLISHMENT OF USELESS OFFICES

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include a letter from the Secretary of the Treasury, Mr. Mills.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, in furtherance of the spirit of cooperation between the House and the administration, looking toward effecting major economies, Ogden L. Mills, Secretary of the Treasury, has given his consent to the abolishment of 22 presidential offices under the department of which he is the head. These offices include 15 appraisers of customs and 7 surveyors of customs, and the salaries that are to be cut off range from $3,200 to $9,000 per annum. The total saving to be accomplished by the abolishment of these particular offices is $111,000 per annum.

Secretary Mills's willingness that these offices shall be abolished should greatly improve the chances of this economy program being carried through to a successful eventuality. In former Congresses moves have been made in that direction and legislation has been brought in, but the friends of the incumbent officeholders have always combined and prevented favorable action. This year the Appropriations Committee has brought in legislation to separate these unnecessary officeholders from the service, and it has passed the House. The stamp of approval given to the legislation by Secretary Mills should go a long way toward overcoming opposition in the Senate.

OFFICES DECLARED USELESS

These 22 presidential offices have been regarded as among the most luscious plums in the public service. As the offices are absolutely useless, there are no duties attached except of the most nominal character. In the entire Government service there are no more desirable sinecures than these, and none that are more sought after as political rewards. Every one of them should have been abolished long ago, but political pull has always prevented, and the taxpayers have had to keep on supporting these officials who have nothing to do but draw their salaries.

Secretary Mills's consent that the offices shall be wiped out is given in a letter in reply to a communication I sent to him. This correspondence, which will be of interest to those watching the economy program, is as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON APPROPRIATIONS,
February 20, 1932.

Hon. OGDEN L. MILLS,
Secretary of the Treasury, Washington.

DEAR MR. SECRETARY: No one appreciates more than I do your sincere and patriotic interest in holding appropriations to the minimum, to the end that unnecessary taxes shall not be imposed and the Budget may be balanced. In a spirit of cooperation I am coming to you for information.

I will be obliged if you will send to me a list of surveyors of customs, showing their stations and the amount of duties collected at their respective ports. Also, I would like to have the same information in regard to comptrollers and appraisers of customs.

I need not remind you of the urgent demands that are made upon us for economies in the Federal service, and I would appreciate it very much if you would give me your candid opinion as to whether these positions (surveyors, comptrollers, and appraisers of customs) could be abolished. I know that various administrations of both political parties have made efforts in the past to abolish these positions, and it seems to me that if there is no need for them they should be abolished now when it is so necessary to conserve national finances.

I assure you that I am interested in economies and would like to have your opinion as to the necessity of maintaining surveyors at various ports in the United States while no such offices exist at other ports where the collections are much larger. For instance, at Portland, Me., where, I understand, the customs collections amount to approximately $160,000 a year, there is a surveyor of customs; while at Galveston, where customs receipts amount to $5,000,000 or $6,000,000 a year, no surveyor's office exists. I might multiply illustrations of this nature, but do not believe it is necessary to prove the point I am seeking to make.

If you will kindly send to me soon your opinion on the matters above referred to, I will be grateful.

Very sincerely yours,

LOUIS LUDLOW.

Secretary Mills's reply is as follows:

TREASURY DEPARTMENT,
Washington, March 5, 1932.

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR MR. LUDLOW: I have your letter of February 20, 1932, relative to the proposal to abolish the offices of surveyors, comptrollers, and appraisers of merchandise in the Customs Service.

There are practically 300 ports of entry, and surveyors and comptrollers are appointed by the President at only 7 of these ports. While there are appraisers at practically all of the 300 ports only 16 of them are presidential appointees. The others are designated and appointed by the Secretary of the Treasury, but have all of the authority of an appraiser appointed by the President.

In the interest of economy and in cooperation with the Congress, I see no objection to the elimination of the presidential offices of surveyors and appraisers, except the appraiser at the port of New York.

