and asking that said act be retained without impairment; to the Committee on Agriculture.

5054. Also, petition of 45 citizens of Wood County, Tex., asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5055. Also, petition of 297 citizens of Henderson County, Tex., asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5056. By Mr. SUTPHIN: Petition of Monmouth County Organization of Social Service, objecting to curtailment of funds by the Children's Bureau of the Department of Labor; to the Committee on Labor.

5057. Also, memorial of Swiazek Nacodowy Polski, of Perth Amboy, N. J., asking that October 11 be set aside as General Pulaski's Memorial Day; to the Committee on the Judiciary.

5058. By Mr. TIMBERLAKE: Petition of Mayflower Ladies Aid Society, of Englewood, Colo., protesting against submission of the eighteenth amendment to the States for a referendum vote; to the Committee on the Judiciary.

5059. By Mr. WELCH of California: Resolution of board of supervisors of the city and county of San Francisco, Calif., indorsing the Bingham bill, permitting the manufacture of 4 per cent beer; to the Committee on the Judiciary.

5060. By Mr. WILLIAMS of Texas: Petition of employees of the post office at Denton, Tex., opposing any bill for reduction of salaries of postal employees; to the Committee on Ways and Means.

5061. Also, petition of ex-service men residing in and around Lewisville, Denton County, Tex., urging the passage of the bonus bill paying the balance of the adjusted-service certificates in cash; to the Committee on Ways and Means.

5062. Also, petition of citizens of the counties of Archer, Baylor, Clay, Cooke, Denton, Jack, Montague, Throckmorton, Wilbarger, Wise, Wichita, and Young, asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5063. By the SPEAKER: Petition of citizens of Washington City, urging Congress to pass the unemployment and relief measures now pending and to support the American Legion idea of a 5-day working week; to the Committee on Labor.

5064. Also, petition of E. N. Freeman, of Macon, Ga., in behalf of David Threatt; to the Committee on the Judiciary.

5065. Also, petition of the board of supervisors of the city and county of San Francisco, Calif., urging Congress to pass the Bingham bill or a similar one; to the Committee on the Judiciary.

SENATE

MONDAY, MARCH 28, 1932

(Legislative day of Wednesday, March 23, 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 BILL 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 enrolled bill (S. 1590) granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes; and it was signed by the Vice President.

RELIEF OF WATER USERS ON IRRIGATION PROJECTS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3706) for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law, which were, on page 2, line 9, to strike out all after "authorized" down to and including "deferred," in line 11, and insert "; and otherwise the deferred payments herein authorized shall bear interest until paid at such rate, and shall be paid at such times, as the Secretary of the Interior shall determine"; on page 2, line 18, after "1932," to insert ": *And provided further,* That the payments for construction charges and interest payments on the cost of the power systems referred to in this act shall not be deemed waived, but only deferred, and shall be paid as provided in this act"; on page 3, line 22, to strike out "without interest and penalties"; on page 3, line 24, after "charges," to insert "under the terms as provided in this act"; on page 5, line 10, to strike out "7" and insert "8"; on page 7, line 13, to strike out all after "contracts," down to and including "annum," in line 14; and on page 8, line 2, to strike out "1935" and insert "1934."

Mr. THOMAS of Idaho. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

CALL OF THE ROLL

Mr. VANDENBERG obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

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

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.

Mr. BYRNES. I wish to announce that my colleague the senior Senator from South Carolina [Mr. SMITH] is necessarily detained by serious illness in his family.

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

DEATH OF HERMAN WILLS

Mr. DAVIS. Mr. President, I shall absent myself from a part of the day's session of the Senate long enough to attend the funeral of one of the foremost leaders in social legislation, Herman E. Wills, who died in this city last Saturday morning at the ripe age of 84.

Mr. Wills for 50 years was one of the pioneers not only in extending railroads to the West coast, but in the organization and advancement of the principles of the Brotherhood of Locomotive Engineers. He had been in Washington for 22 years as the national representative of transportation activities in which labor was interested.

The passing of Mr. Wills is mourned not only by the railroad brotherhoods but by men and women in every walk of life regardless of their social station or their political affiliation. He possessed a quiet dignity which endeared him to all with whom he came in contact. His vision of legislation was practical and he will be revered for years to come.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

TELEPHONE SERVICE ON PUBLIC HEALTH SERVICE STATIONS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize telephone service in Government-controlled buildings on Public Health Service stations, which, with the accompanying paper, was referred to the Committee on Commerce.

FEDERAL AID TO STATES IN FORESTATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture in regard to Senate Resolution 175, relative to the practicability of Federal aid to States in utilization of lands suitable for forestation, stating, in part, "Arrangements have already been started to insure compliance with this request, and the results will be submitted to the Senate at the earliest practicable date. Because of the scope and the importance of the inquiry it may not be possible, however, to submit the material requested before December next," which was ordered to lie on the table.

THE BASING-POINT FORMULA AND CEMENT PRICES

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting, pursuant to law, the report of the commission on the basing-point formula and cement prices, including a survey of pricing systems used in industry generally, which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

REPORT ON DEAD OR CREOSOTE OIL (S. DOC. NO. 73)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the United States Tariff Commission, transmitting, in compliance with Senate Resolution 470 of the Seventy-first Congress, a report of the commission covering the costs of production of dead or creosote oil in the United States and in the principal competing country, which, with the accompanying report, was referred to the Committee on Finance and ordered to be printed with illustrations.

PETITIONS AND MEMORIALS

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

STATE OF NEW YORK,
IN SENATE,
Albany, March 9, 1932.

(By Mr. Webb)

Resolved (if the assembly concur), That the Congress of the United States be, and it is hereby, respectfully memorialized to enact with all convenient speed such legislation as may be necessary to provide suitable and adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter or by contract, on the public highways in interstate or foreign commerce: And be it further

Resolved (if the assembly concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives, the Secretary of the United States Senate, and to each Member of Congress elected from New York State.

By order of the senate.

A. MINER WELLMAN, *Clerk.*

IN ASSEMBLY,
March 9, 1932.

Concurred in without amendment.

By order of the assembly.

FRED W. HAMMOND, *Clerk.*

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Virginia, which was ordered to lie on the table:

COMMONWEALTH OF VIRGINIA,
EXECUTIVE DEPARTMENT.

I, Jno. Garland Pollard, Governor of the Commonwealth of Virginia, certify that Jno. W. Willians and O. V. Hanger, whose names are signed to the within copy of senate joint resolution, bearing date the 4th day of March, 1932, are, and were at the time of signing same, clerk of the House of Delegates and keeper of the rolls of Virginia and clerk of the Senate of Virginia, respectively, duly elected and qualified; that they are authorized by the laws of this State to make and sign such copy and that to all their official acts full faith, credit, and authority are due and ought to be given.

In testimony whereof I have hereunto set my hand as governor, and caused the great seal of the Commonwealth to be affixed. Done at the city of Richmond this 25th day of March, A. D. 1932, and in the one hundred and fifty-sixth year of the Commonwealth.

JNO. GARLAND POLLARD.

By the governor:

PETER SAUNDERS,
Secretary of the Commonwealth and Keeper of the Seals.

Senate joint resolution 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

Whereas the Seventy-second Congress of the United States of America, in both Houses by a constitutional majority of two-thirds thereof has made the following proposition to amend the Constitution of the United States, in the following words, to wit:

"Joint resolution proposing an 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.

"*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 amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution.

"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 devolve 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 be it

Resolved by the Senate and House of Delegates of Virginia:

First. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Virginia.

Second. That certified copies of this preamble and joint resolution be forwarded by the secretary of the Commonwealth to the Secretary of State at Washington, to the presiding officer of the United States Senate, and the Speaker of the House of Representatives of the United States.

Agreed to by the Senate of Virginia, March 4, 1932.

O. V. HANGER,
Clerk of the Senate.

Agreed to by the House of Delegates of Virginia, March 4, 1932.

JNO. W. WILLIAMS,
Clerk of the House of Delegates.

The VICE PRESIDENT also laid before the Senate petitions of two citizens of Minneapolis, Minn., praying for the passage of the so-called Keller bill, providing for the establishment of a pension system for railroad employees, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted at New York City, N. Y., by the Conference for Progressive Labor Action, protesting against the confirmation of the nominations of J. H. Wilkerson and Kenneth Mackintosh to be United States circuit judges, which was referred to the Committee on the Judiciary.

He also laid before the Senate memorials and papers, in the nature of memorials, of sundry citizens and organizations of the State of Illinois and of Litchfield, Nebr., remonstrating against the proposed resubmission of the eighteenth amendment to the Constitution to the States, which were referred to the Committee on the Judiciary.

He also laid before the Senate a petition of sundry citizens of Chicago, Ill., praying for the maintenance of the

prohibition law and protesting against its proposed modification or repeal, which was referred to the Committee on the Judiciary.

He also laid before the Senate petitions of the Women's Foreign Missionary Societies of San Diego and Covina, and the Young Women's Christian Association of Fresno, all in the State of California, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the International Beauty and Barber Supply Dealers' Association, of New York City, N. Y., favoring the adoption of the so-called manufacturers' sales tax, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted at Albuquerque, N. Mex., by the New Mexico Wool Growers' Association, protesting against any reduction of tariff duties on wool, sheep, or meat products, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Hope Council, No. 1, Sons and Daughters of Liberty, of Washington, D. C., favoring the passage of legislation providing for the deportation of undesirable aliens, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by the executive council of the American Federation of Labor, of Washington, D. C., favoring the passage of Senate bill 7, providing for the deportation of certain alien seamen, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by Moorish-American citizens of Youngstown, Ohio, praying for relief in the way of food, clothes, and shelter of certain unemployed Moorish-American citizens in that community, which was referred to the Committee on Education and Labor.

He also laid before the Senate a memorial of the National Association for the Advancement of Colored People, of New York City, N. Y., protesting against the appropriation of Federal funds for the return of the so-called indigent negroes from northern cities to the South, which was referred to the Committee on Appropriations.

He also laid before the Senate telegrams in the nature of memorials from the Los Angeles Steamship Association and the Foreign Trade Club of Southern California, of Los Angeles, Calif., remonstrating against proposed reductions in the appropriations for the Bureau of Foreign and Domestic Commerce, which were referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted at Buffalo, N. Y., by the Real Estate Owners Tax Payers League favoring retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted at New York City, N. Y., by the International Beauty and Barbers Supply Dealers' Association favoring the making of increased appropriations for the Federal Trade Commission in order to effectively enforce the law prohibiting unfair competition, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted at New York City, N. Y., by the Conference for Progressive Labor Action, favoring action by the Senate providing for the printing of the so-called Wickersham report on the Mooney-Billings case, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Municipal Council of Santiago, Isabela, P. I., favoring the granting of independence to the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at a mass meeting of postal employees of Staten Island, N. Y., remonstrating against the passage of legislation reducing the compensation of Federal employees, which was ordered to lie on the table.

Mr. ASHURST presented a petition numerously signed by sundry citizens of Tucson and vicinity, Arizona, praying for the passage of legislation exempting miners and prospectors from the performance of annual work on mining claims for the year 1931–32, which was referred to the Committee on Mines and Mining.

Mr. DILL presented a petition numerously signed by sundry citizens and employees of the Great Northern Railway, of Hillyard, Spokane, and vicinity, Washington, praying for the passage of the bill (H. R. 9891) 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.

Mr. LOGAN presented a telegram in the nature of a petition signed by G. Gardner and sundry other citizens of Louisville, Ky., praying for the passage of House Joint Resolution 277, further restricting immigration into the United States, which was referred to the Committee on Immigration.

He also presented a petition of members and students of Berea College and sundry citizens, of Berea, Ky., praying for the abolition of compulsory military training in schools and colleges, and also discontinuance of the expenditures incurred therefor, which was referred to the Committee on Military Affairs.

Mr. SHIPSTEAD presented a memorial of sundry citizens of Minneapolis, Minn., 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 a petition of sundry citizens of Staples, Minn., praying for the maintenance of the prohibition law and its enforcement, and protesting against the adoption of any measure looking toward its modification, resubmission to the States, or repeal, which was referred to the Committee on the Judiciary.

Mr. BARBOUR presented a resolution adopted by the board of trustees of the Monmouth County (N. J.) Organization for Social Service, favoring the making of adequate appropriations for continuing the work of the Children's Bureau, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Zonta Club of Jersey City, N. J., praying for the prompt ratification of the World Court protocols without reservation, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Post No. 19, the American Legion, of Bayonne, N. J., praying for the passage of the bill (H. R. 679) for the relief of John Mullaney, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by Milltown (N. J.) Grange No. 151, Patrons of Husbandry, opposing the imposition of a sales tax, which was referred to the Committee on Finance.

Mr. WALCOTT presented telegrams in the nature of memorials from the Leagues of Women Voters of West Hartford, Waterbury, New Haven, Stratford, and Colchester, all in the State of Connecticut, remonstrating against the proposed reduction in appropriation for the Children's Bureau, which were referred to the Committee on Appropriations.

He also presented petitions and papers in the nature of petitions from the New Haven section of the Council of Jewish Women, and the Men's Club of the United Church, both of New Haven; Windham County Federated Women's Clubs; the Willimantic Senior Department and Young People of the Trinity Methodist Episcopal Church School, of New Britain; the Federation of Churches and the Federation of Women's Clubs, of Hartford; the branch of the American Association of University Women, of New London; the Norwich College Club, of Norwich; and sundry citizens of Westport and Wilton, all in the State of Connecticut, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Connecticut Woolen and Worsted Manufacturers' Association in annual

meeting assembled at Rockville, Conn., favoring the imposition of the proposed sales tax only upon retail sales, and also the repeal of the eighteenth amendment of the Constitution and the substitution therefor of "a system reverting to each State the right to control the sale of intoxicating liquors within its own boundaries," which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Hartford District Council, Department of Connecticut, Veterans of Foreign Wars of the United States, of Hartford County, Conn., favoring the passage of legislation to establish a Navy training ship for the State of Connecticut, which were referred to the Committee on Naval Affairs.

He also presented a memorial of Branch No. 263, National Association of Letter Carriers, of Danbury, Conn., remonstrating against the proposed reduction in the salaries of Federal employees, which was ordered to lie on the table.

He also presented a letter in the nature of a petition from Russell K. Bourne, D. S. C. Post, No. 23, the American Legion, of Weathersfield, Conn., praying for the passage of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, and opposing any reductions in the Regular Army or the reserve organizations, which was ordered to lie on the table.

He also presented the petition of Leon Goodale Post, No. 56, the American Legion Auxiliary, of Glastonbury, Conn., praying for the passage of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, which was ordered to lie on the table.

WORLD-WIDE DISARMAMENT AND OUTLAWRY OF WAR

Mr. DAVIS. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point a letter and petition sent by Miss Mary Winsor, legislative chairman of the Pennsylvania Committee for Total Disarmament, Philadelphia, which urges our Government to instruct the delegates from the United States to the International Disarmament Conference to stand for total disarmament.

The petition is signed by thousands of citizens, 1,578 of whom reside in Pennsylvania, who, as Miss Winsor says, sincerely believe in total disarmament and, furthermore, urge "the immediate passage of an amendment to the United States Constitution prohibiting war and all preparation for war, in order to bring to our country the honor of being the first nation to disarm."

The VICE PRESIDENT. Without objection, it is so ordered, and the matter referred to will be printed in the RECORD and appropriately referred.

The letter from Miss Mary Winsor, legislative chairman, is as follows:

PENNSYLVANIA COMMITTEE FOR TOTAL DISARMAMENT,
Philadelphia, March 18, 1932.

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

DEAR SENATOR DAVIS: When I had the pleasure of seeing you in Washington last week and walking with you from your office to the Capitol you will remember that I requested you to present our disarmament petitions to be read in the Senate. You were kind enough to say that "All sensible people want disarmament," and that we might send you our petitions. There are two petitions, one reading:

"PETITION FOR TOTAL DISARMAMENT

"We, the undersigned, being citizens of the United States and over 21 years of age, do hereby request our Government to instruct the delegates from the United States to the International Disarmament Conference to be held in 1932 to stand for total disarmament by international agreement or by national example.

"We further urge our Government to do all in its power to promote the immediate passage of an amendment to the United States Constitution prohibiting war and all preparation for war, in order to bring to our country the honor of being the first nation to disarm."

The second:

"PETITION TO CONGRESS FOR COMPLETE INDEPENDENT DISARMAMENT AND THE OUTLAWRY OF WAR FOR ANY PURPOSE

"We, the undersigned, being citizens of the United States and over 21 years of age, do hereby ask the Members of the Senate and House of Representatives to further by every means in their power, and whenever opportunity presents itself, to act favorably upon a proposed amendment to the Constitution of the United States which will make it legally impossible to prepare for, declare, or carry on war. The full text of this proposed amendment is on the reverse side of this petition."

* * * * * * *

The Pennsylvania Committee for Total Disarmament, although organized only two years ago, has a rapidly growing membership in all walks of life and is led by responsible and representative citizens.

Sincerely yours,

MARY WINSOR,
Legislative Chairman.

The petition was referred to the Committee on Foreign Relations and the body thereof ordered to be printed in the RECORD, as follows:

PETITION FOR TOTAL DISARMAMENT

We, the undersigned, being citizens of the United States and over 21 years of age, do hereby request our Government to instruct the delegates from the United States to the International Disarmament Conference to be held in 1932 to stand for total disarmament by international agreement or by national example.

We further urge our Government to do all in its power to promote the immediate passage of an amendment to the United States Constitution prohibiting all war and all preparation for war in order to bring to our country the honor of being the first nation to disarm.

REBA SMOLEN,
Wynnefield.
VIOLA KASLOFF,
DANIEL UNGAR,
M. H. ELLENBERG,
OSCAR GOLDSTEIN,
Philadelphia.
(And numerous others.)

USE OF ASSETS OF FEDERAL RESERVE BANKS

Mr. BINGHAM. Mr. President, in connection with the so-called Glass bill, which is now being considered by the Committee on Banking and Currency, I have received a very interesting telegram signed by the presidents of a number of national banks at New Haven, Conn. I ask unanimous consent that the telegram may be printed in the RECORD at this point and referred to the Committee on Banking and Currency.

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

NEW HAVEN, CONN., *March 23, 1932.*

Hon. HIRAM BINGHAM,
United States Senate:

We view passage of Glass bill at present time and under present conditions with greatest apprehension. Objection detailed in recent letter of New Haven banks not met by new draft. Believe passage would inevitably be followed by withdrawal of hundreds of banks from system and by further drastic fall of securities, including Government bonds. Conditions in many communities will not permit such strictly limited commercial banking as bill contemplates unless brought about very gradually. Many objects sought probably ultimately desirable, but foolish to seek radical wholesale reform during emergency like present. In interest of preserving national system we urge calm consideration of successive steps and complete avoidance of such sweeping changes as now contemplated.

NEW HAVEN BANK,
WILLIAM G. REDFIELD, *President.*
THE MERCHANTS NATIONAL BANK,
LEWIS H. ENGLISH, *President.*
SECOND NATIONAL BANK,
LOUIS L. HEMINGWAY, *Chairman of the Board.*
NATIONAL TRADESMEN'S BANK & TRUST CO.,
CHARLES E. CURTIS, *President.*
FIRST NATIONAL BANK & TRUST CO.,
THOMAS M. STEELE, *President.*

DUTY ON REFINED SUGAR

Mr. BARBOUR presented a letter from Hon. A. Harry Moore, Governor of the State of New Jersey, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

STATE OF NEW JERSEY,
EXECUTIVE DEPARTMENT,
March 21, 1932.

DEAR SENATOR: I desire to call to your attention a situation which vitally affects the economic welfare of the State of New Jersey as well as the entire port of New York. As you doubtless know, one of the largest sugar refineries in the world, the plant of the National Sugar Refining Co. of New Jersey, is situated at Edgewater, and this refinery, as well as the entire sugar-refining industry of the country, is imperiled by the inequities in the present tariff bill as relating to the duty on refined sugar. Not only does the refining industry in this country receive no protection but actually must face what amounts to a subsidy on foreign-refined

sugar of 2 cents per 100 pounds. This is because of the fact that in 1930, when the present tariff act was passed, Congress imposed a duty of 2 cents a pound on Cuban raw sugar and 2.12 cents a pound on Cuban refined sugar, ignoring the fact that a United States refiner requires 107 pounds of raw sugar to make 100 pounds of refined sugar, and, therefore, must pay 2.14 cents duty for every pound of refined sugar produced as against a duty of 2.12 cents a pound on sugar refined in Cuba.

As a result of this tariff situation and of the fact that it requires only a moderate investment in extra machinery to convert Cuban raw sugar factories so that they may produce refined sugar, Cuban producers have been rapidly increasing their production of refined sugar. During 1931 imports of refined sugar amounting to 435,030 tons came into the United States from Cuba, Porto Rico, Hawaii, and the Philippines as against only 13,128 tons in 1925, an increase of over 3,000 per cent in six years. Of this amount 351,464 tons came from Cuba as against 1,182 tons in 1925. Every pound of this refined sugar produced by labor, which is paid by 25 to 50 cents a day, displaces a pound of sugar which otherwise would be refined by American labor at refineries in this country. Unless checked this swiftly increasing flood of sugars refined elsewhere may mean the elimination of the American sugar-refining industry. Two local refineries in the port of New York have been closed down for over a year, and this year the Edgewater refinery of the National Sugar Refining Co. of New Jersey has been operated at about 50 per cent of capacity. What this loss of production means to New Jersey may be visualized by citing a few figures: During the last 10 years the Edgewater refinery has purchased and melted over 8,000,000,000 pounds of raw sugar, has docked approximately 1,300 steamers, has paid to the United States in customs duties nearly $100,000,000, has used over 2,750,000 barrels of fuel oil and over 500,000 tons of coal, and has expended over $40,000,000 for its own pay roll and for the purchase of supplies manufactured by American labor. During this same period about 250,000 cars of in and out bound freight were handled at the Edgewater refinery. These figures represent about 40 per cent of the total for the National Sugar Refining Co. of New Jersey, so that it may readily be seen not only what they mean for the State of New Jersey but for the entire country as well.

Merely equalizing the difference in the tariff rates will not save the sugar-refining industry. Refiners in this country, in order to survive, must have tariff protection against lower labor and other operating costs in Cuba and elsewhere.

Our tariff laws aim to protect the United States manufacturers against foreign competition. Duties on manufactured articles almost invariably exceed those on the raw materials going into such articles. Refined sugar is practically the only exception.

Over 100 countries have duties, bounties, embargoes, and export devices to stimulate home production of sugar and bar foreign sugars. England imposed a differential duty of over 75 cents per 100 pounds on refined sugar. Canada increased its dumping duty to as high as 50 per cent. France decreed an absolute embargo on refined sugar. Only in the United States is the sugar-refining industry afforded no protection and discriminated against in favor of foreign interests by its own Government.

This situation could be corrected either through action of the Tariff Commission, before whom the hearing has been set for April 12, under the "flexible tariff" provisions of the tariff act, or by action of Congress. I believe that no other United States industry confronted with radically changed competitive conditions more urgently requires relief than the sugar-refining industry of this country. Your interest in the correction of a manifestly inequitable situation resulting from the last tariff bill in helping to obtain a correction of this situation, either through the Tariff Commission or in Congress, will be of inestimable value to our own State of New Jersey as well as to the country at large.

Respectfully yours,

A. HARRY MOORE, *Governor.*

Hon. W. WARREN BARBOUR,
Senate Office Building, Washington, D. C.

THE NATIONAL DEFENSE

Mr. BROUSSARD presented a letter in the nature of a petition signed by Col. Edward S. Bres, Engineer Reserves, president New Orleans (La.) Chapter Reserve Officers' Association of the United States, which was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

RESERVE OFFICERS' ASSOCIATION OF THE UNITED STATES,
NEW ORLEANS CHAPTER,
New Orleans, La., March 12, 1932.

Hon. EDWIN S. BROUSSARD,
United States Senate, Washington, D. C.

DEAR SIR: The attention of the New Orleans Chapter, Reserve Officers' Association, has been drawn to certain legislative activities, which, if successful, would almost inevitably bring to an end the effectiveness of the military policy of the United States as set forth in the national defense act.

The New Orleans Chapter has authorized me to present its views on the proposed legislation having to do with national defense. In doing so the chapter deems it proper to give reasons for assuming to entertain these views and transmit them to you.

The acceptance of a commission in the Reserve Officers' Corps in no wise brands the officer as being militaristic. The 500 and more reserve officers of New Orleans are well known to you as representative civilians—citizens and taxpayers, the highest type of business and professional men. Every effort which is put forth by these individuals in behalf of what they conceive to be service to the country is put forth with some measure of sacrifice.

Although declaring that militarism is abhorrent to an American citizen, it is none the less our opinion that some measure of preparation in time of peace will mean economy of human lives in time of war. Our observations during the World War lead us to this inevitable conclusion.

The cross section of our membership represents a type of men who are sincere citizens, and whose every-day activities involve them in matters of more than ordinary importance to American civilization and progress. We believe it natural to assume that in an emergency the leadership would be drawn in large measure from men of the type and standing to be found in the Reserve Officers' Association.

Finally, in the sincere belief that what we are doing in this association is to help the country help itself, we assume the privilege of setting forth our views.

The very purpose of our organization is to obviate the necessity of a large standing Army. We are therefore not advocating a Regular Army greater in size and number than it is at present constituted. A large part of the Regular Army at the present time is giving valuable assistance in instructing the civilian components of our defense establishment. We believe that the World War had the effect of further defeating any tendency to the growth of a military caste. In its contacts with the Reserve Officers' Association, National Guard, citizens' training camps, and Reserve Officers' Training Corps units, the Regular Army has come to learn and respect more and more the views of those of us who are primarily civilians and whose efforts as members of the citizens' components are those of disinterested service to the cause of national defense. To curtail the appropriation of the Regular Army would almost inevitably put an end to the training so necessary to make the citizens' components service of any value.

Better to fit themselves for valuable service should emergency arise, the reserve officers should receive practical field training in addition to the training they now receive in conferences and by correspondence. It therefore follows that the amount of the appropriation set forth in the Budget should not be reduced.

Having been assigned the rôle, almost, of the first quickly mobilizable line of defense of our land forces, it is our opinion that the National Guard should continue to be supported by appropriations sufficient to permit its efficient training.

There is no doubt that many of our countrymen are still basking in a false sense of national security and preparedness. They imagine that the several hundred thousand reserve officers trained during the World War are still available. At present there remain only 40,000 reserve officers with this experience. These are gradually being decreased and will pass out of military consideration within the next 10 years. Of the 254,000 officers required under the 1928 general-mobilization plan, 218,000 must come from the Organized Reserves. Should an emergency arise to-morrow we would be short 111,000 officers. The reserve officers have no peacetime mission other than preparation for wartime responsibilities.

Annual separation from the service of reserve officers is brought about, even with the present appropriation, by the fact that this appropriation is not sufficient to formulate training facilities which can be taken advantage of by reserve officers without the greatest sacrifice, even at times having to jeopardize their civil pursuits in order to fit themselves for service of some value. With the decreasing number of World War experienced officers it follows that an appropriation should be maintained for the purpose of replacements by training young men, otherwise the country will revert to a condition comparable to that which existed at the time this Nation entered the World War.

It has been our observation that perhaps the most healthful activity thus far supported by the Congress under the national defense act has been the citizens' military training camps. In his first two weeks at a camp the elements of valuable training are absorbed by the trainee. While he learns the training of the soldier, he learns in greater measure the training in life—precision, orderliness, sanitation, social contact, responsibility, respect for constituted authority, and cooperative effort. It is our view that sufficient appropriation should be dedicated to the continuance of these citizens' military training camps.

In a national emergency the first and most essential need will be junior officers. The logical, almost the only source from which these are to be drawn, is the Reserve Officers Training Corps. It is our opinion that their continuation is an investment in economy of lives and material, should an emergency arise. To quote from the Annual Report for 1924 of the Secretary of War, "The life and effectiveness of our entire reserve system and citizen army depend on the Reserve Officers Training Corps."

We believe, finally, that the War Department and the Navy Department should continue to be maintained separate and distinct. In their present separate establishment they have the sanction of the element of time. To combine them we believe would destroy the efficiency of national defense because it would disrupt their spirit and traditions without in any way effecting a saving in money. Many years of uninterrupted peace would be required for founding securely the national defense under one department.

Very sincerely,

EDWARD S. BRES,
Colonel, Engineer Reserves, President New Orleans Chapter Reserve Officers' Association.

CLAIMS FOR LOSSES IN MINNESOTA FOREST FIRE OF 1918

Mr. SHIPSTEAD presented a resolution adopted by the Republicans of Minnesota, in state-wide conference assembled, which was referred to the Committee on Claims and ordered to be printed in the RECORD, as follows:

Whereas in 1918 a vast devastating fire, of railroad origin, then being operated by the United States as a war-time measure, ravaged northern Minnesota, burning cities, villages, towns, taking human life and causing destruction to an immense amount of property; and

Whereas liability was fixed upon the United States by the Minnesota Supreme Court, and the amount of losses were determined by the United States Railroad Administration, and thereafter only a percentage of such determined losses were paid; and

Whereas the claimants by necessity were obliged to accept such partial payment or wait their day in court, among approximately 15,000 other claimants; and

Whereas a bill was introduced in Congress, sponsored by the entire Minnesota delegation of Representatives in Congress, providing for the payment of the determined losses, which bill was reported for passage by the Committee on Claims in the House of Representatives, and is now on the calendar for consideration; and

Whereas the Minnesota Legislature, in 1931, memorialized Congress to pass such proposed legislation: Now, therefore, be it

Resolved, That the Republicans of Minnesota, in state-wide conference assembled, indorse and urge the immediate passage and adoption of the bill now pending in Congress providing for the relief of claimants who sustained losses in the Minnesota forest fire of October 12, 1918, and that Congress take immediate action to that end; and

Resolved further, That a copy of these resolutions be forthwith forwarded to the President of the United States, to the Minnesota Representatives in Congress, to the Minnesota Senators in Congress, and to the chairman and secretary of National Republican Committee.

ST. PAUL, MINN., *March 19, 1932.*

REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1624) providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928, reported it without amendment and submitted a report (No. 478) thereon.

Mr. KING, from the Committee on Immigration, to which was referred the bill (H. R. 6477) to further extend naturalization privileges to alien veterans of the World War residing in the United States, reported it with amendments and submitted a report (No. 479) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the bill (S. 3707) to authorize appointment of public-school employees between meetings of the Board of Education of the District of Columbia, and for other purposes, reported it without amendment and submitted a report (No. 480) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 669) for the relief of Chester J. Dick, reported it with amendments and submitted a report (No. 481) thereon.

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 332) to correct the military record of Samson Davis, reported it with amendments and submitted a report (No. 482) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 2986) to supplement the act entitled "An act for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington," approved March 13, 1924 (43 Stat. 21), reported it with amendments and submitted a report (No. 483) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 2458) for the relief of Ralph E. Williamson for loss suffered on account of the Lawton, Okla., fire, 1917, reported it with an amendment and submitted a report (No. 484) thereon.

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 3769) to amend the act entitled "An act making eligible for retirement, under certain conditions, officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability in line of duty while in the service of the United States during the World War, reported it with amendments and submitted a report (No. 485) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 848) for the relief of Albert A. Marquardt, reported it with an amendment and submitted a report (No. 486) thereon.

AMENDMENT OF WORLD WAR VETERANS' ACT, 1924

Mr. SMOOT. Mr. President, from the Committee on Finance, I report back with amendments the bill (S. 929) relating to the taking of depositions in cases arising under section 19 of the World War veterans' act, 1924, as amended, and I submit a report (No. 476) thereon.

Mr. NORRIS. Mr. President, this is the bill which by unanimous consent was to have been reported on last Thursday. Thursday the Senator from Utah called me on the telephone and said a report was coming to him from the bureau and that he would not be able to get the bill reported Thursday, but would be able to do so on Friday. Since we were not in session on Friday nor on Saturday, this is the first opportunity the Senator has had to report the bill.

As I understand it, under the unanimous-consent agreement, though I have not examined the calendar, the same bill automatically went back on the calendar, so it is now on the calendar twice. While I am anxious to take it up and am going to urge to have it taken up as soon as I possibly can, yet I am perfectly willing to take up the bill as now reported by the Committee on Finance. I make this statement so there may be no misunderstanding when it is reached on the calendar.

The VICE PRESIDENT. Does the Senator withdraw his motion to discharge the committee, which was made the other day?

Mr. NORRIS. Yes; that motion may be withdrawn.

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

Mr. ROBINSON of Indiana. Mr. President, at this point I would like to have incorporated in the RECORD a letter just received from a war veteran named Stanley T. Andrzejcuski, of South Bend, Ind., indicating difficulties encountered by him in connection with the very situation which the bill is intended to relieve.

Mr. NORRIS. Mr. President, may I say to the Senator that I have received a letter which I believe to be the same letter.

Mr. ROBINSON of Indiana. It is probably the same letter.

Mr. NORRIS. I would like to suggest to the Senator that I think the letter has a very important bearing upon the bill to which it refers. I hope when the bill is brought before the Senate for consideration the Senator will read the letter to the Senate.

Mr. ROBINSON of Indiana. I had expected to do that, but I thought, in view of the remarks made by the Senator from Nebraska just a moment ago, that it would be well to have the letter incorporated in the RECORD at this point. I ask that that may be done.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

MARCH 26, 1932.

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

MY DEAR SENATOR: I am sincerely in favor of your stand in reference to the above-entitled bill now pending. As I had the pleasure of going through one of these lawsuits just last week, of course, I am speaking from experience, which is as follows:

I enlisted in the Army April 17, 1917, took out insurance in the amount of $5,000, and went to France. While there, I was wounded March 22, 1918, and again wounded on July 22, 1918; this last damaged me quite severely. I was brought back to the States as casual in October, 1918. After several months in hospitals, I made a demand on my war-risk insurance policy, but was told that to collect I would first have to lose my head, which, of course, is still upon my shoulders. I was discharged on July 7, 1919, and from time to time thereafter was hospitalized. I made another demand on my insurance, which demand never was answered.

In October, 1930, I again applied, and this time I received a letter of denial; then proceeded to file suit, which occurred on the

28th day of February, 1931. During the fall term of court the Government refused to go to trial; then, during the February, 1932, term of court, Judge Thomas W. Slick disqualified himself and named Judge Balzell to try my case.

To go back—in November, 1931, a representative of the Veterans' Bureau by name of Jack Stratton called on me in my home and after a lengthy conversation told me that there was no question but the Veterans' Administration would pay my claim without a lawsuit and save me the 10 per cent attorneys' fees. Since October, 1931, there were six other Government investigators in South Bend checking up on my activities since the war.

Then, on the 9th day of December, 1931, I was called into Indianapolis for examination for insurance purposes. I made the trip to Indianapolis, and reported to Mr. John H. Ale, manager, and advised him that I refused to be examined at that time and for reason I stated that since the suit was filed and the date of trial was at the back door they had no right to call me in for examination. To this he agreed.

Finally, on the 10th day of February, 1932, I was served with a notice to take the following depositions on the 15th day of February: Doctor Kimball, Nashville, Tenn.; Doctor Shepherd, Baltimore, Md.; and Doctor Buckley, Bedford, Mass. The examination of Doctor Buckley was made with two other doctors who are in the Veterans' Administration service, and were available on the date of trial, but we were not required to take their depositions, neither were they subpœnaed against me as witnesses for the Government. These depositions were to be taken on the same day and the same hour. During a lengthy conference between my attorneys and the United States district attorney's office it was finally agreed to have these depositions taken by written interrogatories, which were duly sent to the respective places. However, upon the return of these interrogatories we found that questions and cross-questions agreed upon were not used, but the deponents were questioned directly by United States district attorneys and depositions were sworn to and subscribed by notaries public in Government service.

I know of two other similar cases in South Bend; but as I can not fully explain the circumstances, I am not going to take up your time with unnecessary correspondence. I was of the opinion that perhaps my experience might aid you and support your claim that the 100-mile requirement is not unreasonable. If I were to make the trip to Nashville, Baltimore, and Bedford, retain a sufficient army of counsel to represent me at the above-mentioned seaports, there would have been of no use to claim any war-risk insurance, as there would not be anything due me. I also feel that under present procedure the 10 per cent attorney's fees are insufficient, for a lawyer earns that much in drawing papers to answer all technicalities that are introduced by Government counsel, who are especially trained and paid by the Government and who have nothing else to do.

Again hoping this letter will prove beneficial, and wishing you success, I am,

Yours very sincerely,

STANLEY T. ANDRZEJCUSKI.

LOAN OF WAR DEPARTMENT EQUIPMENT TO AMERICAN LEGION CONVENTION

Mr. REED. Mr. President, from the Committee on Military Affairs I report back favorably without amendment the bill (S. 3765) to authorize the Secretary of War to lend War Department equipment for use at the fourteenth national convention of the American Legion at Portland, Oreg., during the month of September, 1932, and I submit a report (No. 477) thereon. This is a bill introduced by the Senator from Oregon [Mr. STEIWER]. I ask unanimous consent for its immediate consideration.

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

Mr. THOMAS of Oklahoma. I object.

The VICE PRESIDENT. The Senator from Oklahoma objects. The bill will be placed on the calendar.

ENROLLED BILLS PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 24th instant that committee presented to the President of the United States the following enrolled bills:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland; and

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

DEATH OF SIR HORACE PLUNKETT

Mr. BROOKHART. Mr. President, on yesterday I noticed in the dispatches an account of the death of that great Irish cooperator, Sir Horace Plunkett. I remember when he visited the Senate and was accorded the privileges of the floor. He was one of the great humanitarians of the world who sought to organize economics upon the basis of the Sermon on the Mount itself. I spent a day once at Plunkett House in Dublin, Ireland, one of the most profitable in my life. I did not want this occasion to pass without a word in the RECORD for that great humanitarian.

Mr. WALSH of Massachusetts. Mr. President, I am pleased to have the Senator from Iowa take occasion to offer this comment upon Sir Horace Plunkett. I knew him personally and join with the Senator in expressing sentiments of the highest commendation for his fine public service and for his great humanitarian efforts and accomplishments which he performed for the people of Ireland.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. GEORGE:

A bill (S. 4215) for the relief of George Dacas; to the Committee on Claims.

By Mr. BULKLEY:

A bill (S. 4216) for the relief of Max M. Meyers; and

A bill (S. 4217) for the relief of Kathryn Thurston; to the Committee on Claims.

By Mr. McGILL:

A bill (S. 4218) granting an increase of pension to Laura J. Ela Reeves; to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 4219) granting an increase of pension to Mary C. Caplinger;

A bill (S. 4220) granting an increase of pension to Margaret Jane Harless; and

A bill (S. 4221) granting an increase of pension to Sarah L. Williams; to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 4222) granting a pension to Keturah P. Holt; and

A bill (S. 4223) granting a pension to Martha J. McDowell (with accompanying papers); to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4224) granting a pension to Sallie Bell (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 4225) granting an increase of pension to Sarah J. Henderson (with accompanying papers); and

A bill (S. 4226) granting an increase of pension to Mary A. Phillippi (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 4227) to extend the benefits of the United States employees' compensation act of September 7, 1916, to Washington Parker, a former employee of the United States Naval Academy dairy farm, Gambrills, Md.; to the Committee on Claims.

By Mr. SCHALL:

A bill (S. 4228) granting a pension to Flora Evans; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 4229) to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.; to the Committee on Foreign Relations.

By Mr. THOMAS of Oklahoma:

A bill (S. 4230) for the relief of Betty McBride; to the Committee on Naval Affairs.

By Mr. PATTERSON:

A bill (S. 4233) granting a pension to Pearl Laber (with an accompanying paper); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 4234) to promote the safety of employees and travelers upon railroads by compelling common carriers by railroad engaged in interstate and foreign commerce to man locomotives, trains, and other self-propelled engines or machines with competent employees, to provide the least number of men that may be employed on locomotives, trains, and

other self-propelled engines or machines, to provide qualifications for certain employees, and providing a penalty for the violation thereof; to the Committee on Interstate Commerce.

By Mr. COOLIDGE:

A joint resolution (S. J. Res. 129) to amend section 3 of the joint resolution entitled "Joint resolution for the purpose of promoting efficiency, for the utilization of the resources and industries of the United States, etc.," approved February 8, 1918; to the Committee on Patents.

CONTROL OF IMPORTS AND OIL PRODUCTION

Mr. THOMAS of Oklahoma. Mr. President, I introduce two bills, and because of their importance I ask that the bills may be printed in the RECORD, and following them I ask consent to insert a short statement printed in one of the Washington papers explaining the two bills.

The PRESIDING OFFICER (Mr. KING in the chair). Without objection, it is so ordered.

The bill (S. 4231) for the purpose of protecting the continuity of American sources of supply of oil and products thereof, the prevention of premature exhaustion thereof, and the maintenance of adequate foreign and domestic markets for such sources of supply, and for other purposes, was read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

S. 4231

Be it enacted, etc., That the Tariff Commission, in addition to the authority vested in it by the provisions of United States Code, title 19, chapter 4, Subtitle III, Part II, is hereby authorized and directed to make the following findings on April 1 and October 1 of each year:

(a) An estimate of the quantities of oil and products thereof required during the succeeding six months (a) from domestic production, and (b) from withdrawal from storage within the United States, and (c) from importation from foreign countries, in order to supply, without undue injury to American sources of oil, the estimated demand within the United States and for export. Said estimates shall be promptly transmitted to the governors of the oil-producing States and to such interstate advisory body as may be created by an interstate compact authorized by the Congress.

(b) A determination of the conditions upon which oil and products thereof originating in foreign countries may be admitted to the United States and its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam) without undue injury to American sources of oil, including the fixing of such fees, duties, and charges upon importations of oil and products thereof as should in its opinion be levied and collected in order to equalize the cost thereof at major points of consumption within the United States with the cost of domestic oil and its products at the same point, but with due regard to the preservation of American sources of supply from premature exhaustion: *Provided*, That no duty or fee determined by the Tariff Commission under this section shall exceed 100 per cent of the cost of the imported article delivered at refineries or major points of consumption, nor increase the cost of imported oil or products thereof to American consumers above the cost of oil or products thereof of like grade originating within the United States, nor impose any burden upon the importation of oil or products thereof for purposes of export (including the furnishing thereof in American ports for consumption upon vessels) in original or manufactured form: *And provided further*, That all importations of oil or products thereof shall be subject to all of the provisions respecting drawbacks and refunds contained in United States Code, title 19, chapter 4, section 1313.

SEC. 2. The findings authorized by section 1 of this act shall be promptly certified to the Secretary of the Treasury and to the Federal Oil Conservation Board, which shall transmit the same to the governor of each oil-producing State and to such interstate advisory body as may be created by interstate compact or otherwise pursuant to authorization of the Congress.

SEC. 3. The Secretary of the Treasury is hereby authorized and directed, upon receipt of the certificate of the Tariff Commission authorized by section 2 of this act, to promulgate the conditions, fees, duties, and charges therein stated and to enforce, levy, and collect the same with like force and effect as the rates of duty specified in United States Code, title 19, chapter 4, Subtitle I.

The bill (S. 4232) for the conservation of oil and gas and protection of American sources thereof from injury, correlation of domestic and foreign production, and consenting to an interstate compact for such purposes, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

S. 4232

Be it enacted, etc., That the consent of the Congress of the United States is hereby given to an agreement or compact between any two or more of the oil-producing States, for the following purposes, or any of them:

(a) To agree upon uniform principles and for enactment of laws in their respective States for the conservation of oil and gas and for the prevention of premature exhaustion of American sources of supply including provisions effecting any or all of the following objectives:

(1) Requirement of the most effective and economic use of reservoir energy.

(2) Equitable apportionment of the contents of a common source of oil or gas.

(3) Regulation and control of drilling, producing, refining, distribution, and operation methods, so as to promote maximum ultimate economic recovery and use.

(4) Retention underground of oil and gas whose production would be in excess of transportation or marketing facilities or reasonable market demand, and when required to preserve the oil pools of settled production.

(5) Prohibition of unreasonable waste of all kinds, whether occasioned by breach of the foregoing objectives or otherwise.

(6) Ratable taking or production of oil and gas from competing fields and from wells within the same field.

(7) Authorizing and regulating unit operation of a single oil or gas field or area.

(b) To establish by agreement an Interstate Oil Conservation Board, whose members shall be appointed by the respective compacting States (whose members may act through representatives). Said board shall, with the Federal Oil Conservation Board (composed of the Secretary of the Interior, Secretary of Navy, Secretary of War, and Secretary of Commerce of the United States, and whose members may act through representatives, for the purposes contained in this act), constitute a joint committee, to be known as the Federal-Interstate Oil Conservation Board, which may exercise the following powers: *Provided*, That in any action taken by the said joint committee or board which affects interstate commerce or Federal regulations the concurrence of a majority of the Federal Oil Conservation Board shall be required.

(1) To recommend to said States laws and regulations for the economic production, refining, and distribution of oil and gas;

(2) To study and forecast demand for American oil and oil products;

(3) To recommend the allocation of such demand among producing areas;

(4) To recommend State quotas of production to supply such demand;

(5) To approve agreements operative within the several producing States entered into for the purpose of complying with the recommendations made for conservation of oil and gas of those States;

(6) To cooperate with such agencies of the United States as Congress may designate and in such measures as Congress may authorize, for the coordination of imports and agreements with foreign producers;

(7) To recommend to the proper agency of the United States Government the allocation of production of petroleum in the foreign countries and the amount thereof and its products which should be imported into the United States for definite periods of time;

(8) To recommend to Congress and to the States legislation to protect the consumer of the products of petroleum; and

(9) To make by-laws for the procedure of said joint commitee.