The situation with respect to comptrollers is quite different. The office of comptroller of customs, formerly known as naval officer, has existed since the foundation of the Government. He is a presidential appointee the same as the collector of customs, and acts entirely separate and independent of the collector. The law requires that he shall verify all assessments of duties and allowances of drawbacks made by collectors, and in case of disagreement between him and the collector he shall report the facts to the Secretary of the Treasury for his decision. He is also required by law to examine the collector's accounts of receipts and disbursements of money and receipts and disposition of merchandise, and certify the same to the Secretary of the Treasury for transmission to the General Accounting Office.

There is a complete examination of every transaction by the collector and the comptroller, each independent of the other. It seems proper that the officer whose duty it is to review and revise the collector's account should not be of less rank than the collector himself. Differences necessarily arise and both officials should have equal standing. I think, therefore, that there are sound, practical reasons for retaining comptrollers of customs as presidential appointees.

I assure you of my desire to cooperate in every way in reducing the expenditures wherever it may be done without injury to the service.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

The presidential offices which it is believed will be wiped out at one stroke with the approval of the Secretary of the Treasury are as follows:

Appraisers of merchandise—Philadelphia, Pa., $5,600; Boston, Mass., $6,000; San Francisco, Calif., $5,600; New Orleans, La., $5,200; Baltimore, $5,000; Chicago, $6,000; Buffalo, N. Y., $4,600; Detroit, Mich., $4,600; Tampa, Fla., $3,800; Cleveland, Ohio, $4,600; Cincinnati, Ohio, $3,800; St. Louis, Mo., $4,600; Portland, Me., $3,800; Pittsburgh,

Pa., $4,600; Portland, Oreg., $4,400 ;total saving, $72,200 per annum.

Surveyors of customs—New York, N. Y., $9,000; Philadelphia, Pa., $5,600; Boston, Mass., $5,800; San Francisco, Calif., $5,600; New Orleans, La., $4,600; Baltimore, $5,000; Portland, Me., $3,200; total saving, $38,800 per annum. Grand total saving, $111,000 per annum.

In other words, it looks as if the taxpayers will score a victory. Undoubtedly there are many other offices under the Government that may be abolished by the exercise of careful scrutiny and appropriate action. This is a good start.

TEMPORARY RELIEF OF WATER USERS ON IRRIGATION PROJECTS

Mr. HALL of Mississippi. Mr. Speaker, I call up Senate bill 3706, for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Mississippi calls up a bill, which the Clerk will report by title.

The Clerk read the title of the bill.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

Mr. MAPES. Mr. Speaker, reserving the right to object, is this the bill that was under consideration in the House a few days ago?

The SPEAKER. It is.

Mr. MAPES. What is the purpose of bringing it up at this hour of the day?

The SPEAKER. The Chair understood, after talking with some of the gentlemen who are for and against this bill, that if it could be taken up at this time it could be passed in 15 or 20 minutes, since the opponents of the bill had come to some agreement with the gentlemen who favor it. Unless that can be carried out the Chair thinks that in good faith the House should adjourn.

Mr. BANKHEAD. In connection with what the Speaker has stated, it has been represented to the Committee on Rules that this legislation is somewhat emergent and is in the interest of the farmers in these irrigation districts. That is the real reason for expediting the passage of the bill.

Mr. MAPES. Mr. Speaker, further reserving the right to object, I have not been able to be in the Chamber all the afternoon. May I ask whether there has been any statement made on the floor that this bill was to be brought up at this time of the day?

The SPEAKER. No statement was made in the Chamber, but the Chair will say that the minority leader [Mr. SNELL] and others who are interested in the bill, were asked about the advisability of calling it up, and they agreed to it.

Mr. SNELL. If the gentleman will permit, there was no statement made in the House, but I had a message sent to every Republican Member from the telephone office that this bill would be called up at 5 o'clock. I was one of the gentlemen who objected to this bill being taken up the other day; but, as I understand the situation, the gentlemen proposing the legislation are willing to accept amendments that overcome the objections that were made the other day, and the Members who did object have agreed to these amendments.