All of said recommendations and all agreements approved shall be promptly filed with the Federal Oil Conservation Board, or such other agency as Congress may hereafter direct, with the governors of the compacting States, and such other agencies as said States may provide.

(c) To agree to severally make effective within their respective jurisdictions, in such manner as each State may provide, the recommendations of such body as may be established pursuant to section 1-b of this act.

SEC. 2. The oil and gas conservation laws of the States, whether now or hereafter enacted, in so far as they affect the foregoing objectives set forth in section 1-a of this act, or any recommendations and agreements as may be established pursuant to section 1-b of this act, shall not be deemed an unwarranted interference with commerce with foreign nations and among the several States.

SEC. 3. Any compact entered into pursuant to the authorization of this act may be agreed upon by ratification or by the enactment of reciprocal legislation, and be terminated in such manner, and provide for the adherence or withdrawal of States in such manner, as the compacting States may designate; but unless a compact is consummated in accordance with the provisions of this act within three years from the date hereof, the consent of the Congress, hereby given, may be withdrawn. The President is hereby authorized upon adoption by two or more such States, of a compact in accordance with the terms thereof, to so declare by proclamation and thereupon such compact shall become in force, as to such compact States, and thereafter in like manner the President is authorized to declare such compact effective as to other oil and gas producing States joining therein.

SEC. 4. The President is hereby authorized to appoint a representative of the United States who shall preside over any negotiation of the compact authorized by this act, and the appropriation of not to exceed $3,000 for the expenses of such representative is hereby authorized. Said representative shall promptly report to the President the execution and/or enactment of any compact authorized by this act.

SEC. 5. Because of the existing necessity, pending the effective date of the compact authorized by this act, but for a period not

exceeding three years, the powers authorized by section 1-b of this act may be exercised by a temporary joint committee to consist of the Federal Oil Conservation Board (whose members may act through representatives) and the Oil States' Advisory Committee (whose members may act through representatives) as heretofore or hereafter appointed by such of the Governors of Arkansas, California, Colorado, Kansas, Louisiana, New Mexico, Ohio, Oklahoma, Texas, and Wyoming, and other oil-producing States as may notify the Federal Oil Conservation Board of such appointment: *Provided*, That in any action taken by the said joint committee or board which affects interstate commerce or Federal regulations the concurrence of a majority of the Federal Oil Conservation Board shall be required.

The newspaper statement relative to the bills introduced by Mr. THOMAS of Oklahoma was ordered to be printed in the RECORD as follows:

TWO BILLS INTRODUCED TO CONTROL IMPORTS AND OIL PRODUCTION—ADVISORY COMMITTEE OFFERS PLAN TO MAKE UNITED STATES AND STATES PARTNERS IN RULING INDUSTRY

By George Sanford Holmes

Two bills to authorize the Government and the oil-producing States, under a Federal-interstate compact, to control importation and production of petroleum, have been laid before Congress.

They were drafted by the Oil State's Advisory Committee, representing 10 oil-bearing States, and introduced by Representative MCKEOWN and Senator THOMAS, both from Oklahoma.

The bills were brought to Washington by Lieut. Col. Cicero Murray, cousin of Governor Murray, of Oklahoma, and former chairman of the Oil States Committee. Murray has been succeeded as president of the advisory board by William H. Cooley, of California, but remains as executive director and counsel.

THREE NAMED AS AUTHORS

The actual authors of the acts, which, if adopted, will make Uncle Sam and the oil States partners in curbing the introduction of foreign oil and the production of domestic petroleum, were Murray, of Oklahoma; Warwick, of Denver, Colo.; and Kenner McConnell, of Columbus, Ohio.

The purpose is to bring within the limits of the law and the Constitution the present voluntary, incomplete agreement between the oil States to limit and prorate production, control refining, distribution, and operating methods, prohibit unreasonable waste, promote unit operation of pools, and conserve oil and gas resources.

CLAIM PACT INEFFECTIVE

Without the power to control imports, which are regarded by the independents as one of the chief sources of the depressed condition of the industry, it is claimed the interstate compact would be ineffective.

The oil States would solve this question in a separate bill by authorizing the Secretary of the Treasury to impose such duties, charges, or fees upon the introduction of foreign oil as might be recommended by the United States Tariff Commission. The commission is instructed to report, on April 1 and October 1 of each year, on the estimated needs of the country for the succeeding six months, and determine how much should be levied and collected on imported petroleum and its products to equalize the cost of production in the domestic fields.

SWEEPING POWERS PROVIDED

The compact bill would establish an interstate conservation board, consisting of representatives from the States and the Federal Oil Conservation Board. This board would have sweeping powers to recommend State laws and regulations for the economic production, refining, and distributing of oil and gas. The board also would be expected to forecast demand and allocate it among the producing areas; to recommend quotas of production and approve agreements entered into by the States to comply with its recommendations; to cooperate with Federal agencies for the coordination of imports and agreements with foreign producers; to recommend the allocation of production abroad and the amount thereof for importation in the United States for definite periods; and to recommend Federal and State legislation to protect the consumer.

AMENDMENT OF TARIFF ACT OF 1930—AMENDMENTS

Mr. JONES. Mr. President, I submit two amendments intended to be proposed by me to House bill 6662, to amend the tariff act of 1930, one pertaining to a tariff on pulp and the other to a tariff on lumber.

The VICE PRESIDENT. The amendments will be printed and lie on the table.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Several messages from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On March 25, 1932:

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.

On March 26, 1932:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland.

On March 28, 1932:

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

RAILROAD LOANS BY RECONSTRUCTION FINANCE CORPORATION

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Idaho?

Mr. VANDENBERG. I yield.

Mr. BORAH. As I am speaking by courtesy of the Senator from Michigan, I shall invite attention but briefly to a matter in which, it seems to me, the Senate should be interested. In the newspapers of Saturday and Sunday is found an account of the Missouri Pacific-Morgan loan. I read a few paragraphs from the report as found in the newspapers:

The Reconstruction Finance Corporation has caused the Interstate Commerce Commission to approve "with some reluctance" an additional loan of $12,800,000 to the Missouri Pacific Railroad Co.

The approval will take care of, among other things, half of a loan of $11,700,000 held by the New York banks, which J. P. Morgan & Co. had notified the carrier must be paid on April 1. Later, however, the banks agreed to carry half the loan until October 1, and the board of directors of the Finance Corporation voted a loan of $5,850,000 for this purpose, subject to approval of the commission.

The commission's decision recited in full the resolution of the Finance Corporation.

The newspaper report continues:

"We are taking the action here with some reluctance," said the commission. "We are not convinced that the Reconstruction Finance Corporation should be expected to take up banks' loans of this character.

"We yield our own views to those of that body, which, as we construe the law, is charged by Congress with responsibility for determining the question."

Mr. Eastman, one of the members of the Interstate Commerce Commission, passing upon this matter, said:

No good reason has been shown for approving a Government loan to enable the applicant to make a 50 per cent payment on the bank loans maturing April 1. I would have no difficulty in joining in such approval if there were any evidence that the loan is needed in the public interest. But no one has made or attempted to make such a showing. Applicant told us that the banks would not extend the loans. The Reconstruction Finance Corporation now tells us that they will extend 50 per cent. The theory is, apparently, that a Government loan to pay the other 50 per cent is necessary in order to prevent a Missouri Pacific receivership. No such necessity exists. Morgan & Co., Kuhn, Loeb & Co., and the Guaranty Trust Co. would not, so long as the interest on these bank loans is paid, force a receivership by refusing an extension. The repercussions would be much too dangerous in other quarters where the private interests of these financial institutions are involved.

I realize that the majority are no more persuaded than I am that there is any need for using Government funds to "bail out" these banks. They place the responsibility on the Reconstruction Finance Corporation. It seems to me, however, that we have a responsibility which we can not thus escape.

Mr. President, I am informed that every form of pressure within reason and decency, perhaps decency, was used to bring about this decision upon the part of the Interstate Commerce Commission. I think an effort to control the commission in this way is worthy of consideration.

As I say, I am speaking by courtesy of the Senator from Michigan. Later I shall discuss this question in my own time. I think it worthy of the attention of those who supposed the Reconstruction Finance Corporation was created for a specific purpose and not for the purpose of enabling the banks that desire the use of money to have the advantage of the Public Treasury of the United States.

Mr. DILL. Mr. President, will the Senator from Michigan yield to me. I should like to ask the Senator from Idaho a question.

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. DILL. I want to ask the Senator from Idaho if he is familiar with the loans that are being made to pay interest on bonds that are selling at an extremely low price? For instance, I am told that the Reconstruction Finance Corporation is loaning money to pay at 4½ per cent interest on railroad bonds that are selling for 21.

Mr. BORAH. I am not familiar with that.

Mr. DILL. So that the interest paid is more than 20 per cent on the present price of the bonds.

Mr. COUZENS and Mr. McKELLAR addressed the Chair.

The VICE PRESIDENT. Does the Senator from Michigan yield; and if so, to whom?

Mr. VANDENBERG. I yield first to my colleague, the senior Senator from Michigan.

Mr. COUZENS. Mr. President, as a result of the loan to which the Senator from Idaho has referred this morning I had the records looked up yesterday concerning the purposes of the Reconstruction Finance Corporation, and I will be prepared, if I can get the floor to-morrow morning, to discuss the Reconstruction Finance Corporation law as applied to the railroads, the loans the corporation has been making, and other matters dealing with the problem which the Senator from Idaho has raised.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from California?

Mr. VANDENBERG. I yield.

Mr. JOHNSON. I would appreciate it immensely if the Senator from Michigan to-morrow, too, would discuss the question of a government of, for, and by international bankers.

Mr. COUZENS. What I have in mind is not so much the international bankers as it is the Van Sweringens and the treasurer of the Republican National Committee who have been more effective in this matter than have the international bankers.

Mr. JOHNSON. The Senator adds, then, to the peculiar situation others than the international bankers, and we might discuss all of them while we are about it.

Mr. COUZENS. I think that is correct.

Mr. KING. Mr. President, will the Senator from Michigan allow me to ask his colleague a question?

Mr. VANDENBERG. Yes.

Mr. KING. I hope the senior Senator from Michigan, in his address to-morrow, will find it pertinent to discuss the efforts which have been made to bring under the control of four railroad groups a large number of railroads east of the Mississippi River, and also the organization of one or more holding companies and the issuing of securities by the same, to secure the control of transportatiton lines for the purpose of allocating them to and bringing them under the control of the four railroad systems. I should be glad if he would give the Senate the benefit of his views concerning the propriety of the plan pursued of unloading upon the public hundreds of millions of dollars of securities for the purpose of obtaining funds to acquire control of numerous public carriers without the consent of the Interstate Commerce Commission. The Senator's knowledge of railroad questions is great; and his views in regard to the matters just mentioned, as well as his views as to the propriety of seeking at the hands of the Interstate Commerce Commission indirect if not direct approval of these stock issues and efforts to bring under the control of four railroad groups so many railroad lines and systems, the result of which might be the destruction of proper and legitimate competition.

The question of merging competing lines or attempting to merge them and then appealing to the Interstate Commerce Commission, as is now being done, for validation of acts and procedure which it is believed by many contravene the law, I hope will be considered by the able Senator in the address which Senators, I am sure, will look forward to with interest.

Mr. COUZENS. That subject needs a great deal of discussion, but I hardly think it pertinent to the Reconstruction Finance Corporation which I want to discuss tomorrow.

Mr. ROBINSON of Arkansas. Mr. President——

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

Mr. VANDENBERG. I yield for a question.

Mr. ROBINSON of Arkansas. I merely wish to make a brief statement pertinent to the remarks of the Senator from Michigan [Mr. COUZENS] if the junior Senator from Michigan [Mr. VANDENBERG] will yield.

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

Mr. VANDENBERG. Yes.

Mr. ROBINSON of Arkansas. Mr. President, there is a phase of the subject that I think commends itself to the consideration of all Senators that has only been mentioned in a collateral way.

The Interstate Commerce Commission, by the statute known as the Reconstruction Finance Corporation act, is required to approve all loans made to railroads. That was not a perfunctory requirement. The object of the provision is manifest; it is self-evident. Now, it appears that in the case of the loan mentioned by the Senator from Idaho the commission actually disapproved the loan, but in some way was induced to give its legal indorsement. One is led to wonder how such a conclusion was brought about. The object of requiring approval of the Interstate Commerce Commission apparently will fail of accomplishment if the particular case referred to shall become a precedent.

Mr. COUZENS. Mr. President——

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

Mr. VANDENBERG. I yield.

Mr. COUZENS. I may say that Senators probably observed that the press carried stories that some of the interstate commerce commissioners were, or at least one of them was, in conference with the railroad executives and the officers of the Reconstruction Finance Corporation before these loans were agreed upon, so they can draw their own inference from that.

AMENDMENT OF TARIFF ACT OF 1930

The Senate resumed the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. VANDENBERG. Mr. President, I want to address myself to the unfinished business before the Senate, if I may be permitted to do so, and I should like to proceed, at least until I can lay the groundwork of my argument, without interruption. Subsequently I shall be delighted to yield.

Thus far the discussion, particularly on the other side of the aisle, has dedicated itself largely to general tariff philosophies and to the so-called Smoot-Hawley bill without much direct attention to the issue that is raised by the legislation pending in the Senate. I shall substantially confine myself, Mr. President, to the pending proposal, because, I take it, that the most practical test of philosophy is by its concrete expression; in other words, "actions speak louder than words."

For example, we get the Republican tariff philosophy in the Smoot-Hawley bill itself. It is not only the Republican philosophy, Mr. President, but it is also the philosophy of many tariff Democrats who consistently and courageously and openly believe in protection. This means that it might be said to come the closer to being an all-round American tariff philosophy. It is even the occasional philosophy, Mr. President, of Democratic "hitch hikers" who attach themselves to these Republican tariff measures for the purpose of getting plenty of welcome protection for the home constituents while simultaneously thundering in the antitariff index.

I digress to observe, Mr. President, that "hitch hikers" always may be dangerous passengers. They are liable to assault one before the ride is over; they are calculated to sue one for damages if an accident occurs; they contribute nothing to the journey except their own dead weight; and tariff "hitch hikers" are no different from any other "hitch hikers" in that respect.

In so far as I am personally concerned, I always welcome these Democratic "hitch hikers," on the theory that they may learn to enjoy the ride, and in whatever degree the habit becomes a consistent one the people of the United States are calculated to be the beneficiaries. At any rate, we may say, for the sake of the argument, that the Smoot-Hawley bill is the Republican tariff philosophy. I proclaim it.

Similarly we get presumptively the latest revision of the volatile Democratic tariff philosophy as it exists to-day, at the other end of the Capitol, from the pending House bill as adversely reported by the Finance Committee and as already partillay disowned by the substitute Democratic measure submitted by the distinguished and versatile senior Senator from Mississippi [Mr. HARRISON]. Finally, in its terms we get the vocal Democratic tariff philosophy at this end of the Capitol from the Harrison substitute itself just mentioned. So I think it quite suffices, for philosophical purposes, to deal with the legislation actually in hand. This I shall largely do, ultimately offering, solely on my own responsibility, the same amendment upon which I was heard before the Finance Committee; but before pursuing this clinical method, Mr. President, I do wish to submit a general preliminary observation and exhibit.

I am one of those who profoundly believe that, despite all our travail and distress, the United States, relatively speaking, continues to be the most favored land on earth. I believe this would be impossible without tariff differentials that measure the difference in cost of production at home and abroad. It is not safe to be dogmatic upon any economic text in the midst of the world's perplexities to-day, but this is my considered view. I believe that our condition would be infinitely worse without these tariffs. I believe that in some of our situations we can not escape tragic disaster without additional tariffs.

This may well be true of oil to-day. I know it is true of copper. It is true of copper under either Republican or Democratic tariff philosophy. It is true of copper by both Republican and Democratic consent over large and seriously jeopardized areas of the United States. It is true of copper as an emergency warrant to protect not only the livelihood of thousands of our people but also the actual physical existence of great sectors of the United States.

The governors of at least 14 States have laid their petitions upon the bar of the Senate, praying for this vitally essential relief. It is just as much a relief proposition as it is to protect the victims of fire or flood or drought or famine. It is famine, and nothing less. It is a matter of life and death.

There can be no criticism of Democratic Senators who join in asking protection for copper under such circumstances, and there can be no defense for Republican Senators who join in denying the relief.

The victims of this copper tragedy confront a lethal menace entirely beyond their control, but entirely within our control. It is a menace which has developed since the Smoot-Hawley bill was passed, because it is only recently that the full exposure to ruinous African competition has become apparent—an exposure to fatal competition with unbelievably rich ore and with native labor which the United States Tariff Commission reports to run down as low as 5 and 6 cents a day in compensation. The commission joins in writing a warrant for copper tariff relief.

I assert that it would be nothing short of criminal negligence for this Congress to adjourn without equalizing this competition, and thus making it possible for numerous otherwise fine, sturdy, loyal, and useful American communities to survive.

I happen to be speaking for Michigan at the moment; but the Senators from Arizona, who honor me with their presence, can testify with equal finality respecting conditions in their State; and similar testimony is available from many other jeopardized sectors of America, which in this situation can be saved by nothing under God's sun except a tariff protective rate which will relieve them from their hazard. Here is a situation in which nothing but tariff protection can save thousands of American miners and millions of American capital. Here also is a situation in which the national defense itself is at stake. Domestic copper is indispensable to the national defense. This will not be denied. There will be no domestic copper in a short time unless copper is brought within adequate tariff protection.

This is not the moment to discuss the merits of the copper tariff in detail. I am touching it simply to verify the statement I have made that there are conditions to-day which almost by universal consent call for increased tariff protection, more rather than less. I am submitting it in passing simply to justify the fundamental thesis I am bringing to the bar of the Senate respecting my own faith in the Republican protective-tariff doctrine, as exemplified in the Smoot-Hawley bill.

Mr. President, we have heard a very great deal about the allegedly baneful effect of this legislation upon the industrial activity of America. It occurred to me that it might be wise, for a change, to consult key men in key industries themselves, instead of merely our political inclinations and our political dogma, to determine whether or not there is any truth in the oft-repeated charge that the Smoot-Hawley tariff bill is responsible in some degree for recent unemployment. So I went to the root source for my information. I addressed an inquiry to some 25 key men in 25 key protected industries in America, inquiring specifically this: "Would your unemployment have been more or less without the Smoot-Hawley bill?"

There is the straight question, addressed to those who are responsible for employment, and who, at first hand, have the right to testify from the facts. Let us see what the net result of the inquiry is.

First, in the chemical group of industries in the United States, Mr. President, the Newport Chemical Works at Passaic, N. J., Dr. E. H. Killheffer, president, answering. I quote:

> Lower tariff would have made increased influx of foreign competitive goods, with resultant decreased domestic production and sales, and inevitably a substantial increase in unemployment. This has been more than indicated already, since results of depreciated foreign currencies have been tantamount to certain substantial reductions in Hawley-Smoot Act.

In other words, the first exhibit is a laboratory test bearing upon the precise inquiry which is agitating the Senate; a laboratory test which indicates that without these increased rates—rates which were not sufficiently increased to offset the differential brought against us by the fluctuating international exchange—without this saving differential, employment in this great industrial activity would have been less than it has been even under the distressing conditions of the past 18 months.

Now, we will go out into the Middle West, out into the State of Missouri, the city of St. Louis, the Monsanto Chemical Works, Dr. S. W. Allender, assistant to the president, speaking. I quote:

> Our unemployment would have been greater with lower tariffs than in present law. Our unemployment would have been materially greater under a lower tariff, and our employment bears a direct ratio to the rates in the tariff.

Doctor Allender may not be a finished political economist or political propagandist, but he is an experienced industrialist who has met the burden of being responsible for American pay rolls, and his testimony is:

> Our employment bears a direct ratio to the rates in the tariff bill.

Another example from the chemical group. We are now in Sandusky, Ohio, the American Crayon Co., Mr. Cary W. Hord testifying:

> Our employment would have been decidedly less during the past year with lower tariff than in present law, although through some apparent evasion a flood of foreign goods at prices we can not meet continues to come in on certain lines; and this fact—

The mere competition produced by an evasion of the Smoot-Hawley rates—

> This fact has greatly reduced employment in these departments here during the past year.

If evasion is disastrous, it goes without saying that the complete absence of this protection would be completely fatal.

Now, over in the chinaware division of the tariff law. I am quoting Mr. W. A. Bonitz, of the Crescent Brick Co., of Pittsburgh, Pa. His answer to my question is:

With lower tariff, unemployment would have been greatly increased and scale of wages infinitely lower.

He may not be much of a politician, Mr. President. He just happens to be an American employer who has to find the trade to get the ways and means to employ labor and pay it its wage. His testimony is that he could not have done it on any comparable scale without the protection which his industry has enjoyed.

Mr. D. W. Scammell, of the Scammell China Co., of Trenton, N. J.:

Our employment situation would have been improved with higher tariff.

Mr. R. H. Pass, of the Onondaga Pottery Co., at Syracuse, N. Y.:

Answering your question, employment would be lower. Direct labor very large part of pottery production cost. American potteries more efficient, but very low wage scales in foreign potteries necessitate high rate of duty if on basis foreign values.

Mr. H. B. Higgins, vice president of the Pittsburgh Plate Glass Co., of Pittsburgh:

Lower tariffs would have increased imports, which would have reduced our sales and consequently increased our unemployment.

It seems to be unemployment in which we are primarily concerned. Here, again, comes the testimony of the men out on the firing line upon whom we must ultimately depend to provide us with employment; and they are reporting upon the tools with which they must be provided through their Congress.

Mr. Herman K. Kimble, of the Kimble Glass Co., of Vineland, N. J.:

The industry of fabricating glass is solely dependent on tariff.

Now over in the metals schedule, Mr. President. I am quoting Mr. Roy C. McKenna, president of the Vanadium-Alloys Steel Co., at Latrobe, Pa.:

In reply to your telegram of March 8 I will state that without a protective tariff it would not be possible for the tool-steel industry to exist in the United States.

Without a protective tariff we would not be in business.

And if you can make more employment by driving great institutions of that character out of business, then black is white and right is wrong.

Now I quote from Mr. F. P. Gormley, vice president of the Electro-Metallurgical Co., of New York City:

With lower tariffs than provided in present law our output and employment would have been much less during last year. This applies to plants in Michigan, West Virginia, Virginia, Ohio, New York, California, New Jersey, and other States.

There is a cross-sectional national view of the menace wrapped up in any desertion of the fundamental protective philosophy upon which this country has been erected and upon which it must stand if it proposes to persevere.

Now I quote from Mr. S. L. Nicholson, of the Westinghouse Electric & Manufacturing Co., of New York City:

Answering your question, our unemployment would have been greater with lower tariff.

Is that what we want, more unemployment? No; what we want is the fruit of a sustained protection which in a normal market can restore American labor to its normal advantages.

Now I quote Mr. Taylor Strawn, vice president of the Elgin National Watch Co., at Chicago, Ill.:

Our unemployment during past year would have been far greater with lower tariffs than at present law.

Mr. F. C. Beckwith, president of the Hamilton Watch Co., at Lancaster, Pa., similarly testifying, said:

Our unemployment would have been much greater under lower tariff.

Now, Mr. President, I am over in the cotton section, and I quote Mr. Ward Thoron, of the Merrimac Manufacturing Co., of Boston, Mass.:

Replying to your telegram, unemployment would have been greater with lower tariffs.

Now, Mr. O. S. Stockman, of the Armstrong Cork Co., at Lancaster, Pa.:

Our unemployment during past year would have been greater with lower tariffs.

What becomes of the charge that this present tariff law is responsible for unemployment, in the face of direct exhibits of this character?

I quote Mr. S. A. Salvage, of the Viscose Co., in New York City, and this deals with the great product of rayon, in which the South is so vitally concerned:

Lower tariffs than in the present law would have greatly increased the unemployment during the past year in the six large plants which we operate.

I quote now Mr. George Baekeland, vice president of the Bakelite Corporation, in New York City:

Without question our unemployment would have been greater with lower tariffs than in the present law.

I quote Mr. A. E. Payson, president of the American Thermos Bottle Co., at Norwich, Conn.:

Lower tariffs during past year would have precipitated serious situation in this industry. Could not have maintained anywhere near present activity or present wage scale. Thoroughly believe American public sadly unaware of significance of tariff importance in maintaining American living standard. Fully convinced that if tariff is lowered eventual political repercussion would be enormous.

Next I quote Mr. B. L. Babcock, of the Endicott-Johnson Corporation, at Endicott, N. Y.:

Had shoe tariff been lower, unquestionably our unemployment would have been greater during past year.

Now I go over into the hardwood-flooring section and quote a communication from the upper peninsula of Michigan, from the J. W. Wells Lumber Co.:

If we did not have present maple-flooring protection rates against Canada, unemployment would be at least 10 per cent greater than it is.

In the same industry and in the neighboring city of Oconto, Wis., the Holt Hardwood Co. testify as follows:

Flooring industry at very low point. Think would reduce it at least 10 per cent more should tariff be removed from Canadian flooring.

Mr. President, many such exhibits are available. I have touched only the rim of American industry. I have touched it at vital and significant and typical spots, however, and with universal response the answer is that unemployment, far from being traceable to the tariff, in the last 18 months would have been infinitely greater, infinitely more of a menace, infinitely more of a burden upon the American people and American labor if the tariff rates had been lower and if the Smoot-Hawley bill had not been passed. We confront a condition and not a theory.

One other general observation before going to the merits of the pending bill. Much is being said here not only about our tariffs, but also about the tariffs of other countries in other parts of the world. We are told that our recently enacted Smoot-Hawley law through its tariff rates has precipitated reprisal rates abroad, and that thus we have committed economic suicide, that thus we are forcing American capital to expatriate itself.

I intend to advert to this later, Mr. President, but I digress now on the question of reprisal and expatriation. Is it really reprisal? Our factories started to send their branches abroad as long ago as 1880. There is an element of abstract industrial logic in this process which would have followed in the natural sequence of events regardless of our tariff. I do not applaud the process, but I understand it.

For instance, our first motor branch went out of Detroit and into Canada in 1905 or 1906. That was 15 years before the Fordney-McCumber bill and a quarter of a century before the Smoot-Hawley bill. Certainly it went to overcome

what was then a perfectly normal and natural Canadian tariff, but it went for other purposes; it went in order to get empire preference, among other important things. That is not an episode in a tariff war; it is a rational international trade process.

This expatriation unquestionably continued on a constantly increasing scale, but it was not always a tariff motive, Mr. President, which was responsible, as in the case of England, for example, where there were no tariffs; there it was primarily in the interest of facilitated distribution that our capital expatriated itself and went abroad.

Ultimately, it is quite true, foreign tariffs were generally tilted, with resulting impetus to the establishment of American branch factories abroad. But no one ever will be able to settle conclusively the question as to where the primary stimulation came from, who started it, which came first, the foreign tariff forcing us to build branches abroad, or our foreign branches teaching foreigners a way to force us to build abroad. It is as inscrutable as the argument as to which came first, the chicken or the egg.

At any rate, why call these foreign tariffs reprisals, if we want to deal in economic facts and not in mere political conversation? It is not reprisal when we raise our rates; it never occurs to anybody to charge that we are inflicting reprisals upon some one else when we raise our rates. It is self-defense. Why is it anything else abroad?

In his keynote election speech of 1930 the brilliant Canadian Premier said:

> The United States learned a long time ago that to become a great nation it must look to itself—

This is the Canadian Premier speaking of the United States—

> It developed its industries and its natural resources, encouraged and protected its agriculture, so that out of a slow beginning it has grown to those gigantic proportions where its strength will overflow its borders. That is the story of the United States. You must do as it did. You must fight for your own.

That is not reprisal, Mr. President; that is the mere acceptance of a leaf out of the book of experience.

There is a vast difference between self-defense and reprisal. But if this be reprisal, how, pray, could it have been avoided? Ah, that would have been easy. It could have been very easily avoided; but how? In the words of the Canadian Premier, by not becoming a great nation, by not developing our industries and resources, by avoiding the gigantic proportions to which he refers. That is how, very simply and easily, we could have avoided what are called reprisals.

If it be reprisal, how may it be changed? Equally easily; by sacrificing, perhaps, in a chummy international conference such as is invited by the pending Democratic bill, these things which have builded the base of our economic achievement.

My own view runs in the other direction. To be sure, this is a foreshortened world, and we must recognize new international necessities. To be sure, we want export trade, and we must be prepared to seek it by every rational means. But first of all, America must preserve the control and dominion of her own domestic markets, worth eighteen times as much as any export trade we ever had at its very peak. America must preserve and control her own domestic market not only against cheap foreign competition but against the products of her own expatriated capital, or we shall be trading our birthright for a mess of pottage.

Now, let me get to the immediate matter in hand. On the 7th of January I submitted an amendment, in the nature of a substitute, to the House bill now before the Senate. At this point I want to call from the table the amendment, which was printed on January 7, intended to be proposed by me to H. R. 6662. I now wish to offer this amendment in the nature of a substitute for the substitute submitted by the senior Senator from Mississippi [Mr. HARRISON].

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator want it read?

Mr. VANDENBERG. I think it is unnecessary to read it at this particular moment, because I can summarize in a few sentences its precise objective, and I am anxious to save the time of the Senate.

The House proposal, which is the proposal before us with an adverse report from the Finance Committee, is to eliminate all executive flexibility and to substitute so-called legislative flexibility. The so-called Harrison substitute proposes approximately the same thing in slightly different terms. The substitute which I have offered is in the precise language of the so-called Norris-Simmons formula with which we were all familiar when the Smoot-Hawley bill was written and which I am offering confined exclusively to the free list not as a substitute but as an annex to the existing law.

Mr. President, I invite the attention of the Senate to the fact that both of these Democratic formulæ respecting flexibility actually propose less flexibility rather than more in the net total. I respectfully submit that they mortgage one good idea, to wit, the extension of flexibility to the free list, with a score of thoroughly bad ideas. I respectfully submit that they suggest legislation which every man in both branches of Congress knows can not become a law, and therefore we are simply engaged in "shadow boxing" unless we are willing to divert the issue to a practical proposition which stands some show of becoming law and which, if it becomes law, will serve a useful supplemental purpose in respect of the existing tariff structure.

Now let me proceed with the actual factual analysis. It is true that the so-called Harrison substitute—if I may use that shortened term hereafter without intending any disrespect to my able friend from Mississippi—avoids some of the thoroughly ridiculous anomalies contained in the tariff formula sent to us from the House. The 60-day legislative recapture clause, if I may thus describe it, which was inserted in the House Democratic formula, it is perfectly obvious reduces the whole legislation to the basis of a paradox if its purpose is to recapture legislative authority, because anyone familiar with the legislative process knows that a mere negative right on the part of Congress to veto a rate over a period of 60 days could easily, yea, almost automatically, be manipulated to defeat any actual consideration on the floor of Congress. Therefore, the formula as it comes to us from the Democratic House is not a formula to transfer flexing authority from the President to the Congress, but it is a formula to transfer flexing authority from both the President and the Congress to the United States Tariff Commission.

Mr. HARRISON. Mr. President——

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

Mr. VANDENBERG. Certainly.

Mr. HARRISON. Is it not fair to state that the 60-day provision was adopted as an amendment offered upon the floor of the House?

Mr. VANDENBERG. That is entirely correct.

Mr. HARRISON. And that it was not reported out of the committee?

Mr. VANDENBERG. That is entirely correct. It was adopted in one of those unfortunate coalitions which then and now hazards the Senator's party in the other House. I do not expect the Senator from Mississippi to fall into any such trap in such an illogical situation as the House bill proposes. So we have his substitute. Let us see now in what point the so-called Harrison substitute and the so-called House formula have common interests and objectives.

First, they are calculated to kill all flexibility as a practical fact. Both of them are calculated to give the country less flexibility instead of more. In my judgment, what the country wants is more flexibility rather than less. Under either of these formulæ—either the one that comes to us from the House or the one submitted by my able friend from Mississippi—there is no flexibility at all when Congress is not in session. Congress is not in session on an average of nine months out of one year and six months out of another year. In other words, under either of the proposals we lose 15 months of flexibility out of every 24. I submit that that is a totally reactionary direction in which to turn our tariff

philosophy. Indeed, under any such philosophy all of 39 advantageous Tariff Commission reports which we had during our recent recess would have failed.

I digress long enough to suggest, as indicative of the fact that the United States Tariff Commission deals judicially with the problem, that out of the 39 reports 17 reported decreases in rates and 12 reported increases. Out of the 39 cases those in which increases were specified were valued at $17,000,000, those in which decreases were specified were valued at $44,000,000, and those in which no changes were specified were valued at $137,000,000. So I submit that the first indictment against either the House formula or the so-called Harrison formula is that it lacks flexibility when Congress is not in session.

Even when Congress is in session I very seriously question whether either one of the formulæ guarantees any flexibility at all. Certainly it would be a simple proposition in a short session of Congress to avoid congressional action upon the recommendation of the Tariff Commission, in which event there would be no flexibility through that 12 months, none during the 3 months when Congress is meeting, and none during the 9 months when Congress is not meeting.

Furthermore, it is entirely possible that there could be not even a pretense of flexibility under any circumstances through those two formulæ if the Congress declines to change its own rules. The Constitution, in Article I, section 5, as all Senators know, permits the Senate to make its own rules. We can not bind our successors. We can not bind any future Congress. Therefore, if the pending formulæ, referring either to the House formula or the Harrison substitute, be adopted, it may be virtually the end of tariff flexibility. At any rate, it trades a certainty which we now have for an uncertainty. In net effect it contemplates a static tariff, it is not scientific, it is not progressive, it is not liberal, and it merely wears the name of "flexibility" without offering any of the actual advantages which the country has come to expect from the honest operation of a flexible provision in the law.

On the other hand, the substitute which I have submitted—and I am inviting it particularly to the attention of the able senior Senator from Nebraska [Mr. NORRIS], who has just reentered the Chamber—is verbatim the so-called Norris-Simmons formula of two years ago now applied under my proposal exclusively to the free list, not as a substitute for existing flexibility but as an annex to the existing law, so as to provide flexibility for the free list as well as the balance of the tariff structure, and is definitely and distinctly an expansion of tariff flexibility upon a basis which is thoroughly and absolutely sound.

Mr. LEWIS. Mr. President——

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

Mr. VANDENBERG. Certainly.

Mr. LEWIS. I make bold to ask the Senator from Michigan how he defines and what does he term a flexible tariff, to which he has just alluded?

Mr. VANDENBERG. My answer to the Senator would be that a flexible tariff is one in which practical power to change existing rates under changed economic conditions is granted in quarters where it can be exercised within limits defined by the Congress itself. In other words, I am entirely conscious of the danger of encroaching upon a constitutional expansion in the granting of flexible powers, but under none of these proposals, unless it be the House proposal, do I find that problem involved.

Mr. SHORTRIDGE. Mr. President——

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

Mr. VANDENBERG. I yield.

Mr. SHORTRIDGE. I have not had opportunity of reading the proposed substitute submitted by the Senator nor did I quite catch its scope of meaning. Am I to understand it purposes giving power to take from the free list a given article and impose a tariff duty?

Mr. VANDENBERG. It is proposed by my substitute, precisely as it was originally proposed under the so-called Norris-Simmons formula, to permit the United States Tariff Commission to report to Congress in respect of articles upon the free list, whereupon those reports and those suggested rates shall have right of way through Congress without becoming an omnibus. The only difference is that the original Norris-Simmons formula was intended to apply to all rates and as a substitute for Executive flexibility. I use it only for the free list as an annex to the existing Executive flexibility which, as the Senator knows, does not reach the free list at all. There is no free-list flexibility to-day.

Mr. SHORTRIDGE. In other words, to take from the free list a given article and place it upon the protective list?

Mr. VANDENBERG. That is correct.

Mr. HEBERT. Mr. President——

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

Mr. VANDENBERG. Gladly.

Mr. HEBERT. As I understand the Senator's proposal, it would not authorize those recommendations to be put into effect by the President in any event beyond the articles on the free list?

Mr. VANDENBERG. That is correct.

Mr. HEBERT. But those recommendations which the Tariff Commission makes would have to come to Congress for action before they could be made effective?

Mr. VANDENBERG. That is correct; in fact, Mr. President, I know of no possible way in which we can have flexibility for the free list transmitted into Executive hands, because there is no way by which Congress can write limits for raising or lowering rates upon commodities which either are on the free list or which are calculated to be put upon the free list. The Supreme Court has told us that we must fix metes and bounds when we give any power of flexibility to the Executive.

Mr. SHORTRIDGE. Mr. President, does the Senator's substitute so change the law in respect to rates of duty as to require any congressional action?

Mr. VANDENBERG. That is correct; there is no other way, in my judgment, Mr. President, that we can flex the free list constitutionally.

Mr. SHORTRIDGE. And does that hold in respect to the protected list?

Mr. VANDENBERG. No, Mr. President; the substitute deals solely with the free list and is an annex to the existing flexibility.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. SMOOT in the chair). Does the Senator from Michigan yield to the Senator from Texas?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. Let me ask the Senator from Michigan if the ideal flexible tariff would not be one giving the President absolute power to fix different tariff rates, adjusting them from time to time according to the barometer of business?

Mr. VANDENBERG. We can never have it ideal, Mr. President, because we can not take the ultimate tariff control away from the legislative branch of the Government. I simply feel that the legislative branch must at times sublet certain of its responsibilities, as a practical proposition.

Mr. CONNALLY. But let me ask the Senator, suppose that the presidential adjustments ran counter to the theory of the Senator that Congress should hold that ultimate power, would not that present a very serious difficulty? Here is business in a jam, and Congress nine months in recess; would it not be an ideal system simply to give the Executive expert assistance and advice and delegate the proper power to adjust the rise and fall of tariff rates in harmony with the rise and fall of commerce and business? Would not that be the ideal system?

Mr. VANDENBERG. However ideal it might be, the Senator well knows that it is impracticable, and I have no interest in it.

Mr. CONNALLY. The Senator favors that with reference to the free list. He says that the President should have that power, as I understood him.

Mr. VANDENBERG. On the contrary, the Senator, who has evidently just entered the Chamber, totally misconstrues my proposition. The free-list proposal which I am submitting is exclusively within the control of Congress and unrelated to the Executive in any respect.

Mr. CONNALLY. Then the Senator believes that the Congress may properly delegate its authority to let the President fix the rates so far and no farther? Is that the idea?

Mr. VANDENBERG. In respect to commodities which are on the free list.

Mr. CONNALLY. Well, why would it not be perfectly safe to let the President fix rates without limit? Why not give him the full power? Is the Senator not willing to trust the President?

Mr. VANDENBERG. We can not fix a limit in respect to free-list rates, because there is no basis to which to attach the limitation.

Mr. CONNALLY. I am speaking of articles now on the free list.

Mr. VANDENBERG. I understand.

Mr. CONNALLY. Why is the Senator willing to trust the President to raise rates 50 per cent and not willing to trust him to raise them 51 per cent?

Mr. VANDENBERG. I hope the Senator realizes that I am fully cognizant of the fact that he is trying to detour me into some political observation respecting the President, the tariff, and so forth, but I beg him to believe that I am submitting this proposition, as I intended to at the outset, in the very earnest hope that it may be considered exclusively as an economic problem and not a political one.

Mr. CONNALLY. I will say to the Senator that the inquiry of the Senator from Texas is not political in the sense of being partisan. It is political, however, in the sense of trying to preserve the fundamental principles of this Government and in balancing the governmental power as between the three branches of the Government. I have no disposition to embarrass the Senator. I was simply trying to get his viewpoint as to the philosophy which he started to discuss early in his address and the basis of his views as to how far the power ought to be delegated and how far it ought to be restrained.

Mr. VANDENBERG. The Senator is not embarrassing me in the slightest, and if I have failed in any degree to indicate my theory, I should be delighted to have the Senator pursue his interrogation.

Mr. CONNALLY. I am glad the Senator accepts my statement as not being embarrassing or partisan. I should feel very guilty if I had suggested anything that was political in the course of the Senator's speech.

Mr. NORRIS. Mr. President——

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

Mr. VANDENBERG. I yield.

Mr. NORRIS. I want to make a suggestion to the Senator, in the interest, I think, of a better understanding of the three propositions. As I understand, we have the House bill, we have substitute for the entire bill offered by the Senator from Mississippi, and we have another substitute to the entire bill by the Senator from Michigan. Is that correct?

Mr. VANDENBERG. That is correct.

Mr. NORRIS. In a good many respects, at least, all of these bills are alike?

Mr. VANDENBERG. That is particularly true of the first two.

Mr. NORRIS. Yes. I wish to suggest that the Senator ask unanimous consent, if he is willing to permit it to be done now, to have the original bill and the two proposed substitutes printed in parallel columns, so that we may very easily see the difference, where there is a difference, and recognize the similarity where there is a similarity.

Mr. VANDENBERG. I will be very glad to yield to the Senator to make that request.

Mr. NORRIS. Very well. I ask unanimous consent that the bill as it passed the House, the substitute offered by the Senator from Mississippi [Mr. HARRISON], and the substitute offered by the Senator from Michigan [Mr. VANDENBERG] may be printed in parallel columns for the use of the Senate.

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

Mr. VANDENBERG. Now, Mr. President, I want to hurry on, because I dislike to infringe upon the time of the Senate any longer than is absolutely necessary upon this question.

I pass the second element which is involved in the House formula and in the so-called Harrison substitute, namely, the provision for a consumers' counsel. Regardless of what its implications may be—and I confess to a present feeling that the implications may be prejudicial—nevertheless, so far as I am concerned, it is a purely academic and minor matter in relation to the larger contemplations which I am undertaking to submit to the Senate's view.

So I come finally, Mr. President, to the third proposition, namely, the strange proposal for an international economic conference with a view "to lowering excessive tariff duties." Of course we are not told what the excessive tariff duties are; there is no bill of particulars; there is merely a magnificent and thoroughly safe general gesture that we are to assault "excessive tariff duties"; and we are to do it through the primary contact of an international conference.

Mr. President, it seems to me that this is one of the most amazing reversals in traditional American attitude that has ever been submitted in the Congress of the United States. We have proclaimed for 140 years, upon every conceivable occasion, that control of our tariff rates is our exclusive domestic prerogative, and whenever even a shadow has threatened that prerogative in connection with treaties and international engagements we have hastened to repeat and reiterate, by reservation and by resolution, that, so far as we are concerned, we retain for ourselves exclusive sovereignty over our own tariff structures. Yet, Mr. President, here is a proposed formula not for delegation of power to the President, oh, no; not for delegation of power to the United States Tariff Commission; no; but delegation of power to international bargain hunters; and we are to be supposed, for the first time in our lives, to come out of that sort of an engagement with some advantage to ourselves. The saving grace of requiring ultimate congressional approval does not change the basic challenge.

It is perfectly impossible to do this sort of thing, Mr. President, unless we first admit our willingness to lower ourselves to a world standard of living and of wage. Upon what basis can we meet our neighbors of the world in conference in respect to so-called "excessive tariff duties" until we have a common standard of living and wage as a basis upon which to deal? The Secretary of the Treasury, Mr. Mills, in his testimony before the Finance Committee, called this thing a pious aspiration. I think the brutal truth is, Mr. President, that it is impracticable buncombe, and I think also that Col. Frank Knox, publisher of the Chicago Daily News, was everlastingly correct when he recently estimated that 92½ per cent of the articles produced in this country are consumed in the domestic market, with only 7½ per cent shipped abroad, and when he said:

> If necessary we could toss this 7½ per cent out of the window and still lead the world back to prosperity. If once we restore confidence at home, 90 per cent of our troubles are over.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Georgia?

Mr. VANDENBERG. I yield.

Mr. GEORGE. Let me quote to the Senator from Michigan what the President of the United States said at Boston in the campaign of 1928 upon that particular point:

> There has never been such an increase in a similar period before in our history. Our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last seven years has interpreted itself into livelihood for 500,000 additional families in the United States. And in addition to this, millions more families find employment in the manufacture of imported raw materials. The farmer has a better market for his produce by reason of their employment.

The present President, then Candidate Hoover, was speaking about the increase in our world trade and about the relatively small amount of our products that went abroad.

Based upon his figures, the 7½ or 8 per cent of exports account for the employment of two and a half million families. If that is negligible, the Senator is quite welcome to the consolation.

Mr. VANDENBERG. Mr. President, I hope before I conclude that I shall deal with sufficient candor with that arithmetic entirely to satisfy the Senator from Georgia respecting my estimate of it. I will say at the moment, interrupting the sequence which I am pursuing, that I care not from what source the appeal may come, I am unable, in simple fundamental logic, to understand why employment for a million and a half people, if that is the measure of our export trade, can ever be weighed against the employment of the other one hundred and eighteen and a half million people at home, where the primary emphasis and impetus must be given.

Mr. GEORGE. Mr. President, I have heard that argument a great many times.

Mr. VANDENBERG. And the Senator is going to hear it again during the next 30 minutes, because I have some exhibits to offer relative to that proposition.