Mr. MAPES. I would like to say that it seems to me a rather undesirable practice—when we are having general debate on a tax bill and a great many Members of the House have assumed there would be nothing else taken up during the day—to bring up a bill of this importance late in the afternoon, without any notice.

Mr. SIMMONS. Will the gentleman yield?

Mr. MAPES. Yes.

Mr. SIMMONS. Between 2 and 3 o'clock this afternoon I personally told the gentleman's colleague, Mr. MICHENER, that this bill was coming up, he having been very much interested in it.

Mr. MAPES. That is good; but what about the rest of the membership of the House? There are 435 Members of the House, and each one of them has a right to assume that important legislation of this kind will not be brought up so late in the afternoon following general debate all the afternoon on the tax bill.

Mr. SNELL. I took the trouble to send a message to every Republican Member of the House, advising him that this bill would be brought up at this time.

Mr. MAPES. Can the gentleman vouch for the Democrats?

Mr. SNELL. I do not know. They can take care of their side themselves.

Mr. LAGUARDIA. It will not take 10 minutes to pass this bill, and it ought to be passed.

The SPEAKER. Let the Chair say to the gentleman from Michigan that if there is any objection to this bill coming up at this time or any suggestion that the Chair is taking advantage of the membership of the House in permitting it to be called up at this time, the Chair will ask the gentleman from Alabama or some other Member to move to adjourn. The Chair, after consulting the minority leader and others, is not going to be put in the attitude of taking advantage of the House in permitting this bill to be called up without due notice.

Mr. BANKHEAD. Mr. Speaker, in order to bring the matter to a head, I demand the regular order.

The SPEAKER. The gentleman from Alabama demands the regular order. Is there objection?

Mr. GILCHRIST. Mr. Speaker, I object.

The SPEAKER. The Chair lays before the House the following report from the Committee on Enrolled Bills.

Mr. GILCHRIST. Mr. Speaker, I reserve the right to object. I would like to know about this bill. I might possibly withdraw my objection.

The SPEAKER. The gentleman is out of order. The regular order was demanded. The gentleman has the right to object, and the gentleman has objected.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes;

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H. R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes;

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians; and

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. LARRABEE, indefinitely, on account of important business.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1317. An act for the relief of the State of California; to the Committee on the Judiciary.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 10 minutes p. m.) the House adjourned until to-morrow, Wednesday, March 16, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Wednesday, March 16, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON PENSIONS

(10 a. m.)

Indian War legislation.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Railroad holding companies (H. R. 9059).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(10.30 a. m.)

Repeal of certain laws providing that certain aliens who have filed declarations of intention to become citizens of the United States shall be considered citizens for the purpose of service and protection on American ships (H. R. 6710).

Provision for review of the action of consular officers in refusing immigration visas (H. R. 8878).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

484. A letter from the Secretary of War, transmitting a report dated March 12, 1932, from the Chief of Engineers, United States Army, on preliminary examination of Shark River, N. J.; to the Committee on Rivers and Harbors.

485. A letter from the Secretary of War, transmitting a report dated March 12, 1932, from the Chief of Engineers, United States Army, on preliminary examination of Tittabawassee River and Chippewa River, Mich, with a view to the control of their floods (H. Doc. No. 273); to the Committee on Flood Control and ordered to be printed, with illustrations.

486. A letter from the Secretary of War, transmitting a ruling of the Comptroller General that in pursuance of section 2 of the Brookhart Act of July 3, 1930, it will be necessary for the War Department, not later than July 1, 1932, to adjust the salaries of employees in the field service to the rates paid for comparable duties in the department at Washington under the reclassification act of 1923; to the Committee on Military Affairs.

487. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, Office of Architect of the Capitol, for the fiscal year 1933, in the sum of $16,100 (H. Doc. No. 274); to the Committee on Appropriations and ordered to be printed.

488. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, Office of Architect of the Capitol, for the fiscal year 1933, in the sum of $2,660 (H. Doc. No. 275); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LINTHICUM: Committee on Foreign Affairs. H. J. Res. 181. A joint resolution authorizing an appropriation for the expenses of the Sixteenth Session of the International Geological Congress to be held in the United States in 1933; without amendment (Rept. No. 801). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on the Public Lands. H. R. 8923. A bill authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Mont., to the State of Montana for use as a fish cultural station, game reserve, and public recreation ground, and for other purposes; with amendment (Rept. No. 802). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWING: Committee on the Public Lands. H. R. 10495. A bill amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands; with amendment (Rept. No. 805). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARE: Committee on Insular Affairs. H. R. 7233. A bill to provide for the withdrawal of the sovereignty of the United States over the Philippine Islands and for the recognition of their independence; to provide for notification thereof to foreign governments; to provide for the assumption by the Philippine government of obligations under the treaty with Spain; to define trade and other relations between the United States and the Philippine Islands on the basis of a progressive scale of tariff duties preparatory to complete independence; to provide for the calling of a convention to frame a constitution for the government of the Philippine Islands; to provide for certain mandatory provisions of the proposed constitution; to provide for the submission of the constitution to the Filipino people and its submission to the Congress of the United States for approval; to provide for the adjustment of property rights between the United States and the Philippine Islands; to provide for the acquisition of land by the United States for coaling and naval stations in the Philippine Islands; to continue in force certain statutes until independence has been granted, and for other purposes; with amendment (Rept. No. 806). 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. PETTENGILL: Committee on Military Affairs. H. R. 2922. A bill for the relief of Max M. Meyers; with amendment (Rept. No. 803). Referred to the Committee of the Whole House.

Mr. BACON: Committee on Claims. H. R. 5211. A bill for the relief of the heirs of Samuel B. Inman; without amendment (Rept. No. 804). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 6982. A bill for the relief of C. H. Hoogendorn; without amendment (Rept. No. 807). 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. GOLDSBOROUGH: A bill (H. R. 10517) for increasing and stabilizing the price level of commodities, and for other purposes; to the Committee on Banking and Currency.

By Mr. McCLINTIC of Oklahoma: A bill (H. R. 10518) authorizing repayment of fees erroneously collected from certain homesteaders; to the Committee on the Public Lands.

By Mr. MAGRADY: A bill (H. R. 10519) providing import duties on coal and coke imported into the United States from foreign countries; to the Committee on Ways and Means.

By Mr. SWING: A bill (H. R. 10520) to authorize retirement promotion of officers of the Army, Navy, Marine Corps, and Coast Guard in recognition of service in the World War, Spanish-American War, Philippine insurrection, and Boxer rebellion; to the Committee on Military Affairs.

By Mr. DICKSTEIN: A bill (H. R. 10521) to amend an act entitled "An act making it a felony with penalty for certain aliens to enter the United States of America under certain conditions in violation of law," approved March 4, 1929; to the Committee on Immigration and Naturalization.

By Mr. JONES: A bill (H. R. 10522) authorizing repayment of fees erroneously collected from certain homesteaders; to the Committee on the Public Lands.

By Mr. DISNEY: A bill (H. R. 10523) to facilitate poor plaintiffs having meritorious causes to sue in the courts of the United States without depositing moneys or security for cost, and relieving their attorneys of any liability for costs; to the Committe on the Judiciary.

By Mr. CELLER: A bill (H. R. 10524) relating to the prescribing of medicinal liquors; to the Committee on the Judiciary.

By Mr. DISNEY: A bill (H. R. 10525) to aid farmers in obtaining loans from the Federal Farm Loan Board or other governmental agencies; to the Committee on Banking and Currency.

Also, a bill (H. R. 10526) to amend section 502 of the World War adjusted compensation act, as amended, and for other purposes; to the Committee on Ways and Means.

Also, a bill (H. R. 10527) to provide payment of adjusted-service credit to sisters, brothers, and estates; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 10528) for the relief of A. W. Bean and J. A. Killinger; to the Committee on Claims.

Also, a bill (H. R. 10529) for the relief of Samuel Motter; to the Committee on Naval Affairs.