Mr. GEORGE. I am not willing the Senator should misquote his own President.

Mr. VANDENBERG. I am not quoting the President at all; the Senator from Georgia is quoting the President.

Mr. GEORGE. I am not willing that the Senator from Michigan should misinterpret him. The President said that our export trade accounted for 2,400,000 families.

Mr. VANDENBERG. Very well; 2,400,000 families—how many families are there in the United States?

Mr. GEORGE. I will take the floor when the Senator finishes, because I am utterly tired of hearing argument on his side as if the only friends of labor stood on the other side of the aisle.

Mr. VANDENBERG. I am making no pretenses to monopoly of wisdom or of devotion to labor, Mr. President.

Mr. GEORGE. That is the habitual Republican attitude.

Mr. VANDENBERG. And I can well understand why the Senator from Georgia has tired of hearing this story told.

Mr. GEORGE. I am tired of it, Mr. President, because it is the grossest hypocrisy, fraud, and sham. I am utterly tired of it. In the name of American labor, and to take care of the needs of American labor, we are constantly reminded, and the insinuation is direct, that on the other side of the aisle stand the only friends of those who labor in the United States. I am calling to the Senator's attention the statement made by President Hoover himself in 1928 that our export trade, small though it be as compared to our entire commerce, accounts for the employment of 2,400,000 American families.

Mr. VANDENBERG. I thank the Senator for his observation; and on the question of sham and hypocrisy I commend to him and his colleagues upon his side of the aisle the advice submitted to them by their own colleague, the present able junior Senator from Tennessee [Mr. HULL], speaking on September 27, 1931, as follows:

> To accept leadership, the Democratic Party must restate its fundamentals and face back to a clean-cut attitude toward its historic tariff and commercial policies, ridding itself of such equivocal utterances as the Houston platform.

Mr. President, no one can get me to say that export trade is not important. Export trade is desperately important. It is an essential responsibility upon government to foster export trade so far as it can be done within the economic limitations which we confront. Export trade is a factor in American prosperity which has a direct and absolute bearing upon the pay envelope. But the domestic market, Mr. President, which is worth $90,000,000,000 a year in its value, is worth just eighteen times as much as this export trade at its utter peak; and if the price of seeking to recapture some of this export trade is to submit all of this domestic trade to the hazard and exposure of foreign imports, then I submit it is a bad bargain for the American people, always was, and always will be.

Of course, we have no information as to precisely what is contemplated in this international conference for the regulation of our tariffs. I never saw but one bill of particulars, Mr. President. Therefore, I shall have to depend upon that one bill of particulars; and it is a very interesting exhibit.

Last August I had certain correspondence with the distinguished senior Senator from Tennessee [Mr. MCKELLAR] respecting this tariff matter. In the course of our correspondence, after the exchange of several letters, my able friend from Tennessee consented to become specific, and he wrote a formula for international control of trade; and what was it, Mr. President? Perhaps this is the formula which is contemplated by this veiled and vague language in the pending so-called Harrison substitute.

What was the magnificent international bargain that was thus submitted by the Senator from Tennessee, I assume speaking for his party? This is what it was:

First, he would put everything right back to the Fordney-McCumber rates. That would be the first act. Of course, agriculture would lose the most by that operation, because the Tariff Commission reported, after a year's operation, that 93.73 per cent of all increases are upon products of agricultural origin, measured in value, the average increase being 11 per cent. So the first thing my friend from Tennessee proposes to do is to wipe out all of that agricultural advantage. That is before he even starts to make a bargain in this international conference.

Then, what does he propose to do? I am quoting his letter of last August. Then he proposed horizontally to reduce everything 25 per cent. That is the next step. We have not yet begun to barter and trade in the international conference, but we are going to in just a minute.

After he has gotten this 25 per cent off the Fordney-McCumber rates, then he proposes to take off 25 per cent more. I quote him—

> as an evidence of good faith to our foreign customers.

That is the next step.

Now, we are down to 50 per cent of the Fordney-McCumber rates. We have not yet begun to barter and trade. We are just generous up to now; but now we are going to start to barter and trade, and what are we going to do?

First, any nation increasing its purchases from us by 25 per cent is to get another 25 per cent reduction on our tariffs.

That is not all. Then any nation increasing its purchases from us by 50 per cent is to get 50 per cent off those rates, which already are down 50 per cent. So we are zero and we have complete and total and absolute free trade to all intents and purposes.

Now, let us just analyze that a minute and see whether there is any percentage of advantage to our United States in this sort of pursuit of a nebulous and elusive international bargain.

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

Mr. VANDENBERG. I yield.

Mr. SMOOT. At this point I may call the Senator's attention to the fact that last week, at a meeting of the Finance Committee, there appeared before the committee Mr. Chester H. Gray, representing the agricultural organizations of the country; Mr. Flynn, representing the labor organizations of the country; and other representatives of certain organizations; and they were not asking for any decreases. They called the attention of the committee to the fact that there had to be increases over existing law.

Mr. VANDENBERG. Why, certainly; but here we have the one and only specification that I am able to find as to precisely what is contemplated after we enter this international conference to discuss our tariff rates with Europe, Asia, Africa, and the rest of the world.

Now, I want to analyze this proposal, this specification. This is how it works; it is very simple arithmetic:

Our normal domestic trade is worth $90,000,000,000. Let us conservatively call it $80,000,000,000.

Our foreign trade at its peak was worth between five and six billion dollars. It is now less than $3,000,000,000. Let us call it $4,000,000,000 for purposes of calculation.

All right. Now, the first step proposed by my able and distinguished friend the senior Senator from Tennessee [Mr.

McKELLAR] in this bill of particulars is to hazard $80,000,000,000 against $4,000,000,000. He proposes to give the rest of the world a 25 per cent advantage out of the $80,000,000,000 in return for increasing its purchases from us by 25 per cent out of the four billion. In other words, that is a 20 to 1 shot for the Old World.

That is not all. Then we give them a 50 per cent privilege in the eighty billion for a 50 per cent increase of purchases from us, which are four billion. That is a 40 to 1 shot in favor of the Old World.

I am totally unable to understand how anybody can argue for a passing second that there is any remote possibility of advantage to the United States, its labor, its agriculture, and everybody in it, from any such effort to chase bargains in an international conference. Certainly the formula to which I have just adverted would be a tragedy and a calamity, and could offer no remote hope of possibility of advantage to us in any possible respect. I believe the exhibit is typical of this whole theory of setting out upon the trail of reciprocal tariffs at the present time.

There is an organization up in New York which is entitled "The World Trade League of the United States." It is at the moment exceedingly active in propagandizing Congress and the country in behalf of this reciprocal tariff relationship which is contemplated by both the House formula and the so-called Harrison formula. Recently it circulated a statement which undertook to present "35 plain reasons for a reciprocal tariff policy."

Now I want to refer to just a few of them, Mr. President. Before I do so, I want to say this about the World Trade League of the United States: I do not speak in criticism of its membership in any way, shape, or manner. It is entitled to promote its own views. It is entitled to consult its own welfare. Few of us fail to do that, consciously or subconsciously, in connection with our attitude toward government. Precisely the same thing is true of spokesmen for protected industries when they testify in behalf of protection. I make no complaint and no criticism; but I do want, at the outset, to indicate that this at least is not a neutral battery which is leveling this latest barrage against reasonable and essential tariff protection in the United States.

I have been able to identify five of the distinguished gentlemen whose names are listed upon the World Trade League of the United States stationery. I again say that they are estimable gentlemen.

Mr. George F. Bauer is the head of the foreign trade committee of the National Chamber of Commerce.

Mr. R. F. Bausman is director of the export department of the Gold Medal Flour Co.

Mr. Ernest B. Filsinger operates a merchandising and sales service, particularly at foreign points, for American manufacturing concerns.

Mr. W. B. Blood is a manufacturing exporters' agent.

Mr. Peter Fletcher is president of the National Council of American Importers and Traders.

Now, I want to advert briefly to three or four or five of the so-called "plain reasons" for this international tariff bargain counter to which I have referred. I quote the league:

> 1. President Hoover stated in 1928 that our total export trade provided livelihood at that time for 2,400,000 families.

This entirely verifies the quotation which was submitted to me a moment ago by the able and distinguished junior Senator from Georgia. Continuing to read:

> The 50 per cent drop in our exports since then, largely due to excessive tariffs throughout the world, must therefore have brought suffering to 1,200,000 families, or probably some 3,000,000 individuals.

Mr. President, without checking, I am perfectly willing to assume that these figures are true, for the sake of the argument. If 3,000,000 families depend upon exports, at least 50,000,000 families depend upon domestic markets. We do not help America by jeopardizing 50,000,000 families in behalf of 3,000,000; and I do not admit that we jeopardize even the 3,000,000 in normal times, and under normal reactions, by our tariff laws.

Here is another proposition, one of these "plain reasons for a reciprocal tariff policy":

> Other hundreds of thousands of American citizens earn their livelihood in normal times in the many agencies of distribution—such as steamship lines, railroads, etc., which handle the inward flow of goods imported from other countries. These, too, have felt the drop in our foreign trade most severely.

Again I ask Senators to note the words, "inward flow of goods imported from other countries." There is the key and the text of this propaganda which is submitted by the World Trade League of the United States, under great emphasis, all over the country at the present time, "inward flow of goods imported from other countries." Can we save America with an inward flow of goods from other countries? Can we employ American labor with an inward flow of goods produced by foreign labor to displace goods produced by American labor? I commend the league's candor. It is guilty of no sophistry or pretense. It wants reciprocal tariffs to produce an inward flow. But I submit that America needs something besides an inward flow of goods, and the products of foreign labor, at the present writing. It needs domestic jobs for domestic livelihoods.

Let me quote another of these 35 "plain reasons":

> During the last few years American production facilities have been geared to a demand far exceeding that of our 120,000,000 people. We must cultivate our foreign market in order to keep American workmen employed.

Yes; we must cultivate the foreign market. I am not talking sarcastically. We must cultivate it as far as we can, but not at the expense of the domestic market, or, as I have indicated time and time again, and I think proven beyond controversy, we have made an utterly indefensible sacrifice of our best welfare.

Here is another of these 35 "plain reasons":

> The fact that millions of our fellow citizens must answer this question—

Meaning the question of a job—

> The fact that millions of our fellow citizens must answer this question negatively at the present time has been laid to overproduction. It is, however, not due so much to overproduction as to underconsumption. It is estimated that total world-wide trade between countries has dropped 40 per cent since 1929, chiefly due to rising tariff walls.

Could two sentences, Mr. President, more explicitly answer themselves? First we are told that the world problem is underconsumption, and then we are told in the same sentence that it is not underconsumption but tariff barriers. Of course, it is the former and not the latter, and the figures that are available to us from the Department of Commerce indicate that we still maintain our relative share of this market, which is serving an underconsuming world to-day, and it would be a miracle if, under any circumstances, we could get more than our share at the present time.

Here is another of these "plain reasons" for a reciprocal tariff policy:

> Over seven-eighths of the world's population here and abroad lies in the low-income group and can buy, even in normal times, only those agricultural and manufactured products which are sold at a low price to consumers.

Right. Much more than seven-eighths of the world population is in low-income groups, normally speaking, compared with the United States. America, normally speaking, is the high-income group—yes—and, even abnormally speaking, it is still the high-income group even to-day. Reciprocal tariffs would trade our high-income market for the world's low-income market. The result inevitably would be to reduce us to the low-income level.

Here is another of these 35 reasons:

> Ninety-two per cent of the world's population dwells outside of the United States and is poorly supplied with the things that we can produce. To show the tremendous potential importance of this to American industry, the case of the automobile might be cited; nine-tenths of the world's inhabitants, living outside our frontiers, enjoy the use of only 25 per cent of all motor vehicles.

Very well. Does that argue for low reciprocal tariffs? Not unless logic gets delirium tremens. Let us examine the contention. Eight per cent of the world's population is in

the United States and owns 75 per cent of all the motor cars in the world. That is true. There are more motor cars in the United States than there are even telephones or electrical connections. Why is the United States in that favored attitude to-day? The chief reason is that we have had mass buying power. Again the term is relative, in view of the situation in which the whole world finds itself.

Why have we had mass buying power? Because we protect the American producer and the American laborer, who, in turn, are these consumers. In other words, the statement from this World Trade League is the most eloquent possible tribute to protection and the value of the home market. Yet what does it propose? It proposes to break down our buying power and to build up an alien buying power. I know of no salvation in that direction.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER (Mr. GLENN in the chair). Does the Senator from Michigan yield to the Senator from Iowa?

Mr. VANDENBERG. I yield.

Mr. BROOKHART. I would like to ask the Senator whether he claims that the 30,000,000 people on the farms of the United States have mass buying power at the present time?

Mr. VANDENBERG. Mr. President, the Senator from Iowa is familiar with the fact that I supported the so-called equalization fee when I first entered the Senate. I think that is the best possible demonstration of the fact that from the very outset of my public service I have sympathized with the fundamental agricultural problem which he submits. I entirely agree with him that the agricultural situation to-day is desperate and difficult.

Mr. BROOKHART. Then the tariff did not give agriculture any mass buying power, did it?

Mr. VANDENBERG. On the contrary, if the testimony of Canadian Government officials, for example, is to be credited, practically all of the loss in Canadian export trade to the United States during the past decade has been largely due to the fact that our tariffs have permitted American farmers to raise and sell in the domestic market the commodities of an agricultural nature which previously came from Canada.

Mr. BROOKHART. Yes; but they sold them at a price fixed by the sale of the surplus in the free-trade markets of the world.

Mr. VANDENBERG. I do not want to detour into a discussion of the surplus problem. What the Senator says is true in respect to surplus commodities. However, as the Senator knows far better than I do, there are many agricultural situations which do not involve a surplus, and where the tariff is effectual.

Mr. BROOKHART. All the staple products involve a surplus, every one of them.

One other question: Does the Senator claim that the tariff has given buying power to the seven or eight million men who are unemployed in the United States at this time?

Mr. VANDENBERG. The Senator has just entered the Chamber. I have been speaking about an hour. I have covered every possible phase of that question time and time again, and I am sure the Senator will permit me to refer him to the RECORD.

Mr. BROOKHART. I will be glad to read it.

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

Mr. VANDENBERG. I yield.

Mr. FESS. With reference to buying power, all of us know that it is very much broken. But the fact still remains that the per capita ownership of automobiles in the United States is highest in Kansas, next in California, and third in Iowa. That would indicate something about the buying power as to automobiles relative to other States.

Mr. VANDENBERG. I thank the Senator for his observation, provided it does not expose me again to an indefinite rebuttal by my genial friend the Senator from Iowa.

Mr. BROOKHART. In connection with that, Mr. President, I must call attention to the fact that the automobile manufacturers who made their money from selling these automobiles to Iowa and California and the other States are now building plants in foreign countries, where they will use cheap labor, causing unemployment in the United States.

Mr. VANDENBERG. Mr. President, we went all over that in the absence of the Senator also.

Mr. FESS. I condemn that.

Mr. VANDENBERG. The process to which the Senator refers is condemned by the Senator from Ohio just as much as it is by me and by me just as much as it is by him.

Speaking of the automobile trade, here is another of these 35 "plain reasons for a reciprocal tariff policy":

> Our export trade has been of vital importance to our domestic prosperity in the past, and can be again if facilities are provided. To return to the case of the automobile, the production of nearly a million cars which were sold abroad in 1929—more than were sold in 28 of our own States—required supplies of raw and manufactured materials from every State and employed 400,000 workmen in automobile factories for one of each six working days.

I have no doubt whatever that that calculation is reasonably accurate; at any rate, we may accept it as such for the purpose of this argument.

No argument is necessary, to begin with, to prove that export trade is important. No argument is necessary to indicate that we ought to foster it. But inevitable comparisons must be made if the question involved is whether we shall sacrifice any element of our domestic market and our domestic trade in order to go fishing for this foreign trade. It is true that there were 1,000,000 cars sold abroad in 1929, but it is equally true that the annual normal replacement of cars alone in the United States is 3,000,000 cars a year, and there can be no comparison whatever between the value of an economic policy which is built primarily to save the market in which 3,000,000 cars are sold as compared to fishing for the market in which 1,000,000 cars are sold. If possible we want both markets. I discuss the situation if we must choose one market or the other. So these so-called "reasons for a reciprocal tariff policy" go on.

Mr. President, I do not intend to pursue the question further. I have occupied more time than I had any right to occupy upon this subject. I refer, in conclusion, to the specific substitute which I have submitted. I contend that this substitute provides for more rather than less flexibility in the tariff, which is what the American people want and need.

I submit that it brings the free list within the purview of flexibility for the first time, and does so on the only possible basis which is constitutional, and does so in a fashion which bids fair to give some relief from static tariff at this point. Certainly we have no flexibility worthy of the name when the free list is entirely outside its reach, because so much of our commodity structure is embraced within the free list. For instance, the free list percentage in the Smoot-Hawley law is 69.5 per cent; in the McKinley law, 52.4 per cent; in the Dingley law, 45.2 per cent; in the Fordney-McCumber law, 60.8 per cent; and in the Underwood law, 66.3 per cent.

Under any tariff law, whether Republican or Democratic, the free list is inevitably a major consideration, and we do not have flexibility which is complete and adequate so long as all these commodities upon the free list are absolutely and exclusively dependent upon general revisions of the tariff once every 5 or 10 or 15 years in order to get a fair hearing for their right to come within the protective doctrine.

Mr. WALSH of Massachusetts. Mr. President——

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

Mr. VANDENBERG. I yield.

Mr. WALSH of Massachusetts. I understand the Senator proposes to leave the present flexible provision as it is?

Mr. VANDENBERG. That is correct.

Mr. WALSH of Massachusetts. I further understand that he proposes that the Tariff Commission shall investigate and make recommendations in regard to rates relating to

articles upon the free list and that those recommendations are to be transmitted to the Congress for action by the Congress?

Mr. VANDENBERG. Yes.

Mr. WALSH of Massachusetts. May I ask the Senator whether his amendment makes any provision as to whether the recommendation shall be operative in the event of Congress not acting within a period of time?

Mr. VANDENBERG. No; it does not.

Mr. WALSH of Massachusetts. So that in that respect his proposal is like the amendment offered by the Senator from Mississippi?

Mr. VANDENBERG. The Senator was not in the Chamber when I discussed that particular point.

Mr. WALSH of Massachusetts. I suppose the reason why the Senator has eliminated that provision, which was added in the House, is because if the provision were inserted establishing a limited period of time for action upon the part of Congress, it would be equivalent to preventing any review by anybody in the presence of Congress on the recommendation of the Tariff Commission?

Mr. VANDENBERG. The Senator has stated correctly that situation.

Mr. WALSH of Massachusetts. That would be unfortunate.

Mr. VANDENBERG. Certainly. The primary effect would be that the 60-day privilege could be arbitrarily embraced by 1 or 2 or 3 Senators with a very effective veto upon any possible action.

Mr. WALSH of Massachusetts. It would be possible, under the rules in either branch of Congress, to prevent any recommendation ever being considered by the Congress.

Mr. VANDENBERG. That is entirely correct. Nevertheless I repeat that we have no adequate flexibility so long as the free list is not within its reach. If there ever was a shining example of possible jeopardy and hazard, at least from my point of view, which can arise under that situation, we find it to-day in the fact that copper, struggling almost with its last breath for its life, can not even have a day in court anywhere under the Government of the United States to determine whether or not it, upon the basis of facts and justice and equity, is entitled to protection.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator a further question?

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

Mr. VANDENBERG. Certainly.

Mr. WALSH of Massachusetts. Does the Senator care to state whether or not he would give the power to the President to approve or disapprove the recommendations of the Tariff Commission relating to articles upon the free list if it were not for the constitutional question?

Mr. VANDENBERG. Inasmuch as the constitutional question exists, I have never crossed the subsequent bridge. I am very sure the constitutional question does exist, so why go farther?

Mr. WALSH of Massachusetts. I can not understand why the Senator should not be willing to accept the proposal in so far as the practical tariff provision is concerned, as offered by the Senator from Mississippi, namely, permitting action by the Congress rather than by the President upon recommendation of the Tariff Commission in the case of dutiable articles when he is willing to do it in the case of articles upon the free list.

Mr. VANDENBERG. I pursued that subject for at least 30 minutes and I hesitate to intrench upon the good nature of the Senate any farther to repeat. The Senator will find his question completely answered in the RECORD.

Mr. WALSH of Massachusetts. I shall read the RECORD.

Mr. VANDENBERG. I submit my amendment to the attention and consideration of the Senate in due course, and I hope it may have favorable consideration.

Mr. WALSH of Massachusetts. Mr. President, I will now give my views on the subject before the Senate. A good deal has been said during this debate about the Smoot-Hawley Tariff Act and its predecessor, the Fordney-McCumber Act. Members of the Senate also have taken occasion to discuss the fundamental principles underlying our tariff policy as enunciated by both political parties. I do not propose to enter into that domain of the discussion. I intend briefly and very directly to analyze the pending measure known as the Democratic proposal to amend the tariff law and to point out what I understand it seeks to accomplish. I wave aside all other discussion as irrelevant.

Briefly stated, it seeks to remove the well-known existing evils in tariff making and to inculcate, as far as possible with the human machinery with which we have to deal in government, principles of justice. In other words, the amendment, in the nature of a substitute, proposed by the Senator from Mississippi [Mr. HARRISON] to the House bill seeks to apply principles that will tend to promote justice in the administration of our tariff policy. It is a measure to improve and perfect the machinery of government relative to tariff making.

The amendment really includes four bills in one. First, the amendment provides that instead of the President, as now, approving or disapproving of recommendations of the Tariff Commission under the flexible tariff provision, the Congress shall approve or disapprove of the recommendations of the Tariff Commission.

Secondly, it provides for the creation of an official to be known as "consumers' counsel," who would appear as a party in interest representing the general public before the Tariff Commission when it has under consideration petitions seeking to have changes made in tariff rates fixed by the Congress.

Third, it provides for the calling of an international economic conference.

Fourth, it provides for the negotiation of reciprocal tariff treaties or agreements between this country and foreign countries under a policy of mutual tariff concessions.

I repeat that there is no occasion for discussing whether the Smoot-Hawley bill is a success or a failure. Senators on each side of the Chamber will argue ad infinitum on that question without reaching a result. But it is important to know whether the proposals now under consideration are helpful and in the public interest in establishing an efficient and scientific way of tariff law making. It seems to me that if this test is applied to the proposal of the Senator from Mississippi there can be but one answer, and that answer must be in the affirmative.

Mr. President, the amendment proposed by the Senator from Mississippi to section 336 of the tariff act of 1930, providing for investigating and ascertaining the difference in cost of production of any domestic article or any like or similar foreign article by the Tariff Commission, is of such outstanding importance and improvement over the present system that I have no hesitancy in voting for the substitute amendment.

It is possible under present law to have an investigation made by the Tariff Commission, but several important changes are made to the present law. The factors that the commission are to take into consideration in ascertaining the difference in cost of production of the domestic article and of any like or similar foreign article are clearly, explicitly, and definitely defined. Every element that should be reasonably taken into consideration in order to do justice to the domestic producer and the consumer is described. The best judgment of those who have studied the tariff problem for years has been coordinated in fixing the yardstick for rate recommending by the Tariff Commission.

The most striking differences, however, between the present law and the new flexible tariff proposal are threefold:

1. Under present law the Tariff Commission can not investigate the difference in the cost of production of domestic articles upon the free list, and there is no authority through the flexible tariff provisions to impose duties upon articles that are on the free list. It is a step forward to open up the field of investigation to all domestic producers, whether the article produced by them be upon the free list or upon the dutiable list, the latter being now the only subject of investigation by the commission.

2. Under present law the President upon receipt of the report from the commission has authority either to reject the recommendations contained in the report or to accept the same, or to take no action at all. The proposal under consideration takes all power away from the President and requires the President to promptly transmit the report of the commission to the Congress with his recommendations, if any, with respect to the increase or decrease in duty proposed by the commission.

3. When the President sends his report to Congress provision is made for a radical departure from the present procedure in the Congress in dealing with tariff measures, for both the House of Representatives and the Senate are prohibited from offering any amendment to the report, which is not germane to the items relating to the specific commodity included in the report.

Mr. President, it is this latter provision that appeals most strongly to me. In brief, it eliminates with one fell swoop most of the evils associated in the past with tariff legislation.

If there be any question connected with the tariff on which all men ought to be able to agree, it is that no tariff bill ever enacted by Congress has been other than a complicated series of compromises and trades, with protection granted or withheld, and with rates established not in accordance with any defined pattern but rather in accord with selfish self-interest. In a word, the experience of a century has amply demonstrated that when Congress undertakes general revision of the tariff the result is a hodgepodge of inequalities. It has never been possible to revise the tariff piecemeal, never possible for Congress to deal separately with a separate rate question, for a tariff bill, however it starts, becomes a general tariff bill before it gets far, through the open avenue of amendments dealing with any and every rate under the canopy.

It was in recognition of this fact that Congress was finally prevailed upon to establish a Tariff Commission of experts, who were to scientifically determine rates, and that the so-called flexible provision was originally written into the tariff law whereby the President, by Executive order, if and when the Tariff Commission so recommended and if he approved, was enabled to increase or decrease by not more than 50 per cent any specific tariff rate.

We heard a great deal about the Tariff Commission and the flexible clause when it was first established. The scheme never worked as its framers had claimed it would. We never secured under it any substantial revision of the tariff, nor any corrections of tariff inequalities and injustices. When Congress passed the last tariff act two years ago, the Tariff Commission and the Executive-order plan for rate change was given a new lease of life, under slightly changed terms and with a new set of tariff commissioners, and we were told that now at last we had a workable arrangement.

Events have demonstrated that this plan still fails to function. I believe that all fair-minded persons must now conclude that it is a demonstrated, complete failure. I take it that it was that realization which was the genesis of the present bill drawn by the Democrats in the House and passed by the House and now before us.

This bill discards the machinery for tariff revision by Executive order, which has been proven to be futile, and provides that the Tariff Commission, instead of reporting to the President, shall report to Congress, and that Congress, with a report and a recommendation before it, may legislate on the precise tariff question there presented, and on that question singly, without opening the door to all sorts of tariff proposals.

Mr. President, we are proposing to substitute for the old plan of logrolling tariff bills and tariff laws by Executive order, both of which have proved an utter failure, a plan which holds much promise and which in fact seems to be the only alternative, under our system of government.

In my view, the plan for tariff revision by Congress, rate by rate one at a time, has one great merit. It prevents logrolling, which has been the curse of every general tariff bill we have ever had. It prevents trading votes, whereby I vote for your rate if you vote for my rate without respect to the justice or fairness of either rate.

Mr. President, is the flexible provision of the tariff law a success? Has the departure from the old-established methods of congressional tariff making proved to be beneficial? I think I do not exaggerate when I say—and I ask the junior Senator from Utah [Mr. KING], who honors me by listening to what I have to say, to approve or disapprove my statement—that I think that when the Smoot-Hawley tariff bill was before us the general sentiment of this body was that the flexible provisions of the tariff law had not succeeded. In scanning the speeches of the Members on the Republican side I find nearly all of them were apologetic for the operation of the flexible tariff provision during the period from 1922 to 1929. Indeed, the bill, which was passed on July 3, 1930, went so far as to create a new Tariff Commission, which was indicative of disapproval of the Tariff Commission as formerly constituted. I repeat, there was a general belief in this Chamber that the system of a flexible tariff which had been adopted had not been satisfactory.

Mr. KING. Mr. President, will the Senator from Massachusetts yield to me?

Mr. WALSH of Massachusetts. I yield to the Senator from Utah.

Mr. KING. In corroboration of what the Senator says, he will recall that a resolution was adopted by the Senate to investigate the Tariff Commission. There were charges here that it was wholly inefficient; that it had failed in the purpose for which it was organized. Bills were also offered for the purpose of abolishing the Tariff Commission. The Senator from Arkansas, the leader upon this side of the Chamber, conducted in connection with his associates and the Senator from Wisconsin [Mr. LA FOLLETTE], Senator REED, and former Senator Bruce a very extensive examination into the activities, conduct, and failure or success of the Tariff Commission. Anyone who reads that testimony, as I have done, can not but be impressed with the fact that the Tariff Commission was a failure, largely, may I say, however, because of the character of some of the members of the commission. They went there with a partisan view; they were determined to use the flexible provision of the tariff and their position for the purpose of advancing rates rather than doing justice to importers, to American consumers, and to American manufacturers.

Mr. WALSH of Massachusetts. Yes, Mr. President; and I think the Senator from Utah will also agree with me that any Tariff Commission appointed by any President is bound to be more or less partisan and to be controlled by the political philosophy of the dominant political party, if not its political leaders. During the course of the debate in 1930, speaking upon the general subject of the flexible tariff provision, I used the following language:

> Mr. President, during this entire discussion no whole-hearted or sincere words of commendation have been expressed for the manner in which thus far the flexible tariff has functioned. Throughout the discussions there has been criticism and an expression of general lack of confidence. Even the proponents of the measure have been apologetic. But in the very breath that they allege that things have not been as they ought to have been and that the results have not been as expected, they urge us to continue the abandonment of our powers, because, forsooth, the future will resuscitate, remodel, and restore the particular example of bureaucracy that thus far has failed. The servant has been unfaithful in some things, so make him ruler over many.
>
> Reform! Drive politics out of a department of government that deals with a question that is saturated with political philosophy fought over in every political conflict by every political party since the beginning of the Nation!

Of course there is politics in the Tariff Commission, and there will be politics in the Tariff Commission whether the Tariff Commission be named by a Democratic President or by a Republican President.

Has there been any improvement in the operation of the flexible tariff provision since the enactment of the Smoot-Hawley tariff law? I think all impartial observers will agree that the same conditions which prevailed at the time the

Smoot-Hawley bill was under consideration now prevail, and the same criticisms which then were made are applicable to the present situation.

Let us now turn to tariff making by the Congress. Mr. President, the curse of tariff making in the Congress has been logrolling. In the case of every tariff bill that has been passed since I have been a Member of this body—and the number has been three, including the emergency agricultural tariff bill following the war, the Fordney-McCumber tariff bill, and the Smoot-Hawley tariff bill—there has been flagrant logrolling. Again and again during the discussions of various articles upon which tariff rates were levied in the Smoot-Hawley bill it was charged and proven that extensive logrolling was indulged in in this Chamber and, I assume, in the Chamber at the other end of the Capitol. Indeed, Mr. President, the reason why we have not been able to apply principles of equitable, scientific, and honest tariff making is because of the notorious evil of logrolling.

The best feature of the pending measure—and it is one upon which we all could stand no matter how doubtful we may be of the other feature of the bill—is that which does away forever with logrolling. It puts up to the Members of Congress squarely the question, Is it right or is it wrong to increase or lower the rate upon a particular domestic product? I repeat that is, in my judgment, a tremendous benefit to tariff making that will prove to be of inestimable value. That is why I said at the outset that this measure seeks to render justice in tariff making. It provides that the Tariff Commission shall investigate and it defines the factors they shall take into consideration in determining whether a rate shall be raised or lowered. When the commission says, "Here is the result of our investigation," the President says, "I request the Congress to consider on its own merits this tariff item alone, and I recommend that the Congress vote for or against this recommendation of the commission." What could be fairer? What could be more in the public interest? What could be proposed that would be more calculated to destroy the abuse of logrolling than to limit the action of the Congress to action upon a specific item after recommendation and study by the Tariff Commission?

Mr. CONNALLY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Texas?

Mr. WALSH of Massachusetts. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. In addition to the point the Senator has made, may I suggest, could there be a more intelligent procedure than for Congress to act, with all of the information obtained after an exhaustive scientific investigation by the Tariff Commission, on one specific item in a schedule at a time?

Mr. WALSH of Massachusetts. I thank the Senator from Texas for his observation. I stated when the flexible tariff provision was adopted at the time we had under consideration the Smoot-Hawley bill that, in my judgment, we would never again have before us for consideration a general revision of the tariff; that once we committed ourselves to the policy of referring items to the Tariff Commission for investigation and recommendation and giving the President the power to approve or disapprove such recommendation, that would end general revision of tariff duties by the Congress. I sincerely believe, from the experience of the last revision, that even a Democratic President would feel it his duty, in a very guarded and a very limited way, in his recommendations to restrict the Congress so far as he could in considering changes in the tariff law.

Mr. President, why not let the President continue to make the necessary change in tariff rates? I never can subscribe to any such doctrine. If there is any one fact that stands out in the political philosophy of the founders of this country more than any other, and one that has impressed me more than any other, it is their determination that the taxing power should never be placed in the Executive. The founders did not know but that disaster and destruction would come in due time to the form of government which they established. They did not know but that tyranny would some day find its place in the governmental structure which they built; but they were determined about one thing—it is in every sentence of the Constitution, not only the Federal Constitution but the State constitutions—that that tyranny should never come from important power bestowed upon one official; that the people should never be oppressed by too much law making in the hands of any one individual; and they were determined above everything else that the power to reach into the pockets of the people to levy taxes upon them should not be unsafeguarded. They knew too well the tyranny and oppression, the misery and the suffering, that had been experienced by the people of Europe because of the manner in which the power of taxation had been cruelly exercised by individual officials who sought to impose special taxes upon the people for favored classes.

Why, Mr. President, the very beginning of the protective-tariff principle can be traced back to the action of the Kings and Queens of England in allowing taxes to be collected upon imports brought into their country and given as gratuities to those at the royal court whom they especially favored.

Mr. TYDINGS. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Maryland.

Mr. TYDINGS. I do not know that the Senator has adverted to it; but I desire to remind him of the fact that one President, before making appointments to the Tariff Commission, compelled members of the Tariff Commission to submit in advance their resignations, thereby not only having the power to put their findings into effect but actually to dictate the findings as well.

Mr. CONNALLY. Mr. President, be it said to the credit of one of them, who is a Democrat, that he scorned and repudiated any such proposition. I refer to Mr. LEWIS, now in the House.

Mr. WALSH of Massachusetts. I can not find words to express my condemnation of the policy and the action to which the Senator has alluded. I can not understand any man occupying the Presidency of the United States demanding resignation from an appointee before he commissions him to take the oath of office to perform a great public trust.

Mr. TYDINGS. Mr. President, that proves the Senator's contention that not only is the power dangerous in the hands of the Executive, but since the President has the power to make appointments it virtually gives him absolute control of all the machinery for raising and lowering taxation.

Mr. WALSH of Massachusetts. Mr. President, I never could understand why public men in the Congress of the United States could claim that as soon as a man became President of the United States, in some miraculous way all thought of political advantage or political expediency fell by the wayside and he became immune to political influences. Of course the President is affected by political considerations and political expediency, just as every Member of this body is at times.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. If it will not interrupt the course of the Senator's argument, I should like to point out the fact that the flexible provision now in the law, which the Senator from Michigan [Mr. VANDENBERG] insists shall be retained, has been held to be unconstitutional by the United States Customs Court of New York in several cases.

Mr. WALSH of Massachusetts. One very recently, I believe.

Mr. ROBINSON of Arkansas. Yes. One of the cases was decided, I think, on the 23d instant. I have procured a copy of the opinion. It is my understanding that the Senator from Texas [Mr. CONNALLY] will discuss this phase of the subject at some length in the early future, and I do not intend at this time to go into the matter in further detail than to point out the fact that the Constitution does impose

upon the Congress the duty and the exclusive power to levy taxes, imposts, and excises, and that the language of section 336 of the tariff act of 1930—to quote the Customs Court in the case referred to—

which attempts to delegate to the President the power to classify imported articles for taxation by writing new provisions into the law—

is in violation of the constitutional provision to which reference has already been made.

There is an interesting and I believe a convincing discussion of the subject in the opinion which has been mentioned. It argues to the conclusion that there is a distinct difference to be made between rates and phraseology; that while in the Hampton case, which I believe has been cited during the course of this debate, the Supreme Court of the United States did hold that it is competent for the President, confirming the finding of the Tariff Commission, to change an existing rate, neither that case nor any other case has gone to the extent of holding that the language used in section 336 of the act of 1930 which gives him the power to rewrite the paragraphs in the tariff law is by analogy constitutional.

This distinction, as I have already said, is brought out fully and forcefully; so that the Congress, under the provision which the Senator from Michigan would retain, has, to say the least, done a very questionable act. It has sought to divest itself of a responsibility which the Constitution imposes upon it, and to charge that responsibility and power on the President of the United States. As everyone knows, from the beginning of parliamentary government it has been a controlling principle that the taxing power should be retained in the hands of those Government officials who are chosen by the people themselves; and it may be maintained with force and conclusiveness that the effort to charge the Executive with the responsibility to fix tax rates and to write language into tariff laws is an evasion of responsibility upon the part of the legislative department of the Government. It is not a trivial matter. It can not be determined upon a mere declaration that an executive can do it more scientifically than a legislature can accomplish it; for underlying the whole proposal is the thought, the principle, that tax laws must be very carefully scrutinized by representatives of the people, must be enacted with due regard to the rights and the liberties of those who must pay the taxes, and that this end can be accomplished only by the exercise of the taxing power by officers whom the people themselves choose.

Mr. WALSH of Massachusetts. Mr. President, I repeat, if there is any political philosophy that is outstanding in the philosophy of the founders, it is that the power of taxation must be exercised by the many and not by the few, and only by the direct representatives of the people, and, above all, never by the Executive. Indeed, the very reason why the Constitution provides for the confirmation of civic officials by the Senate is because of the fact that the founders were determined that that body, the Congress, which went into their pockets and levied taxes, should not escape responsibility for the expenditure of money by officials beyond their control. So they provided that even the officials named by the Executive to spend the money obtained by taxation should be submitted to the scrutiny of the Senate, so that the Senate could not say, "We are not responsible. The officers of the Executive Department squandered your money. They misspent it." On the contrary, the founders were determined that those who levied taxes should have a say as to the honesty and efficiency of the men who spent the money raised by taxation.

Mr. KING. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Utah.

Mr. KING. The Senator from Arkansas [Mr. ROBINSON] a moment ago adverted to a decision, which he said he did not have, recently handed down by the Customs Court. I have the opinion here; and it holds the act of the President, or his proclamation, unconstitutional. He lifted out of the basket clause an article and transferred it by changing the phraseology to another provision of the law, thus increasing the tariff rates; and the judge—Mr. Justice Fischer, one of the ablest men on the bench, and a Republican, by the way—decides that that act of the President was clearly unconstitutional. He changed the phraseology, and by implication Mr. Justice Fischer indicates that it is not very safe to commit this power to the Executive—a power which he holds, as the court unanimously holds, to be exclusively a legislative power.

Mr. WALSH of Massachusetts. And the attempt to embrace this power within constitutional limits is very, very far-fetched and has been apologized for by many of the constitutional lawyers of the country. It is not creditable to the courts that they strain the Constitution to the limits in seeking to bestow on the President a power such as is now granted in the flexible provisions of the tariff law.

I desire to quote from what I said about the attitude of the founders toward taxation when I discussed the flexible tariff while it was under consideration in 1929 and 1930:

I dislike to prophesy, but a statesman must do it. The founders did it; they looked back and saw the awful story that history revealed, and that they had personally experienced, of the usurpation of the power of taxation. And then they prophesied that history would repeat itself here in America unless the control of the people's pocketbook and the control of commerce through the imposing of taxes was separated clearly and absolutely from the Executive and kept on the broadest basis possible. They were not so guileless as we, or shall I say such trucklers to expediency? They were students of the science of government. They were sagacious. Well they knew that lodging power in the hands of one man makes for celerity and efficiency; but they also knew that something else was of vastly more consequence. They were willing to make certain sacrifices of efficiency for greater ends. They preferred less efficiency and the retention of liberty, rather than the maximum of efficiency with the possibility of despotic abuse.

Mr. President, I repeat that the outstanding feature of this amendment, in the nature of a substitute for the House bill, offered by the Senator from Mississippi [Mr. HARRISON] is that it provides the means of ending logrolling in the construction and making of tariff bills.

I can not conceive of anything we can do here more in the public interest, when we seek to establish the best method of tariff making, than to provide for investigation and study by the commission, report by the commission transmitted to the President, Democrat or Republican, and then have placed upon him the responsibility before all the people of the country of taking his position and recommending to the Congress action pro or con upon the commission's recommendation.

Why are not the American people entitled to have the President go on record and be responsible for increased or decreased tariff duties, and his party placed in a responsible attitude upon each tariff question? What have we now? The President sends a message to the Congress in very general terms, saying, "I call for revision of the tariff," with not a single, solitary specific suggestion. Then commences the pulling and hauling, the pressure upon Members of the Congress, the inefficient, as well as the efficient producer, pleading to us, telling us of their distress, asking to save them by granting increased duties. Then a series of swapping and exchanging of votes in the Congress, which has resulted in every tariff bill that has been enacted in recent years being filled with injustices and proving unsatisfactory to everybody, even to the responsible political party in power.

I can not conceive of a greater public service that could be rendered, if we did nothing else during the session, than to provide that hereafter tariffs shall be enacted in this fashion: First, a petition and an investigation by the Tariff Commission and a report to the President; next, a report to the Congress by the President, with his recommendations, placing his party on record for or against an increased rate, by requesting the Congress to pass upon his specific recommendation. If we can not get justice and if we can not get efficient tariff making from that procedure, then I fail to know how to reach a direct and just verdict on these involved tariff rate issues.

Taxation questions should be discussed on the floor of this body and in the House, where all Americans may know what is going on, and where there can be a roll call.

What happens now? Study and investigation in semisecret; action transmitted to the President in semisecret; decision made by the President in secret; no general, open discussion.

Mr. President, I repeat, to me the best feature of this legislation is the fact that we will have at last a way of appealing directly to the consciences of the Members of Congress on single, separate tariff questions and tariff items without any outside consideration. "Is it fair?" "Is it just?" "Is it right?" "Where does the Democratic Party stand on this specific tariff recommendation?" "Where does the Republican Party stand?" "Where does the President stand?" "Where does the Tariff Commission stand?" It is all in the open and, it seems to me, tending not only to improve the method of making tariff laws but of giving the public the full benefit of the widest possible discussion.

There is a good deal I would like to say about the abuses which have resulted from the logrolling methods of the past. Perhaps I can sum up all I need to say upon that evil by quoting again from a speech made by me on March 24, 1930:

> It has been well said that the United States tariff—the control of the lifeblood of industry and commerce, the control of the most important element of our foreign relations—is regulated by logrolling. Surely the record with respect to the pending tariff bill in the Senate justifies this assertion. The fact that logrolling methods have not been apparently disastrous in the past does not prove that such methods may not ultimately be ruinous.

Again:

> All through this bill is the same shameful story—give and take; the swapping of votes; an exchange of rates. "You give me this rate and I will give you a rate upon some product that is produced in your particular State or your particular locality." During the last days this logrolling reached the high-water mark. To my mind exchanging votes for tariff duties that burden our people is as reprehensible as it would be for a judge to exchange legal decisions with other judges on the Supreme Court Bench.

So, when the roll is called on this issue let it be understood that one of the primary questions—the outstanding question—is, Shall we make an effort to end logrolling? Shall we apply this most fair, most liberal, and most just method of settling tariff rates?

The second feature of the bill is a provision for a consumer's' counsel. So much has been said upon that question that little needs to be added. Who appears before the Tariff Commission when tariff investigations are undertaken? Some petitioner, some litigant, some party in interest, who presents his case. Unless the members of the Tariff Commission take upon themselves the responsibility of investigating and examining and inquiring from the consumers' standpoint, there is no representative of the consumers before the commission.

The appointment of a consumers' counsel insures the public interest being represented, with the same power the petitioner has for examination, for investigation, and for inquiry.

Why should not the consumers' counsel have the right, for illustration, to find out the financial condition of the petitioners who are asking for increased rates, find out whether their distressed economic condition is due to inefficiency or to mismanagement, or due to the only justification for increased tariff duties, importations of foreign articles in such quantities as to destroy the domestic market to the domestic producer?

I consider it a great step forward to have a consumers' counsel help bring about the thing I started out to demonstrate when I stated that I intended to support this bill, namely, the obtaining and exacting, as far as humanly possible, of justice in tariff making.

What harm can come to an honest petitioner for increased tariff duties from having before that tribunal which is conducting an examination and making a report an official who represents the great consuming millions of American people? It seems to me that extensive argument upon that question is unnecessary.

I come to the third feature of the bill, the provision for an international tariff conference. What harm could come from that? Assume that little good would come, what harm to have representatives of the various governments of the world consider these questions of trade barriers and trade rivalries, and of recriminations against each other, consider the unwisdom of the actions of the various governments in building tariff walls about their boundaries which tend to shut out all foreign commerce, and bring further distress to their respective countries?

It seems to me that the idea ought to be welcomed, especially at this particular time, when the world is passing through very serious economic depression. The President ought to be glad to have Congress suggest to him a great international trade or tariff conference, where the misunderstandings of the past would be brought out into the open, where trade jealousies and rivalries would be reduced, if possible, to a minimum, where helpful cooperation toward the building up of commerce and trade in a friendly way between the nations of the world would be established.

Lastly, this bill provides for reciprocal tariff treaties between the various countries. On the two last features of the bill I want to quote what I said when the tariff bill was before the Senate in 1929:

> Whenever a nation, particularly a financially strong nation, contemplates changing its tariff, foreign countries naturally become vitally interested. Every country is to some extent more or less interdependent on some other country or countries for some of its essential commodities, for no country produces everything it needs. Each country depends on other countries to some extent for its markets. Thus, all countries are constantly striving to hold and to extend their trade.
>
> A tariff program which considers only the interests of its own nation is shortsighted, especially if it is concerned about maintaining or developing foreign trade. Neither can a "dog-eat-dog" policy endure. In that direction war and chaos abideth. Such policies breed misunderstandings and hatreds and create unfriendly feelings which find their way into the international press and international gatherings. Joint reprisals, import and export restrictions, and other more or less drastic attempts to fight the offending nation with newly invented economic weapons are the immediate and direct result. If any nation goes too far, the result may be a solidarity of nations in tariff matters which would be disastrous to the export business of that nation.

How true those words, uttered on April 27, 1929, were, has been proved by what has happened. Let me read further:

> The movement in the United States at the present time to revise tariff rates and the assumption that they are to be revised upward has stirred up a tide of foreign fear and suspicion. Telegraphic warnings from American consuls and commercial attachés throughout the world furnish evidence of the necessity of proceeding sanely and prudently unless a world tariff war may become imminent. Already campaigns for discriminatory duties—

This was when the bill was before the Congress in April, 1929, and the bill did not become operative until July 3, 1930.

> Already campaigns for discriminatory duties against American exports have appeared in various parts of Europe and South America. Our threatened tariff revision frequently has been referred to as "the hostile economic policy of America."

I quote the reference made to us in Europe at the time:

> Our threatened tariff revision frequently has been referred to as "the hostile economic policy of America."
>
> The principle of reciprocity which has been called the handmaid of protection, and which should govern the relations between nations, also justifies a consideration of the effect of a nation's tariff policy upon foreign countries.
>
> No one can deny the United States the right to consider the figures as to what we gain and what we lose by a contemplated change in tariff policy, but this can be done without engaging in a bitter economic rivalry across national boundaries that will create international misunderstandings. It is wise statesmanship, therefore, in drafting laws which particularly relate to international commerce not to demand from others what we are not willing to give them. Neither should a nation be expected to give to others what they are unwilling to give it.
>
> In readjusting tariff rates certain general principles should be recalled and followed. Foremost among these principles is that national wealth is increased by foreign trade. Selling of goods abroad must not be a temporary refuge sought only in times of storm. Foreign trade is not and never can be established on any permanent basis for any nation until it becomes a policy of exchanging of goods in which both the buyer and seller profit.
>
> There are three ways in which export trade can be carried on: First, selling for cash; second, selling on credit; and, third, exchanging other goods—imports. But for all the exporters to receive cash from a foreign country over a long period of time is manifestly impossible. Credit does not pay for goods; it only puts off the settlement. The only way in which foreign buyers can pay for their goods over a long period of time is through

imports. It is possible for a nation to satisfy all its needs by specializing in many products and sending abroad quantities not needed at home and by importing those goods which it can not produce successfully or sell when produced at a reasonable price.

Mr. President, I close as I began. The bill ought to be entitled "A measure to help inculcate the principles of justice in tariff making." As a Democrat, I am not for increased tariff duties or for decreased tariff duties. I am for obtaining exact justice, obtaining first the facts—is the domestic producer in distress because of the flood of importations from abroad underselling him and robbing him of his domestic market? If these facts present a case for protection, I am willing to give it to him, but a reasonable and just protection only. I am not willing to vote to provide high-tariff duties for the great monopolies of the country to control prices after they have freed themselves of domestic competition. Neither am I in favor of increased tariff duties as repayment for campaign contributions or as favors to be politically bestowed upon those who are the beneficiaries of the election of men to public office.

I repeat, the sound and sane way of settling these tariff questions is by application of principles as to what is right, what is just, and leave it to the Congress which the Constitution provided should be the instrumentality in our Government to place their hands in the pockets of the people and extract dollars in the way of taxation. From every angle, from every viewpoint, this measure is a measure looking forward and not backward, looking toward elevating and improving tariff making and promising the American people that, freeing ourselves as much as possible of political and local environments, we will face these issues separately and settle them upon the highest possible principles of exact justice to all—the American producer, the importer, and the American consumer.

Mr. President, I ask unanimous consent to have printed at the end of my remarks speeches delivered by me on the floor of the Senate during the consideration of the flexible provisions and other features of the Smoot-Hawley bill.

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

THE FLEXIBLE TARIFF

(Tuesday, October 1, 1929)

Mr. WALSH of Massachusetts. Mr. President, I shall detain the Senate only for a few minutes. I fully realize that the time for general debate for and against the amendment providing for a flexible tariff, with power granted to the President amounting to lawmaking with respect to the tariff, has passed. I shall content myself, therefore, with a final appeal to my colleagues upon an aspect of this question that, in my opinion, transcends all others; namely, the position that patriotic considerations and historic traditions should dictate.

There has been a vast deal of propaganda in this country of recent years tending to belittle, ridicule, and destroy the prestige of the Congress. A colleague a few days ago made the statement that he did not believe that any Senator realized the deep and undeserved discredit into which the Congress of the United States had been brought by these attacks and misrepresentations. The powerful searchlight of the modern methods of publicity is to-day, as never before, turned wide open and has accentuated to an alarming degree the shortcomings and even delinquencies that have probably always existed in parliamentary bodies. Many apparently fail to realize that, whereas the Members of the Congress, being human, err—yet the institution called the Congress should not in consequence be discredited and undermined. Has public indifference reached the point where forgetfulness exists that the Congress of the United States stands for the voice and control of the people in their affairs; that it is now, as always, the final hope and the best method yet devised for the preservation of liberty and justice among a free people?

If the Congress fails, representative government fails, and with it a social organ of immense value. In spite of irrelevant discussion and some incidental unduly prolonged debate, this very procedure in the Senate now in connection with this tariff bill is a great and mighty reexamination and review before the country of the whole tariff situation. Notwithstanding the certain measure of truth in the denunciations of those who expect the same speed and efficiency in a free legislative body that exists in the board of directors of a private corporation, yet who will deny that an informative, illuminating, and safeguarding study and consideration of an important and difficult question is not being here and now secured and is really of service?

Undoubtedly much of the unfavorable sentiment that has been voiced against the Congress, perhaps particularly against the Senate, and especially in connection with the tariff, has arisen from a growing feeling of our incompetency. We have created conditions with respect to tariff complexities that make congressional control of the tariff necessarily difficult; and then we turn with zest for refuge to bureaucracy, and sink still farther into a mire. Such in general is the present state of the public mind that we turn to meet every evil with boards to regulate, direct, control, and even imprison the private citizen for breaches even of by-laws of these subordinate arms of the Government. And then comes a fresh crop of evils and more boards. Edmund Burke hit off this state of mind and this practice by saying that there is inherent degredation and oppression in the acts of a central government always "as it descends from a kingdom to a province, from a province to a parish, and from a parish to a private house."

The growing tendency, upon the basis of the theory of time-saving and securing efficiency, of abandoning direct and complete control of lawmaking by the elected representatives of the people is the great menace of our times. We have gone too far in that direction already; and, furthermore, we have discredited ourselves when we have created commissions and boards innumerable and given them carte blanche power to direct and control the interests of our people, subject only to the limitations of the courts in cases where they obviously and flagrantly exceed their authority. Another challenge is here, and we must meet it. Just now it is the shunting and dismissing of tariff discussion, tariff consideration, and tariff control from the Congress to a bureau—to an agency of the Government other than that provided for lawmaking by the Constitution.

Let me remind you that whatever excuse and justification you have had in the past in delegating the power and responsibility of the Congress to indirect agencies, that excuse has passed; and especially with respect as to this subject of taxation above all others. If you recall to mind the story of the struggles and the sacrifices of your forefathers and their imperishable words, your eyes should be open now. Here and now you are dealing with a subject that no human being can say was outside and beyond the domain of the deliberations and plans of the founders of this country. And for 140 years the exclusive right of exercising the taxing power has been preserved in the form that the Constitution prescribed. However else we may have abridged or compromised the basic principles of the Constitution, we at least have not abandoned this one.

Gentlemen, you are engaged in an assault upon parliamentary government. No one can foresee where this movement will lead or end. One thing is certain: It risks the beginning of the end of that fundamental principle upon which our institutions were built, our happiness secured, and our prosperity maintained up to the present hour. This proposed change would not even be thought of except it is the fashion of the time to belittle and discredit parliamentary government. But the tragedy of it all is that we ourselves are joining in the movement to undermine parliamentary government, which means to put ourselves in the limbo of rejected things.

I repeat, in order that there be no misunderstanding and scuttling behind fogs or imaginary issues, that the primary, the crucial, and the final question here is: Shall we abdicate and relinquish the taxing power and place it where the Constitution expressly forbids it to be placed? Do not plead that it is only partial; that it is confined and limited by a rule; that it is only temporary. It is the step that counts and in all probability one that counts finally. The first proposal in 1922 was only for two years; and then that limitation was abandoned. At first it was to be greatly safeguarded and restricted; now it is proposed to expand it, extend it, and make it permanent.

You say the need is to provide a means of meeting an emergency! What would you think of a proposal giving the President the authority to increase the Army or the Navy upon investigation and advice by boards of Army or Navy officers, whenever he deemed an emergency existed? If increase of power and responsibility in the field of taxation when emergencies exist can safely and advantageously be lodged in the President, why not let him be the judge of the extent of preparations that are necessary to provide for public defense without the concurrence of the Congress? Why stop at the mere protection or safeguarding of property? Is not the protection of life and the defense of the country of greater moment?

Mr. President, during this entire discussion no wholehearted or sincere words of commendation have ben expressed for the manner in which thus far the flexible tariff has functioned. Throughout the discussions there has been criticism and an expression of general lack of confidence. Even the proponents of the measure have been apologetic. But in the very breath that they allege that things have not been as they ought to have been and that the results must have not been as expected, they urge us to continue the abandonment of our powers, because, forsooth, the future will resuscitate, remodel, and restore the particular example of bureaucracy that thus far has failed. The servant has been unfaithful in some things, so make him ruler over many!

Reform! Drive politics out of a department of government that deals with a question that is saturated with political philosophy fought over in every political conflict by every political party since the beginning of the Nation! Do you think that by delegating this power that a candidate for the Senate can be elected to office in Louisiana by stating that the sugar question has been removed from politics and is in the custody of a mere fact-finding commission, and that the people of Louisiana must appeal not to their Senators for relief but hereafter to a fact-finding board that has already decreed their sugar protection excessive? Do you think any Senator, be he Democrat or Republican, elected in Massachu-

setts, can escape declaring to distressed industries that the tariff is now taken care of by officials outside the Halls of Congress and that he is powerless? What of the Senators from other States? What will you say to a constituent after a fact-finding commission has refused an application for tariff revision? Are Senators from the woolgrowing and from the lumber States going to sit down and fold their hands now that you have passed a law taking this authority in large part from yourselves?

I dislike to prophesy, but a statesman must do it. The founders did it, they looked back and saw the awful story that history revealed and that they had personally experienced, of the usurpation of the power of taxation. And then they prohesied that history would repeat itself here in America unless the control of the people's pocketbook and the control of commerce through the imposing of taxes was separated clearly and absolutely from the Executive and kept on the broadest basis possible. They were not so guileless as we, or shall I say such trucklers to expediency? They were students of the science of government. They were sagacious. Well they knew that lodging power in the hands of one man makes for celerity and efficiency; but they also knew that something else was of vastly more consequence. They were willing to make certain sacrifices of efficiency for greater ends. They preferred less efficiency and the retention of liberty, rather than the maximum of efficiency with the possibility of despotic abuse.

After all is said and done, is not the answer to the impression that visitors to these galleries receive, and frequently express, of our apparent inefficiency and other shortcomings summed up succintly in the words of the French leader when criticism was made of the delay and disorderly conduct of the French Assembly: "These are the manners of liberty."

If there is one idea more than any other that I have been impressed with as I read the stirring story of the deliberations and struggles for the founding of this Republic, and studied the political philosophy of its creators, it has been this—that they were not unmindful of the possibility that the form of government which they outlined might in time bring to their descendants tyranny; but they were convinced, first that if that tyranny came, it was more likely to come through abuse of the taxing power than any other, and, secondly, that it was better to have that abuse come through the failure of many rather than of one. In a word, they believed that since abuses could not be foreseen or surely prevented, they were in the long run less likely to come through their parliament than through some of the other agencies of government which they necessarily provided for; and consequently they lodged, first of all, the taxing power, permanently, as they thought, in the charge of our parliament—the American Congress.

I said I would venture to prophesy, and here is what I do not hesitate to say, weighing the responsibility of my words, that this decision to make the flexible provisions of this tariff a permanent policy of our Government—for that is what it amounts to—means the end of a scientific, judicially minded commission, and it likewise means the end of tariff reviews in the open before the country by the Congress.

The personnel of the United States Tariff Commission, and I say this without any desire to enter into the realm of discussion of personality, since the commission began the administration of the flexible tariff, has become more political. Previous to 1922 it may not have done much, for it was only starting, but what it did was scientific and commanded respect. Men of scientific integrity and purpose were sought and obtained both for commissioners and for leading positions on the staff. With the coming of the flexible tariff, the whole complexion of the commission changed, a new type of commissioner was appointed, and the better members of the staff resigned and were replaced by inferior and more subservient assistants. It could not be otherwise. The change in the work was from investigation and research removed from politics to research, investigation, and decision controlled by politics. What has happened is inherent in an institution dealing with such a highly political subject, which is possessed with the power to loosen or bind men's wages and profits through governmental action.

What we did then and what we are doing now, if this proposal succeeds, is to transfer political conniving, scheming, improper suggestions of every kind from this open public forum to a commission that necessarily does its work away from the public eye. Is there any Senator on this floor who seriously doubts that pressure of tremendous proportions will not be exerted with success in naming in the future to this law-altering body textile commissioners, wool commissioners, sugar commissioners, lumber commissioners, and that men will also be appointed as members of the staff for the purpose of protecting and insuring the supposed rights of particular industries and interests?

You say that intrigue, scheming, and conniving is here in the Congress. True; but it is brought to bear on 600 men and not on 6 men who are the appointees and advisers of 1 man! You say that politics in tariff making is here. Yes; but here it is in the open; it is a recognized and expected part, unfortunate and, I fear, unavoidable of the surroundings and functioning of parliamentary government. What an exalted opinion of the immunity from political pressure and subtle suggestions and possession of infallibility you place in bureaus and in the presidential office! How you do look guilelessly for a miracle!

Why are these things here? It is because we are engaged in the business of handing over favors and benefits through the possession of the opportunity and power to grant, in the exercise of our discretion, the demands of selfish and greedy interests. Our necessarily plenary power with respect to taxation gives us the power to abuse it; but there are limits to abuse in our hands. There is none when it is concentrated and out of sight.

Mr. President, there have been some momentous debates and decisions of the Senate of the United States, but none that were fraught with more serious consequences for the future of our country and for the welfare of the people than the decision we are making now. It is more than a fight between old-fashioned constitutionalism and modern constitutionalism, as it has been called. It is a fight to safeguard parliamentary government against the usurpation of the taxing power.

I see in vision a future day when men sitting in our places here will turn back the pages of the record of this body to scan the names and the motives of those who changed the settled policy of 140 years and turned this most sacred, precious, and dangerous power—that even to destroy property and freedom of action—into an uncharted political course that every liberty seeker familiar with the science and experience of government has hitherto renounced and avoided.

Senators, pause, I plead with you, before you vote for such a destructive interference with the liberties and rights of our people.

AGAINST THE TARIFF BILL

(Monday, March 24, 1930)

Mr. WALSH of Massachusetts. Mr. President, I desire to state some of the reasons why I shall vote against the pending tariff bill. Necessarily they will have to be somewhat rambling in statement and imperfect in form, because no opportunity has been given Senators to make a complete and accurate analysis of all the changes that have been made in the bill. It would take many days to make a detailed analysis of all the amendments made to the present law. I must at this time of necessity generalize in my observations.

All tax legislation is concerned with the fundamental questions:

What will be the benefit and who will get it?

What will be the burden and who will bear it?

The tariff is tax legislation, and no tariff tax should be established without a satisfactory answer to these questions.

In most countries the tariff bill is prepared by fiscal experts of the responsible administrative branch of the government after careful study and correlation of all the interests involved. In the United States the tariff is prepared by the Members of the Congress, few, if any, of whom have made a thorough study of the whole field of the tariff from the point of view of scientific public finance and international commerce.

The average Member of the Congress has not had time to make a systematic study of public finances. He has had forced upon his attention the demands of his more powerful constituents, usually demanding higher duties. Otherwise he has had little time or interest for the many details involved. He does not know what will be the effects of duties. About all he knows is that the effect of his failure to secure higher rates for his constituents will be his retirement. He, therefore, is willing in many cases to agree to higher rates for others if they will grant the like favor to him. It has been well said that the United States tariff—the control of the lifeblood of industry and commerce, the control of the most important element of our foreign relations—is regulated by logrolling. Surely the record with respect to the pending tariff bill in the Senate justifies this assertion. The fact that logrolling methods have not been apparently disastrous in the past does not prove that such methods may not ultimately be ruinous.

First, I put to the Senators who do me the honor of listening this question: Who is benefited by this bill? What class or group of our people is really benefited by this bill? A protective traiff bill is assumed to bring benefits to certain large groups or elements of our population, who receiving the benefits of increased protective duties, enabling them to increase prices of their products, will radiate and distribute benefits to the entire population by increasing production, lessening unemployment, and increasing the purchasing power of millions.

In my opinion the only groups in America that even appear to be benefited by this bill are the small producers who are passing through a period of economic depression, and who believe that in some mysterious, unaccountable, unexplainable way the levying of increased tariff duties upon their products will bring prosperity.

No one could have sat through the hearings upon this bill and listened to the pleas that have rung in our ears from the first day this bill came here until this hour without being impressed with the fact that every individual business unit in this country which was being pushed up against the wall by economic forces beyond its control, such as consolidations of capital and rapid changes of styles, hearing that a revision of the tariff was to take place at Washington, has rushed down here, thinking in some magic way that the levying of an increased duty on its product in this bill would bring restored prosperity to it.

Another class of tariff applicants have advocated a new protection idea. They have haunted the lobbies and found ardent spokesmen in the Senate. I refer to those who have sought to levy duties not upon difference in cost of production here and abroad but to increase duties to offset transportation cost and disadvantage of location inside this country. These groups have sought, and with some success, to take from the seaboard communities the natural advantage of proximity to the sea and compel them to pay enormously increased prices for food and raw materials produced thousands of miles inland. The pressure that has been

brought to bear upon us has been largely from this group and from the marginal producer, the little business man who, unfortunately, is being destroyed by the great commercial and financial combines of the hour and who has not the financial resources to readjust himself to new and changing conditions. He has been here wringing his hands and saying, "For God's sake, help me or I perish. Put some increased protection in this bill for me, and it may save me."

Scattered through this bill are some increased duties really for the benefit of the members of this unfortunate class, but, in my opinion, their troubles can not be remedied as a rule by the application of the protective system. Indeed, indirectly their trouble is the result of a protective policy that has favored trusts and combines. I do not pretend to say that there are not in this bill some rates which possibly will be beneficial to some limited groups in this country, but, if so, they will be obtained at a terrible price for the public in general. In short, it is inconceivable that we could revise our entire tariff system without there being some duties levied which would result in bringing some accidental benefits to certain classes.

Before I point out the groups in the bill which, in my opinion, will not be benefited, I want to call attention to the economic conditions which exist in the Nation at the present time. One is tempted to exaggerate when he begins to discuss unemployment and the general and immediate business depression. I think it will be generally conceded, however, that there is serious industrial depression throughout the country at the present time, that there is much and extensive unemployment, that not only agriculture that we hear so much about but every line of business is suffering—the manufacturer, the wholesaler, and the retailer.

If that is conceded—and I do not see how it could be seriously denied—it is very important for us to ascertain in what particulars this bill has a bearing upon the industries of this country which employ large groups of citizens. And the first proposition I put to the Senate is, which, if any, of the large manufacturing industries of the country is likely to be benefited by this bill?

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. WALSH of Massachusetts. I yield.

Mr. BORAH. May I ask the Senator whether he has any information as to the lines of industry in which unemployment prevails?

Mr. WALSH of Massachusetts. In practically every line, without exception, in my judgment. I have received one letter recently which was an exception to all the others I have received, and that happened to be from the Gillette Safety Razor Co., of Boston. They inform me that within the last few months they increased their working force by about 700, and they wrote the letter with a good deal of pride in the fact that their company seemed to stand alone.

Mr. BORAH. They are putting out a new razor blade.

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

Mr. WALSH of Massachusetts. I yield.

Mr. WAGNER. The question propounded by the Senator from Idaho becomes very interesting, because we are now having hearings before the Committee on Commerce on legislation proposed by me in which we are attempting to so organize a bureau in the Department of Labor that we may have accurate statistics on unemployment. Then, easily enough, the question propounded by the Senator could be answered, but at the present time the best we can have is a guess. We are in no position to judge just where the unemployment exists, and I think that has been a serious neglect on the part of the Federal Government.

Mr. WALSH of Massachusetts. Mr. President, I am trying to find out seriously and honestly just who would be benefited by this bill, and I am going to begin first with the manufacturing industries of the country, asking that question again, without further digression upon the pressing and important question of unemployment.

Mr. BORAH. Mr. President, I was of the opinion, as intimated by the Senator from New York, that we did not know in what particular line the great unemployment prevails.

Mr. WALSH of Massachusetts. Mr. President, why prolong the discussion as to just how much unemployment there is and where it is? There are distressed industries in this country. Those that can be helped by the tariff are limited. Some could be benefited by an honest scientific readjustment of certain tariff rates. No industry can be benefited by increasing the costs of producing its finished product, but the large groups that have brought pressure to have tariff duties here and tariff duties there and tariff duties elsewhere compose the unfortunate elements which are being swamped and destroyed by economic forces that no tariff duties, no matter how highly levied, can control. Is not the honest conclusion that any disinterested observer must reach, who reads the evidence presented before the Ways and Means Committee and the Finance Committee and who reads this bill, this: That an attempt has been made here to so expand the protective theory and principle as to make it possible, or at least to pretend to make it possible, by tariff protective duties, to change inefficient business management into efficient business management; to make the wasteful, impoverished producer economical; to substitute some new commodity for that which the public to-day is demanding; and, further, to extend the principle of protection to include the freight rates from one part of the country to another?

Mr. President, let us be specific. Who are the beneficiaries of this bill? Would the automobile industry be benefited by this bill? Everybody will concede that that is one of the gigantic industries of this country, and that it is now passing through some depression through overproduction or other causes.

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

Mr. WALSH of Massachusetts. I yield.

Mr. THOMAS of Oklahoma. Is it not a fact that this bill provides a reduction of from 25 per cent to 10 per cent upon the importations of automobiles?

Mr. WALSH of Massachusetts. It does.

Mr. THOMAS of Oklahoma. Would the Senator contend that the reduction in the tariff would be in the interest of the big automobile manufacturers of the United States?

Mr. WALSH of Massachusetts. Certainly not. And it would not be contrary to their interests, either, because any depression the automobile industry is experiencing is not occasioned by imports. But if this industry is depressed from other causes, how does it help toward prosperity to increase its costs of production? I have information, furnished me by automobile manufacturers, to the effect that there are more than eight hundred and odd materials used in the manufacture of automobiles which carry increased duties in this bill. The increased cost of manganese ore alone will be $500,000 annually to the automobile industry. Butyl acetate, a constituent of all paints, will increase the costs $125,000 per year.

Who can argue that the great automobile business will be benefited if these duties are effective, with the cost of over 800 of its raw materials increased, and this at a time when the administration is seeking to spur up business and to bring prosperity to our industries?

What I have related about the automobile industry is, to some degree, true of every other large industry in this country. Mr. President, we have here a bill laden down with increased duties upon the materials which the large manufacturing units of this country must use, adding to the cost of production of the products of these great industries, and thereby adding to the cost to the consumers, without any substantial and effective increased protection to these industries. And yet we are pretending to restore prosperity in this country.

A kindred business to the automobile industry is the tire business. What have you done for that industry? You have produced a universal protest by your duty on long-staple cotton and other increased duties on their raw materials.

The paper industry—paper is an important material used in enormous amounts for packing and commercial purposes by all industries—what have you done for it, except to increase the duties on casein, china clay, starches, and many other of its necessary materials?

Mr. President, I put this question again to Senators: Is the automobile industry, with its millions of employees, with its tremendous invested capital, with no increased protection, in favor of this bill—in fact, increased protection could not help the industry anyway—with increased cost on more than 800 of the materials used in the making of automobiles? That list of important materials I shall have inserted in the RECORD at a later time. It is not yet fully prepared.

Now, let us refer to some of the other larger industries.

Mr. WHEELER. Mr. President, will the Senator yield.

Mr. WALSH of Massachusetts. I yield.

Mr. WHEELER. Would the fact that the costs have been increased to the automobile manufacturers make it more difficult for them to send out their products in competition with foreign manufacturers?

Mr. WALSH of Massachusetts. Certainly. The Senator has brought to my mind exactly the additional point I wanted. The bill will also injure our foreign commerce generally. The trouble with this bill is that it is filled with impediments to industry and to commerce. It is overprotection. It is protection run mad. Impediments to all the great units of production in this country—impediments, impediments!

There is no increased prosperity possible through increasing impediments.

Mr. WHEELER. Is it not a fact that what the manufacturing interests of this country need is the finding of more world markets rather than the building of a tariff wall around the United States?

Mr. WALSH of Massachusetts. Exactly. The Senator has very well anticipated what I was going to say. We are, by increasing the cost of production of automobiles and steel and other exportable articles, helping to destroy our foreign business that is so necessary in order to maintain prosperity here. Moreover, we are stirring up the foreign countries to retaliation against our automobile and other exports. We are legislating in reckless disregard of the protests of other countries and against our own advantageous trade relations with them.

Now, Mr. President, let us turn to the steel industry. One of the most pathetic sights in this Chamber during this debate was the Senator from Pennsylvania voting for rate after rate that would increase the cost of living and increase the cost of raw products to the manufacturers and people of his State, never missing an opportunity to do it, and not getting one single rate in this bill of substantial consequence in favor of Pennsylvania. I ask him what single rate there is in this bill to which he can point as really beneficial to the leading industries of Pennsylvania? Is it the rate on pig iron, the last product in which Pennsylvania is concerned, upon which a proposal for an increased duty

was rejected? How he expects to defend his course, with a record of voting for everything in this bill that increases the cost of living and the cost of production to the manufacturers of Pennsylvania and getting nothing in return, is beyond my comprehension.

Although I can not condone a Senator trading his vote, I can conceive some political though not ethical justification for trading votes when some one gets something in return, but I have not been able to see what the Senator from Pennsylvania received in return for his votes.

Mr. VANDENBERG. Mr. President, the Senator does not share the view, then, that this is a "Grundy bill"?

Mr. WALSH of Massachusetts. I share the view that he helped to shape and fashion this bill and influenced Senators to vote rates into it, but when it came to his own rates those whom he got together and whom he supported in their rates were ashamed to go through with his rates. I say that with all candor. The pig-iron vote showed it, and plenty of other votes here support it. Pennsylvania has nothing in this bill but burdens and obstacles to its industries and its people.

Now, I inquire, how does the steel industry feel about this bill? I am trying to find out who would be benefited by the bill. How do these powerful and mighty steel companies feel about it?

Senators know what happened to manganese; they know how the steel industry protested that increased rate. It will cost the steel industry a million dollars per month because of this increased duty alone. I have not a statement of the exact number of materials used in the steel industry, but all through this bill are articles which the steel industry buys with increased duties, and the steel industry is to-day depressed and faced with the situation of paying increased prices for various and innumerable materials, prominently among them manganese, graphite, and many others which it uses in the making of its various steel products.

I am not now discussing the merits or the demerits of the various increases, but I am asking again and again the question, Who are the beneficiaries of the bill? Are the public utilities? The duty on lumber, while tremendously increasing the cost of all buildings, operates to increase also the cost of every cedar pole used by public utilities about 75 cents per pole.

Let us turn to the woolen industry, which is one of the largest industries of the country. Scarcely a single duty on woolen fabrics, aside from compensatory duties, has been increased in the bill, and yet the raw material of the woolen industry, virgin wool, has its rate of duty increased from 31 to 34 cents a pound and the rate on woolen rags, the basic raw material of the carded-wool end of the woolen business, is increased from 7 to 18 cents per pound. Is the woolen industry by reason of benefits received in this bill enthusiastic about increased duties on its chief raw materials—virgin wool and wool rags?

Not only that, but I have before me a list of some 86 other materials used by the textile industry that have been given increased rates in the bill. So we have the woolen industry, depressed perhaps more than any other of the industries of the country, particularly one branch of that industry, and in the face of depression it has been handed a bill which adds impediment after impediment and increases the cost of its products by increasing the duty upon its raw materials. Of all the industries that would welcome the defeat of this bill, I venture to predict that the woolen mills that make popular-priced clothing from wool rags would be foremost.

Turning to the cotton-textile industry, I observe that scarcely a cotton-textile product in the bill has been given an increased duty. I can recall only two now—cotton cloth and cotton blankets—which have been given a slightly increased rate. Yet one of the basic raw materials of that industry—namely, long-staple cotton—has been given a heavy duty, for the first time. I am sure that industry will not welcome having a duty levied upon its principal raw material. There is no need of spending time discussing the extent to which the cotton-textile business is depressed at the present time. Neither shall I take the time to enumerate the long list of impediments in the form of increased duties upon the chemicals, machinery, and dyes used by this industry. I find that of the various raw materials, outside those already referred to, used by the textile industries of the country the rates of duty have been increased in 68 particulars. In one instance there was a decrease and in several other instances there was no change made in the rate.

Let us now consider the rayon industry. Rayon is one of the growing industries of the country, increasing in its production very rapidly. Yet during the last hours of the debate in this Chamber there was a unanimity of protest from the rayon-yarn manufacturers and the rayon-fabric manufacturers of all kinds against the increased duties upon the basic raw material—the filaments of rayon—from which rayon yarn is spun and rayon fabrics woven.

Not only filaments of rayon, but rayon waste, wool and wool waste, long-staple cotton, and flax, the raw material of the linen industry—all these crude products have been given increased duties with no corresponding increases except compensatory duties for the benefit of the finished fabrics. Even the foundry industry, as well as the stove-polish, pencil, and crucible-steel industry, has been given a heavy duty on its raw material—graphite. The foundry-facing industry stated very emphatically that if the increased duty on graphite was enacted into law that industry would be "put out of business."

Mr. President, I turn now to the candy, cake, and biscuit industry, one of the large industries of the country. The duties upon more than 50 materials that go into the making of candy have been increased in this bill, and with no increased duty upon candy or for the benefit of the candy industry—as there ought not to be, because an increased duty would not be of any benefit. This industry finds, in the midst of the present depression, a law about to be enacted by the Congress of the United States adding new impediments to it, increasing the cost of more than 50 of the materials used in the making of candy, the chief of them being sugar, nuts of various kinds, extracts of various kinds, jelly, fruits, many of them produced in southern California. Is the candy industry for this bill? Is any industry in the country in favor of a bill which is increasing its costs of production and giving it nothing in return?

Is the boot and shoe industry in favor of this bill? In the law of 1922 increased duties were levied upon 79 of the various materials used in the making of shoes. I have not been able to gather together the exact statistics showing the number of increased duties levied in this bill upon these materials, but they number well over 50. Here is a depressed industry, at least one part of it—women's shoes—yet in the midst of depression, when they are here pleading for relief in the way of some slight protection, their raw materials are given increased duties, though shoes are compelled to remain on the free list. Instead of a protective duty upon their finished product, they are presented with increased costs upon more than 50 of the raw materials, so-called, used in that industry.

What do we find when we consider the tanning industry? I have had enumerated for me the number of items used by the tanners which are affected by this bill. The tanning industry is one of those industries which Mr. Hoover especially mentioned by name as "lagging behind." The items which the tanning industry uses, now on the free list, but made dutiable in this bill, are 3 in number; items now dutiable upon which the rate is increased, 14; items now dutiable upon which the rate is decreased, 1. Here is a very gravely depressed industry, its depression unquestionably due in part to heavy imports, confronted with a bill which proposes to put increased duties upon 14 of the materials used, and at the same time refused any protection on its own products.

Mr. President, I shall not take the time to discuss the other leading industries of the country, but the story is exactly the same; no real benefit is given them in the bill. It is doubtful if any benefit could be given positively by increased duties, because many of them are already receiving the maximum of protection that can be effective; but burden after burden is heaped upon them with respect to increased duties upon materials which those industries must import and use. Increased cost of production and other additional impediments are given in an hour of general depression.

For the purpose of showing how there may be an appearance that some of the smaller producers have benefited in the bill, let me call attention to straw hats and fur-felt hats, both of these classes of hats having been given increased duties. The list of the commodities used in the manufacture of straw and fur-felt hats shows that on eight of those commodities the duty rates have been increased. Here are two depressed industries asking for relief, and yet upon eight of the commodities used by those industries increased duties have been levied. The commodities used in the manufacture of straw hats have had the rates of duty increased in at least five instances. While in some instances there may appear to be a benefit in the giving of increased duties on the various finished products of certain industries, such benefit has been offset again and again by increased duties upon the materials used in their manufacture.

Let us study a small industry like bottled carbonated beverages. Flavoring substances, fruits, coloring substances, chemicals, and sundries are some of the commodities used in this industry. The dutiable items on which the rate has been increased are 6 in number; items on the free list made dutiable, 1; items dutiable on which the rate is decreased, 1. In every instance, for whatever benefit that has been given—and no benefit was given to this particular industry because it did not ask for any—there have been increased duties levied upon the various materials used by the producers of the finished products. So of the brush and broom industry and hundreds of other small industries.

If to the raw materials proper used by all industries were added mill supplies, office supplies, electrical supplies, I am informed they would swell considerably the total number of articles used in manufacturing, the cost of which has been increased by the duties in this bill.

Turning now to another aspect of this subject, Mr. President, I asked a leading supplier of the dry-goods trade to give me some idea of the increased duties that have been levied upon dry goods carried by the department stores. I said I did not want to know the increased duties upon all items, but the increased duties on the principal classes of merchandise in a typical dry-goods store. I was informed that upon at least 50 out of 53 major groups of the almost innumerable articles furnished the dry-goods stores of the country increased duties had been levied in the bill.

The 5-and-10-cent stores report that the increased duties on innumerable articles sold in those stores vary from 28 to 200 per cent. Certainly the wholesale and retail merchant can find no advantage to business in this bill.

Mr. President, I am still pressing the question, Who will be benefited by this tariff bill if it becomes a law? I think this

imperfect analysis, necessarily hastily made, of the effect of the duties levied in the bill on commodities which are used by the manufacturers, indicates that most manufacturers and merchants do not desire this bill.

I had read at the desk this morning an editorial from the Boston Transcript, calling upon Mr. Hoover to veto this bill. I do not hesitate to say that if Mr. Hoover has the courage to use his power of veto he will receive a tremendous response commending him from every quarter and every section of this country, regardless of party. No man in public life has such an opportunity to ingratiate himself in the hearts of all the people, regardless of party, and of all groups and classes in American life, as Mr. Hoover has through the opportunity presented to him to veto this bill. He would have behind him, not only all the larger manufacturing interests and all the farming interests, but all the consumers; and on the other side would be only the few marginal producers, who have been pulling at our coats for weeks, and to whose pleas we have been listening, without thinking of the awful consequences to the larger units of industry, to agriculture, and to the army of American consumers who pay the bills for protection.

Mr. President, let us next consider the average citizen, the too-often forgotten consumer, and see wherein he benefits by this proposed legislation. What does the average citizen require in order to live? Food, clothing, a house in which to live, and furniture.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Massachusetts yield to me?

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

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. THOMAS of Oklahoma. Is it not a fact that this bill proposes to afford a very large degree of protection on rags?

Mr. WALSH of Massachusetts. Many kinds of rags.

Mr. THOMAS of Oklahoma. And that is about the only thing the people will be able to produce in the future.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Oklahoma has supplemented my speech very aptly by declaring that one result of this bill, should it become a law, will be a decree to the general public to use rags for their wearing apparel.

However, I want seriously to discuss the question of how this bill affects the prices of clothing, shelter, food, and furniture. Let us first take shelter. Lumber, brick, cement, wall board, wall paper, window glass, paint, hardwood flooring, tiles—in fact, almost every item necessary in the construction of the homes of the people—has had increased duties levied upon it in the pending bill. That is one of the flagrant and indefensible features of the measure. This proposed legislation can mean only an increased cost not only of homes but an increased cost of rented tenements, because the tenant's rent is measured by the cost of building. On nearly every commodity which is used in the building of shelter for the American people increased duties have been imposed. Not only will that be a burden to the individual, to the home builder, and to the man who pays rent but it will be an injury to every manufacturer, every real-estate investor in the country; and this at a time and period when we want to expand our industries and restore prosperity. Surely the home owner, surely the man who pays rent for a tenement, can not find in this bill any satisfaction or any inducement to thrift.

I repeat, one of the most outrageous burdens in the measure is the increased duty upon building material of every kind and class. They are too numerous to mention.

Now, Mr. President, let us consider clothing. I observe that I have the attention of the Senator from Georgia [Mr. GEORGE], who, representing the minority, had charge of the wool schedule, the cotton schedule, the rayon schedule, and the silk schedule. I know he, at least, will confirm my declaration that the result of the increased duties levied in the bill on the raw materials from which our clothing is made means, if any of these rates shall be effective, that the clothing bill of the American public will be increased by hundreds of millions of dollars. Not a single fabric used in clothing our people has escaped increased tariff burdens, because of the compensatory duties necessarily levied upon every fabric used in clothing on account of the increased duties on all raw materials. On furniture—on the basic raw material of furniture, various types of imported tropical woods and lumber—increased duties have been levied. Even the glue that puts together the parts of the furniture, the paint on the furniture, plywood, veneers—all have had imposed on them increased taxes by this bill.

Mr. President, let us turn to food, where shameful increases have been levied. The duties on fresh vegetables have been increased as follows:

Green beans—the amount of increase levied in this bill is 83 per cent. On mushrooms there is an increase of 25 per cent; on peas an increase of 40 per cent; on onions a 70 per cent increase; on potatoes a 17 per cent increase, amounting to about 52 cents per bushel. On tomatoes, an increase of 79 per cent has been levied; on turnips an increase of 14 per cent; on cabbages an increase of 116 per cent; on fresh vegetables, not specially provided for, an increase of 115 per cent. These increases have been levied on the food of the poor, of the working classes, of the masses, of those at present unemployed. There has been, I repeat, a 115 per cent average increase in the duties upon the common every-day vegetables.

Meats: The duty on beef has been increased 26 per cent by this bill; on veal 17 per cent; on mutton 29 per cent; on lamb 16 per cent; on pork 19 per cent. On meats, fresh, not specially provided for, the duty has been increased 32 per cent. The duty on canned meats other than ham and bacon was increased 26 per cent; on prepared or preserved meats, not specially provided for, it was increased 30 per cent. It is apparent that the packers, not the cattle raisers, will be the chief beneficiaries of these increases.

As to dairy products, the increased duty proposed on milk is 23 per cent; and I am informed by the Senator from Wisconsin [Mr. BLAINE] that a new definition of milk has been provided in this bill, so that what heretofore was not milk is now going to be milk, in order to receive the benefit of an increased protection on milk. No wonder the consumption of milk by the poor has decreased. I was reading only yesterday some very interesting information to the effect that the larger the family the less the consumption of milk per capita in recent years, due to the fact that milk has increased so greatly in price that where there are several children it has become a luxury and it is impossible for the head of the family to supply the children with milk; and yet, in face of that fact, it is proposed to increase the duty upon milk and cream very substantially.

Mr. BLAINE. Just for the purpose of accuracy, since the Senator referred to the definition of milk, I desire to state that the provision is that milk containing so much butterfat shall be classified as cream. So it is a new definition of cream, and not of milk.

Mr. WALSH of Massachusetts. It is putting under the head of cream what heretofore has been treated as milk.

Mr. BLAINE. By lowering the butterfat content.

Mr. WALSH of Massachusetts. Exactly. Previously that content would be treated as milk, but now it is to be treated as cream.

Sour milk and buttermilk, increased duty 3 per cent.

Cream, increased duty 12 per cent.

Condensed and evaporated milk and similar products, increased duty 16 per cent.

Cheese, increased duty 14 per cent.

All kinds of eggs, increased duty 40 per cent.

Miscellaneous agricultural products:

Corn, increased duty 10 per cent.

Rice and rice flour, increased duty 10 per cent.

Cherries, prepared, increased duty 29 per cent.

Figs, prepared and preserved, increased duty 39 per cent.

Lemons, increased duty 16 per cent. The duty on lemons in the bill is 79 per cent; so all together there is approaching 100 per cent duty on lemons for the benefit of a few lemon growers in southern California.

Limes, increased duty 49 per cent.

Grapefruit, increased duty 16 per cent.

Plums and prunes, increased duty 22 per cent.

Blueberries, increased duty 20 per cent.

Edible nuts, shelled and unshelled, increased duty 23 per cent.

Dried beans, increased duty 27 per cent.

Dried peas, increased duty 19 per cent.

I think one of the most interesting items is blueberries. I can not let the occasion go by without telling something about blueberries, for it illustrates how this bill has been framed and the small but burdensome increases levied at the expense of the plain people of the country.

The picking of blueberries in the eastern section of our country is begun in June. As the weeks pass the blueberry crops begin to ripen up the Atlantic seacoast into New England. The last of the blueberries in the State of Maine are picked during the last weeks of August. On the island of Newfoundland, out beyond Nova Scotia, there is raised a fine crop of some of the best blueberries in the world. These berries ripen after all the American fresh-picked blueberries are exhausted, during the month of September. Because they have a few blueberry-canning factories in Maine, a duty upon fresh blueberries was requested. They demanded that the public substitute canned for fresh blueberry pie.

Senators who live along the Atlantic seacoast from Washington to Portland, Me., have wondered why they are able to get fresh blueberry pie—one of the most delicious of the pies and one of the most delectable of all our foods—not only during the summer months but late in September and even in October. It is because of the blueberries that come from that island off the coast of Nova Scotia, frozen and sent to various parts of the country, even to Chicago. Now a high tariff is put in this bill to force us to use canned blueberries and to do away with fresh blueberries in the months of September and October. Here is another new idea invoked in tariff making, namely, using tariff duties to force our people to use substitutes.

Mustard seeds, proverbial for their insignificance, present an interesting tariff story. The mustard seed is the raw material from which dry mustard, known variously as ground mustard, mustard flour, and mustard; and also the raw material for wet mustard, known as prepared mustard for condiment and table use. Yellow mustard seeds are principally used for the manufacture of these various types of prepared mustard. It is reliably estimated that the domestic production of yellow mustard seeds does not exceed 50,000 pounds a year, whereas the domestic demand is nearly 15,000,000 pounds a year. The total domestic production of black and yellow mustard seeds last year was 1,900,000 pounds.

Under the act of 1922 the rate of duty on mustard seeds is 1 cent per pound, while the Senate bill seeks to impose a duty of 2 cents per pound. The change in duty from 1 cent to 2 cents per pound would mean that the numerous manufacturers of prepared mustards and spices will pay $300,000 each year; the 115,000,000 people of the United States would be taxed nearly $640,000 on finished mustard in order to set up a bonus of $38,000 a year

for the few growers on the Pacific coast who do not produce even enough mustard seed to supply the State of California.

Take a small item like beeswax upon which a substantially increased duty has been levied. The domestic production has steadily decreased because the bee industry in this country is a honey-producing industry rather than a beeswax-producing industry, the former being more profitable. It is absolutely necessary to import about 85 per cent of our large consumption of over 6,000,000 pounds. Thus, with no prospect whatever of the bee industry being benefited, the industries engaged in producing candles, cosmetics, shoe polish, floor and other polishes, insulating material, compounds, dental supplies, pharmaceuticals, paints, cutlery, thread, etc., all of whom must import beeswax, will be penalized by increased costs due to the increased tariff duties levied apparently for the benefit of the few farmers who produce beeswax only to the amount of 15 per cent of our large industrial needs.

Mr. President, the duties levied and attempted to be levied upon food products in this bill is a crime that should cry to heaven for vengeance. It is a cruel and shameless record.

All through this bill is the same shameful story—give and take; the swapping of votes; an exchange of rates. "You give me this rate, and I will give you a rate upon some product that is produced in your particular State or your particular locality." During the last days this logrolling reached the high-water mark. To my mind, exchanging votes for tariff duties that burden our people is as reprehensible as it would be for a judge to exchange legal decision with other judges on the Supreme Court bench.

Now, let us inquire further. Has the farmer benefited by this bill?

No farmer produces all these agricultural products enumerated above, but most farmers do use a large number of feeds. I am sure the farmers of the South particularly, and the farmers of the Northeast, and many of the farmers of the far West, will be interested to see what has happened in this bill to feeds which the farmers must buy for their cattle and for their poultry. Among the feeds which millions of farmers use and do not produce that have been given increased duties are bran and shorts, corn, oats, middlings, hay, and straw.

The American Feed Manufacturers' Association informs me that there has been an increase in the duty on articles used as feed in the case of 10 of these products, and there is just one dutiable feed article on which the duty was decreased. So on 10 of the feed products used by the millions of small farmers of this country to feed their poultry and livestock the duty is increased. Even the farmer's seed have been given generous increases. Surely everything he buys for his home and children and farm have added burdens placed upon them.