Also, a bill (H. R. 10530) making Richard F. Mackey eligible to receive the benefits of the civil service retirement act; to the Committee on the Civil Service.

By Mr. CELLER: A bill (H. R. 10531) for the relief of the Isbrandtsen-Moller Co. (Inc.); to the Committee on War Claims.

By Mr. COLE of Maryland: A bill (H. R. 10532) for the relief of John A. Pearce; to the Committee on Claims.

By Mr. CRAIL: A bill (H. R. 10533) for the relief of Samuel B. Lewis; to the Committee on Military Affairs.

By Mr. DISNEY: A bill (H. R. 10534) for the relief of James C. Bearskin; to the Committee on Claims.

By Mr. FIESINGER: A bill (H. R. 10535) granting an increase of pension to Thelera Robenalt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10536) extending the benefits of the emergency officers' retirement act to Fred P. Morgan; to the Committee on Military Affairs.

Also, a bill (H. R. 10537) granting a pension to Hannah M. Witzler; to the Committee on Invalid Pensions.

By Mr. HESS: A bill (H. R. 10538) granting an increase of pension to Mary Diker; to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 10539) granting a pension to Virginia L. Davis; to the Committee on Invalid Pensions.

By Mr. HORNOR: A bill (H. R. 10540) for the relief of Marvin Bishop Atkins; to the Committee on Naval Affairs.

By Mr. JOHNSON of Texas: A bill (H. R. 10541) granting a pension to Mary E. Norwood; to the Committee on Pensions.

By Mr. McLEOD: A bill (H. R. 10542) for the relief of John Newman; to the Committee on Military Affairs.

By Mr. MAY: A bill (H. R. 10543) granting a pension to Samuel S. Miller; to the Committee on Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 10544) granting a pension to Elzira Lykins; to the Committee on Invalid Pensions.

By Mr. MOORE of Ohio: A bill (H. R. 10545) granting a pension to Lina A. Langstaff; to the Committee on Pensions.

By Mr. PARKER of New York: A bill (H. R. 10546) granting a pension to Louise Stockwell; to the Committee on Invalid Pensions.

By Mr. PATTERSON: A bill (H. R. 10547) for the relief of Robert B. Ingram; to the Committee on Pensions.

By Mr. PERKINS: A bill (H. R. 10548) granting a pension to Sadie Smith; to the Committee on Invalid Pensions.

By Mr. POLK: A bill (H. R. 10549) granting an increase of pension to Charlotte Livengood; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 10550) granting an increase of pension to Olinsker Bradbury; to the Committee on Invalid Pensions.

By Mr. SELVIG: A bill (H. R. 10551) for the relief of Lyn Lundquist; to the Committee on the Public Lands.

By Mr. SHOTT: A bill (H. R. 10552) for the relief of P. C. Ballard; to the Committee on Claims.

By Mr. SWICK: A bill (H. R. 10553) granting an increase of pension to Georgie Y. Powell; to the Committee on Invalid Pensions.

By Mr. TREADWAY: A bill (H. R. 10554) granting an increase of pension to Lizzie L. Spicer; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 10555) granting a pension to Roy L. Garr; to the Committee on Pensions.

By Mr. WELCH of California: A bill (H. R. 10556) for the relief of Erney S. Blazer; to the Committee on Military Affairs.

By Mr. WILLIAMS of Texas: A bill (H. R. 10557) for the relief of Rosa Wortham; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4373. By Mr. ANDREWS of New York: Resolution adopted by Group No. 1591 of the Polish National Alliance of the United States of America, urging Congress to provide legislation for the carrying out of the celebration of October 11 as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4374. By Mr. BACON: Petition of 15 residents of Center Moriches and East Moriches, N. Y., opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4375. By Mr. BLANTON: Petition of the First Methodist Church of Brady, Tex., opposing the repeal of the eighteenth amendment to the Constitution and against resubmission, and asking Texas Congressmen and Senators to vote against resubmission; to the Committee on the Judiciary.