Mr. President, I must not prolong the discussion of this sad and disappointing experience in tariff making. I have already talked longer than I intended; but in view of this record, in view of the increased duties that have been levied in this bill, according to the necessarily hasty analysis I have made of it, I again inquire who is to be benefited by the enactment into law of this legislation—what group? Is it the farmers for whom the bill is supposed to be specially constructed?

The Senator from Wisconsin [Mr. BLAINE] again and again, in the most frank and candid manner, has said that these agricultural duties in most instances will not be effective; and if they are effective, will only tend to benefit a small group of farmers at the expense of larger groups of farmers. I am convinced that his position in that matter is absolutely sound; that the farmers in general will get no benefit from this bill. Whatever little benefit comes to the average farmer from the increased duties that may be effective, will be offset tremendously by the increased duties on his clothing, the increased duties on his furniture, the increased duties on all his tools and implements and machines, and the materials for the buildings that shelter himself and his family and his livestock. The farmers in general will be taxed under this bill many dollars for the few cents a few particular farmers may gather in here and there from the increased duty on wool, on casein, on sugar, citrus fruits, long-staple cotton, and other like agricultural products.

Mr. President, sectional interests, political influence, fanaticism, propaganda to the effect that protection was a panacea to agricultural relief, unsound economic theories, and many other factors, have resulted in the drafting of a bill that is filled with inequalities and economic monstrosities.

Where are those who benefit by this bill? They can not be found. This bill is without friends. It is unsung and unhonored. Here and there are some real net benefit to marginal producers, possibly. Undoubtedly hidden here and there some benefit for individuals; but all the rest of the American people must pay dearly for the benefits to the few.

I wish to make one final commentary on this bill as a whole; that is, to call attention to the slipshodness and the thoughtlessness of its construction. By slipshodness of construction I mean especially the great number of specific duties used for the first time, or unwisely continued, which apply in a given paragraph to a considerable variety of commodities or grades of a commodity like wool and many others in this bill, having a wide range of values. Everybody knows that such commodities should have an ad valorem rate of duty; that they do not lend themselves to a common specific rate. A common specific rate applied under such circumstances means equivalent ad valorem rates all the way from almost nothing to several hundred and even thousands per cent. Such rates represent regressive taxation bearing most heavily upon the incomes of the poor. The object sought, in many instances, is wholly to exclude the cheaper varieties of imports of the commodity and to do it in such a way that the press and public can not see it at the time the legislation is passed. It takes expert knowledge of import prices to figure equivalent ad valorem rates; the layman does not and can not know anything about it. In three special instances during the debate did I point out how harmful specific duties are. In the debates on wool, lumber, hides, in particular, attention was called by me to the injustices of this method of levying tariff duties. In each of the above instances the specific duty attempted to be levied, and which was in fact levied in the case of wool and lumber, in actual practice would operate to levying on wool an equivalent ad valorem rate varying from 20 per cent to over 100 per cent. Cheap wool used in the clothing of the masses and the cheap lumber used in the homes of the working classes and the pioneer farmers would bear, under these specific duties, rates amounting to nearly 100 per cent, in comparison with greatly reduced rates on the clothing and the homes of the well-to-do and of expensive office buildings.

This same outrageous, despicable method of levying tariff duties has been applied even to food products. This is not, however, a new wrong but an old wrong. It is hidden protection purposely planned and designed to deceive the public and keep them in ignorance of the harm and injury as well as the increased hardships that such duties inflict upon the less prosperous of our citizens.

By the thoughtlessness of the framing of this bill I mean that in the main each separate paragraph has been dealt with by itself, in disregard of the effect of the action taken upon other dependent industries. I have especially in mind materials and supplies used in manufacturing in contrast to articles of final consumption. The consumer of finished goods has always received little enough consideration at the hands of high protectionists; this time it is industry itself that has received scant consideration. It seems to have been overlooked that in the case of raw materials and manufacturing supplies the imports do not represent foreigners invading our markets (a point of view quite justly to be taken with respect to finished goods), but rather they represent our own industrialists going abroad to get the things they need—qualities and kinds of materials, machinery with special attachments, and so forth, often not produced in this country and which they require to carry on their industries efficiently and profitably. It is nothing short of amazing the way in which throughout the debate and the public hearings upon this bill, it has evidently been absent from almost everybody's thought, the shifting of these duties and the impediment and burden and disorganizing force they constitute for industry, especially for the major industries like the textile industry, the steel industry, and many others, basic to the prosperity of this country. The question of the tariff benefit to be conferred upon the manufacturers of textile machinery, or upon the miners of manganese ore, to illustrate, has been dealt with in an air-tight compartment, so to speak, by itself and without consideration of the question of how many barnacles of this sort the textile industry (far from prosperous), and the steel industry, and others, can stand.

There are several reasons for this strange blind spot and the consequent light-hearted and careless bestowing of disorganizing and disruptive burdens upon the major industries through the bestowal of tariff benefits upon the lesser industries. The chief reason is, perhaps, a general oversight of the factor of the profit per unit of output of the larger industries; all the talk and questioning has been about prices. It is asked, for example, what will be the effect upon the price of paper for the ultimate consumers of paper, of an increased duty on Fourdrinier wires used on paper-making machines. The answer is, of course, that the effect upon the final retail price of paper will be negligible. A foolish question with an inclusive answer for tariff-making purposes. If the cost of Fourdrinier wires, however, per ton of output of the paper manufacturer is, let us say in round numbers, $1 (it is in fact not far from that), and the profit per ton of paper produced by the mills is, let us say, also $1; then, if by a tariff benefit conferred upon the Fourdrinier wire manufacturers you increase the paper mill cost for wire per ton of paper to $1.50, you have, thereby wiped out (according to this illustration) one-half of the paper manufacturers' total profit per ton. And that is not a negligible effect of your wire duty, but a substantial and disastrous effect.

Those not closely in touch with the various industries are unfamiliar with the fact of the exceedingly narrow margin of profit per unit of output that is obtained by many of the leading industries that are highly competitive; and that, nevertheless, sometimes make satisfactory aggregate profits because they turn out so many units. It is well known by those who live in shoe-manufacturing towns, for instance, that the profit per pair of shoes—even for the successful concerns—is, as a rule, only a few cents per pair. Therefore an increase in the cost of sole leather brought about by a duty on imported hides, if one be imposed, and other increased costs brought about by little nibbling duties on this and that, may result in wholly wiping out the profit on manufacturing an average pair of shoes. It could have this effect in the first instance and that effect would be continued except which that the shoe manufacturer will contrive and maneuver and stint and spare, and so get by with slightly reduced quality.

I predict that when and if this tariff bill goes into effect the immediate result will be that the managers of the leading industries of this country will be at their wits' end how to meet its disorganizing influences and how to offset its profit-destroying influences. They can not find a ready solution in all instances

by merely advancing their sale prices, as they did during the World War, when a great monetary inflation was in progress. That is out of the question now. The people can not be compelled to pay generally much more for their clothing and other requirements; they have not the more money to pay with. But they can and will be forced to put up with inferior clothing and other articles. That is what your increased duties on virgin wool and on wool rags in the main will come to. And so on in like manner all along the line.

Mr. President, another deplorable feature of this bill is the effect that the increased duties upon imports, that must be brought into the country and that are the raw materials extensively used by our manufacturers, will have in increasing the cost of production of American manufacturers and consequently result in retarding our export business. To find another February (1930) in which the value of our exports has been so small we must go back to 1923. The decline in our exports for the eight months of the current fiscal year was approximately $300,000,000, while the decline in our imports has been only $39,000,000.

With the increased cost of production levied upon our American producers, how can we expect anything but further pronounced shrinkage in our exports, which means, of course, a glut in the home markets, curtailed production, unemployment, and all the undesirable consequences which nominally follow?

Mr. President, this bill has the condemnation of and is repudiated by all serious-minded people. There is not a Republican, either of the Old Guard or of the farm bloc, on this floor who has any enthusiasm for it. There is not a citizen in America, except some selfish producer, who has any confidence in this bill. Democrats and Republicans alike are against it. No newspaper in the country defends it. Consumers, manufacturers, and agriculturists denounce it. Other nations are getting ready to retaliate. Here and there only some producer in desperate financial circumstances, hoping that a miracle may happen to his business by the passage of this tariff bill, is the exceptional supporter of it. This bill is founded upon no principle or policy. It means injury to American industries of every class and kind; and the last circumstance under which such a bill ought to be passed is the present time of depression, when industries need real help, not impediments. Only partisan pride sustains hope in its being kept alive.

Mr. President, this country is undoubtedly committed to the protection policy, but it wants reasonable not ruinous protection. The pending bill is not in any sense reasonable protection or defendable upon any of the old principles of protection, namely, protection for infant industries, or upon the theory of protection to offset the cost of production here and abroad. This bill is in reality a bill to add impediments, restrictions, and increased costs to the industries and consumers of the country. It is a bill that, instead of assisting American industries to offset their disadvantages in producing in competition with foreign countries, will actually result in adding to the disadvantages of American producers and give added advantage to European producers.

I close as I began: Mr. Hoover has an opportunity that no American statesman ever had before. I hope he will take advantage of it. I hope he will veto this bill and endear himself to the hearts of all the people of this country regardless of party, regardless of condition—North, South, East, and West. He should condemn and repudiate this bill, made in such an unscientific, slipshod, logrolling manner, and through unblushing trading methods, without any definite purpose or real benefit to any group, and filled with burdens of unmeasured proportions to all our people.

Mr. AUSTIN obtained the floor.

Mr. FESS. Mr. President, will the Senator yield that I may suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Vermont yield for that purpose?

Mr. AUSTIN. I yield.

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

The PRESIDING OFFICER (Mr. KING in the chair). Eighty-two Senators have answered to their names. A quorum is present.

Mr. BLACK. Mr. President, will the Senator from Vermont yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Alabama?

Mr. AUSTIN. I am glad to yield.

RELIEF OF STORM-STRICKEN AREAS IN THE SOUTH

Mr. BLACK. Mr. President, in my hand I have a joint resolution which was prepared with reference to relief for the storm-stricken areas of the South. I offer it on behalf of myself and the Senator from Georgia [Mr. GEORGE]. It has been prepared in cooperation with him and with the other members of the Alabama delegation. It is very short, and I ask that it may be read at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will read, as requested.

The joint resolution (S. J. Res. 130) to provide assistance in the rehabilitation of certain storm-stricken areas in the United States and in relieving unemployment in such areas, was read the first time by its title, the second time at length, as follows:

Whereas the States of Alabama, Mississippi, Georgia, South Carolina, and Kentucky are suffering from the effects of recent storms which rendered thousands of people homeless, devastated farms, destroyed houses, barns, and other equipment, and increased unemployment in the storm-stricken areas in such States; and

Whereas the damage caused by the storm was so great as to make it impossible for the governments of those States to give adequate relief in the emergency: Therefore be it

Resolved, etc., That the Reconstruction Finance Corporation is authorized and directed immediately to assist in the rehabilitation of the storm-stricken areas in such States. For such purposes the corporation shall have power to make loans to persons in the storm-stricken areas in such States upon such terms and conditions as the corporation shall by regulation prescribe, including an agreement by the borrowers to use the loans for the purposes specified by the corporation; except that no such loan shall be made for a period of more than 10 years or in an amount in excess of $15,000 to any one individual. The rate of interest upon each such loan beginning with the fourth year shall be 5 per cent per annum, but the corporation, in its discretion, may defer the payment of interest upon any such loan for such period of time as the corporation shall deem necessary. All such loans shall be made by the corporation itself or through such agencies as the corporation shall designate. All money received during a period of two years from the date of approval of this joint resolution as repayment of principal or interest of any loan made pursuant to this joint resolution shall be held by the corporation as a revolving fund, which may be loaned on applications for the purposes and upon the terms and conditions herein provided, and all moneys received thereafter as repayment of principal or interest of any such loan shall be covered into the Treasury as miscellaneous receipts.

SEC 2. Not to exceed $5,000,000 of the sum appropriated in Public Resolution No. 7, Seventy-second Congress, approved January 27, 1932, is hereby reappropriated for the purpose of carrying out the provisions of this joint resolution.

SEC. 3. The Reconstruction Finance Corporation shall make an annual report to Congress at the beginning of each regular session and give a complete account of its activities in carrying out the provisions of this joint resolution.

Mr. BLACK. Mr. President, it is my intention to ask that immediate consideration be given this resolution, but I have discussed it with the leader on the other side of the Chamber, the Senator from Oregon [Mr. MCNARY], and he has requested I do not ask for action to-day. Therefore, I am going to request that the resolution be printed and lie on the table. It is my intention to-morrow to ask for its consideration.

With the consent of the Senator from Vermont, I should like to make just a brief statement with reference to the measure, and then I am through. It is copied almost verbatim from the resolution adopted for the relief of the Porto Ricans. It authorizes no new appropriation, but proposes to utilize $5,000,000 of the funds which have been appropriated already for the relief of banks and railroads and business enterprises in order to relieve people who have been stricken by the storm. I thank the Senator from Vermont.

Mr. JONES. Mr. President, I wish to suggest to the Senator——

The PRESIDING OFFICER. The Senator from Vermont has the floor. Does he yield?

Mr. JONES. Will the Senator yield to me for a moment?

Mr. AUSTIN. I yield.

Mr. JONES. I want to suggest to the Senator that he will make time by having the resolution referred to a committee. It ought to go to a committee; it ought to be acted upon by a committee; and I suggest that it be referred to a committee right away.

Mr. BLACK. With the consent of the Senator from Vermont, I will say I was a little at loss to know to what committee it would be proper to refer it if it should go to a committee. Personally, I had hoped that on account of the necessity for immediate action there would be no request that it go to a committee.

Mr. JONES. I think an authorization of that kind should go to the Committee on Banking and Currency.

Mr. BLACK. I might state that the appropriation has already been made. Of course, if it is insisted upon, it may become necessary to send the resolution to a committee. Will the Appropriations Committee meet to-morrow?

Mr. JONES. It is not for the Appropriations Committee to act on a measure of the kind proposed. It proposes legislation, and should go to a legislative committee, and it should go there right away.

Mr. McNARY and Mr. WALCOTT addressed the Chair.

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

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

Mr. McNARY. I read the resolution very hurriedly, but discussed the subject matter with the Senator from Alabama. My opinion is that the resolution properly should go to the Committee on Banking and Currency, which had jurisdiction over the original act.

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Connecticut?

Mr. AUSTIN. I yield.

Mr. WALCOTT. I merely desire to ask a question. I feel strongly as the Senator from Oregon and the Senator from Washington do, and I was going to make the same suggestion that the resolution be referred to the Committee on Banking and Currency. However, I should like to ask the Senator from Alabama a question. Is it proposed to do what is contemplated by making a loan or otherwise? The Reconstruction Finance Corporation are only empowered to lend money. I did not catch in the resolution its significance in that respect, and I should like to ask the Senator for an explanation of that point.

Mr. BLACK. I will state to the Senator that the measure provides for loans to aid in rehabilitation work, and for that reason we believed that it would be better to have it handled by the Reconstruction Finance Corporation. The Porto Rican loan was handled by a commission consisting of the Secretary of War, the Secretary of the Treasury, and the Secretary of Agriculture. Those of us who have considered this question prefer to have the matter handled by the Reconstruction Finance Corporation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. ROBINSON of Arkansas. I think the Senator from Alabama, perhaps, did not understand the inquiry of the Senator from Connecticut. His question was whether the resolution provided gratuities or merely authorized loans.

Mr. BLACK. The resolution provides for loans for rehabilitation work.

Mr. WALCOTT. But the Reconstruction Finance Corporation law provides that the money must be loaned either to financial institutions of the various categories enumerated in the bill or to railroads. I did not catch anything in the resolution that would so provide. Are the loans to be made to financial institutions for the purpose of rehabilitation work?

Mr. BLACK. No. The idea we have is that in a storm-stricken area of this kind it would certainly be appropriate to lend to those individuals who have been injured. That is exactly what was done after the storm in Porto Rico; that is what we are requesting here; and we believe that the Reconstruction Finance Corporation has the proper equipment and can handle this matter better than can the three members of the Porto Rican commission. It seems to be the opinion of those who are here that the resolution should be referred to a committee; and if I knew that the Banking and Currency Committee would meet to-morrow, or if there is some other committee that will meet to-morrow, I would be glad to have the measure referred to it. Personally I would think that in a case of a resolution of this kind perhaps the Senate could act upon it without referring it to a committee. For the present, Mr. President, I will ask that the resolution lie on the table, and later I may submit a different request.

The PRESIDING OFFICER. The resolution will lie on the table.

THE PATHWAYS OF RECOVERY—ADDRESS BY SENATOR WAGNER

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD a very able address delivered by my colleague [Mr. WAGNER] on Saturday last. It is entitled "The Pathways to Recovery." Certainly we are seeking those paths, and I commend the address to the careful reading of Members of the Senate.

There being no objection, the address was ordered printed in the RECORD, as follows:

ADDRESS OF HON. ROBERT F. WAGNER, OF NEW YORK, AT THE NATIONAL DEMOCRATIC FORUM, NEW YORK CITY, MARCH 26, 1932

Mr. Chairman and friends, I have not come here to criticize the administration for acts done or undone. I have not come to make a political speech. Our country is faced with dangers so grave that partisan considerations become unwelcome intrusions.

My purposes are to consider with you a problem of government, to state my views on the matters in controversy in connection with that problem, and to secure from you the benefit of your judgment. That, I take it, is the function of this forum and that is essentially the process of democratic and representative government.

The problem is: What are the pathways of recovery? The United States is economically sick. The world is financially ailing. How can they get well?

The controversial issues involved in this problem are very numerous, but those most significant to our own country at this moment revolve about the question: How far shall the Government go in promoting recovery? It is that question which I especially desire to consider.

Before we can intelligently appraise the various methods proposed for recovery we must have some idea of the goal we are attempting to reach. We must formulate some conception of the condition we should like to create.

I have head many men, in both public and private life, express the hope that we return to the prosperous days of 1929. That is a ridiculous folly. It reminds me of a patient praying for the return of the very disorders which preceded and precipitated his breakdown. It is the unavoidable truth that the conditions of 1928 and 1929 produced the misery of 1932.

We need not be expert statisticians to understand these simple figures. For every $100 worth of merchandise which the factories of the United States produced in 1919, they produced $135 worth in 1929. But they turned out this larger production with 500,000 fewer workers. This tendency was already noticeable in 1927 and 1928; and the condition I have described held true not only in the factories, but equally in the mines, on the railroads, and in every line of industrial activity. It was the realization of that supremely important fact which persuaded me during the very first session that I went to the Senate that unemployment was the most serious catastrophe against which the United States must prepare.

Business was already then seriously out of balance. The collapse would have come much sooner than it did but for two factors. By means of large-scale installment buying we maintained the purchasing power of the domestic market. By lending heavily to foreign customers we sustained our export trade. Both of these methods, however, had their obvious limits and when these were reached business crashed into the depression from which we have not yet begun to emerge.

There were only two possible avenues of escape from the impending disaster. The one was a substantial increase in the real purchasing power of the domestic market—the other an increase in the effective, self-sustained demand of the foreign market. We pursued neither course. In the domestic market the country looked on lazily and without concern while the mechanization of industry was releasing thousands and then hundreds of thousands of men and women from their working places without hope of securing other jobs. Their purchasing power dwindled and vanished.

In the foreign market this country turned a precarious condition into panic by firing the first gun in what has since developed into a world-wide economic war. Every nation is to-day engaged

in artificially throttling the flow of international trade by higher tariffs, quota systems, and embargoes.

Meanwhile a surplus of capital funds which found no outlet in useful production or useful consumption was shunted into the whirlpool of speculation and stock inflation and aggravated the intensity of business disorganization.

Only those who are willing to go back to a condition in which business is almost continuously out of balance—in which the country is always either emerging from one depression or entering another, in which employment is always uncertain and insecure—only those who can look with satisfaction upon such chaos regard the predepression period as the model to which we should return.

On the other hand there is a large and increasing number of people in the United States who are inspired by a brighter vision—who look forward to a degree of orderliness and stability in business, to a measure of security in earning a livelihood, to a standard of living which is high enough not only to satisfy physical wants but also to permit spiritual development and growth. We hope, out of these conditions, to build a nation physically sturdy and morally strong and free of the stifling anxieties which now beset us alike in times of depression and prosperity.

What roads will lead us to that objective?

Our starting point is, of course, our present position: It is a comparatively simple matter to describe that position in terms of business and social statistics; a 38 per cent decline in production since 1929; more than eight millions looking for jobs and unable to find them; a 550 per cent increase over 1929 in the amount of charitable relief distributed to the unemployed. Startling as these figures are, they do not reveal the intensity of the individual tragedies which have visited hundreds of thousands of proud families; they do not disclose the insidious reduction of living standards; they do not measure the extent of physical impairment and moral deterioriation. We have no way of enumerating these heart-stirring facts—but we know, nevertheless, of their prevalence. We know that they are vital; that they will condition and check the progress of America.

It seems to me clear as daylight that the first advance in the direction of recovery must be in this area of tragic want and unemployment. That is the sore spot which requires our first aid and the most persistent attention. In other words, it is not the top of the upper structure of business which should first be repaired, but the foundation which requires to be buttressed—and that foundation consists of the standard of living of the great masses of our people and the jobs which enable them to maintain that standard.

We can not even begin to move along any pathway of recovery as long as a substantial number of our people are in destitution. We shall never be able to consolidate any victory in the war against depression as long as increasing numbers barely manage to subsist. We can not accomplish measurable results as long as millions of families are by reason of unemployment unable to buy the products of the farm and factory. No one who is aware of these conditions at first hand can resist their human call. It is not only humanity, however, but sound economics as well which dictates that our very first step in the direction of recovery must be to provide amply and generously for the relief of those who have suffered most severely from the depression.

There is no reason or excuse why anyone in the United States should suffer hunger, undernourishment, or lack of shelter. The important need is that relief should be made available. Whether it be the cities or States or the Federal Government that provides relief is, under the unprecedented circumstances, of secondary concern. My own judgment is that every agency, public and private, local and national should undertake to do its maximum. The situation is so desperate that only by mustering the combined strength of all our people can we hope to win. It is for that reason that I have introduced and advocated a bill in the Senate calling upon the Federal Government to advance to the States $375,000,000 for the relief of the hungry and the destitute upon certification of the governor of the State that there is need of Federal relief.

That is a matter of immediate and irrepressible emergency, made necessary because the other steps which I shall mention have not yet been undertaken.

The second pathway of recovery leads straight to the pivotal need of the present emergency—the provision of jobs for those who are ready, willing, and able to work. Here we are in very controversial territory. It is the view of the administration, expressed by two members of the Cabinet, that the Government has done all that it can do when it unlimbered the banking machinery by means of the Reconstruction Finance Corporation and the Glass-Steagall Banking Act. Having strengthened the banks and created a condition of more liberal credit it is, according to the administration, the responsibility of business to initiate the recovery.

I have no quarrel at all with those who urge business to begin. My controversy is only with those who believe it is time for the Government to stop. Business does not act in response to speeches. Business will resume only in response to a demand for commodities by purchasers who have the price to pay.

Such an increase in demand has not yet originated and, indeed, can not originate except with inhuman sluggishness as long as millions of families are without pay envelopes and millions more are anxiously dreading the arrival of the desolate day when their breadwinners too will be drafted into the army of unemployed.

The administration's view seems to be based on the assumption that men are out of work because banks curtailed the supply of credit. The reverse is the fact. Banks curtailed their credit because so many are out of work. And we do not restore any substantial number of these to their jobs merely by liberalizing credit.

Consequently it seems to me that the Government can and must go further than it has. It must start the process of reemployment. Once that begins we know that employment creates more employment. The earnings of one industry become the purchases which set going the other industries, and the recovery is on.

How can the Government initiate such a movement? How can it provide jobs? Far be it from me to suggest that the Government embark on a program of unnecessary and uneconomic undertakings simply for the sake of putting men to work. Such a course is wasteful, and waste has never yet promoted recovery. As a matter of fact, there is no need for such a course. The Government does not need to contrive jobs merely for the sake of providing work.

The truth is that the Federal Government has been hoarding employment opportunities for the past year. It has been withholding from the market necessary and useful projects which Congress has long ago investigated and approved. These fully authorized projects for which no money has been voted amount to over a billion dollars. They are ready and available. The blue prints are prepared. If released now, it would mean that a million men would in a short time actually be working and earning their wages. Such a program means orders for steel, stone, brass, wood, tile, radiation supplies, electrical supplies, furniture, and a thousand other commodities. It would open jobs in hundreds of thousands of places having no connection with construction. There is not a branch of the national economy—whether it be agriculture, transportation, banking, or trade—but would directly feel the life-giving impulse generated by such an undertaking.

Look specifically at the situation in New York State. Under the so-called public-building program which Congress adopted in 1926 there are to be built in New York State 163 new Federal buildings consisting of post offices, customhouses, courthouses, border stations. The places have all been designated. In all but a few of these places the Federal Government is to-day paying rent. It needs these new buildings, and it can secure them to-day at bargain prices. Out of these 163 buildings only 9 are finished, and 16 are under contract. On some 106 buildings nothing whatever has yet been done. A similar situation obtains in almost every State of the Union.

The facts ought to be faced squarely. We can not expect private industry, which is suffering from overextension, to do any substantial amount of construction.

We can not expect the working man to buy and build a home when he does not know how long his job will last.

But we do know that the Federal Government needs new buildings, needs flood-control works, needs harbor improvements, and a myriad of other public works. If it does not construct them this year, it will have to do so within the next few years in any event. Is it not good business sense to release this large program of construction now when it will do most good?

During the session of Congress which began in December, 1927, I proposed that public works be planned in advance so as to have them ready to take up slack in private employment during periods of depression. After a long struggle, that proposal finally became law in February, 1931. Now is the time to use that law to greatest advantage.

Last September, in the course of a Labor Day speech in Syracuse, I pointed out the benefits of such a public-works program. Had the Federal Government followed that suggestion, there would have been no cry for relief during the present winter, and many a family would have been spared the pain of living at the hands of charity.

Ever since I have been advocating public construction as one of the pathways of recovery, I have met with but one argument in opposition. It is an argument which is usually stated in the form of a question: Where is the money coming from? As a matter of fact, every business man knows the answer to that question. Almost every large business in the country does its large-scale construction with borrowed money. In this State the people have more than once approved large bond issues for permanent improvements. There is no reason why the Federal Government can not follow the same course and thus spread the cost of permanent improvements over a period of years and prevent the imposition of further tax burdens upon present taxpayers.

For a time we heard the amazing comment that a Federal bond issue necessary to finance public construction could not be sold; it was rumored that the credit of the country was impaired. I pointed out in the Senate the utter imbecility of such a statement. I showed that in 1931 the Government sold $2,215,000,000 of bonds and that the subscriptions totaled over $9,300,000,000, an oversubscription of 4 to 1.

Speaking in the Senate on the 15th of January, I ventured to make this prophecy:

"In my judgment the one and only fact that has weakened confidence in the Federal Government was the apathetic helplessness of the administration in the face of the greatest economic upheaval of modern times. The prevailing feeling that the administration would just sit on the rocks and let the waves overwhelm it was sapping American confidence. Faith and confidence both will revive and flourish when America realizes that the Government will bestir itself and will not let its mighty arm lie idle in this unprecedented emergency."

The events have demonstrated the complete accuracy of that statement. Only two weeks ago it was announced by the Treas-

ury that its offering of an issue of $900,000,000 of Treasury certificates was oversubscribed three and a half times.

There is not a single reason of merit why the Federal Government should withhold the million jobs now available from the people of the United States.

I have therefore introduced a bill calling for a bonded construction program to embrace all projects heretofore authorized by Congress. Nothing the Government can do at this time would more substantially contribute to national recovery.

The restoration of a balanced Budget for the Federal Government is without question one of the steps on the pathway of recovery.

The construction proposal does not hinder the attainment of that objective. By means of a bond issue we can spread the cost of the construction over a reasonable number of years in the future. It imposes no burden upon current business. On the contrary, it provides the much-needed stimulus to business recovery.

We must try to see the question of a balanced Budget in its true perspective—namely, that it is an aspect of the present condition of business depression. This fact seems obvious, but it deserves to be emphasized. Many of our people tend to overlook it, and in the zeal for retrenchment they would cripple even the very machinery erected to fight the depression. Such a course is far from constructive. It has the appearance of economy but actually it is the most ill-conceived extravagance.

We ought to remember this fact: The problem of balancing the Federal Budget will be very much simplified, may indeed cease to be a problem, if we succeed in balancing the individual budget of the American family by restoring the breadwinner to a job.

There is one other thought on the Budget question which should not be left unexpressed. Only one new source of revenue is at hand which will impose no burdens whatever upon any existing business. I refer, of course, to a tax on wine and beer. There is now pending in the United States Senate a resolution I submitted addressed to that subject. The resolution uses these few and simple words: "The eighteenth amendment is hereby repealed." No strings are attached to these words and no ifs and buts to the meaning which they express. When these words are written into the Constitution, as sooner or later they must be, they will not only simplify the tax problem but at the same time spur business activity more sharply than any other single piece of legislation we have passed in a generation.

On the most conservative basis I estimate that a minimum of $300,000,000 in Federal revenue and 300,000 new jobs would be made available by the repeal of prohibition, or, as a temporary measure until repeal could be accomplished, by the modification of the Volstead Act. Such a course would help balance the Budget. It would help restore business activity, restore the Government to a position where it would no longer brook defiance by the gangster and the racketeer, restore our people to the road of temperance, and it would restore the respect of the citizen for democratic government.

Thus far I have spoken of the situation at home. We would seriously blunder, however, if we thought that only the domestic scene requires attention. The world is to-day far too small for such an attitude.

Let me refer you to the dollar-and-cents record of our present policy. In 1931 our purchases abroad were $2,000,000,000 less than in 1928 and our sales to foreign customers declined $2,700,000,000. The consequence was, of course, unemployment both here and abroad. There were losses on both sides and gains on neither.

It ought to be clear by this time that neither the United States nor any other people can prosper as a nation apart; that it is the function of statecraft to widen the channels of trade, not to restrict them. Some regard the economic interdependence of all nations an element of danger. I regard it as the most valuable element of security. The world has not yet learned to derive the full benefit of that necessary interdependence. We are bound soon to recognize it as a force which makes for cohesion and cooperation among nations. It is a power which is driving forward the frontier of civilization.

The day has come for an armistice in the mutually destructive economic war in which almost all nations are now belligerently engaged.

These measures, both domestic and international, represent, in my judgment, the principal presently available openings through which we can emerge from the darkness into the light.

There is, of course, a sharp difference of opinion concerning most of these proposals. It is a difference which reflects a conflict as old as the American Government itself. The division is between those who believe that governmental beneficence should be applied at the top in the hope that it would percolate to those below and those who hold the faith that only by lifting the standards of the humblest can the entire nation grow and prosper.

The proposals which I advocate have not only a common aim but a common origin. Their single root lies deep in the soil of democratic principles; in that philosophy of government which measures the well-being of a nation not by the height to which a few fortunes may rise but the level at which live the many millions of its citizens. Such a conception of government necessarily imposes upon it an affirmative responsibility to bring to realization the aspiration of the average farmer, the average wage earner, the average business man to a modest place in the sun.

When our Nation learns to live by the light of that principle we shall cease to witness the modern paradox of want and misery in the midst of abounding plenty. It shall then come to pass that men will truly enjoy the right to life and happiness, for they will possess the right to work and the right to participate in the leisure which their skill makes possible.

CHARLES A. JONAS

Mr. HASTINGS. As in executive session, I desire to move that the Senate reconsider its action in refusing to confirm the nomination of Charles A. Jonas to be United States district attorney for the western district of North Carolina.

Mr. ROBINSON of Arkansas. I make the point of order that the motion is not in order.

The PRESIDING OFFICER. If the point of order is raised, the Chair will have to sustain it.

Mr. HASTINGS. My understanding was that I might enter the motion at any time.

Mr. ROBINSON of Arkansas. Oh, no. I make the point of order against it. This is the first information I have had of it.

The PRESIDING OFFICER. The Chair will hold that the motion would be in order in executive session. If the Senator desires to move that the Senate resolve itself into executive session, and that is agreed to, he may then make the motion.

Mr. HASTINGS. I do not care to do that. If the motion can not be made except as in executive session, I ask unanimous consent that the motion may be entered.

Mr. ROBINSON of Arkansas. I have stated that I raise the point of order, and I object.

Mr. HASTINGS. Very well.

The PRESIDING OFFICER. Objection is made.

WORLD TARIFF BARRIERS

Mr. COSTIGAN. Mr. President, yesterday in the New York Times there appeared an instructive article on world tariff barriers by an able writer, Mr. Charles Merz. I ask unanimous consent that the article may be printed in the RECORD if practicable with the illustrations used by Mr. Merz.

Mr. SMOOT. Mr. President, I do not know what the illustrations are. Illustrations can not be printed in the RECORD, I will say to the Senator.

Mr. COSTIGAN. I send the article to the Senator from Utah for his inspection.

Mr. SMOOT (after examining the article). The charts in this article may properly be put in the RECORD, and I have no objection.

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

The article referred to is as follows:

[From the New York Times, March 27, 1932]

TARIFF WALLS RISE AS WORLD TRADE FALLS—PILED-UP RESTRICTIONS ON INTERNATIONAL TRADE PRESENT SPECTACLE NEVER SEEN BEFORE—RAPID GROWTH OF THE SYSTEM IN TWO YEARS OF DEPRESSION—DEBT PAYMENTS INTERWOVEN WITH OTHER PROBLEMS

By Charles Merz

While business marks time in the third year of an international depression, the nations of the world are rapidly involving themselves in a system of tariffs and trade controls for which there is no parallel in their experience.

Within the last few weeks, on top of a long series of earlier developments, there have come new "quotas" imposed by France on radio equipment, machine tools, and electrical apparatus; reaffirmation by Italy of a quota on wheat; higher tariffs in Spain; the complete breakdown of an effort to persuade the nations of central Europe to abandon restrictions which have all but paralyzed their commerce; a decision by Holland, long an exponent of free trade, to restrict imports of footwear and woolen goods; a presidential decree in Cuba increasing existing rates on passenger cars and motor trucks; announcement in Washington by the Department of Commerce that the new British tariff will affect American goods valued in 1930 at more than $300,000,000; and a prediction by the same Federal agency that measures now in progress will still further restrict "many markets of primary importance to American exports."

Events are moving with great speed to alter the conditions which have hitherto governed international trade. The following summary considers (1) the growth of world trade before 1930 and its course during the depression; (2) the development within the last two years of new tariffs and trade controls; and (3) the possible effects of this development, particularly from the point of view of the United States.

I. World trade

For some years before 1930 the total value of commodities exchanged by the nations of the world averaged about $32,000,000,000 annually. This was a comparatively small part of their total production in agriculture, mining, and manufacture but an important factor in the prosperity of many of them.

How important can be seen if the foreign trade of each country is considered on a per capita basis. The following table does this for the 10 chief exporting and importing nations, whose turnover accounted for approximately two-thirds of the world's international trade in 1929. In this list the nations are ranked in the importance of their total exports and imports. The first column gives the per capita value of their trade in the year before the war and the second the figure for 1929:

	1913	1929
1. United Kingdom	$125.15	$223.80
2. United States	43.05	79.41
3. Germany	70.08	102.84
4. France	70.93	103.76
5. Canada	127.31	252.39
6. British India	4.40	5.95
7. Japan	12.80	31.22
8. Holland	432.93	240.68
9. Belgium	223.48	231.73
10. Argentina	121.75	158.49

From this table it is evident that while foreign trade is of little significance to the individual resident of British India, it is a factor of considerably more importance to the other nations and of very large importance to the United Kingdom, Canada, Holland, Belgium, and Argentina.

It is also evident from the table that the postwar years witnessed a remarkable expansion of foreign trade. Holland is the one exception on the list in this respect. In France and Germany foreign trade increased in value by approximately 50 per cent between 1913 and 1929. It doubled or nearly doubled in Japan, Canada, the United Kingdom, and the United States.

OUR GAIN UP TO 1929

In our own case, this gain becomes still more impressive when the rate of increase during the postwar period is compared with that before the war. On a per capita basis, the value of the foreign trade of the United States increased by 28.2 per cent between 1900 and 1913. It increased by 84.5 per cent during the slightly longer period from 1913 to 1929.

The importance of this gain was widely recognized during the postwar years in which it was in progress. "There has never been such an increase in a similar period before in our history," said Mr. Hoover in an address at Boston, as a candidate for President in 1928. "Our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last seven years has interpreted itself into livelihood for 500,000 additional families in the United States. And in addition to this, millions more families find employment in the manufacture of imported raw materials. The farmer has a better market for his produce by reason of their employment."

The fortunate condition thus described by Mr. Hoover in 1928 continued into 1929. But in 1930 came a sharp loss of foreign trade, shared by every country in the world except Russia (at this time beginning to market the proceeds of its 5-year plan), Honduras, Lithuania, and Palestine.

THE DECREASE IN 1930

The effect of this widespread loss on the fortunes of the more important nations engaged in foreign trade is shown in the following table. The first column gives the total value of the exports and imports for 1929; the second, the figure for 1930; and the third, the percentage of loss:

	1929	1930	Per cent loss
	Millions	*Millions*	
1. United Kingdom	$10,024.1	$8,284.6	17.3
2. United States	9,640.4	6,903.9	28.4
3. Germany	6,411.9	5,349.3	16.6
4. France	4,247.7	3,730.8	12.2
5. Canada	2,507.3	1,913.9	23.6
6. British India	2,090.6	1,593.6	23.7
7. Japan	2,012.2	1,489.6	26.0
8. Holland	1,906.2	1,663.1	12.7
9. Belgium	1,867.8	1,589.3	14.9
10. Argentina	1,727.4	1,130.1	34.5

It will be noted that, without exception, the loss taken by the European nations was proportionately less severe than that of the nations in Asia and the Western Hemisphere. Our own percentage of loss was one of the largest, being exceeded only in the case of Argentina.

FURTHER LOSSES IN 1931

For the following year—1931—complete figures for all 10 countries on this list are not yet available. But in the case of the four most important nations, controlling among themselves nearly half of the world's foreign trade, the comparison with 1929 stands as follows:

	1929	1931	Per cent, loss
	Millions	*Millions*	
1. United Kingdom	$10,024.1	$6,399.4	36.2
2. United States	9,640.4	4,514.2	53.2
3. Germany	6,411.9	3,855.3	39.9
4. France	4,247.7	2,846.6	33.0
Total	30,324.1	17,615.5	41.9

These figures show that in the short period of two years' time the total foreign commerce of the four chief trading nations declined by 41.9 per cent. France, which suffered least, has lost about one-third. Our own loss is far and away the largest, both in percentage and in dollars.

It is true, of course, that a substantial part of our loss and that of other nations is due to a falling price level, rather than to an actual decline in shipments. While the value of American foreign trade was being cut by 34 per cent between 1930 and 1931, the Department of Commerce estimates that the volume of exports was reduced by only 20 per cent and the volume of imports by only 10. These percentages of volume loss are in themselves impressive, however, when it is remembered that they occurred within a single year. It is the dollar loss that counts, however, in the economy of the Nation. And there is no evidence, thus far in the new year, that we are beginning to retrieve the losses of 1930 and 1931, either in dollars or in volume. On the contrary, foreign trade during January and February, 1932, dropped more than a third below the low figure for last year and two-thirds below the figure for 1929.

At this point the gains of the last 20 years have been wiped out and our trade is at the lowest level it has reached since 1910.

II. Tariffs and controls

While American exports and imports have been declining, in company with those of other important countries, but more rapidly, the nations of the world have been erecting a formidable system of new tariffs and controls.

Whether the United States initiated this process, by enacting in June, 1930, a law which increased existing rates on 655 articles in international commerce, is a question which has been debated at great length. Opinions differ. It is clear, in any case, that many drastic changes have been made by other nations since midsummer of 1930 and that in certain instances a direct connection apparently exists between this action and the adoption of the Hawley-Smoot Act in the United States.

Thus, the Canadian Parliament adopted a new set of countervailing duties as soon as the intentions of Congress were made clear. The purpose of these duties, as described by the Canadian Premier, was to show this country that Canada desired to trade on even terms and to divert to the United Kingdom purchases of many goods which were previously bought in the United States.

This action was taken in May, 1930. Two months later the Government of Mexico enacted a law increasing its duties on wheat and flour, two products imported from the United States. In September, following an effort on the part of various groups in Argentina to boycott American goods, the Government of that country entered into an agreement with England for the reciprocal purchase of raw materials and manufactures. During the first six months of 1931 while Argentina's total imports declined 24 per cent her imports from the United States declined by 57.

RISE OF BARRIERS

Whatever the responsibility of the United States in the matter, the process of raising tariff barriers once started made rapid progress. For the effect of the depression was deepening noticeably in the summer of 1930, and to the motives which had ordinarily inspired an increase in tariff rates, such as a desire to protect home industries or to retaliate against the action of a neighbor, new influences were now added.

Chief among these influences were a decline in governmental revenues, a loss of gold, and in many nations a rapidly depreciating currency. As long as the world was enjoying comparative prosperity, countries which traditionally favored low tariffs were able to meet their governmental costs largely through income taxes and internal revenue. An abrupt decline in receipts from these sources forced many of them to turn to higher customs duties.

Meantime loss of gold and depreciating currencies had become a formidable problem, particularly in South America and in central Europe. In order to meet payments on debts owed abroad and to compensate for an adverse balance of trade many nations were forced to export gold. The Central Bank of Brazil, for example, lost 83 per cent of its gold in the last three months of 1930, and in 1931 the rest. Vigorous action to restrict imports was a natural consequence of an attempt to correct an unfavorable trade balance and to restore a reserve of precious metal.

It was in such factors as these, supplementing older arguments in favor of protective duties, and probably deriving some additional force from the example set by the United States, that the present contest in competitive tariffs had its origin.

REVISIONS WIDESPREAD

During 1930 the Department of Commerce reported that there were 6 general tariff revisions upward in Europe, 19 limited revisions upward, and 5 general revisions upward in Latin America.

Further progress was made in this direction during 1931. The most striking example was England's abandonment of free trade and her decision to impose a duty of 10 per cent on a long list of imports valued in 1930 at approximately $1,500,000,000. The Department of Commerce in Washington also reported that "in many countries of Latin America, certain countries of continental Europe, and a few oriental areas, duty advances, often horizontal in character, were widely resorted to during 1931."

This second year of the depression was chiefly notable, however, for reviving three war-time devices to check still further the steadily diminishing flow of international trade. These devices were "quotas," "licenses," and "exchange controls."

(1) "Quotas": This method of restriction, limiting either by volume or by value the importation of certain specified commodities, came into prominence in the latter months of 1931. France introduced a series of quotas, not only on many manufactured articles but also on lumber, meats, dairy products, fish, and sugar. The Spanish Minister of Commerce was authorized by his Government to fix quotas and to distribute them among exporting countries "according to the necessities of Spanish economy." The British Parliament received notice from the cabinet that a plan for a quota on wheat would be submitted in 1932.

Meantime, Turkey established quotas on more than a thousand commodities. The Government of Holland was authorized to impose quotas whenever such action was deemed necessary to keep imports within normal bounds. Other plans for quotas were devised and enforced by Switzerland, Poland, Latvia, and various South American nations.

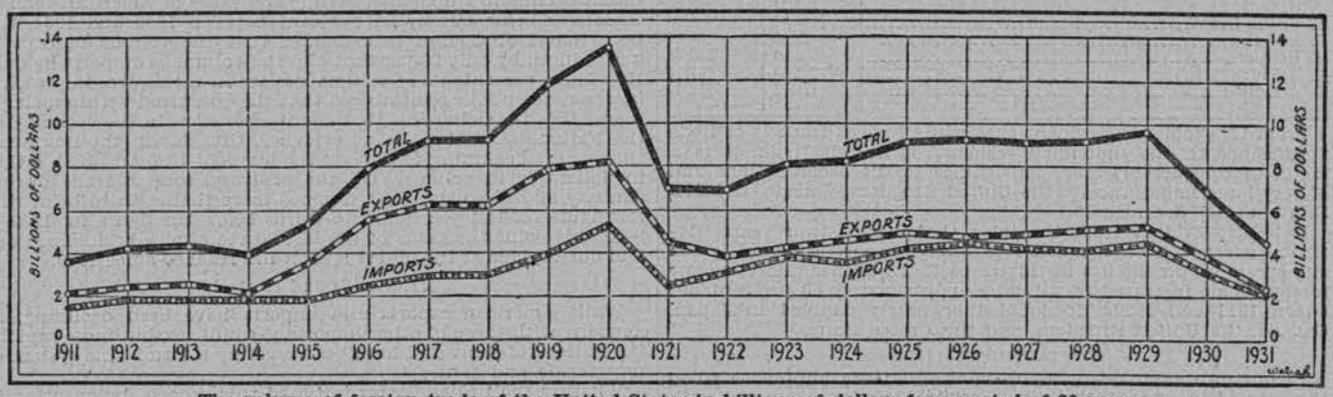
(2) "Licenses": Under this system no definite quota is established, but the exporter is required to apply in advance for a license for each transaction in various commodities, particularly in wheat, coal, and nitrogenous products. Ten European nations resorted in 1931 to this method of restricting imports. In Argentina, Colombia, Ecuador, and Uruguay measures were adopted vesting large discretionary powers over imports in the hands of ministerial boards or councils.