4376. Also, petition of the First Christian Church of Brady, Tex., presented by M. L. Howard, Mrs. W. A. Pinkham, Mrs. A. B. Carrithers, and numerous other members, opposing the repeal of the eighteenth amendment and against resubmitting same, and asking Texas Congressmen and Senators to vote against resubmission; to the Committee on the Judiciary.

4377. Also, petition of the First Baptist Church of Brady, Tex., presented by Rev. Thorwald C. Jensen, of box 807, Brady, Tex., opposing the proposed resubmission of the eighteenth amendment and asking Texas Congressmen and Senators to vote against same; to the Committee on the Judiciary.

4378. Also, petition of the First Presbyterian Church of Brady, Tex., presented by Rev. P. D. Tucker, opposing the proposed resubmission of the eighteenth amendment to the Constitution and asking Texas Congressmen and Senators to vote against same; to the Committee on the Judiciary.

4379. By Mr. BOHN: Petition of citizens of Mancelona, Mich., supporting the prohibition law; to the Committee on the Judiciary.

4380. By Mr. BOYLAN: Letter from the National Alliance of the Theater, New York, N. Y., protesting against the 10 per cent admission tax on theater tickets; to the Committee on Ways and Means.

4381. Also, letter from the Malt-Diastase Co., Brooklyn, N. Y., protesting against the proposed tax on malt sirup and malt extract; to the Committee on Ways and Means.

4382. Also, letter from the National Association of Book Publishers, New York, N. Y., protesting against the proposed excise tax on books; to the Committee on Ways and Means.

4383. Also, letter from Bricklayers Union, Local No. 9, of Brooklyn, N. Y., stating that the above-named organization at its last regular meeting, held Tuesday evening, March 8, 1932, went on record in favor of the 2.75 per cent labor beer bill; to the Committee on the Judiciary.

4384. Also, letter from the Allied Printing Trades Council of Greater New York, New York City, N. Y., favoring House bill 8576; to the Committee on Printing.

5385. Also, letter from Pie Bakeries (Inc.), Brooklyn, N. Y., opposing sales tax on manufactured products; to the Committee on Ways and Means.

5386. Also, letter from Alexander McKaig (Inc.), New York City, N. Y., opposing tax of theater tickets; to the Committee on Ways and Means.

4387. By Mr. HADLEY: Petitions of a number of residents of the second congressional district of the State of Washington, protesting against the proposed compulsory Sunday observance bill; to the Committee on the District of Columbia.

4388. By Mr. HAINES: Petition of 102 citizens of Gettysburg, Pa., protesting against any measures looking toward modification of prohibition laws; to the Committee on the Judiciary.

4389. Also, resolution of Col. Richard McAlister Chapter, Daughters of the American Revolution, Hanover, Pa., favoring the following bills and joint resolutions:

H. R. 8549 to make it a crime to advocate or promote the overthrow or the destruction of the Government of the United States, etc., and enforcement of the provisions of tariff act, 1930, section 307, effective January 1, 1932, prohibiting the importation of goods produced or manufactured in whole or in part by forced labor; S. 37 to prohibit importation of any article or merchandise from Union of Soviet Socialist Republics: House Joint Resolutions 216 and 277, and Senate Joint Resolution 83 further restricting immigration into the United States; and S. 51 to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties; to the Committee on Immigration and Naturalization.

4390. By Mr. JOHNSON of Texas: Petition of Mr. and Mrs. J. D. Carmichael and 15 other citizens of Blum, Tex., favoring House bill 1 and opposing reduction of benefits to disabled veterans, and favoring repeal of the misconduct clause in the present veterans' legislation; to the Committee on World War Veterans' Legislation.

4391. Also, petition of Silas Woodard, route 1, Oakwood, Tex., favoring immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

4392. Also, petition of H. H. Turner, postmaster, Rockdale, Tex., favoring House bill 7718; to the Committee on the Civil Service.

4393. By Mr. JOHNSON of Washington: Petition of sundry citizens of Lewis County, Wash., protesting against compulsory Sunday observance as provided for in Senate bill 1202 and House bill 8092; to the Committee on the Judiciary.

4394. By Mr. KELLY of Pennsylvania: Petition of Associated Societies of McKeesport, Pa., asking for direct vote of the people on the eighteenth amendment; to the Committee on the Judiciary.

4395. By Mr. KLEBERG: Petition of 13 farmers of Bexar County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4396. Also, petition of 88 farmers of Bishop, Nueces County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4397. Also, petition of nine farmers of San Patricio County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4398. Also, petition of 47 farmers of Comal County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4399. Also, petition of 113 farmers of Guadalupe County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4400. By Mr. KENNEDY: Petition of trustees of the American Hospital Association, recommending the facilities offered for the care of injuries offered civilian general hospitals; to the Committee on World War Veterans' Legislation.

4401. Also, petition of the Jesuit Educational Association, commending the efforts of the national committee on education by radio; to the Committee on Merchant Marine, Radio, and Fisheries.

4402. By Mr. LINDSAY: Petition of 28 citizens of Brooklyn, N. Y., protesting against the passage of House bill 8092 and Senate bill 1202; to the Committee on the District of Columbia.

4403. By Mr. MAGRADY: Resolution adopted by Local Union No. 160, United Mine Workers of America, Shamokin, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4404. Also, resolution adopted by Local Union No. 1781, United Mine Workers of America, Mount Carmel, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4405. Also, resolution submitted by John Zvoncheck, secretary, Local Union No. 2577, United Mine Workers of America, Natalie, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4406. Also, resolution submitted by John C. Lauer, president, and J. C. Rumberger, secretary, Local Union No. 1669, United Mine Workers of America, Bear Valley, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4407. Also, resolution submitted by W. E. Hollister, secretary, Local Union No. 1796, United Mine Workers of America, Mount Carmel, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4408. Also, resolution submitted by C. W. Evans, secretary, Local Union No. 2596, United Mine Workers of America, Shamokin, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4409. Also, resolution adopted by Woman's Christian Temperance Union of Benton, Pa., protesting against resubmission of the eighteenth amendment, and urging support of adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

4410. By Mr. MEAD: Petition of Iowa Cooperative Live Stock Shippers Association and other associations, regarding tax on meat and lard; to the Committee on Ways and Means.

4411. By Mr. PARKER of Georgia: Petition of citizens of the State of Georgia, protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4412. Also, petition of the Chatham County, Ga., grand jury, Leopold Adler, and Bishop Frederick F. Reese, of Savannah, Ga., and J. E. Purcell, of Atlanta, Ga., urging the enactment of regulatory legislation for busses and trucks engaged in transporting passengers and freight; to the Committee on Interstate and Foreign Commerce.

4413. By Mr. PEAVEY: Petition of Group No. 2659 of the Polish National Alliance of Lublin, Wis., seeking the observance of October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4414. By Mr. RAINEY: Resolution of ways and means committee of the Crawford Business Men's League of Chicago, Ill., petitioning the United States Government to stay out of the Orient; to the Committee on Foreign Affairs.

4415. By Mr. ROBINSON: Petition of H. Soballe, proprietor, the Eldora Creamery, and signed by many prominent

citizens of Eldora, Iowa, opposing the proposed manufacturers' tax on ice cream, based on the statement that it is a dairy product and should be exempt as are other dairy food products; to the Committee on Ways and Means.

4416. By Mr. RUDD: Petition of Romanoff Caviar Co., New York City, favoring the stabilization of prices and the elimination of profiteering; to the Committee on Ways and Means.

4417. Also, petition of Pie Bakeries (Inc.), Newark, N. J., protesting against the proposed sales tax; to the Committee on Ways and Means.

4418. Also, petition of Hotel and Restaurant Employees Alliance, Local 781, Washington, D. C., favoring organizing the House of Representatives restaurant; to the Committee on Accounts.