(3) "Exchange controls": Eighteen nations in Europe and four in South America have undertaken by one means or another to regulate foreign exchanges of their currencies, primarily for the purpose of preventing the flight of capital. An inevitable by-product of this control is to hamper the normal processes of international buying and selling of goods, and thereby to curtail imports. In addition, 19 nations suspended the gold standard between July and December, 1931, an act which in itself automatically checks purchases of goods from countries still on a gold basis.

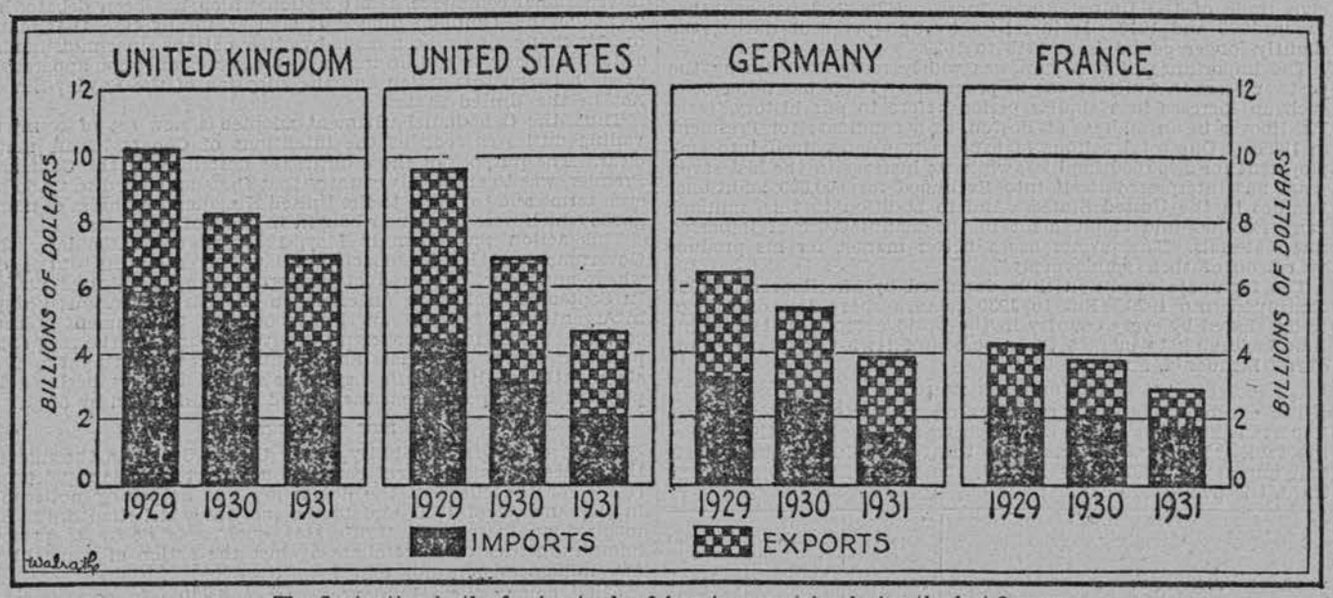
Many of these drastic measures of exchange control, licenses, quotas, and emergency tariffs, adopted during 1930 and 1931, are presumably temporary devices, limited in point of time to the depression. But many others, as our own Department of Commerce points out, "are of an indefinite term and by their nature are not readily withdrawable."

BRITISH RESTRICTIONS FLEXIBLE

In these circumstances it seems evident that American commerce has still to experience the full effect of such restrictions as have been imposed. Some of the most punitive measures are of recent origin. Others are capable of large expansion. Under the new tariff law in England, for example, duties may be raised from the present 10 per cent to the prohibitive level of 100 per cent as a means of retaliating against countries which maintain a high tariff on British exports. It is frankly stated that this provision will be used for bargaining purposes, in an attempt to develop a system of preference within the British Empire and an informal trade alliance among nations which have suspended the gold standard.



The volume of foreign trade of the United States in billions of dollars for a period of 20 years



The fluctuation in the foreign trade of 4 major countries during the last 3 years

Moreover, it seems all too likely that the whole vast system of tariffs and controls created in the last two years will prompt certain nations to enact new measures of restriction. On this point, whatever the views of Congress when it adopted the Hawley-Smoot law and of the President when he signed it, the experts in the foreign tariffs division of the Department of Commerce have definite opinions.

"Under the highly interdependent world economic system of to-day," they say in their latest report, "the repercussions of the trade-control measures or financial dislocations of any important country are so widespread as to lead to similar or defensive reactions on the part of other countries."

III. Present alternatives

Any discussion of the effects of the intricate and many-sided tariff war in which the nations of the world have enlisted in the last two years is certain to raise controversial questions. This is particularly true of the debate over the importance of foreign trade in the economic recovery of the United States. It is less

true of two other questions now discussed with increasing interest: The effect of rapidly multiplying tariffs on the migration of industry and their relation to the payment of international debts, particularly with respect to what is described as the "transfer problem." The following paragraphs deal briefly with these three points:

(A) TRADE AND PROSPERITY

While estimates vary, depending upon the method of measurement employed, the foreign trade of the United States in times more normal than the present is usually computed at about 8 per cent of the total of our foreign and domestic commerce.

Citing this low figure, one school of opinion argues that the importance of foreign trade has been vastly overrated and insists that recovery in this country can take place without regard to foreign markets for our goods or to the tariffs and controls devised to restrict our exports. In support of this contention figures are cited to prove that less than 5 per cent of many of our most important manufactures are sold abroad. Other figures are cited to show that the residents of a city of the size of Chicago purchase more American goods through the retail trade than are normally shipped to the United Kingdom.

Those who differ with this argument do not dispute the arithmetic on which it rests but raise these points in reply:

(1) While the export volume of many of our manufactures is a small part of the total output, it is pointed out that we normally export more than half of our cotton, more than a third of our copper and tobacco leaf, and nearly a fifth of our wheat and flour.

(2) It is admitted that 8 per cent is a small fraction of our total volume of foreign and domestic commerce, but it is argued that a difference of 8 per cent in the operating ratio of some lines of business may constitute in itself the difference between reasonable profits and large losses.

(3) It is also argued that the same margin of 8 per cent is sufficient to account for a substantial difference in conditions of employment; that if President Hoover was right in 1928 in attributing the livelihood of 2,400,000 families to a thriving export trade, the present status of this trade explains why wage earners in 1,500,000 families now lack work.

(B) MIGRATION OF INDUSTRY

There is less material for controversy with regard to the part played by tariffs in fostering the movement of American factories from this country to foreign nations.

The Department of Commerce estimates that the large sum of $1,534,351,000 had been invested by Americans in manufacturing establishments abroad by 1929, and cites as the chief reason for this exodus of domestic capital "the tariff policies of foreign countries." In order to avoid payment of duties imposed on goods manufactured in the United States, branch factories are established behind various tariff walls abroad.

The report to Congress by the Department of Commerce concerning this migration of industry does not include figures for 1930 and 1931, the two years during which the nations of the world have expanded their traditional protectionist policies into an open tariff war. It is probable that the development of branch factories has been halted by the unprofitable state of American business itself. But it is evident that it may be resumed later on at a still more rapid pace, in view of the fact that tariffs abroad are now far higher than they were in 1929.

Meantime, this method of meeting the handicap of foreign duties has been vigorously criticized by such organizations as the American Federation of Labor. These critics insist that the process amounts essentially to an export of opportunities for work.

(C) THE TRANSFER PROBLEM

Finally, among those questions on which the recent outburst of tariff legislation has focused fresh attention, there is the "transfer problem," intrinsic in many instances in the settlement of international debts.

The character of this problem may be illustrated by reference to the present position of Germany vis-à-vis her creditors. Wholly aside from reparations, Germany is due to pay $413,000,000 this year in principal and interest on her public and private debts abroad. To help meet this payment she has an income from her own foreign investments estimated at $83,000,000 by the committee of experts of the Bank for International Settlements. This leaves $330,000,000 to be provided from other sources. From what other sources can it come?

Plainly not from a gold reserve, for there is now a visible supply of less than $230,000,000 in gold in Germany, and the creditors of that nation agree that it is impossible as well as undesirable to strip Germany of her last reserves. The only other source of any importance is provided by the revenue accruing from a surplus of Germany's exports over imports. But this surplus has averaged only $22,000,000 a month for the first two months of 1932. At this rate it will amount to $264,000,000 for the full year, falling more than $60,000,000 short of what is needed to meet payment on debts alone, regardless of reparations.

CONTRADICTORY POLICIES

It would, of course, be possible for Germany to increase her exports, provided other nations were willing to accept her goods. But at this point she encounters the whole intricate machinery of tariffs, quotas, licensing systems, and exchange controls whose development we have traced. In the words of the committee of the Bank for International Settlements, it is evident that during the last two years "the world has been endeavoring to pursue two contradictory policies simultaneously, in permitting the development of an international system which involves the annual payment of large sums by debtor to creditor countries, while at the same time putting obstacles in the way of the free movement of goods."

Because of the size of her lebts and the insecurity of her position, the "transfer problem" is most frequently identified with the situation confronting Germany. The same problem arises, however, in the case of many other nations, particularly those Latin American countries which now find themselves saddled with heavy foreign obligations contracted on a wholly different scale of prices. It is evident in 1932 that the creditor nations of the world are being forced more and more to choose between two courses. One is a system of high tariffs and the other full payment on their loans.

AMENDMENT OF TARIFF ACT OF 1930

The Senate resumed the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. AUSTIN addressed the Senate. After having spoken for an hour, before concluding, he yielded the floor for the day. His Speech is published entire in the RECORD of March 29.

FARM-HOME HOUR RADIO ADDRESSES

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD copies of addresses, made over a nation-wide radio hook-up in connection with the farm-home hour, on Saturday, March 26, 1932, by John A. Simpson, president of the National Farmers' Union, and by three United States Senators.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

ADDRESS OF JOHN A. SIMPSON

CONDITIONS MOST SERIOUS

I approach this hour with a heavy heart and with a deep sense of my responsibility in the position I occupy at this moment.

Since coming to Washington the 1st of January, I have received more than 30,000 letters from people scattered over the United States, thanks to the courtesy of the National Broadcasting Co. Two-thirds of these letters have brought tears to my eyes as I read them.

A nation grieves and sympathizes with Mr. and Mrs. Lindbergh over the loss of their baby. I yield to no one in that regard. But, sadder to me is the fact that a million babies are sick to-day for lack of food, are sick to-day for the lack of clothes and fuel to keep them warm. To-night, in the blackness of the midnight hour, a million men and women will be hunting food in garbage cans in the alleys of thousands of cities in our country. Three million farmers grope in financial darkness as they face delinquent taxes and unpaid interest. They suffer mentally as they realize they will soon be dispossessed of their farms.

Recently a newspaper in one of the best counties in the good State of Iowa carried 60 pages of tax sales of real estate. With such conditions, all hope has fled. Shocked and dazed, millions of farm families stand at the doors of what used to be their homes.

I read from a letter just received. This letter is from a business man in Des Moines, Iowa:

"My own mother lives on a farm in southwestern Iowa. On Saturday, March 5, I drove down to spend Saturday evening and Sunday with her. My brother had just returned from the near-by town after taking in the produce and buying a few groceries. He had taken a 12-dozen case of eggs to town. He had received just 72 cents, or 6 cents a dozen, for that case of beautiful, big country eggs, and that 72 cents had been credited in exchange for groceries. My mother looked at the bill showing a credit of 72 cents and then showed me an 11-ounce bottle of vanilla extract which had cost 95 cents. In other words, it would have taken 1 cent less than the selling price of 16 dozen eggs to have purchased that one lousy bottle of vanilla extract. (I presume the big boys would say a farmer has no business with vanilla extract.) There is an illustration that every woman and girl can understand, and I know the bitter truth of the whole thing. Is it any wonder that our 'farmer's holiday' meetings are being attended by Farm Bureau members and unorganized farmers?"

This business man is telling me, and has written me before, that mass meetings are being held in courthouses in county-seat towns. Not only farmers but business men are attending these meetings. Without exception they end up in unanimously voting to organize for the purpose of declaring a holiday on the farm. A holiday is a nice name for a strike. These farmers in their desperation are ready to refuse to sell anything, from milk up to wheat, until Congress and the President of the United States pass and sign the bills that will be discussed in this program this afternoon.

OUR SPEAKERS TO-DAY

To all of you listening in, let me tell you what the program is to-day. After a few minutes I shall introduce Senator LYNN J. FRAZIER, a progressive Republican of North Dakota, who will discuss for 10 minutes his farm refinancing bill, S. 1197. After Senator FRAZIER has finished then you will hear Senator ELMER THOMAS,

a progressive Democrat of Oklahoma, discuss the Thomas-Swank bill, which provides for the cost of production for that part of farm products used in this country, numbered in the Senate S. 3133 and in the House H. R. 7797. The last speaker will be Senator BURTON K. WHEELER, a progressive Democrat of Montana, who will discuss the remonetization of silver bill S. 2487. I am sure this is going to make an exceedingly interesting and instructive program.

AGAINST US

To those of you who believe in one or more of these bills, let me give you the names of some of your supposed friends in Government positions who are fighting these bills.

First. In the hearings on the Frazier bill before a subcommittee of the Committee on Agriculture in the United States Senate, on page 36, Mr. Paul Bestor, chairman of the Federal Farm Loan Board, testified before the committee against the bill.

On page 37 of that hearing Andrew W. Mellon, who was then Secretary of the Treasury, sent in a written statement against the bill.

On page 4 of the hearing is a letter from the Secretary of Agriculture addressed to Senator FRAZIER. It is as follows:

THE SECRETARY OF AGRICULTURE,
Washington, January 30, 1932.

MY DEAR SENATOR: Your letter of January 22 relative to S. 1197 has been received.

It is my judgment that the bill which you inclose is not conducive to the best interest of American farmers.

Sincerely yours,

ARTHUR M. HYDE, *Secretary.*

Secretary Hyde is a member of the Farm Board. The Farm Board through its president, James Stone, has repeatedly stated in public that they are against the debenture, the equalization fee, and the cost of production plan to assist agriculture. Likewise, the President of the United States has given utterance to the same sentiment.

You are entitled to this information, and I consider it my job while in Washington to let you know who are your friends and who are your enemies. If you feel uncertain about this, I suggest you write to any or all of these gentlemen and ask them if they are supporting the Frazier bill, Wheeler bill, and Thomas-Swank bill.

THINGS THAT WOULD HELP

It is the contention of the Farmers' Union that these three bills would bring immediate and permanent prosperity to our country, but for a moment I want to call your attention to some other things that could be done to help.

A dollar a barrel tariff on crude oil and the equivalent on refined products would set 400,000 men to work the next day.

Just the other day Arthur Brisbane, in describing a cargo of sugar he saw coming into New York Harbor, said, "This country has the facilities for refining every pound of sugar used by our people. A proper tariff would add $17,000,000 a year to the wages in our own refineries."

Wood pulp comes in from Russia that labor in this country could produce if the industry were properly protected.

Oriental oils come in, in an ever-increasing volume, to destroy the market for our own dairy products besides driving the price of cottonseed to the lowest level in a quarter of a century.

Instead of helping you with tariff as they could do, in most instances they use the tariff to punish you.

About 90 years ago a down-east manufacturer said to Daniel Webster concerning the tariff of 1842, then before Congress, "If this tariff is enacted, we will have a mortgage on the South and West for 100 years." That tariff raised the duties on imports to an average of nearly 34 per cent. It was 70 per cent higher than the former tariff. That mortgage has now run 90 years but the terms have changed. Last year the duties on imports averaged more than 51 per cent, being a further increase of 50 per cent, or two and one-half times higher than in 1840, for which agriculture has paid and paid until it has not a dollar left. This is not protection in which we all believe. It is protection exploited and gone mad.

Take the case of cement. This trust has been a subject of complaint and investigations for 20 years. Cement prices have regularly been far higher than the average of commodity prices. Profits were enormous under free trade. An investment of $5,000 in 1899 in the Portland Cement Co. had yielded in 1929, a short period of 30 years, $256,236 in cash dividends, and had become 5,134 shares of common and preferred stock of a market value, in 1930, of $390,168. This made a total return in 1929 of $646,404 on an investment of $5,000 made in 1899. Other companies did about as well.

Woven-wire fencing is another case of tariff robbery. Woven-wire fencing was protected 40 per cent under the last tariff. It was increased to 45 per cent in the present tariff, and recently increased by the Tariff Commission to 60 per cent on woven wire for farmers' fences.

Under the duty of 40 per cent, the Keystone Steel & Wire Co. made a profit in 1927 (the year investigated by the Tariff Commission), of $25.92 per share of stock. Then, in 1928, it issued six new shares of stock for each old share, and on the 202,284 new shares it made the apparently modest profit of only $6.16 per share. This equaled, however, $37 on each share of the year before. Was it honest, or what, for the supposedly semijudicial Tariff Commission to increase this tariff on chicken fences, with eggs selling at 8 cents a dozen? Did the wire makers need more profit at the expense of these farmers?

In 1930, Congress discharged all of the then commissioners. It should discharge these for the same reason, and instantly.

For each pound of tobacco used in the manufacture of cigarettes the farmer, on his 1931 crop, received 20 cents per pound; the Government has collected in tax on this same tobacco $1.06¾ per pound. On chewing tobacco farmers have received, for their 1931 crop, about 8 cents per pound; the Government has collected in tax on this same tobacco 22¾ cents per pound. The Government is collecting about $500,000,000 per year in taxes on tobacco. They could help the tobacco farmers mightily by giving to them one-half of the taxes collected. Here is a way the Government could help farmers with all agricultural products. They could levy heavy taxes on agricultural products and divide the moneys raised by such taxation with the farmers.

These are a few of many things that could be done to set men to work without expense to the Government. They are not done because Andy Mellon and family own the Gulf Oil Co., a concern that gets its supply from South America; Henry Ford and the International Harvester Co. are dealing with Russia to the detriment of the laborers of this country; the big packers want cheap oriental oils and defeat every effort of ours to get protection for dairy and cottonseed products.

Congress is so busy protecting these giants of industry that they can not hear the cries of hunger in a million homes where the father has no work.

GIFTS AND BURDENS

It seems that when there are gifts to bestow Congress can not see anyone except a few international bankers of Wall Street. When there are burdens to bear they can see everybody else except Wall Street. The gifts to bolster a tottering banking and monetary system have been extravagantly generous. Likewise these gifts have been swiftly bestowed. Immediately after bestowal, with one voice, these friends of the big boys began to shout, "We must balance the Budget." The gifts were appropriations. The balances will be taxes.

Like pirates of old, the big boys have repeatedly raided the Treasury in this session of Congress. Like pirates of old, they fell out over their loot. Big banker boys and big railroad boys came to Washington last week with their quarrel. General Dawes and Eugene Meyer failed in their attempt to settle the dispute. The President was called in, and, after a 2-day conference, the spoils were divided between these two big boys in a way that harmony prevails.

In the proposed tax bill was a general sales tax. It placed a burden of $600,000,000 on the common people of the United States. This is an average of $25 per family. The leaders in both political parties in the House of Representatives, with the backing of the President, attempted to railroad this unrighteous thing through the House. The first notice of warning arrived from Farmers' Union members in the mid-West. Next the labor organizations of the East, followed by protests from Grange and Farm Bureau members. When it came to a vote day before yesterday it was defeated by a vote of 223 to 153.

OUR FRIENDS

Thanks to a few brave progressive leaders in the House, the rebellion was on. In this fight the common people owe a lot to Congressmen DOUGHTON, of North Carolina; LAGUARDIA, of New York; RANKIN, of Mississippi; JOHNSON, of Oklahoma; LAMBERTSON, of Kansas; SIMMONS, Nebraska; and a score of others who leaped into the fray and stopped the first assault. For their opposition to the sales tax they are charged with treason to the administration, which means defying the Mellon-Morgan group. Congressman RAINEY, of Illinois, on the floor of the House called them communists. Evidently RAINEY defines a communist as one who believes in taxing wealth instead of poverty.

In spite of the wails of the waifs of Wall Street an amendment by those opposed to the sales tax restored war-time income-tax rates on the higher brackets and trebled the rates on inheritance taxes.

It seems to be the universal opinion that there is not sufficient money to do the business of the country. Everybody now realizes that deflation was carried too far. Every money proposal at this time is for inflation. Economists, statesmen, politicians, and everybody now agree that price levels of commodities must be raised, all of which makes necessary an increased volume of money and credits.

The Farmers' Union is in hearty accord with these views. But, we are against a money system based on liabilities. We are for a money system based on assets. We are against a money system that contemplates perpetual debt. We are against a money system that involves the payment of interest.

The total interest debt of the United States, per annum, is more than $10,000,000,000. The total tax debt is more than $13,000,000,000. This makes a fixed charge for the taxpayers of the Nation of more than $23,000,000,000 each year.

Staggering under this load, the best wisdom of Congress and the administration produces more interest-bearing bonds every time they need money. Evidently the philosophy of Congress is to put out the fire by pouring oil on it. Evidently it is the philosophy of Congress, that a drowning man needs more water and they pour it on. The patient that came to them with sore feet they have anointed his head with oil.

ORGANIZE

There are some splendid men in the House and Senate, men whose hearts are right and who know and understand what is

needed, but the machine is against them. We, the common people of the country, must organize and help them in the brave fight they are making for us and for the Nation.

This afternoon I appeal to you farmers listening in to get into your class organization where you can take part in the running of both your State and National Governments.

I warn you, there is a real struggle ahead. We do not want timid souls. We want intelligent, courageous, unselfish men and women willing to enlist in a cause as just, as worthy, as patriotic as ever challenged the people of any nation. We want men and women willing to sacrifice of their time and money in this cause.

To all of you listening in, whether you be farmers, laborers, professional, or business men, let me urge you to study public questions like you have never done before. Let me urge you to keep in touch, through correspondence and otherwise, with your Congressmen and Senators. Nine out of every ten of the Members of Congress want to do what their people want them to do. It is up to you to let them know what you are thinking on every vital public issue.

Remember the Farmers' Union hour is the fourth Saturday of each month from 12.30 to 1.30, eastern standard time. Our next program will be Saturday, April 23. At that time I shall discuss cooperative business, in which I shall tell you what I saw in Denmark last April.

It is now my great pleasure to introduce to you one of our staunch friends in the United States Senate, who will talk to you about a bill he has introduced that will be of great help to farmers if it becomes a law. You will now hear Senator LYNN J. FRAZIER, of North Dakota.

ADDRESS OF SENATOR LYNN J. FRAZIER, EXPLAINING FARM REFINANCING BILL, S. 1197

The national president of the Farmers' Union has requested me to discuss the pending farm refinancing bill, S. 1197. Hearings on this measure have been held before a subcommittee of the Senate Committee on Agriculture, and thanks to Mr. Simpson and the Farmers' Union, over 60 farmers from the 10 leading agricultural States were in attendance, and much valuable testimony was introduced. I want to say right here that if the farmers of this Nation were organized anything like 100 per cent in a good live organization for their own interests, there would be no question about getting legislation, both State and National, for their benefit and welfare. Every other business in the Nation is organized—why not the farmers?

S. 1197 is now pending before the Agricultural Committee of the Senate. Much interest has been manifested in the bill, and numerous letters and requests have come to my office. A few days ago in calling over the telephone, when the operator said "number, please," I automatically replied "S. 1197."

The bill provides for the liquidating and refinancing of existing farm indebtedness through real-estate loans on the amortization plan at 1½ per cent interest and 1½ per cent on the principal per annum, the loans to be secured by first mortgage on real estate based upon existing indebtedness and fair value of such farms and 50 per cent of the insurable buildings and improvements. It must be remembered that the existing indebtedness was based on not to exceed 40 or 50 per cent of the market value when the loan was made. The full period of amortization would be 46 years.

The bill also provides for loans to liquidate and refinance existing farm-chattel mortgages to be secured by first mortgage on livestock used for breeding or agricultural purposes to the amount of 65 per cent of the fair market value at 3 per cent interest, to run for a period of one year with the right of renewal from year to year for a term of 10 years, provided that depreciation of livestock be replaced by additional livestock and that the amount of the loan be reduced 10 per cent each year.

The funds with which to liquidate and refinance existing farm mortgages and other farm indebtedness shall be provided by the issuing of farm-loan bonds by the Federal farm-loan system through the Federal Farm Loan Board and the Federal land banks; the bonds to be sold at par or delivered to the Federal Reserve Board, for which Federal reserve notes shall be issued to the Federal Farm Loan Board to the amount of par value of farm bonds so delivered, and the bonds shall be security in lieu of any other security or reserve for the Federal reserve notes so issued. The interest on these bonds, 1½ per cent on real estate and 3 per cent on chattels, will pay all necessary expenses in connection with the issuance of the Federal reserve notes and the making of the loans.

These loans will save hundreds of thousands of farmers from losing their homes and all their property by foreclosure and will enable thousands of other farmers to repurchase farms they have lost, or other farms, and again become farm and home owners.

These loans will put new money into circulation, and the bill provides that when the money in actual circulation shall exceed $75 per capita Federal reserve notes may be retired in an amount equal to the principal paid on the farm-loan bonds for which Federal reserve notes were issued, but not to exceed 2 per cent in any one year of the amount of Federal reserve notes so issued.

This increase would provide about $4,000,000,000 of new money, and the limitations just cited would prevent undue inflation and also prevent another occurrence like the deflation which began in 1920 and which resulted in the financial ruin of hundreds of thousands of farmers and also of thousands of bankers and business interests all over the Nation. It would thaw out millions of dollars of so-called frozen assets and put new life into all industries throughout the Nation.

The bill also provides for the election by the farmers themselves of a board of agriculture and that this board of agriculture shall elect an executive committee of three, whose duty it shall be to counsel with and supervise the work of liquidating and refinancing farm mortgages and other farm indebtedness through the Federal farm loan and the Federal reserve systems. Provision is also made for the removal of any member of these boards who neglects, hinders, or delays the carrying out of the provisions of this act.

There shall be a liberal construction of the act, and all laws or parts of laws in conflict with this measure are, for the purpose of this act, repealed.

There is no question about the desperate conditions of the American farmers—by far the worst they have ever known. They are facing a calamity. More than a million farm families have been closed out of farms and homes during the past 10 years with thousands of others facing foreclosure or tax sales at the present moment.

S. 1197, when put into operation, will give the farmers who feed and clothe the Nation a chance to retain ownership of their farms and homes, and where they have already lost out, a chance to repurchase and again become home owners. Under the present system the farmer has no chance of paying existing indebtedness.

A number of administration emergency measures have been passed by this session of Congress. There is no other emergency facing our people that begins to compare with the farm situation. Upon the welfare of agriculture depends the welfare of the Nation.

Let me urge every listener to do his or her part to create public sentiment favoring the passage of these measures advocated during this farm hour, which will not only help the farmers but will likewise help all other people of our beloved land.

MR. SIMPSON SPEAKING

I am sure you all enjoyed the splendid talk of Senator FRAZIER and you are more than ever convinced that his bill should become a law. We owe it to the farmers of North Dakota that LYNN J. FRAZIER is in the United States Senate.

It is now my delight to introduce another tried and true friend of agriculture and of the interests of the 120,000,000 common people. A man whom I have known for 30 years; who served in the State senate of his and my State for 14 years; who served in Congress for 4 years; and has now served in the United States Senate for 5 years. He has an unblemished record of public service covering a period of more than 20 years. He will talk to you on the Thomas-Swank bill. I now introduce my good friend Senator ELMER THOMAS of Oklahoma.

ADDRESS OF SENATOR ELMER THOMAS, OF OKLAHOMA, ON THE THOMAS-SWANK BILL

Through the courtesy of the National Broadcasting Co. this hour is dedicated to the farmers of America.

Agriculture is more than a local industry—it is State, Nation, and world-wide. Farmers feed and clothe the 2,000,000,000 people of the earth.

Agriculture is America's most important industry. We have more than 6,500,000 farms populated by more than 30,000,000 of our citizens.

The economic status of the farmer is the barometer of prosperity. When the farmer is prosperous all other groups and classes are prosperous, and when the farmer is depressed all are depressed.

What is the condition of the farmer to-day? I do not need to answer. Just look around and about you. Put your hands in your own pockets, reflect upon your own condition, and the answer is eloquent.

I have just said when the farmer is depressed all are depressed.

In what condition are the other classes and groups of our citizens?

Eight million are idle.
Labor is in rags.
Smokestacks are smokeless.
Dinner pails are empty.
Wheels of industry are still.
Money is hoarded and idle.
One-third of our banks have failed.
Industry is bankrupt.
Taxes are not being paid.
Interest is in default.
Confidence is stilled by fear.

Calamity has come. Why? Because farmers, embracing one-third of our population, are not receiving even cost for their products and have lost their buying power.

Less than two years ago a member of the Federal Farm Board, in a public address, is reported to have admitted that "radical legislation or a class conflict will result if the agricultural marketing act fails."

If we may judge by the complaints made, criticisms urged, and bills introduced for amendment and even repeal of the farm marketing act, then we must conclude that the law as operated and executed by the Farm Board has failed.

Admittedly disappointed, yet we must not lose hope. Times and conditions have been abnormal. The Farm Board may have had assigned to it an impossible task. Experiments have been made, and most of them have failed; however, there must be some possible plan which will bring relief.

What is the cause of our trouble? This must be ascertained before we can prescribe a remedy. Some diagnose the malady as overproduction. Others do not agree with this conclusion, but all do agree that no farmer anywhere or at any time can prosper or even survive unless he gets at least the cost of production for his products.

Farmers organized and unorganized, here and everywhere, are demanding a chance to retain their homes, a chance to pay their taxes, their interest, and eventually their debts, and a chance to survive. While too many farmers have already failed, others are wondering how they can hold on, and still others are filled with fear, yet we have not lost and must not lose hope.

A supreme effort is being made to find a way out. The Farm Board and its activities are to be investigated, not so much to find fault as to find a road giving promise of leading back to prosperity.

Many bills suggesting plans for relief are pending in the Congress.

The so-called Swank-Thomas bill proposes to secure for the farmer at least the cost of production for that part of his products consumed here in the States. The commodities to be affected are such as wheat, cotton, wool, beef, pork, and dairy products.

The bill seeks to assert and establish the principle that to exist the farmer must secure the cost of production. The principle is self-evident. The farmers, through legislation, are not now demanding more, and they can not live with less.

The bill just mentioned was introduced by me in the Senate and by Congressman SWANK in the House, at the request of John A. Simpson, president of the National Farmers' Union.

This nation-wide farm organization has a complete program for the aid, assistance, and relief of the millions engaged in farming. No one bill, however, can be made broad enough to cover all the phases of agriculture.

The farmer is a planter, a producer, a processor, a distributor, and also a consumer. He is interested in every phase of national activity. He must have access to money at reasonable rates, hence he is interested in the Frazier bill which you have just heard discussed.

He is directly affected by the management and manipulation of finance and the consequent amount of money in circulation; hence he is of necessity interested in the Wheeler bill which is soon to be explained.

Relative to the bill introduced by me and in support of this measure, delegates from many States have appeared. Hearings have been held and now we are demanding that the bill be reported and passed by the Congress, thereby recognizing, accepting, and adopting the principle, cost of production to the farmer, as a part of the economic system of this country.

It may be contended by some that this is a price-fixing measure. If it be so construed, it must be admitted that the prices to be fixed are only the cost of production and therefore the lowest prices which will permit the farmer to continue to own his home, maintain his school, support his church, attend his lodge, and to maintain America American.

I am not suggesting or even asserting that the chance to exist is all the farmer deserves. The right to live is a divine right. The right to secure substance with which to sustain life can not be abridged by man-made law.

In addition to asserting that the farmer has a right to live and a chance to exist, I am demanding that agriculture be seated at the same table with finance, transportation, and industry.

The banks have favorable laws with an efficient and sympathetic board to administer such laws. Bank interest rates are fixed by law or regulation. Plenty of funds are always available, and when depression comes the Federal Treasury is opened for relief.

Transportation has favorable laws with the Interstate Commerce Commission to administer such laws. Rates are fixed, a reasonable income by law is guaranteed, and when depression comes the Treasury is likewise opened for relief.

Industry has favorable laws. The importation of competitive products is restricted if not embargoed, and when depression comes the Treasury is again opened for relief.

Public utilities have the same favorable and legally recognized status. Rates are fixed and as in finance, transportation, and industry, the consuming public pays the bills.

The measure sponsored by the National Farmers' Union seeks to assert no new principle. It does not ask the passage of legislation under which agriculture may develop an oppressive monopoly on foodstuff and clothing.

We are asking and demanding the cost of production—the minimum of equality.

Farmers can not exist with less and the longer consideration and relief are denied or postponed, the longer will all other groups and classes continue to suffer.

MR. SIMPSON SPEAKING

In 1924, in spite of my loyalty to the Democratic Party, I voted for a man for Vice President who was not running on the Democratic ticket. I had to think a lot of that man to go from my own party over to another ticket and vote for him. The eight years that have passed since 1924 have increased my admiration and confidence in that man. You may know it is a real pleasure for me to introduce that man to this vast radio audience at this moment. He will discuss a question of vital interest not only to every man, woman, and child in this country, but to the 2,000,000,000 human souls in the world. You will now hear Senator BURTN K WHEELER, of Montana.

ADDRESS OF SENATOR BURTON K. WHEELER, OF MONTANA, ON THE BILL FOR THE REMONETIZATION OF SILVER

Mr. President, ladies and gentlemen of the radio audience, I have been asked by Mr. John A. Simpson, president of the National Farmers' Union, to speak to you upon my bill for the remonetization of silver.

To-day, as never before, there is a practical agreement among our economists and all who have given any serious consideration to the problem that the only way out of this depression must come through the raising of commodity price levels. Call this what you may, the fact remains that the burden of debt will continue to crush and destroy until the farmer can sell his wheat and cotton at a profit. There is no way in which he can pay his taxes and interest on his mortgage at the present price he receives for that which he produces.

The giving back of $160,000,000 to the large taxpayers of this country at the request of the administration and the moratorium to foreign countries have added to our Treasury deficit about which you hear so much these days and which you are expected to make up through the medium of a sales tax.

The giving back to Wall Street interests of this $160,000,000, the granting of the moratorium to foreign countries, the two billion reconstruction finance bill, and the Glass-Steagall bill were all measures proposed by the administration at the instance of Wall Street and passed by a bipartisan leadership in Congress, and the country in each instance, and to those of us who were unable to see eye to eye with Eugene Meyer, head of the Federal reserve bank, or with the greatest Secretary since Alexander Hamilton, now ambassador to Great Britain, went intolerant sneers and whispers of demagogues.

When the Glass-Steagall bill was before the Senate I asked Senator WALCOTT, one of the administration leaders, this question:

"Can the Senator tell me whether there is anything in the pending bill that will have even a tendency to bring up the price level of commodities in general, and particularly such commodities as wheat and cotton, that have to be sold on the world market?"

In the course of what he termed an answer to the question Senator WALCOTT said: "We are sticking absolutely to the gold standard; and, Mr. President, by the provisions of this bill we shall have our reserve of free gold built up so high that it will be a gold Gibraltar that will defy the world financially, and no nation will be afraid to leave their gold with us, whether it is earmarked or whether it is not earmarked. * * * Twenty-four hours after this bill shall have passed our potential free-gold supply will be so large that the world will be amazed at our strength."

The 24 hours have passed, and the farmers still have to pay their mortgages with a dollar three times its value, reckoned in commodity prices when they borrowed it.

The 24-hour period has passed, and you can still hear the dull sound of the tramp, tramp, tramp of the hungry millions of men, women, and children that constitute the army of unemployed that were to have a chicken in every pot if you placed the great engineer in the White House and passed another tariff bill.

The trouble with all these measures has been that they have gone about the problem in the wrong way. The best way to help the banks and the railroads is by putting the millions of unemployed to work and raising the price of farm products. Prosperity must come from the bottom up and not from the top down.

Attempts are now being made to belittle the seriousness of the situation instead of honestly facing the problem and providing a remedy. It may require courage to fight this battle successfully, but it must be done if our present civilization is to endure.

It is true we recovered from the panics of 1837, 1857, 1873, and 1893, but we then had our great natural resources of forests and mines and the Government was not then dominated, to the same extent at least, by unscrupulous money lords as it is to-day.

These panics were caused in most instances by money pirates, who saw only their own immediate gain and had been willing at times to drive us into war to gain their ends.

There were a few millionaires in those days and there was a chance for everyone who was willing to work. Billions of American money was not being sent to Europe in exchange for worthless bonds and the era of robbery through inflated public utilities and other business enterprises had not yet arrived.

I am not a pessimist. As sure as there is a God in heaven, just so sure will the American people find a way to correct these evils and to break the strangle hold of these selfish interests. This Government must and will once more function in the interest of the people.

How can this be accomplished? How can we raise the commodity price level and thereby reduce the burden of debt?

During the past three administrations the barometer of prosperity has been the stock market rather than prosperity of the farmers. There has been no prosperity on the farms during the past 10 years, and if the administration and its advisers in Wall Street had realized this fact at the beginning and sought to remedy it this country would not be in the condition it is to-day.

I need not dwell upon the conditions as we find them to-day. It is sufficient to say that our farmers are bankrupt, 8,000,000 men without work, and a decrease in wages last year of $11,000,000,000. Their only proposals have been to reduce wages and help to refinance the great corporations.

To correct this situation I introduced a bill in the Senate last January for the remonetization of silver on a ratio of 16 to 1. This is no new or novel idea, for silver has been used by mankind from the earliest dawn of civilization.

It has been used by the leading nations of the world to the great benefit of mankind. It was used by the United States from early colonial days down to the year 1873, when silver was demonetized through trickery and deception. My bill proposes to remonetize silver so it may serve as money as it did in the days of George Washington, Thomas Jefferson, and Abraham Lincoln.

The opposition to my silver bill comes from the same interests who succeeded in demonetizing silver in 1873.

There was never a public demand for the demonetization of silver and no economic need for so doing.

Then as now the selfish banking interests were the opponents of silver.

Let me state briefly why silver should again be remonetized.

First, there is not a sufficient amount of gold in the world upon which to base the money of the world. The discovery of gold has not kept pace with commerce. Commerce increased at the rate of about 3½ per cent per year, and as commerce and the credit necessary to carry it on is handled on a gold basis, and as the production of gold has not kept pace with the increasing commerce, we have now reached a point where gold can not stand the strain. To this increase in commerce has been added the additional strain resulting from the World War.

This shortage of gold has greatly increased the value of gold, which is only another way of saying that it has forced commodity prices to a low level.

In the second place, we should remonetize silver in order that we may be able to transact business with the nations that are now off the gold standard.

With the present ratio of 65 to 1 we can not expect silver nations to buy our products. The present exchange rate on money makes the United States the natural dumping ground for other nations and prevents or discourages our export trade. I am told that heavy coal-mine machinery is now being imported from England for use in Pennsylvania coal mines.

The gold standard may be helpful to the bankers, but it spells destruction for the American farmer and American manufacturer.

It is claimed that the free and unlimited coinage of silver would drive the gold out of this country and flood us with silver. All history refutes this assertion. As silver increases in value people will not want to surrender it.

Sir Charles Addis, director of the Bank of England, a vice president of the Bank for International Settlements, said in an address before the British Institute of Bankers on April 3, 1930:

"The appreciation of gold, or what is the same thing, the downward trend of prices, has become a serious menace, and, if allowed to go on unheeded, must inevitably check enterprise and retard economic recovery.

"Various explanations have been advanced to account for this untoward phenomenon, and no doubt several causal agencies have been at work. But it is indisputable that one of them is the monetary factor, and it is with this particular cause that central banks are directly concerned. In so far as the persistent fall in prices is due to monetary causes, to some maladjustment of the international monetary machine for whose efficient working the central banks are responsible, it will not avail them to plead that other causes are at work for which they are not responsible."

Let us then take a view of our financial oxcart. Money, using the word in its strict and definite sense, is a relic of the days of Moses and Abraham. Money as a human agency was then limited to the precious metals, gold and silver. Money of ultimate redemption has not increased since that day in proportion to the ever-growing requirements of mankind. On the contrary, the efficiency of money has retrograded, for an important commodity used as money in the earliest days of history—namely, silver—has been stricken down.

Is it true that the markets of China and India are of real importance to American producers of cotton, wheat, copper, and other commodities? Is it true that the accumulation of wealth in India and China for centuries past has been expressed not in investments of stocks and bonds listed on the European and American markets but in accumulations of silver, and that the depression of this wealth by the precipitous decline of silver, as has occurred several times in history, tends to destroy the buying power of China and India? If so, it follows in necessary sequence that here we have the outstanding fact, a fact of colossal importance for the commercial and economic world to consider, namely, stocks of wheat, cotton, and other commodities begin to accumulate in the visible form of what is called "overproduction" whenever Asiatics begin to starve from the lack of buying power.

It should not require an expert in political science to see that the only solution possible must come through the restoration of the prices of commodities. The remonetization of silver on a basis of 16 to 1 will accomplish this purpose without injury or injustice to anyone. It will enable the debtor to liquidate in honest dollars the value of those borrowed instead of in dollars or greater value.

The remonetization of silver would raise and stabilize the price of wheat and cotton on the world market without resorting to unsound methods and without cost of one dollar to the Federal Government.

In an agricultural report of 1890 we find the following statement:

"The recent legislation looking to the restoration of the bimetallic standard of our currency, and the consequent enhancement of the value of silver, has unquestionably had much to do with the recent advance of the price of cereals."

If it be true that proposed legislation looking to a restoration of bimetallism caused an advance in the price of cereals, then surely no one can be in doubt of what the results will be when silver is again remonetized.

It is therefore imperative that the United States give some consideration to the best interests of the manufacturer, the farmer, and the wageworkers in this country, regardless of the bitter opposition of the international bankers.

The remonetization of silver would benefit the farmer by raising the world commodity levels which fix the price he gets for his wheat and cotton. It would increase the purchasing power of silver-using nations and their ability to purchase our surplus commodities.

It would start the wheels of industry in America, raise our price levels, and put an end to unemployment. It would make it possible for other nations to do business with us and give to the world a sufficient amount of money with which to carry on the commerce of the world.

It would be to the selfish advantage of the United States, regardless of our great amount of gold and regardless of the fact that we are a creditor nation, for it would tend to raise and stabilize world commodity prices and give the American farmer and wageworker an equal chance with those of other countries.

I assert and challenge intelligent criticism—not mere denial—of the following statements:

First. The enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of twenty times the amount of primary money thus added to the world's stock.

Second. Within one year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would be more than trebled

Third. The purchasing power of over 50 per cent of the entire world's population now using silver as their sole yardstick of exchange and business transaction would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to $1.30, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.

Within two years all our present agricultural-land values throughout the United States would be more than quadrupled, thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.

The unemployed-labor problem would be rapidly solved.

Both labor and capital would be benefited.

Contentment, happiness, and lucrative occupation would be substituted for discontentment and despair, with their inevitable resultant tragedies to follow.

It would relieve starvation in the midst of plenty.

This legislation would do more than all suggestions heretofore combined toward reviving, encouraging, vitalizing, and resuscitating business in this country and throughout the world.

The market prices of securities, especially the common stocks of all corporations enjoying honest, efficient managements and being properly financed, where listed on some of the great stock exchanges of this country, would almost contemporaneously show increased activity and market value.

RELIEF OF AGRICULTURE

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD two articles in regard to Senate bill 1197, one being a copy of a communication addressed to the Hon. Arthur M. Hyde, Secretary of Agriculture, and the other an article by William Lemke, of Fargo, N. Dak.

There being no objection, the articles were ordered printed in the RECORD, as follows:

Hon. ARTHUR M. HYDE,
Secretary of Agriculture, Washington, D. C.

MY DEAR SECRETARY HYDE: We have yours of March 12, in which you state that your statement regarding the so-called Frazier bill was:

"It is my judgment that this bill is hostile to the best interests of agriculture."

This is as quoted by the Associated Press, and my wire asking whether or not you had been correctly quoted was based on this same statement.

I feel that in justice to the farmers and in fairness to you that you should be advised that your statement as quoted, without some very substantial analysis of your reasons for feeling this way about the bill, is very unsatisfactory to the people of this State. The mere statement that you feel that in your judgment this bill is hostile to the best interests of agriculture, without any explanation of what part of the bill or what features in the bill cause it to be detrimental to the best interests of agriculture, and in view of the fact that every bill of this kind that has been presented in Congress has received a similar reception with nothing of a constructive nature offered in place of it causes the farmers to justly feel that their cause is not being properly considered by yourself, representing their industry, or by the Government in general.

In view of the fact that hundreds of millions of dollars are being handed out almost promiscuously in a frantic endeavor to prevent the destruction of other industries causes our farmers to feel that such statements as you have made indicate that the Department of Agriculture is playing a part in what appears to be a definite plan to further the disparity between agriculture and other industries.

I respectfully warn you, Mr. Secretary, that such statements must be either well qualified or will be considered in the light I have just stated. I think the presidential primary election just held in this State indicates even a more general attitude along this line than I had supposed, in that it indicates even in the larger cities a general disapproval of the administration of the Republican Party.