4419. Also, petition of Bricklayers Union, Local No. 9, of Brooklyn, N. Y., favoring the passage of the 2.75 per cent labor beer bill; to the Committee on the Judiciary.

4420. By Mr. SELVIG: Petition of Keewatin American Legion Post, Keewatin, Minn., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4421. Also, petition of Alvarado Post, No. 35, Alvarado, Minn., urging payment of bonus bill in full; to the Committee on Ways and Means.

4422. By Mr. SPENCE: Petition of citizens of Pendleton County, Ky.; to the Committee on the Judiciary.

4423. By Mr. SUMMERS of Washington: Petition signed by Emma Chubb and 23 other citizens of the State of Washington, protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4424. Also, petition signed by L. T. Hansen and nine other citizens of the State of Washington, protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4425. By Mr. SWICK: Petition of Frank Graham and five residents of Kiesters, Butler County, Pa., asking for immediate legislation to pay in full the adjusted-service certificates issued to the veterans of the World War; to the Committee on Ways and Means.

4426. Also, petition of Evelyn Fischer, 332 Hazel Avenue, Butler, and five other residents of Butler and Beaver Counties, Pa., asking for the enactment of immediate legislation for the payment in full of the adjusted-service certificates issued to World War veterans; to the Committee on Ways and Means.

4427. Also, petition of Howard Miller and five other residents of Prospect, Butler County, Pa., asking immediate legislation for the payment in full of the adjusted-service certificates issued to World War veterans; to the Committee on Ways and Means.

4428. Also, petition of John Wade and four residents of Cabot and Sarver, Butler County, Pa., urging the immediate enactment of legislation to pay in full the adjusted-service certificates of World War veterans; to the Committee on Ways and Means.

4429. Also, petition of W. Vane Ireland and six other residents of Butler, Butler County, Pa., urging immediate enactment of legislation to provide for payment in full of the adjusted-service certificates of World War veterans; to the Committee on Ways and Means.

4430. By Mr. SWING: Petition signed by 54 citizens of Gloria Gardens, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4431. Also, petition signed by 416 residents of Orange County, Calif., supporting the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4432. By Mr. WEST: Resolution of Coshocton County Pomona Grange, opposing a general sales tax, especially a tax on oil and gasoline; to the Committee on Ways and Means.

SENATE

WEDNESDAY, MARCH 16, 1932

(Legislative day of Monday, March 14, 1932)

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

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes;

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H. R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes;

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians; and

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933.

CALL OF THE ROLL

Mr. BINGHAM obtained the floor.

Mr. FESS. Mr. President, will the Senator from Connecticut yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Connecticut yield for that purpose?

Mr. BINGHAM. I yield.

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

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Reed
Austin	Dale	Jones	Robinson, Ark.
Bailey	Davis	Kean	Robinson, Ind.
Bankhead	Dickinson	Kendrick	Schall
Barbour	Dill	Keyes	Sheppard
Bingham	Fess	King	Shipstead
Black	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	Long	Steiwer
Bratton	Glass	McGill	Thomas, Idaho
Brookhart	Glenn	McKellar	Thomas, Okla.
Broussard	Goldsborough	McNary	Townsend
Bulkley	Gore	Metcalf	Trammell
Bulow	Hale	Moses	Tydings
Capper	Harrison	Neely	Vandenberg
Caraway	Hatfield	Norbeck	Wagner
Carey	Hawes	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass.
Coolidge	Hebert	Oddie	Walsh, Mont.
Copeland	Howell	Patterson	Waterman
Costigan	Hull	Pittman	White

Mr. SHEPPARD. I desire to announce that the Senator from Kentucky [Mr. BARKLEY] and the Senator from South Carolina [Mr. BYRNES] are necessarily detained in their home States on important business.

Mr. BLAINE. I wish to announce that my colleague the senior Senator from Wisconsin [Mr. LA FOLLETTE] is necessarily absent.

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

Mr. ROBINSON of Indiana. I wish to announce the continued illness of my colleague the senior Senator from Indiana [Mr. WATSON]. I ask that this announcement may stand for the day.