This depression, which has brought the condition of agriculture to the final critical point wherein their borrowing power and credit has been eliminated, has brought a full realization of the condition of agriculture and the disparity between agriculture and other industries to the business men of our towns such as they have never evidenced before.

I realize how fully your time is occupied, but I assure you that it is important that you give some statement fully explaining your position in regard to the Frazier bill and other proposed measures for the relief of agriculture.

E. E. GREEN,
Secretary North Dakota Farmers' Union.

THEY DID IT

By William Lemke

Some one, quick, page Senator MOSES, of New Hampshire, and tell him that in the North Dakota presidential primaries "the sons of the wild jackasses" kicked all the props out of the Republican fence and jumped into the Democratic pasture. Tell him that Governor Murray, of Oklahoma, came out here and, in substance, told us that he wanted one woman to love one man and one man to love one woman, and these two together with their family to occupy one home, clear of mortgage and free of Wall Street domination—tell him that Governor Roosevelt boldly and unafraid came out in favor of the refinancing of the existing farm indebtedness by the Federal Government along the lines of the Frazier bill—that he suggested that if the Federal Government could refinance the bankers through the Reconstruction Finance Corporation, through the Glass-Steagall bill, and through the increasing of the Federal reserve notes by over a billion dollars, in a few large cities, that then he could see no reason why the same Federal Government could not refinance the farmers. The result of these statements was that the Democrat vote was increased by 800 per cent over what it was four years ago.

DISPAIR OF BROKEN PROMISES

The agricultural sections of the United States are on the warpath. They have long despaired of the honesty of purpose of the promise made by the administration in the last election to "place American agriculture on a basis of equality with other industries." They are not going to permit the incompetent, inefficient administration to abuse their patience any longer. No; it can not even conceal its shortcomings by talking to them of the patriotism, suffering, and valor of George Washington and his soldiers at Valley Forge. The suffering masses know of that patriotism, valor, and suffering through experience, and they are willing to endure it for the sake of this Nation—but not for the international bankers and the inefficient and incompetent administration. Human memory may be short, but it will be long enough to remember that promise to, and that betrayal of, agriculture.

DEMAND EQUALITY

The agricultural interests of this Nation demand the Frazier bill, through which the United States Government is to refinance the existing farm indebtedness with 1½ per cent interest and 1½ per cent principal on the amortization plan, not by the issuing of bonds but by Federal reserve notes. They demand the enactment of the Thomas-Swank bill, which provides that the farmers are to receive the cost of production for that part of their products which are consumed within the United States. The enactment of these two bills will put "agriculture on an equality with other industries."

The Frazier bill can and will be passed. It has just recently been unanimously reported out of the Senate Subcommittee on Agriculture. It will be reported out of the Senate Committee on Agriculture within the next few days by a large majority. This in spite of the fact that the Secretary of Agriculture, Mr. Hyde, and the Secretary of the Treasury, Mr. Mills, went on record as being opposed to it.

The committee took very little stock in the statement of Mr. Hyde that the passage of this bill would be ruinous to the American farmer. They could not see just how reducing the interest on farm indebtedness from 6, 7, and 8 per cent to 1½ per cent could ruin any farmer.

The committee even smiled at Mr. Mills's statement that the passage of this bill would cause inflation and upset the monetary system. They wondered why Mr. Mills was so active for the $2,000,000,000 Reconstruction Finance Corporation and the Glass-Steagall bill, which were passed to aid the large banks, insurance companies, and other investors who had been juggled into buying $15,000,000,000 of more or less worthless foreign bonds through the international bankers. They wondered why Mr. Mills could not see that that was inflation.

We repeat that this bill can and will be passed, but we must not fall asleep at the switch. We must continue to send resolutions, letters, telegrams, and night letters to Senator FRAZIER and forever urge him on to greater efforts. When this bill becomes a law it will put from two to three billion dollars new money in circulation among the people—it will loosen the frozen assets—the unemployed will again be able to get work and eat—the starving of millions will end—business will again be general.

OPERATION OF FEDERAL RESERVE ACT—ARTICLE BY SENATOR BROOKHART

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Has the Federal Reserve Act Failed?" by the senior Senator from Iowa [Mr. BROOKHART], which appeared in Plain Talk magazine.

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

[From Plain Talk, July, 1929]

HAS THE FEDERAL RESERVE ACT FAILED?

By Senator SMITH W. BROOKHART, of Iowa

(The specific purpose of the Federal reserve act was "to cut the cancer of speculation," and it was regarded precisely in this light by President Wilson and CARTER GLASS, the two men more responsible for its existence than anyone else. But Senator BROOKHART shows that it has increased speculation out of bounds. He adds that it has concentrated credits to the harm of the Nation, that it has deflated agriculture and reduced the wages of labor, that it has overinflated certain lines of industry and deliberately kept up interest rates for agriculture, industry, and commerce while providing stock gamblers with ready and, until lately, cheap money. No more severe indictment of the Federal reserve system has ever been printed.—EDITOR.)

In recent months—one might say in recent years—this country has been witnessing an uninterrupted orgy of speculation which has few parallels in modern times. New records for stock turnovers have been broken repeatedly in Wall Street in recent months; several thousand new "easy-money" millionaires have been created, and at the same time, as a necessary corollary, hundreds of thousands of small "investors" have lost every penny they possess; and the concentration of money and credit in New York has taken a heavy toll from agriculture and all forms of legitimate industry. Recently there have been complaints from Europe that credit there also is being restricted through the fact that their surplus money is being attracted to New York by abnormally high interest rates, and predictions are being made that this will injuriously affect our foreign trade.

In fact, although we hear much about "prosperity" and the newspapers are constantly telling how billions are changing hands on the various stock exchanges, it is my deliberate opinion that we are headed straight for one of the gravest economic crises in the history of our country unless we speedily bring about a reasonable readjustment of credit and thereby check the unrestrained stock gambling which is corrupting every phase of American life.

When the Federal Reserve Board recently convened to consider making another advance in the rate of rediscount—and the mere possibility of such action precipitated a bear raid that wiped out hundreds of millions of dollars of paper profits in a single day—there were nearly $7,000,000,000 of bank deposits in New York City used exclusively for brokers' loans, and this vast sum represents approximately one-third of all deposits in all member banks of the entire Federal reserve system.

The threat to raise the rediscount rate doubtless was intended to put the brakes against speculation. Earlier, in December, the rediscount rate actually was raised; but since then fresh records were made in daily stock turnovers, and speculative shares soared to new high levels. Even Secretary Mellon's warning that the prices of some stocks might be too high was twisted about by the Wall Street gamblers and made the basis for a bull movement in bonds. And more recently Gov. Roy A. Young, of the Federal Reserve Board, when speaking before the Cincinnati Commercial Club, asked the bankers of the Nation "to use hoss sense" and to set their own financial house in order, virtually confessing that under the law the Federal Reserve Board is helpless to remedy conditions.

The result of these mild warnings caused a "speculators' panic." Call money skyrocketed to 20 per cent, and there was a drastic decline in the prices of stocks. More serious, from the standpoint of the Wall Street operators, there was a disposition on the part of the public to withdraw from the market. This was bad for the brokers' business, and it resulted in a furious protest against any interference.

Several big bankers openly defied the Federal Reserve Board by offering new brokers' loans—at a handsome profit to themselves, of course; radio appeals were made for business men to get behind a "hands-off" policy; and the Federal Reserve Board was bitterly attacked by certain newspapers and even on the floors of Congress. As a result the Federal Reserve Board withdrew into the cyclone cellar and the gambling fever is again taking possession of the public.

In other words, the Federal reserve system surrenders its financial leadership to the stock-exchange operators, who now seem in complete possession of the money market. I am not alone in this opinion. Paul M. Warburg, one of the framers of the Federal reserve act, and former financial advisor to President Wilson, certainly can not be classed as a radical, but recently he scored this surrender in no equivocal language:

"The rudder has passed into the hands of stock-exchange operators who now and for many months past have governed the flow of money not only in the United States but in the principal marts of the world. History has taught mankind that speculative overexpansion invariably ends in overcontraction and distress.

"If a stock-exchange debauch is quickly arrested by prompt and determined action, it is not too much to hope that a shrinkage of inflated stock prices may be brought about without seriously affecting the wider circles of general business. If orgies of unrestrained speculation are permitted to spread too far, however, the ultimate collapse is certain not only to affect the speculators themselves but also to bring about a general depression throughout the entire country.

"People who express fear that the increases in the rediscount rate might hurt business, overlook the far greater hurt the country will have to suffer if their advice to permit the situation to 'work its way out' is followed.

"When commercial paper commands 5¾ per cent and bankers' acceptances sell at 5⅜ per cent, rediscount rates of 4½ and 5 per cent seem grotesquely out of line. Procrastination in bringing rediscount rates into a proper relation with the actualities and hesitation in taking effectual steps to reassert the Federal reserve system's leadership place a grave responsibility on those in charge of its administration."

I do not agree with Mr. Warburg's conclusion, but I would like to point out that the surrender was made when the Federal reserve act was passed—and I believe it was done deliberately by the big financial crowd.

Personally, I believe the Federal Reserve Board's gentle policy, which is in sharp contrast with its sharp deflation of farm values and workers' wages in 1920—has created a situation which calls for remedial action by Congress, which action should include some drastic and fundamental changes in the workings of the Federal reserve system. It is obvious to every thoughtful person that we have reached a point where the country is becoming crazed with speculation to such an extent that the situation may aptly be compared to the "Mississippi Bubble" mania which caused a general financial collapse in France more than a century ago. We won't tolerate Monte Carlos in this country, and our laws rightly forbid lotteries, horse-race betting, faro, roulette, and plain poker, but we not only permit, we actually encourage unrestricted gambling on a gigantic scale through our various stock and commodity exchanges, when it can be demonstrated beyond any possible doubt that every legitimate business interest in the Nation is suffering as a result of this speculative orgy and will suffer still more when the inevitable reaction sets in.

In the last eight years farm values have shrunk from seventy-nine to fifty-eight billion dollars—an actual loss of $21,000,000,000—and at the same time farm mortgages have increased from $6,000,000,000 in 1920 to the staggering total of $14,000,000,000 to-day. This truly appalling depreciation in agriculture—a basic industry involving nearly one-third of our total population—is largely the direct result of the maladjustment of credit caused by speculation.

While agriculture has been deflated, certain branches of industry have been inflated and overcapitalized to an alarming extent; and this condition, too, has been brought about by the facility with which securities can be floated on the stock market. This same condition is encouraging concentrations and monopolies, with consequent higher prices, and as surely as night follows day this hectic period of artificial and inequitable expansion will be followed by lean years of readjustment, unemployment, and acute industrial depression.

Already the concentration of credit in Wall Street for speculative purposes has curtailed the development of legitimate enterprises elsewhere in the Nation. The interest rates on call money went above 15 per cent several times in the recent "Hoover market." These abnormally high interest rates attracted to New York $7,000,000,000 of the Nation's credit—and the accumulation of this huge sum for Wall Street speculation naturally meant a restriction of credit for other more legitimate lines of business. This is conceded by every economist worthy of the name. George E. Roberts, vice president of the National City Bank of New York, recently declared:

"High interest rates signify more than the effects upon whoever pays them; they signify that a selective process is going on; that some one who would like to get credit is not getting it. That means a check upon activity and a restriction of purchasing power somewhere; and in the long run that is not good for business or good for the corporations whose stocks are in the market."

There is only a limited amount of money available for the needs of the whole Nation, and it logically follows that the more money is centralized in New York for speculative purposes the less money there is available elsewhere for the legitimate needs of agriculture and commerce. I already have shown in a preceding paragraph how farm values have been beaten down in the last eight years through lack of adequate credit, and I believe definite symptoms now indicate that the same process is beginning to take place in industry.

According to a national survey in November, 1928, building and construction lines were 14 per cent less active than in November, 1927, and 9 per cent under the mark of November, 1926. In Chicago the building for November, 1928, was 30 per cent less than that of the preceding year, in Los Angeles more than 60 per cent less, in San Francisco 35 per cent less; and Buffalo showed a decline in construction of more than 50 per cent. Obviously, money for building purposes is becoming stringent in every part of the country; how could it be otherwise when New York brokers are willing to pay as high as 20 per cent interest for short-time call notes?

The abnormally high rates paid in New York for call money not only have curtailed the amount of credit elsewhere in the country but have increased general interest rates. This was freely conceded by Governor Young, of the Federal Reserve Board, in Cincinnati. He said:

"* * * There are approximately 27,000 bankers in the United States * * * and while, from what I am able to observe, they take care of local needs, when they have funds to employ outside of their own community and are offered call loans at rates from 3 to 4 per cent above credit based on production and distribution, they extend that credit which brings the best rates, all other things being equal.

"This forces the commercial borrower to make his offer more attractive, with the result that in the course of time everyone pays higher interest rates. While up to the present time commerce and industry have enjoyed lower rates than the speculator, this process of lifting may go to a point where it will become a serious deterrent to business, and it is that phase of the present situation with which the Federal Reserve Board most concerns itself."

Governor Young has stated the case very clearly, although I can not share his optimism that business has not yet been injured. The slowing up of building in all parts of the Nation is evidence to me that legitimate industry has been strangled for lack of credit, and the staggering blow dealt to agriculture need not be stressed again at this point. It is significant, however, that in his lengthy speech Governor Young did not once mention the state of agriculture. Considering the indisputable facts, his studied avoidance is a confession that the Federal Reserve Board has signally failed to afford equal credit opportunity to the 30,000,000 farmers of the Nation. That alone is sufficient to condemn the workings of the system and to prove the necessity for some drastic and immediate changes. But, as I shall presently show, there are other fundamental faults inherent in the Federal reserve system, and it will never produce general prosperity for the common people of the country until those weaknesses are corrected.

In fact, after nearly 15 years of operation, the Federal reserve system can be indicted on at least five major counts:

1. It has resulted in an enormous increase of speculation.
2. It has concentrated credit with evil results.
3. It has deflated agriculture and reduced the real wages of labor.
4. It has overinflated certain lines of industry.
5. It has deliberately kept up interest rates to agriculture, industry, and commerce, although until recently providing stock gamblers with plenty of 4 per cent money.

After all, it is well to remember that the Federal reserve system was the original brain child of bankers, and that it is run by bankers primarily for bankers. As I shall prove, the prosperity of the common people of the country is of only secondary importance to the little inside group of financiers who control this gigantic credit organization, which, in my humble opinion, Congress very unwisely places in their hands.

Now, in logical order, let me discuss the five charges I have leveled against the Federal reserve system as it now operates:

Every competent economist and honest statesman realizes that uncontrolled speculation is ruinous to the welfare of any country. It was for the announced purpose of curbing stock gambling and preventing financial panics that the Federal reserve system was set up in 1913. That was plainly expressed by the sponsors of the act. In his message to Congress urging passage of the law, President Wilson said:

"We must have a currency, not rigid as now, but readily, elastically, responsive to sound credit. * * * Our banking laws must mobilize reserves; must not permit concentration anywhere in a few hands of the monetary resources of the country or their use for speculative purposes in such volume as to hinder or impede or stand in the way of other more legitimate, more fruitful uses * * *."

Precisely the same idea was even more emphatically expressed when the bill was presented in Congress by CARTER GLASS, who declared:

"The whole fight of the great banker is to drive us from our firm resolve to break down the artificial connection between the banking business of the country and the stock-speculation operations at the money centers. The monetary commission, with more discretion than courage, evaded this problem; but the Banking and Currency Committee of the House has gone to the very root of this gigantic evil and in this bill proposes to cut the cancer out. * * *

"The avowed purpose of this bill is to cure this evil, to withdraw the reserve funds of the country from the congested money centers, and to make them readily available for business uses in the various parts of the country where they belong."

The above statements from President Wilson and Senator GLASS make it manifest that the Federal reserve law was intended to "cut the cancer of speculation" from out of the fabric of American business; but now, after nearly 15 years of operation, one has to admit that the law has signally failed in its primary purpose.

When the Federal reserve act passed Congress testimony taken by the Pujo committee revealed that $766,000,000 of bank deposits were being used in New York for brokers' loans. To-day the amount of bank deposits used for stock gambling is nearly eight times as great as when the so-called remedial law was passed.

So far as fulfilling its announced purpose "to cut the cancer of speculation out of American business," the Federal reserve act certainly has been one of the most farcical failures of all legislative history.

Stock gambling never has been conducted upon such an extensive and widespread scale as it is to-day. Within recent months as many as 6,000,000 shares have been sold on the New York Stock Exchange in a single day, and it is nothing unusual when the tickers fail to keep up with the volume of business.

During the recent "bear raid," which followed the advance in the rediscount rate, the value of stock of a dozen corporations, picked at random, depreciated more than $1,317,500,000 in a period of five days. This is equal to the combined assessed real-estate valuation of Butte, Atlanta, Birmingham, Louisville, and New Orleans. And remember, this represents only 12 out of a list of 1,500 listed stocks. Tens of thousands of small operators saw their margins wiped out during this drop, and doubtless indescribable misery and no small amount of crime resulted in many parts of the Nation.

The operations of the "bulls" and "bears" are printed on the front pages of every daily newspaper in the land. The big "wire houses" conduct branch offices all over the country. It is difficult indeed to resist succumbing to the contagion of getting something for nothing; and to-day stenographers, clerks, salesmen, workers, and even farmers are distracted from their daily duties and feverishly "follow the market"—in many cases putting up money for margins that they can ill afford to lose—while an "inside ring" of experienced Wall Street operators rig the market up and down almost at will, and in the aggregate trim the outside suckers for hundreds of millions of dollars every year. It is the greatest "sure-thing game" of the age, and the New York Stock Exchange is the biggest gambling house in the world; but it is very unfortunate that we have allowed this gambling fever to affect the entire Nation like some poisonous virus.

So much for my contention that the Federal reserve act has failed to check speculation. Now I will show how it has concentrated credit.

The Federal reserve act requires all member banks to redeposit their legal reserves in one of the central reserve banks without interest. Furthermore, if a member bank has surplus funds above its reserve and wants to deposit these funds with a central reserve bank, the law requires that no interest can be paid.

This provision is made to order for the New York banks, and virtually gives them a monopoly on all that portion of redeposits of member banks above the reserves required by law to be deposited in Federal reserve banks. The New York banks have been paying 1¾ to 2 per cent for these redeposits, and until recently lending the money to speculators at about 4 per cent, while farmers and workers were compelled to pay 7 and 8 per cent on bank loans used to produce food and useful commodities.

In my own State of Iowa there are some $900,000,000 of bank deposits; and of this total more than $500,000,000 is now being loaned in Wall Street in three accounts; redeposits, long-time bonds, and margin loans. The inevitable result is that business men are denied funds for legitimate growth, and farmers are unable to borrow sufficient money to carry over livestock or grain crops and are forced to dump their produce on the market when prices are lowest. At least that is what has happened in the past, and this ruinous policy costs the producers of Iowa millions of dollars every year, because the funds put in the Iowa banks by Iowa producers are drained off to Wall Street to be used by a few parasitical gamblers.

When the Federal reserve act was passed it was announced with a great fanfare of publicity that speculative loans were to be denied the rediscount privilege in the Federal reserve banks. This, it was fondly supposed, was the keen-edged scalpel that was to cut the "cancer of speculation" out of American business.

But the stock gamblers never have worried about this, for the same law, by prohibiting the Federal reserve banks from paying interest on members' deposits, almost automatically drove the surplus deposits of the country to Wall Street—and I, for one, am critical enough to believe that this particular provision of the law was inserted precisely for that purpose. The amount of bank deposits used by Wall Street for speculative purposes has increased nearly eightfold since the Federal reserve act was passed, and I believe the facts justify my charge that this has resulted in the further concentration of credit into the hands of stock gamblers where it is harmfully used.

Now, I shall discuss the charge that the Federal reserve system has deflated agriculture, and I also shall prove the deflation was deliberate:

Prior to 1920 the Federal reserve system had encouraged land investment—as a means of raising more grain and livestock to win the war—and was the most potent agency for promoting inflation. It was on the bull side of the market until late in 1919, when an inside group of big financiers, holding the Federal reserve machinery in their hands, secretly decided to deflate farm values and to take the bear side of the market.

At this point I want to state that the Federal reserve system never has the right to adopt a deflation policy. That always is an economic crime. It has a perfect right to prevent inflation; but after having encouraged inflation and approved the loans and rediscounts by which the fabric was erected, it has no right to turn around suddenly and destroy the enterprise it fostered. The manner in which agricultural values were deliberately destroyed in 1920 is an economic crime beyond description; it was cold-bloodedly engineered by the financial crowd in control of the Federal reserve machinery, and this crowd profited enormously by the resultant widespread ruin.

The formal meeting at which the long-discussed policy was agreed upon was on May 18, 1920. Governor Harding, of the Federal Reserve Board, handed down the decree of our invisible government in the following words:

"The directors of Federal reserve banks are clearly within their rights when they say to any member bank, 'You have gone far enough; we are familiar with your condition; you have got more than your share, and we want you to reduce; we can not let you have any more.'" (Federal Reserve Board conference minutes.) (S. Doc. 310, 67th Cong.)

It was agreed to raise the rediscount rate to 7 per cent—this was kept from the public for a time, so that favored insiders could go on borrowing money and prepare for the coming storm—but in all the great agricultural States of the West the Federal reserve heads sent out letters to members of reserve banks ordering them to compel the farmers to reduce their loans and pay off their mortgages. Then in October, when the crops had been matured and the farmers were ready to market their produce, the Federal reserve governors openly showed their hands.

Public meetings were held in all the agricultural States. A representative of the Federal reserve system held four in Iowa, and I personally attended one. We were told that our loan allotment was $36,000,000, that we already had been loaned $91,000,000, and that we must dump our crops on the market, sell our livestock at a sacrifice, let go of our land, if necessary, and reduce our loans.

Iowa then had a crop valued at $1,000,000,000. On a conservative basis we were entitled to three times the loans we then had outstanding. But some mysterious, invisible power had decreed our financial ruin. The same condition existed in other agricultural States, although at that time the Federal Reserve Bank of New York had loaned out for speculative purposes more money than was loaned out by all the Federal reserve banks in some 13 States west of the Mississippi River.

Loans were called. Bankers sent for farmers, and under threats of foreclosure compelled them to dump their crops on the market. Naturally, the big speculators had been tipped off in advance and a bear raid was in full swing. Prices broke all down the line. In Iowa corn fell from $1.75 to 27 cents a bushel; the price of wheat dropped 80 cents in a few days; the price of livestock was not sufficient to pay the freight to the nearest market; and tens of thousands of hard-working farmers were bankrupted overnight in the creation of a wholly artificial condition by the Federal Reserve Board's wrecking crew.

The Manufacturers' Record says farm lands and the two crops of 1920 and 1921 were deflated to the extent of $32,000,000,000 and that all other business was deflated to the extent of only $18,000,000,000. In other words, agriculture was deflated about six times as much in proportion as other lines of business—and do not forget that only little business was deflated. Big business was tipped off in advance and made enormous profits out of this illicit deflation. The Federal Reserve Board had saved Wall Street from a panic, but it handed the American farmer the worst price panic in history, and agriculture has not yet recovered from that foul blow.

Since 1920 agricultural values have kept on declining because credit has been drained away by Wall Street speculation, and this same speculation has created a dangerous inflation in certain industries. This has been brought about in the following manner:

Owing to the increased interest rates charged by local banks, and the easy money prevailing in the big eastern financial centers, many concerns have found it cheaper to finance themselves through the stock market. The result has been a great increase in refinancings through the issuance of bonds, preferred stocks, second preferred stocks, and various other devices, which all offer a great temptation to overcapitalize.

So long as local bankers were advancing funds for reorganization or expansion they usually insisted that the business be kept upon a fairly conservative basis, and that the money invested bear some actual relation to the earning value of the stock; but when stocks and bonds can be sold broadcast to persons who have no direct knowledge of the corporation's condition, the element of personal responsibility vanishes and in many cases the sky is the limit.

As proof of the above statement it is merely necessary to cite that in 1921 the total value of all common and preferred stock listed on the New York Stock Exchange was a little over $4,000,000,000, while to-day the combined paper value of the stocks listed on Wall Street has reached the staggering total of $61,000,000,000. It is a fact—significant but little realized—that the various business enterprises of the United States are rapidly approaching a point where their total capitalization will represent a sum greater than that on which the entire national income can pay 5 per cent interest. Inevitably this condition must spell ruin and bankruptcy for many innocent purchasers who own what they believe to be "securities" bought at highly inflated prices on an artificially stimulated bull market.

Recently I checked over a long list comprising some of the largest industrial concerns in the United States, and found that during 1928 their stock values had increased an average of 27 per cent, while during the same period the average earnings of these identical corporations had declined on an average 11 per cent.

Within two years the market value of 50 industrial stocks, the 20 public-utility stocks, and the 20 railroad shares which are

used in computing the Standard Statistics index of the prices of stocks has increased from approximately seventeen and one-half billion to thirty-three billion dollars, an inflation that is wholly unjustified by an increase in the earnings of the above-mentioned corporations.

The situation outlined above fully justified my charge that the Federal reserve system has encouraged a dangerous inflation in certain lines of industry. The rise in the prices of stock-exchange "securities" has not enriched the assets of the corporations or lowered their production costs or increased their earning power. The only difference made by the advance in the price of securities is a wholly fictitious change in the value of paper markers known as shares, and this bears no relation whatever to the real prosperity of the Nation.

Now we come to the consideration of my last indictment—that the Federal reserve system has deliberately kept up interest rates and thus placed an unfair burden on agriculture, industry, and commerce. Here I can convict the Federal reserve with its own official admissions.

The Federal Reserve Board some time ago issued a booklet entitled "Questions and Answers on the Federal Reserve System." On page 135 the question is asked, "Why is interest not paid on the reserve balance carried with the Federal reserve bank?"

Its own answer follows:

"Because it is wrong in principle and would defeat one of the most important objects for which the Federal reserve system was established, namely, 'to afford means of rediscounting commercial paper.' If a Federal reserve bank were compelled to use at all times a large percentage of its resources to purchase paper in the open market for the purpose of earning interest to be paid to member banks on their reserve deposits, it is manifest that this would absorb funds to such a degree as to leave it without adequate resources to meet the needs of its member banks in case of sudden emergency or for heavy seasonal requirements.

"Moreover, even if this were not the case, member banks would probably lose far more than they would gain if Federal reserve banks should pay them interest on their reserve deposits. The reserve deposits held by all Federal reserve banks amount to approximately $22,00,000,000. The payment of interest at 2 per cent on this amount would require the Federal reserve banks to keep invested at all times at least $1,100,000,000 at 4 per cent for this purpose. If this sum were invested by the reserve banks in Government securities, it would not only dissipate the reserves as above specified but would have the effect of increasing the supply of credit to such an extent as to force down interest rates. If the amount were used in the open market in the purchase of bankers' acceptances and bills of exchange, it would come in direct competition with member banks and by increasing the supply of credit would likewise tend to force down interest rates under ordinary conditions, and the loss to member banks on all their loans would doubtless far exceed the income they would derive from the 2 per cent interest on reserve deposits." (Questions and Answers on the Federal Reserve System, pp. 135, 136.)

The first paragraph of this answer is untenable, because the assets acquired by investing these funds to earn interest to pay upon the deposits of member banks might easily be made a basis of Federal reserve notes in sufficient amounts to meet all "sudden emergencies" or "heavy seasonal demands" for rediscounts.

The statement in paragraph 2 that "it * * * would have the effect of increasing the supply of credit to such an extent as to force down interest rates" gives the true reason why the Federal reserve bank does not pay interest on deposits by member banks. The big financiers who designed this system, and who have controlled it since its inception, knew exactly what they were doing. They wanted to concentrate capital and credit under the guise of Government control, and they cleverly worked out a plan whereby the surplus wealth of the Nation automatically is drained into the eastern financial centers. There they use the deposits of the Western States at a low rate of interest for speculative purposes; and when western producers want to borrow back their own money they must approach the eastern money magnates, hat in hand, and pay exorbitant interest for the use of their own money for productive purposes.

I contend that, stripped of all technical terms, a reserve bank has but two basic functions:

One is to act as a reservoir for the redeposits of member banks. There are 27,000 banks in the United States, and there are times when member banks have more funds than they can loan to their regular loan customers. A bank wants to deposit these funds in its reserve bank for a few days or a few months with the right to recall them when needed at home. The local bank also should get a small return on these redeposits. This is a legitimate function of a reserve bank and should be useful in keeping capital employed, mobilizing credit, and lowering interest rates.

The second basic function of a reserve bank is to rediscount paper of its member banks. Farmers are buying feed or seed, merchants are making reasonable increases of stock, or manufacturers are buying raw materials. Their needs may require more credit than the local bank can provide from its own deposits. Therefore it must call upon the central reserve bank for temporary aid; to obtain this it sends its commercial paper to the reserve bank for sale by rediscount.

The redeposit and the rediscount business are the only two basic services a reserve bank can render its member banks. In fact, they are the only two services that a member bank can render its individual customers.

The principal purpose of a Federal reserve system, so far as service to the public is concerned, is to make a more efficient use of credit supply, and thereby to reduce the interest rate. If a reserve system does not accomplish this purpose, but, on the other hand, actually maintains higher interest rates for the public while collecting a vast credit surplus at low interest rates to be used for speculation, it is a menace to the general welfare and should be drastically amended or abolished entirely.

It is plain, I think, that interest is not paid on Federal reserve redeposits for the very reason that it would then be necessary to invest funds to earn this interest, which in turn would release other funds and increase the credit supply until the general interest rate was materially lowered. Lower interest rates certainly would benefit farmers, workers, manufacturers, and everyone engaged in legitimate industry; but lower interest rates might reduce bank earnings, and it should be clear by this time that the Federal reserve system is being operated for the benefit of bankers and stock speculators and not for the benefit of the American public.

The farmers and workers—in fact, all of the common people of this country—never again will enjoy a fair share of our national prosperity until they organize their own cooperative banking system under their own control. We are the only civilized country in the world that by law prohibits such a cooperative system.

The farmers deposit far more money in the commercial-banking system than is ever loaned back to the farmers. Labor deposits many times more than is ever loaned back to labor. Farmers and workers would benefit by a cooperative banking system, but under the law commercial banks have a monopoly.

Iowa recently authorized cooperative banks, but no provision was made for a central reserve bank. Nebraska, too, has authorized them in general terms, but they are not properly defined by the law. Several other States have credit union laws, but they do not contemplate a great cooperative system; and this means that any banks that might be organized would become mere feeders for the commercial system.

The laws should be amended to permit the establishment of a national system of cooperative banks. I am now drafting measures for legislation to this end. In addition to this legislation much must be done to remove the existing evils of the Federal reserve system. I have introduced a series of bills to accomplish this purpose. One would prohibit any bank from making a speculative loan in the same terms that the law prohibits the Federal reserve banks from rediscounting such a loan. Why should a speculative loan be outlawed in the reserve bank for rediscount and at the same time legalized as an original loan by the member bank? It should be outlawed all along the line. It is preposterous to claim that the Government of the United States or of the various States should be called upon to furnish a banking system to sustain an institution of stock gamblers.

Another bill would prohibit one ordinary bank from paying another ordinary bank for redeposits and turn this item of reserve-bank business into the reserve banks. It would require the reserve bank to pay 2 per cent interest. This would increase the volume of reserve-bank business very greatly. On this increased volume it would never need to charge over 3 per cent on rediscounts and, perhaps, could make a profit at even a lower rate; so this bill fixes the rediscount rate by law at 3 per cent, and takes away from the Federal Reserve Board the power of affecting prices and business by raising and lowering the discount rate. That is a power too great to be intrusted to any board.

The Congress of the United States is the only board representing all the people that should exercise such power. The right to do so is as old as the English law. It is simply fixing a usury rate and that has always been done. If the rediscount rate is fixed at 3 per cent the ordinary bank can lend to farmers, laborers, and ordinary business at 5 per cent; and this bill has fixed the general usury rates for loans of that character at 5 per cent. This gives the people the advantage of lowering the general interest rate by efficient use of surplus funds in a reserve banking system.

These provisions have been criticized by the statement that they would drive all the business into the State banks. I have anticipated that argument, and have offered another bill to require the State banks to comply with the same rules or be denied the use of the United States mails and the privileges of interstate commerce. This would put all the banks under the same régime.

Unless something of the kind is done we are now headed for the greatest panic in the history of the world.

The recent action of the Federal Reserve Board, while in the right direction, is powerless to actually stop this fabulous bubble of stock inflation. Perhaps it has gone too far already to be stopped by anything but a panic. In conclusion I want to ask: Shall the Congress of the United States remain an impotent onlooker in this ruthless destruction of the prosperity of the great masses of our people?

"THE POLITICAL PARADE"—ARTICLE BY COL. EDWIN A. HALSEY

Mr. SHEPPARD. Mr. President, I present for incorporation in the RECORD a very interesting article, entitled "Here Comes the Political Parade," by Col. Edwin A. Halsey.

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

[From the Sunday Star, Washington, D. C., March 27, 1932]

"HOLD YOUR HOSSES!—HERE COMES THE POLITICAL PARADE!"—DELEGATES HAVE POLISHED THEIR HIGH SILK HATS, BRASS BANDS WILL BLARE, ORATORS WILL SHOUT, AND THE BIG SHOW IS ABOUT READY TO BEGIN—JUST 100 YEARS SINCE THE FIRST AMERICAN PARTY CONVENTIONS WERE HELD—SOME HIGHLIGHTS OF GATHERINGS OF THE DELEGATES

By Edwin A. Halsey, sergeant at arms of Democratic National Committee

"The convention will come to order. The sergeant at arms will direct the delegates to take their seats and clear the aisles of guests. The chaplain will offer prayer." These words, spoken by the chairman of the respective national committees of the two great parties—Democratic and Republican—swing into action the presidential-nominating conventions of 1932. Thus assembled this year these conventions commemorate exactly 100 years of political conventions of the two dominant parties. It is a coincidence that after a century of conventions the national conventions of both parties of 1932 are meeting in the same city, and, as in 1832, they convene in the same building. Both national conventions of 1832 were held in the Athenæum, Baltimore. Both conventions will be held this year in the stadium, with a seating capacity of 25,000, in Chicago—the Republicans holding their convention June 14 and the Democrats June 27. So the next President of the United States will be named in Chicago. The conventions will sit about three or four days.

Each convention will have 1,154 delegates representing the States and Territories. The Territories represented will be Alaska, District of Columbia, Hawaii, Philippine Islands, Porto Rico, Canal Zone, and Virgin Isles. The delegates are apportioned to the States by the Democrats according to the size of the State congressional delegation, only the number of the delegates is twice that of the State congressional delegations. The delegates in 1928 were 1,089 for the Republicans and an even 1,100 for the Democrats. Two-thirds of the Democratic delegation is required to nominate, while the Republicans require only a majority.

In the Democratic ranks there has been a general agreement that there will be no repetition of the New York convention proceedings so far as length of time is concerned. The intention is to expedite the proceedings, and the general impression is, there will be a nomination in a comparatively brief time.

That conventions can be swayed by oratory was proven by the two outstanding incidents surrounding the nominations of Garfield and Bryan. Garfield attended the convention of 1880 in Chicago as a delegate, and it was through his speech, nominating John Sherman, that he was himself nominated. William Jennings Bryan, while a delegate to the convention in Chicago in 1896, and as a newspaper man representing the Omaha World-Herald, owned by Gilbert M. Hitchcock, afterward Senator from that State, won the nomination by his "cross of gold and crown of thorns" speech. Senator JOE T. ROBINSON of Arkansas was permanent chairman of the Houston Convention in 1928, and his speech as chairman brought him before the convention and unquestionably influenced the Houston delegates in naming him for Vice President.

Representative EDGAR HOWARD of Nebraska, who was private secretary to William Jennings Bryan, related the following incident, which followed immediately after Bryan concluded his famous speech in the convention of 1896:

"The crowd was in a very hilarious mood. Everybody who could find something to swing in the air would do so, making as much of a demonstration as he could. Men and women alike would wave their hats, coats, whatever they could get hold of. To illustrate how demonstrative the crowd really was, there was one man in particular, a very unusually dignified and reserved person, a man last among men who would loose from his tongue a questionable expression in the presence of a lady. He was standing against, and with one arm around, one of the wooden supports of the convention hall, waving his black alpaca coat and shouting 'Hurrah for Bryan.' Near him was a magnificently gowned woman who had taken off her hat and stuck her parasol through it, waving them in the air. 'You must be from Nebraska, too,' remarked this lady. To which the man replied, 'You can bet your breeches I am, madam.'"

The scene Representative HOWARD describes is somewhat typical of conventions after a nominating speech, but Bryan's speech thrilled his crowd more than usual.

That one might become confused while addressing a convention is proven by the following, from the Kansas City Journal of July 6, 1900:

"In conclusion, in announcing his intention of supporting the Democratic Party and its ticket, Mr. Davis said with great emphasis: 'I stand upon this platform and shall support William J. Brennings.'

"It was a curious and laughable confusion of syllables of Bryan's name, but the crowd knew what he meant and cheered him wildly."

The Mr. Davis referred to was Webster Davis, who had been invited to address the convention. Another account said Mr. Davis's concluding words were "William Brennings Jyan."

The heat in the convention halls in the past has been one of the main drawbacks in holding conventions in midsummer. Prostrations have been numerous. It is so arranged now that much of the discomfort will be a relic of the past, as the stadium in Chicago has a cooling system much the same as is used in motion-picture theaters. The delegates will be able to work in comfort and naturally will be more composed. This cooling system will in no way allay the enthusiasm, but may add to it, and pandemonium will reign as usual as favorite candidates are placed in nomination.

Nominating speeches are immediately followed by the test of strength of the advocates of the particular candidate to make a demonstration to prove that their man is the outstanding one of the convention. It is no secret that managers of these demonstrations have had in mind the length of others and have deliberately carried on the demonstrations regardless of how tired their advocates may have become or how worn the delegates participating, the big idea being to carry their demonstration longer than the one previous or longer than the one candidate which they are trying to outrival in making a demonstration.

In the old times the question of reaching the entire audience in the hall by voice and keeping the large assemblage entertained in the matters of the convention was a hard matter. Usually not more than one-fourth of the occupants of the hall heard the proceedings. Because of the desire to be able to take care of enormous crowds, the committee gave little thought or consideration to the acoustics or carrying power of a man's voice. At the Chicago convention in 1912 the manager of the hall improvised a 4-sided sounding board which came down to a point directly above the position of the presiding officer, so that the speaker's voice resounded through a much greater part of the hall. This was noticeable by the quiet, as in previous conventions the large part of the audience that was unable to follow the proceedings provided their own amusement, and the hum and buzz of conversation at times interfered with the proceedings. In 1920 a number of young engineers were brought into the Republican convention hall and studied the situation, and their contribution was in the form of eight large horns, made of wood, about 10 feet in length, a disk connected with them being placed directly in front of the speaker. The night preceding the convention the hall was thrown open for visitors and a concert provided with the aid of a small phonograph. This system of amplification made the music audible in every section of the hall and proved quite an assistance in expediting the work. To-day not only those within the four walls of the convention hall are able to follow the proceedings but millions of citizens seated in their homes, far more comfortable than those within the direct vision of the speaker, can closely follow the convention through the instrumentality of radio.

Chicago has been host to a greater number of conventions than any other city, having entertained 16 major conventions since 1860. Baltimore ranks next, having had within its borders 13 major conventions, Democratic and Republican. St. Louis comes third, having had 5; Philadelphia fourth, with 4. Other cities having had more than one convention are Cincinnati, Cleveland, Kansas City, and New York. Cities having had only one are Denver, Harrisburg, Houston, Minneapolis, and San Francisco.

Champ Clark was the only man who ever received a majority of the votes of the delegates and yet was not nominated, as he could not get the two-thirds vote required. Two men nominated by conventions who have received the majority of the popular votes in the United States have failed to become President in that particular election. Cleveland, in 1888, although receiving a larger vote than Harrison, was defeated for the Presidency, as Harrison received the larger number of electoral votes. The same is true of Tilden when he was defeated by Hayes in 1876, although Hayes in the actual counting of the electoral votes received only one more than Tilden. This discrepancy between popular and electoral votes is accounted for by the fact that in many instances in the Southern States the Democratic vote would be 4 to 1 to that of the Republican vote, thus bringing up the total Democratic vote in these two particular instances to a number greater than the Republican vote in the whole Nation.

Thirteen of the Presidents of the United States have been named on the first ballot.

Although there was no national convention, the first presidential election occurred January 7, 1789. The constitutional provision that the House of Representatives should elect, if there has been no choice made by the people, as in the case of the election of 1800, gave the election by the House to Thomas Jefferson over Aaron Burr. The nearest approach to conventions was the secret party caucus of the olden days, and the first of these secret caucuses was held February 25, 1804, in Washington. Both Democrats and Republicans in that year held their caucus in the same city, and it was in Washington that Thomas Jefferson was renominated.

Nominations for Vice President have been declined and the first declination was by John Langdon of New Hampshire in 1812. He had been nominated by the Republicans. Senator THOMAS J. WALSH of Montana, chairman of the 1924 Democratic Convention, held in New York City, put aside the nomination for the Vice Presidency by declaring the convention in recess.

The two-thirds rule adopted by the Democratic Convention of May 21, 1832, has been in vogue ever since. It was at this convention that Andrew Jackson was nominated. The first national committee was organized in the election of 1848 by the Democratic Convention of that year.

While we now have magnificent coliseums and auditoriums for our conventions, such has not always been the case. After the first Democratic and Republican conventions in Baltimore in 1832, in 1835 the Democrats held their convention in the Fourth Presbyterian Church in Baltimore; and the Whigs, in 1839, met in the Lutheran Church in Harrisburg. In 1844 the Democrats met in the Odd Fellows' Hall in Baltimore, and the Whigs, although in the same city, held their convention at the Universalist Church. The Democrats used the same Universalist Church in 1848, while

the Whigs, in 1848, used the Chinese Museum in Philadelphia. The next unusual place was in 1860, when the Republicans held their convention in Chicago in a wigwam erected especially for that occasion. It was in this wigwam that Abraham Lincoln first was nominated. A theater was the scene of the Republican Convention in 1864 in Baltimore, while the Democrats met in 1872 in Ford's Opera House.

All conceivable ideas are used to get into a convention hall. One of the strangest was used in Houston. Everyone knows that a death message is always delivered as promptly as possible, regardless of circumstances. A friend of a Texas ranger, to be sure that the message reached him, wired this ranger, who was on duty in the convention hall, that there had been a death. The ranger immediately went to a telephone and called the sender of the telegram, only to find that it was a ruse for the sender of the telegram to ask the ranger for a ticket to get him into the hall.

The presence of Texas Rangers in the Houston hall probably did a great deal to keep order among the guests, as the rangers have a great reputation of being effective in time of disturbances.

The platform of the convention is, as some have said, "something to get in on and not to stand upon." The platform, in fact, is the outline of party principles, or the promises it intends to carry out should it come into power. It is an address to the American people, and it summarizes in very carefully selected words the deficiencies of the enemy, but praises the virtues of their own party to the extreme.

The writing of a platform in a convention sometimes is such a stubborn matter that it holds a convention in session longer than the nominations of the candidates. Probably one of the most outstanding platforms ever formulated was that promulgated by the Republicans in the campaign of 1868, which nominated General Grant. Though President Johnson was still in office, the convention platform said in part, "We profoundly deplore the untimely and tragic death of Abraham Lincoln," which was very natural and a very commendable statement, but then the platform went on to say, "We regret the ascension to the Presidency of Andrew Johnson." The platform went on further to take the President to task for things he had done and things he had failed to do. And judging from the castigation by this platform, Johnson's administration must have indeed been "a tragic era." Thus we have the strange spectacle of a party in power denouncing its own President.

The two conventions in Chicago will be marked in contrast possibly by attendance. The conclusions of the Republican Convention, as it is seen at this time, are somewhat foreclosed. That President Hoover and Vice President Curtis will be renominated seems definite and certain, and the convention proceedings will be in the form of a ratification meeting. The Democratic Convention promises to be the most colorful ever held.

There are always many events planned to interest delegates while they are in a convention city. Probably one of the most original was at the Democratic Convention in Denver in 1908. There the delegates were privileged to indulge in a snowball fight when the thermometer was hitting around 104 or 105 in the shade. Snow was brought in from the mountain tops adjacent to Denver in carloads and dumped on the grounds adjacent to the convention hall.

During the Republican Convention in Chicago in 1908, the day the nomination of the candidate for President was to be made the jam in the building was such that the fire marshal took charge and ordered that no one be admitted. This applied to delegates as well as press, and when the fire marshal gives an order it is law. This meant that those inside could not leave for lunch with any assurance of being able to get back in. This, of course, was a boon to the proprietor of the lunch room within the building. Not anticipating such a sudden inrush, he had not made any particular preparation and his main stock was loganberry juice, coffee, and strawberry pie. This lunch room was a long, corridorlike, unfinished place with a counter about 50 feet long. As there was little choice, one was compelled to take just what was handed him, and the supply of forks and paper plates was totally inadequate.

Another instance where the convention city desired to entertain its guests to the utmost was at the Democratic convention in San Francisco in 1920, the first national convention to be held on the Pacific coast. California, noted for its hospitality, on this occasion determined to go the limit, and on the second day crates of oranges were brought into the press section and everyone invited to partake generously. The unhappy part was that in preparing the orange treat no care was shown in disposing of the peels, with the result that the center aisle was soon a mass of peelings. The following day several hundred crates of fresh apricots were brought to the hall, but the orange experience prompted those in charge to leave the fruit in a corridor just outside the hall.

Preposterous as it may seem now, the Taft managers in 1912 were distinctly disturbed by rumors that former President Roosevelt would literally stampede the convention by riding in one of the hall's street entrances on horseback. Roosevelt was in Chicago at the time and there was such intense feeling over the State delegation's contest as to which should be seated, Roosevelt or Taft delegates, that the convention officials were apprehensive and placed an additional force of police in the hall to prevent any actual fighting over the contest or to combat the Rough Rider and his followers. It all seems absurd now, but the report was taken seriously then.

At the conventions there are always well-known characters. They travel hundreds of miles, and some of them make it a profitable journey by selling photographs of themselves and otherwise extracting coins from visitors and delegates. One-eyed Connolly was one of the characters at Houston who appealed to me for a job, but when I told him that if he were to be given work his notable achievement of "crashing the gate" at every important gathering would be impaired and minimize his publicity as a "gate crasher," he remarked that "even so, I have to eat."

The original telegraph report was a mere skeleton of the routine of the convention, completely devoid of the "human interest" element, as the newspaper phrase goes. To-day not only is every word uttered in the convention given a place in the news reports of the press associations but from the pens and typewriters of hundreds of special correspondents—including the "sob sisters"—hundreds of thousands of words flow steadily over the wires directly to the desks of the telegraph editor at home. Special arrangements are always made for the radio "mikes" and special privileges are given to the movie and "still" cameramen.

Each convention has its dramatic moment which stands out. Most frequently it is when certain candidates are placed in nomination, but in the 1904 Democratic convention at St. Louis, which nominated Alton B. Parker, it was Judge Parker's telegram to the convention after he had been nominated that caused great consternation. His message came in the early morning after an all-night session and stated that he regarded the gold standard as firmly and irrevocably established. This statement came with startling surprise, for the platform had eliminated all reference to monetary standards, which had prevented a big clash in the convention. After a hurried meeting of the resolutions committee, of which Senator John W. Daniel, of Virginia, was chairman, the convention voted to send to Judge Parker a telegram saying that while the platform was silent, there was nothing in his views expressed in his telegram which would preclude a man entertaining such views from accepting a nomination on that convention's platform.

The incident, as thought by many, might vacate the proceedings and conclusions of the convention, but the telegram drafted by the resolutions committee saved the day. It was probably one of the most startling pieces of information that had ever been received by a convention when Chairman Sheehan, who was managing Judge Parker's campaign, announced receipt of the telegram. I do not recall anything else that I have witnessed at a convention that created such consternation as the Parker telegram.

At every convention some one unusual feature stands out. As an illustration, the "24 votes for Underwood" was one of the main features of the New York convention. One of the most amusing incidents of any convention of recent years was occasioned by Governor Hanley, of Indiana, who nominated Mr. Fairbanks at the Republican convention in Chicago in 1908. Governor Hanley had a way of emphasizing his remarks by clapping his hands together each time he stated a point. The crowd being in a somewhat hilarious mood, more to be entertained than to be serious, started clapping hands in unison each time he did. This brought on great laughter, much to the discomfort of Governor Hanley, and he appealed to the presiding officer for order. Needless to say the chair was helpless.

The convention is flooded by novelties on certain occasions. In New York Miss Anna Case opened the session by singing The Star-Spangled Banner, and while she was singing there were released from the ceiling thousands of miniature American flags, which floated down to the audience. In Houston, where the residents are very proud of their gardenias, these flowers were tied to tiny baloons and released among the audience. Again, when Jesse Jones was mentioned for President, his advocates released thousands of tiny balloons with Mr. Jone's name and picture on them.

The expression "the standard bearer," so frequently used as referring to the nominee of the political conventions, is an expression which no doubt is an outgrowth of the presidential convention. Each State delegation sits on the convention floor under a standard with the State's name inscribed, so that they can be easily located and identified. It is this standard, when carried, which indicates how the State delegates will probably vote after a candidate has been placed in nomination. The standard is usually lifted from its resting place on the floor and borne around in jubilation, indicating that that State which is inscribed upon the standard is solidly back of the man placed in nomination.

One of the funniest and at the same time serious incidents occurred at one of the ante bellum conventions. It is related that a temporary occupant of the chair at that time was considerably annoyed by a delegate who insisted upon being heard. The session had gone far into the night, and the temporary occupant of the chair was a delegate who had probably been indulging very liberally in stimulant to keep him going under the strain. In hammering for order and trying to get the unruly delegate to take his seat he wielded the gavel, uttering the words, "Sit down!" He lost his balance, and the gavel flew over and hit one of the clerks standing directly in front of the chairman. "Time out" had to be taken to bring the clerk back to consciousness.

Odd banners are frequently carried during the performances of the delegates after their candidate has been placed in nomination. One of the funniest was at the Republican convention of 1908, when the Texas delegation appeared with a pair of trousers of enormous size, made of alpaca, a product of Texas, hoisted high in the air, upon which was written, "As pants the hart for cooling streams, so Texas pants for Taft."

The keynoter of the campaign, the temporary chairman of the convention, should, to fulfill the accepted requirements for the job, "be an Adonis in appearance, silver-tongued in voice, deliver a masterpiece of diction, embodying the acme of achievement and

promise; sound phrases that are pleasing to the extremes, praise party performances, defend party delinquencies, denounce the enemy, thrill the radio audience, and actually, all in all, execute a performance par excellence"—truly a superman's job.

It is a large order to get such a man. The hunt is on and no doubt before the steam rollers of the conventions start to move a man to meet the fastidious requirements of the conventions will have been found.

The subcommittees of the national committees which make the selection of the keynoter and choose the permanent chairmen of the conventions have many problems to settle before a selection is made. Whether the keynoter shall be wet or dry, from the East or West, and what candidate he might favor, will give the subcommittees concern.

James D. Preston, who for thirty-odd years was superintendent of the press gallery in Washington, and who supervised the press galleries at the conventions of both parties, will not attend in that capacity this year, but will go to the Democratic convention, at least, as an assistant sergeant at arms.

THE FEDERAL CITY

Mr. FESS. I should like to call the attention of the Senate to the fact that the book on the Federal City which was submitted by the secretary of the Fine Arts Commission, and prepared under the Joint Committee on Printing of the Senate and the House under the direction of the clerk, has been completed. It has 402 illustrations; it is the finest thing up to date that has been produced on the subject, I think, and I know Senators will all be glad to know that it is finished and that they will receive copies in due time.

EXECUTIVE SESSION

Mr. WATSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

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

SAMUEL L. GROSS

Mr. HASTINGS, from the Committee on the Judiciary, reported favorably the nomination of Samuel L. Gross, of Texas, to be United States marshal, northern district of Texas.

Mr. SHEPPARD. Mr. President, I ask that that nomination be immediately confirmed.

The VICE PRESIDENT. Is there objection? The Chair hears none; and, without objection, the nomination is confirmed.

ADDITIONAL EXECUTIVE REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on the Judiciary, reported favorably the nomination of Cooper Hudspeth, of Arkansas, to be United States marshal, western district of Arkansas.

Mr. ROBINSON of Indiana, from the Committee on the Judiciary, reported favorably the nomination of Charles E. Winter, of Wyoming, to be attorney general of Porto Rico.

Mr. REED, from the Committee on Military Affairs, reported favorably the nomination of Col. Louis Meredith Nuttman, Infantry, to be brigadier general, vice Brig. Gen. Campbell King, to be appointed major general May 1, 1932, and also the nominations of sundry other officers in the Regular Army.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

Mr. SCHALL, from the Committee on the Judiciary, reported favorably the nomination of Joseph Fritsch, jr., of New York, to be United States marshal, western district of New York.

The VICE PRESIDENT. The reports will be placed on the calendar.

CHARLES A. JONAS

Mr. HASTINGS. If it is in order, I desire to move a reconsideration of the action of the Senate on the 23d instant, rejecting the nomination of Charles A. Jonas to be district attorney for the western district of North Carolina.

Mr. McKELLAR. Mr. President, did I understand correctly the Senator to move for immediate consideration?

Mr. MOSES. The Senator from Delaware enters a motion for a reconsideration.

Mr. HASTINGS. I merely desire to ask that the motion be entered.

Mr. HARRISON. There will be no desire to try to prolong this matter, will there, may I ask the Senator from Delaware?

Mr. HASTINGS. I will say that, if the Senate will agree to the motion, I will be prepared to-morrow to go on with it. I should like to be heard upon the subject, for the reason that I think all the facts were not laid before the Senate. I was unavoidably absent at the time the nomination was considered, and had expected to address the Senate upon the subject.

Mr. McKELLAR. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McKELLAR. As I understand, the Senator from Delaware voted in favor of the confirmation of Mr. Jonas?

Mr. HASTINGS. There was no record vote.

The VICE PRESIDENT. There was no record vote, and a motion to reconsider may be entered by any Senator.

Mr. McKELLAR. If there was no record vote, my parliamentary inquiry is of no avail.

The VICE PRESIDENT. The motion will be entered.

TREATIES

The VICE PRESIDENT. The calendar is in order.

The legislative clerk proceeded to read Executive KK (70th Cong., 2d sess.) and Executive A (72d Cong., 1st sess.).

Mr. MOSES. I ask that the treaties may go over.

The VICE PRESIDENT. The treaties will be passed over.

POSTMASTERS

The legislative clerk read the nomination of Charles A. Sandburg to be postmaster at Jamestown, N. Y.

Mr. ODDIE. I ask that the nomination of the postmaster at Jamestown, N. Y., be held over and not acted upon.

The VICE PRESIDENT. The nomination will be passed over.

The legislative clerk read the nomination of Frank L. Lee to be postmaster at Campbell, Ohio.

Mr. ODDIE. I move that that nomination be confirmed. The objection of the Senator from Ohio [Mr. BULKLEY] has been withdrawn.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Robert P. Joyce to be secretary in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Halleck L. Rose to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

INTERNAL REVENUE SERVICE

The legislative clerk read the nomination of Lawrence A. Merrigan to be collector of internal revenue, district of Louisiana.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The legislative clerk read the nomination of Samuel H. Thompson to be collector, customs collection district No. 12, Pittsburgh, Pa.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Charles L. Williams to be senior surgeon, to rank from May 23, 1932.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COAST AND GEODETIC SURVEY

The legislative clerk read the nomination of Robert Alexander Marshall to be junior hydrographic and geodetic engineer (with the relative rank of lieutenant, junior grade, in the Navy).

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Hubert Alexander Paton to be hydrographic and geodetic engineer (with relative rank of lieutenant in the Navy).

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, that order will be made. This completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. WATSON. I move that the Senate take a recess until to-morrow at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, March 29, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 28 (legislative day of March 23), 1932

CONSUL GENERAL

Oscar S. Heizer, of Iowa, now a Foreign Service officer of class 4 and a consul, to be a consul general of the United States of America.

MEMBER OF THE FEDERAL BOARD FOR VOCATIONAL EDUCATION

W. Harry King, of South Dakota, to be a member of the Federal Board for Vocational Education for the unexpired term of three years from July 17, 1931, vice Claude M. Henry, deceased.

COAST GUARD

The following-named officers in the Coast Guard of the United States:

Commander James A. Alger to be a captain, to rank as such from January 1, 1932, in place of Capt. Philip H. Scott, retired.

Commander (Engineering) Frederick H. Young to be a captain (engineering), to ran as such from January 1, 1932.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Capt. Thomas Brady, jr., Cavalry (detailed in Quartermaster Corps), with rank from July 1, 1920.

First Lieut. Thomas Eginton Whitehead, Cavalry (detailed in Quartermaster Corps), with rank from September 18, 1925.

TO ORDNANCE DEPARTMENT

First Lieut. Steven Livesey Conner, Corps of Engineers (detailed in Ordnance Department), with rank from November 16, 1927.

PROMOTIONS IN THE REGULAR ARMY

To be lieutenant colonel

Maj. Robert Emmett O'Brien, Infantry, from March 20, 1932.

To be major

Capt. Frank Austin Heywood, Quartermaster Corps, from March 20, 1932.

To be captain

First Lieut. Frank Lauderdale Cook, Air Corps, from March 20, 1932.

To be first lieutenants

Second Lieut. Thomas Benjamin White, Coast Artillery Corps, from March 18, 1932.

Second Lieut. William Benjamin Hawthorne, Coast Artillery Corps, from March 20, 1932.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

Lieut. Charles H. Ramsdell to be a lieutenant commander in the Navy from the 30th day of June, 1931.

Lieut. Robert P. McConnell to be a lieutenant commander in the Navy from the 1st day of August, 1931.

Lieut. (Junior Grade) Frank Monroe, jr., to be a lieutenant in the Navy from the 1st day of November, 1931.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of December, 1931:

Joseph B. Renn.
Alvin D. Chandler.
Julian J. Levasseur.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of January, 1932:

Joyce A. Ralph.
Homer Ambrose.
James C. Guillot.
Carson R. Miller.
William M. Hobby, jr.

Lieut. (Junior Grade) Guy M. Neely to be a lieutenant in the Navy from the 7th day of January, 1932.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of February, 1932:

Horace C. Robison.
John B. Moss.
Thomas H. Hederman.
Valentine L. Pottle.

Ensign Richard E. Hawes, an additional number in grade, to be a lieutenant (junior grade) in the Navy from the 18th day of February, 1932.

Medical Director Arthur W. Dunbar to be a medical director in the Navy, with the rank of rear admiral, from the 7th day of December, 1926.

William D. Bryan, a citizen of the District of Columbia, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), for temporary service, from the 18th day of July, 1931.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 28 (legislative day of March 23), 1932

SECRETARY IN THE DIPLOMATIC SERVICE

Robert P. Joyce to be secretary in the Diplomatic Service.

FOREIGN SERVICE OFFICER, UNCLASSIFIED, VICE CONSUL OF CAREER, AND SECRETARY IN THE DIPLOMATIC SERVICE

Halleck L. Rose to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service.

COLLECTOR OF INTERNAL REVENUE

Lawrence A. Merrigan to be collector of internal revenue, district of Louisiana.

COLLECTOR OF CUSTOMS

Samuel H. Thompson to be collector of customs collection district No. 12, Pittsburgh, Pa.

UNITED STATES MARSHAL

Samuel L. Gross to be United States marshal, northern district of Texas.

PUBLIC HEALTH SERVICE

Charles L. Williams to be senior surgeon, to rank from May 23, 1932.

COAST AND GEODETIC SURVEY

Robert Alexander Marshall to be junior hydrographic and geodetic engineer (with the relative rank of lieutenant, junior grade, in the Navy).

Hubert Alexander Paton to be hydrographic and geodetic engineer (with relative rank of lieutenant in the Navy).

POSTMASTERS

ALASKA

Ernest I. Amundsen, Anchorage.

FLORIDA

Clarence J. Carlton, Arcadia.
Ralph C. Allen, Auburndale.
Mary Joyner, Bagdad.
Capers S. Weathersbee, jr., Branford.
Walter C. Gholson, Chattahoochee.
Thomas J. Bulford, Hilliard.
James A. Zipperer, Madison.
Lera H. Davis, Mayo.
Daisy D. Pollard, Miami Springs.
William D. Fletcher, Tarpon Springs.

ILLINOIS

William M. Rentschler, Allendale.
John M. Bradley, Cypress.
Fred W. Neuman, Grand Ridge.
Roy M. Dalrymple, Oblong.
Edward F. Ledoyt, Sandwich.

MAINE

Ralph A. Bessey, Canton.
G. Walter Akers, Kents Hill.
Charles E. Toothaker, Phillips.
Phoebe Stevens, Portage.
Edward R. Veazie, Rockland.

MARYLAND

Charles H. Johnson, Edgewood.

MASSACHUSETTS

Henry D. Ainsworth, Grafton.
John R. Walsh, Topsfield.

NEW HAMPSHIRE

Lauriston M. Goddard, Ashland.

NEW JERSEY

Rosteen H. Jones, Bayhead.
Clarence E. Glover, Blackwood.
Z. Charles Challice, Fairlawn.
Charles W. Foster, Grenloch.
John W. Barnett, Hillsdale.
William A. Sweeney, Red Bank.
Elsie Brown, River Edge.
Ethel B. Carr, Stratford.
John P. Ryan, Warren Point.

OHIO

Frank L. Lee, Campbell.

PORTO RICO

Nicolas O. Lehon, Aibonito.
Cristina G. Sandoval, Hato Rey.
Roque Rodriguez, Ponce.
Jose Monserrate, Salinas.
Juan V. Hernandez, San Sebastian.

TENNESSEE

John M. Whiteside, Bellbuckle.
Elbert D. Corlew, Charlotte.
Walter B. Clark, Collegedale.
Douglas B. Hill, Collierville.
Rufus N. McCaslin, Dickson.
Gordon P. Hyatt, Ducktown.
Lon McCaleb, Dyersburg.
Homer E. Alexander, Hartsville.
Luther D. Mills, Middleton.

HOUSE OF REPRESENTATIVES

MONDAY, MARCH 28, 1932

The House met at 12 o'clock noon.

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

Bestow upon us, O Lord, our God, that enduement of light and grace which are necessary to lift into the largest and noblest life; allow not courage and conviction to succumb to weakness. O Spirit of Might, inspire us to unyielding devotion to the right as Thou, O God, giveth us to see the right. Lead us into the fullness of that which is wisest and best. Through these laboring, waiting hours make all minds considerate and patient. Wilt Thou grant to those who are bearing heavy burdens that require constant thought and endeavor relief from weariness, and may they have an alliance with Thee that gives strength and vision. Our Heavenly Father, may we all bend ourselves to our tasks, and thus while helping others we shall find ourselves illuminated and blest. Amen.

The Journal of the proceedings of Saturday, March 26, 1932, was read and approved.

CALL OF THE HOUSE

Mr. WARREN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently there is not a quorum present.

Mr. WOODRUM. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 34]

Abernethy	Crump	Lewis	Selberling
Auf der Heide	Cullen	Lindsay	Shannon
Ayres	Davenport	Linthicum	Sirovich
Bacharach	De Priest	Lozier	Smith, Va.
Beam	Dickstein	McFadden	Smith, W. Va.
Beck	Doutrich	McGugin	Sparks
Beedy	Drane	McLaughlin	Steagall
Beers	Freeman	McMillan	Stokes
Bolton	Garber	Maas	Strong, Pa.
Britten	Golder	Manlove	Sullivan, Pa.
Brumm	Granata	Miller	Sweeney
Bulwinkle	Granfield	Mobley	Tilson
Burdick	Greenwood	Murphy	Tucker
Carley	Griffin	Nelson, Wis.	Underwood
Celler	Hancock, N. C.	Oliver, Ala.	Watson
Chapman	Houston	Owen	Weaver
Chase	Hull, William E.	Palmisano	Weeks
Chiperfield	Igoe	Peavey	Welsh, Pa.
Cochran, Pa.	Johnson, Ill.	Perkins	Wolcott
Collier	Johnson, S. Dak.	Ransley	Wolfenden
Connery	Karch	Reid, Ill.	Wood, Ga.
Cooper, Ohio	Kennedy	Rudd	Wood, Ind.
Corning	Kurtz	Sabath	Wyant
Coyle	Lehlbach	Schuetz	

The SPEAKER. Three hundred and thirty-five Members have answered to their names. A quorum is present.

Mr. POU. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

RELIEF OF DRAINAGE AND IRRIGATION DISTRICTS

Mr. HALL of Mississippi. Mr. Speaker, under clause 4, Rule XXVII, I move that the Committee on Rules be discharged from further consideration of House Resolution 117, which is a proposed rule for the consideration of the bill H. R. 4650.

The SPEAKER. The gentleman from Mississippi moves to discharge the Committee on Rules from further consideration of a resolution, House Resolution 117, which the Clerk will report by title.

The Clerk reported the title of the House resolution.

The SPEAKER. Under the rules the gentleman from Mississippi [Mr. HALL] is entitled to 10 minutes; the gentleman from North Carolina 10 minutes.

Mr. PURNELL. Mr. Speaker, may I ask the gentleman from North Carolina if it is his intention to yield me a part of the time?

Mr. POU. One-half of the time to which I am entitled, which is five minutes, I yield to the gentleman from Indiana.

Mr. PURNELL. The gentleman gives me the full five minutes?

Mr. POU. Yes.

Mr. HALL of Mississippi. Mr. Speaker, I yield five minutes to the gentleman from California [Mr. SWING].

Mr. SWING. Mr. Speaker, obviously it is impossible to discuss the merits of the bill which will be the subject matter before the House if the Committee on Rules is discharged. Obviously, it was not intended, under the rule under which we are now operating, that the merits should at this time be discussed. What I shall present to you will be not the merits but the reasons for giving the Committee on Irrigation and Reclamation an opportunity to present the merits,

to give the committee its opportunity to have its day in court.

The situation before the House to-day is not the usual one which we think of when we think of the discharge rule. This is not a case of discharging a committee which has before it the consideration of an important bill, against the consent of the committee, probably without hearings by the committee, frequently without consideration of the bill by the committee. On the contrary, this bill has been thoroughly considered. Full hearings have been held. The bill has been studied, it has been perfected, and it has been reported unanimously by the Committee on Irrigation and Reclamation. It not only has been reported unanimously by the committee at this session of Congress, when a majority of the committee were Democrats, but last session a similar bill had exhaustive hearings, was thoroughly studied, and was unanimously reported by the committee, when a majority of its members were Republicans. The committee feels that this legislation, while it was desirable last session, because of conditions which now exist in the districts affected by the bill, is absolutely necessary this year. In fact, the committee feels that this is the most important, the most vital, and the most urgent piece of legislation that it has had either at this session of Congress or at the last session of Congress. What the committee asks is that it be accorded its day in court; that it be accorded an opportunity to present to you the clear and convincing evidence which was presented to the committee, and which convinced the entire committee of the importance and of the necessity for this legislation.

The safeguards in this bill for the Public Treasury have been most carefully worked out so that there will not be one single dollar lost to the Public Treasury by the operation of this bill, because of the provision for reappraisal of the lands within the district to be affected by it, and by compulsory reduction of the outstanding debts against the district.

Entire communities totaling investments a hundred times the amount involved in this bill are in danger of being wiped out unless financial relief is afforded these districts. They must function if the communities are to continue to exist. In drainage districts worn-out pumping machinery must be replaced; in levee districts, the levees must be rebuilt and strengthened; in irrigation districts the canals must be repaired, and if these things are not done the community is faced with destruction. Many of these districts can not borrow a dollar to do this absolutely necessary work. Ten per cent of the districts are actually in default. Their default in turn has destroyed the credit of the remaining districts. If the districts fail to function, the communities dependent upon them will soon cease to exist.

Only a little while ago Congress voted $2,000,000,000 for loans to restore and stabilize the credit of private corporations to save business from ruin. That was proper enough. But business can always be restored if the community is preserved. If the community is destroyed, business is gone forever. Therefore we should be willing to act to-day to save these communities from ruin by voting $100,000,000 to restore and stabilize the credit of these districts. Let it not be said that we favored billions for private corporations but not one dollar for public corporations, that we favored billions for business but not one cent for the people. I sincerely hope that this motion will prevail and that the bill will be passed. [Applause.]

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

Mr. PURNELL. Mr. Speaker, I yield myself five minutes.

Mr. Speaker, I hope my judgment on the merits of this bill has not been warped by my sincere opposition to this method of legislating. I am fundamentally opposed to this method of bringing legislation onto the floor of this House [applause], but I am now trying to overlook that objection and state as briefly as I can, in three or four minutes, the opposition which many of us share to the bill itself.

In the first place, this is a Treasury drainage bill instead of a bill for the relief of farmers. [Applause.] It authorizes an appropriation of $100,000,000, and at the most inopportune time such a suggestion could ever be made to the American Congress. [Applause.] It promises more than that. There are certain solvent drainage districts in the country which, if this bill is passed, would immediately take steps to make themselves insolvent in order that they might come within the provisions of the bill or secure additional legislation. In that event it would be necessary to appropriate $391,000,000 to take care of all drainage districts.

This matter has been before our Committee on Rules at least twice. We have had hearings on it. We have gone into it thoroughly. I say to you, gentlemen, this is not the opportune time to consider this matter even on its merits. I certainly hope the House will vote down this motion to discharge the Rules Committee and reassure the country of its sanity.

Obviously I can not go into details nor dwell at length upon the merits of the bill, but I do want to leave this thought with you: If this is a bill for the relief of farmers, it would only relieve a handful of them, and we ought to do something for all of the farmers of the Nation rather than for a specific group. I am not sure it is actually a bill calculated to relieve any appreciable number of farmers. My honest judgment is that this is a bondholders' relief bill rather than a bill for the relief of those who live in the drainage districts. [Applause.] All of the propaganda that has come to me has come from those who own bonds. I feel sorry for them. I should like to see them have some relief. But, gentlemen, until we can take some steps in this House to reduce expenditures, to balance our Budget, and, most important of all, find the money with which to pay for the things we want, it is no time to give even them consideration. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Mississippi. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HALL of Mississippi. How is the time divided?

The SPEAKER. Ten minutes on a side.

Mr. HALL of Mississippi. I have five minutes in rejoinder, have I not?

The SPEAKER. The gentleman from Mississippi has five minutes remaining, and the gentleman from North Carolina [Mr. POU] has five minutes.

Mr. HALL of Mississippi. The gentleman from North Carolina is supposed to consume his entire 10 minutes, and then I have five minutes in which to close the debate.

The SPEAKER. The gentleman is entitled to close the debate.

Mr. POU. Mr. Speaker, I yield two minutes to my colleague from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Speaker, this is the most far-reaching, the most dangerous, and the most vicious measure that will probably come before this House in a long time to come. [Applause.] If we discharge this committee to-day, we might as well open the floodgates and allow every half-baked bill, every unsafe piece of legislation, and every "ism" to descend upon us for consideration.

This is purely a bondholders' bill. [Applause.] It is for the purpose of having bonds come to par that have been hawked about this country for 15 and 20 cents on the dollar. It was conceived by the bondholders and fostered and nourished by the high-priced and powerful lobby now adorning these galleries. [Applause.]

They call it a farmers' measure. There is not one dollar's worth of relief to any farmer in the Nation. I know something about drainage districts. The largest pumping plant on the face of the earth is in my district, and we have a great many other smaller districts there. Not a single farmer—and the farmers have studied this bill ever since it was presented—has ever asked me to support it. But, on the other hand, as the gentleman from Indiana has said, every single bond attorney and every man who might own some of these bonds has come here and lobbied for it.

I hope the House will kill this unwise measure by voting it down right now. [Applause.]

Mr. PURNELL. Mr. Speaker, I yield my remaining minute to the gentleman from North Carolina, if he cares to use it.

The SPEAKER. The gentleman from North Carolina is recognized for four minutes.

Mr. POU. Mr. Speaker, up to this moment this Congress has appropriated between $2,000,000,000 and $3,000,000,000 without raising one single dollar of revenue.

As has been said, this is a proposal to take care of $391,000,000 of irrigation and reclamation bonds. There is no more justification, Mr. Speaker, for taking care of that many irrigation bonds than there is to take care of the same number of mortgages in the city of New York or in the city of Philadelphia or the same number of mortgages throughout any other section of the United States. [Applause.] Many millions of farmers in this Nation can not even pay interest charges; why make those living on irrigation projects a preferred class?

Gentlemen, for God's sake, it is time to call a halt. The members of the Committee on Rules in the exercise of our conscientious legislative duty as we saw it have not seen fit to give preferential status to this measure. I am willing to stand until doomsday to keep off the floor of this House all measures except those which are absolutely necessary to run the Government. [Applause.] If you wish to discharge the Rules Committee, that is your province. I shall endeavor to discharge my duty as God gives me light to see, regardless of the effect on my political fortunes.

This same measure was before the last Congress, as was stated, but no action was taken. Now the same pressure is brought to bear in favor of it by the same lobby.

As has been said, this is not a farm-relief measure. It is nothing in the world but a bondholders' bill.

Let us address ourselves to two great objectives. First, economy. Reduce our own salaries not less than 20 per cent, as I believe we should. [Applause.] Reduce expenditures of Government. Save a couple of hundred million dollars in that way, and then let us address ourselves to the still greater task of raising sufficient money to balance the Budget. [Applause.]

There are times, Mr. Speaker, when men in this body must take their political lives in their hands. You may call me a fool. You may call me a rascal, but for God's sake I do not want you to call me a demagogue. [Applause.] Until I can see more clearly ahead than I do now, regardless of what the consequences may be, I shall do all in my power to keep off of the floor of the House all measures except those which I believe are absolutely necessary to maintain and sustain this Government. If you run over us, the consequences are yours. [Applause.]

Mr. HALL of Mississippi. Mr. Speaker, I yield five minutes to the gentleman from Arkansas [Mr. DRIVER].

Mr. DRIVER. Mr. Speaker, the gentleman from California [Mr. SWING] has expressed to this House the attitude of the advocates of this bill, and that is to plead for a hearing. I do not care what type of legislation is offered here; if it is backed by a very considerable number of the membership of this House it is entitled to consideration. I have never yet been able to step into the corridors of this House without finding some fellow on his hind legs with his ears laid back braying, "A bond bill!"

Let me tell you the type of bill we have here. There was a petition filed with the names of 213 of the Members of this House before the Rules Committee asking for a hearing on the merits of this bill, and when that number of our colleagues express an interest in the legislation the cry of a bond bill is not a sufficient answer.

The gentleman from California [Mr. SWING] told you that community life is involved in this proposed legislation, and I want to emphasize the statement and offer the expression at this late hour of the session that there has been appropriated from two to three billion dollars for the private corporations is not a sufficient answer to our plea. I supported that measure. You have provided relief for every type of corporation, but not one dollar is provided for the distressed communities asking for relief under the provisions of this bill. Here is another thing I want to impress upon you. Not one dollar of Federal farm-loan money or joint-stock land-bank money or money under any other provision made by the National Treasury can be applied to one acre of the land where this community life is going down. They have built towns and cities in these areas, and because 10 per cent of them are in default the other 90 per cent of them must lose their credit. This is the condition they are in to-day. If we can rehabilitate the 10 per cent in default, 90 per cent of all the districts that have been reclaimed will have their financial credit restored, and it will not be necessary to give them the aid sought in this bill. Can we do other than ask you to let us present the bill? If it is a bond bill, you will vote it down; but, gentlemen, when two-thirds of the membership on this side of the House and one-third of the membership on the other side of the House petition for a hearing on this legislation, are you satisfied when it is charged that it is a bond bill and foreclose an opportunity to present the legislation?

As a matter of fairness, I appeal to you to give us an opportunity to present the matter to you.

[Here the gavel fell.]

The SPEAKER. The question is, Shall the Committee on Rules be discharged from further consideration of the resolution (H. Res. 117).

Mr. HALL of Mississippi. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 133, nays 204, answered "present" 2, not voting 93, as follows:

[Roll No. 35]

YEAS—133

Adkins	Doxey	Keller	Rankin
Allen	Driver	Kelly, Pa.	Romjue
Amlie	Dyer	Kemp	Sanders, Tex.
Andresen	Eaton, Colo.	Kniffin	Sandlin
Arentz	Englebright	Knutson	Schafer
Arnold	Evans, Mont.	Kopp	Schneider
Barbour	Fernandez	Kvale	Selvig
Barton	Finley	Lambertson	Sinclair
Boileau	Free	Lankford, Ga.	Smith, Idaho
Briggs	French	Leavitt	Spence
Britten	Fulbright	Loofbourow	Summers, Wash.
Browning	Fuller	Lovette	Sumners, Tex.
Buchanan	Fulmer	McKeown	Swank
Buckbee	Gasque	Maas	Swing
Butler	Glover	Major	Tarver
Cannon	Goodwin	Maloney	Taylor, Colo.
Carter, Wyo.	Green	Manlove	Taylor, Tenn.
Cary	Gregory	Mansfield	Thomason
Chavez	Griswold	Martin, Oreg.	Timberlake
Christgau	Guyer	May	Welch, Calif.
Clague	Hadley	Milligan	West
Cochran, Mo.	Hall, Miss.	Montet	Whittington
Collins	Hardy	Moore, Ky.	Williams, Mo.
Colton	Hastings	Nelson, Mo.	Williams, Tex.
Connery	Hawley	Niedringhaus	Williamson
Cooper, Tenn.	Hill, Wash.	Overton	Wilson
Crail	Holaday	Parker, Ga.	Wingo
Crump	Hopkins	Parks	Withrow
Curry	Horr	Parsons	Woodruff
DeRouen	Johnson, Mo.	Patman	Yates
Dickinson	Johnson, Tex.	Peavey	Yon
Dies	Johnson, Wash.	Person	
Dieterich	Kading	Ragon	
Dominick	Kahn	Rainey	

NAYS—204

Aldrich	Burtness	Davis	Gilbert
Allgood	Byrns	Delaney	Gilchrist
Almon	Cable	Doughton	Gillen
Andrew, Mass.	Campbell, Iowa	Douglas, Ariz.	Goldsborough
Andrews, N. Y.	Campbell, Pa.	Douglass, Mass.	Goss
Auf der Heide	Canfield	Doutrich	Haines
Bachmann	Carden	Dowell	Hall, Ill.
Bacon	Cartwright	Drewry	Hall, N. Dak.
Baldrige	Cavicchia	Eaton, N. J.	Hancock, N. Y.
Bankhead	Christopherson	Erk	Harlan
Beedy	Clark, N. C.	Eslick	Hart
Black	Clarke, N. Y.	Estep	Haugen
Bland	Cole, Iowa	Evans, Calif.	Hess
Blanton	Cole, Md.	Fiesinger	Hill, Ala.
Bloom	Condon	Fish	Hoch
Boehne	Cooke	Fishburne	Hogg, Ind.
Bohn	Cox	Fitzpatrick	Hogg, W. Va.
Boland	Crisp	Flannagan	Hollister
Bowman	Cross	Foss	Holmes
Boylan	Crosser	Gambrill	Hooper
Brand, Ga.	Crowe	Garber	Hope
Brand, Ohio	Crowther	Garrett	Hornor
Brunner	Culkin	Gavagan	Houston, Del.
Burch	Dallinger	Gibson	Howard
Burdick	Darrow	Gifford	Huddleston

Hull, Morton D.	McGugin	Pou	Strong, Kans.
Jacobsen	McLaughlin	Prall	Sutphin
James	McLeod	Pratt, Harcourt J.	Swanson
Jeffers	Magrady	Purnell	Swick
Jenkins	Mapes	Ramseyer	Taber
Johnson, Okla.	Martin, Mass.	Ramspeck	Temple
Jones	Mead	Reed, N. Y.	Thatcher
Kendall	Michener	Reilly	Thurston
Kerr	Millard	Rich	Tierney
Ketcham	Mitchell	Robinson	Tinkham
Kinzer	Mobley	Rogers, Mass.	Treadway
Kleberg	Montague	Rogers, N. H.	Turpin
LaGuardia	Moore, Ohio	Sanders, N. Y.	Underhill
Lambeth	Morehead	Seger	Vestal
Lamneck	Mouser	Shallenberger	Vinson, Ga.
Lanham	Nelson, Me.	Shott	Vinson, Ky.
Lankford, Va.	Nelson, Wis.	Shreve	Warren
Larrabee	Nolan	Simmons	Wason
Lichtenwalner	Norton, Nebr.	Snell	Weaver
Lonergan	Norton, N. J.	Snow	White
Luce	O'Connor	Somers, N. Y.	Whitley
Ludlow	Oliver, Ala.	Stafford	Wigglesworth
McClintic, Okla.	Oliver, N. Y.	Stalker	Wood, Ind.
McClintock, Ohio	Parker, N. Y.	Steagall	Woodrum
McCormack	Partridge	Stevenson	Wright
McDuffie	Pittenger	Stewart	Wyant

ANSWERED "PRESENT"—2

Carter, Calif. Patterson

NOT VOTING—93

Abernethy	Davenport	Lea	Seiberling
Ayres	De Priest	Lehlbach	Shannon
Bacharach	Dickstein	Lewis	Sirovich
Beam	Disney	Lindsay	Smith, Va.
Beck	Drane	Linthicum	Smith, W. Va.
Beers	Frear	Lozier	Sparks
Bolton	Freeman	McFadden	Stokes
Brumm	Golder	McMillan	Strong, Pa.
Bulwinkle	Granata	McReynolds	Sullivan, N. Y.
Busby	Granfield	McSwain	Sullivan, Pa.
Carley	Greenwood	Miller	Sweeney
Celler	Griffin	Murphy	Tilson
Chapman	Hancock, N. C.	Owen	Tucker
Chase	Hare	Palmisano	Underwood
Chindblom	Hartley	Perkins	Watson
Chiperfield	Hull, William E.	Pettengill	Weeks
Clancy	Igoe	Polk	Welsh, Pa.
Cochran, Pa.	Johnson, Ill.	Pratt, Ruth	Wolcott
Collier	Johnson, S. Dak.	Ransley	Wolfenden
Connolly	Karch	Rayburn	Wolverton
Cooper, Ohio	Kelly, Ill.	Reid, Ill.	Wood, Ga.
Corning	Kennedy	Rudd	
Coyle	Kurtz	Sabath	
Cullen	Larsen	Schuetz	

So the motion to discharge the Committee on Rules was rejected.

The following pairs were announced:

On the vote:

Mr. Patterson (for) with Mr. Tilson (against).
Mr. Carter of California (for) with Mr. Bolton (against).
Mr. Polk (for) with Mrs. Pratt (against).
Mr. Lozier (for) with Mr. McFadden (against).
Mr. Shannon (for) with Mr. Beck (against).
Mr. Wolcott (for) with Mr. Cullen (against).
Mr. Kelly of Illinois (for) with Mr. Ransley (against).
Mr. Igoe (for) with Mr. Rudd (against).
Mr. Hancock of North Carolina (for) with Mr. Corning (against).
Mr. Miller (for) with Mr. Bacharach (against).

Until further notice:

Mr. McMillan with Mr. Reid of Illinois.
Mr. Carley with Mr. Murphy.
Mr. Rayburn with Mr. Brumm.
Mr. Drane with Mr. Chindblom.
Mr. Griffin with Mr. Watson.
Mr. Tucker with Mr. Perkins.
Mr. Lewis with Mr. Seiberling.
Mrs. Owen with Mr. Chiperfield.
Mr. Beam with Mr. Stokes.
Mr. Wood of Georgia with Mr. Welsh of Pennsylvania.
Mr. Abernethy with Mr. Cooper of Ohio.
Mr. McSwain with Mr. Golder.
Mr. Ayres with Mr. Johnson of Illinois.
Mr. Palmisano with Mr. Lehlbach.
Mr. Boland with Mr. Allen.
Mr. Schuetz with Mr. Clancy.
Mr. Collier with Mr. Granada.
Mr. Smith of West Virginia with Mr. Davenport.
Mr. Granfield with Mr. Wolfenden.
Mr. Sweeney with Mr. Hartley.
Mr. Larsen with Mr. Sullivan of Pennsylvania.
Mr. Linthicum with Mr. Sparks.
Mr. McReynolds with Mr. Weeks.
Mr. Busby with Mr. Connolly.
Mr. Chapman with Mr. Frear.
Mr. Disney with Mr. Cochran of Pennsylvania.
Mr. Sirovich with Mr. Johnson of South Dakota.
Mr. Hare with Mr. Coyle.
Mr. Lindsay with Mr. Wolverton.
Mr. Celler with Mr. Strong of Pennsylvania.
Mr. Greenwood with Mr. William E. Hull.
Mr. Dickstein with Mr. Kurtz.
Mr. Underwood with Mr. Chase.
Mr. Karch with Mr. De Priest.
Mr. Sabath with Mr. Freeman.
Mr. Kennedy with Mr. Smith of Virginia.

Mr. PATTERSON. Mr. Speaker, I voted "aye." I am paired with the gentleman from Connecticut, Mr. TILSON. I understand, if present, he would have voted "no." I therefore withdraw my vote and answer "present."

Mr. MAGRADY. Mr. Speaker, my colleague, Mr. COYLE, of Pennsylvania, is detained at home by illness and can not be present.

Mr. CARTER of California. Mr. Speaker, I have a pair with the gentleman from Ohio, Mr. BOLTON. I voted "aye," and I desire to withdraw my vote and answer "present."

Mr. FULLER. Mr. Speaker, my colleague, Mr. MILLER, of Arkansas, is absent. If he were present, he would vote "aye."

Mr. CANNON. Mr. Speaker, if the gentleman from Missouri, Mr. LOZIER, and the gentleman from Missouri, Mr. SHANNON, were present, they would vote "aye."

Mr McCORMACK. Mr. Speaker, if my colleague, Mr. GRANFIELD, were present, he would vote "no."

The result of the vote was announced as above recorded.

On motion of Mr. POU, a motion to reconsider the vote whereby the motion to discharge the committee was rejected was laid on the table.

THE REVENUE BILL OF 1932

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, Congress has been in session four months. The whole of this time has been devoted to consideration and action upon President Hoover's program to relieve present distressing conditions in the country. In other words, we have been seeking, and are seeking still, to correct the mistakes and cure the ills brought upon the American people by ill-advised legislation, gross extravagances, criminal waste, and an utter disregard of the rights of the people.

Those responsible for our present economic situation blame it upon world conditions. There is a connection, which is reflected in the loss to this country of export business amounting to more than $1,000,000,000; the loss of import duties, amounting to hundreds of millions; removal of American industrial plants to foreign countries to escape payment of retaliatory tariff rates, with disastrous effects also upon American labor; the loss of world markets to the American manufacturer and American farmer and the loss of prestige as a world power, to say nothing of moratoriums and other things.

To be added to these losses is $1,000,000,000 per annum in moneys appropriated by the Federal and separate State Governments to enforce nation-wide prohibition; the loss of another billion and more each year in revenues that a tax upon intoxicating liquors would yield. All of this could be very easily remedied and conform to the will of the people.

It is little wonder, with these great losses and wastes, we are seeking new methods of taxation to care for existing deficits. Our present deplorable situation could have been averted by sanity in legislation, economy in Government, stoppage of criminal waste, the abolition of existing commissions and boards, as I stated a moment ago. For the most part they serve the interests they are expected to regulate and curb. Deficits reach such a tremendous total that the sales tax was proposed as a means of adding six or seven hundred million dollars to our revenues. I opposed this tax. I believed it to be wrong in principle, and anything that is wrong in principle is wrong in practice. It would have imposed a tax upon the millions who are now seeking to secure enough to provide their families with the necessities of life. That statement justifies my attitude, so that neither explanation nor apology is necessary from me or any other Member of the House who took a similar position.

Much of the suffering the people are now enduring could have been averted had President Hoover called a special session of Congress two years ago to meet the situation that then existed. Many such demands were made, but the President was adamant in his determination not to do so. Conditions continued to grow worse.

A survey of the unemployment situation made in connection with the taking of the Federal census of 1930—Government figures—indicated that the number of people then idle was 2,500,000. Recently, William Green, president of the American Federation of Labor, in protesting the passage of the sales tax, placed the number at 8,000,000. Multiply that number by four and you get some definite idea as to the amount of suffering there is in this country at this time. This increase of 5,500,000 in the army of the unemployed makes our task all the more difficult now in finding a solution. In other words, we have three times as many dependents, with deficits more than doubled.

Our chief trouble in this country lies in the fact that we have departed from the fundamental principles of government. We no longer have representative government. Equal rights, equal opportunity, and even human rights have been brushed aside. Instead of a government of the people, by the people, and for the people, we have a bureaucracy, with multiplied commissions and boards, which are absolutely useless. More than that, Congress has delegated to these commissions and boards executive, legislative, and judicial authority, which, in my opinion, is a violation of the Constitution.

The functions of government are simple. And what are these functions? To promote the general welfare, safeguard and protect the rights of all the people, regardless of sex, color, or creed—and sadly neglected; to provide a national defense, which is now threatened by the agitation in favor of disarmament; the right to levy taxes and import duties is the only provision in the Constitution that anyone appears to have any recollection of at this time; to regulate commerce and trade, a function of government that is of little importance at this time; preservation of the rights reserved to the States and preservation of the rights guaranteed the individual citizen. All of these have been violated constantly, with the exception of the right to impose taxes upon the people. It is now being abused, and has been for years. However, nations must pay their debts the same as individuals if they would preserve their credit.

Where the money is to come from to meet the Government's overdue obligations is yet to be worked out. However, a solution will be found, and the greater burden will be imposed upon the extremely wealthy. An additional tax levied upon the millionaires and billionaires of the country, taken in connection with the favors granted in tariff legislation, will not impose a heavier tax upon them than they should pay in justice to those who pay a greater tax in proportion to their wealth and ability to pay.

Now I want to revert for a moment to government by bureaus, commissions, and boards. What are their functions? I can not undertake to enumerate them here now. The time is too short. However, I assume that they were intended to serve some good purpose, but the opposite appears to be largely true.

The Federal Farm Board will serve as a fair illustration. There is a very general sentiment in favor of its abolishment because of its failure. It was intended, of course, to benefit the farmer, but where is he to-day? Flat upon his back, looking upward and patiently awaiting the transition from the world of constant turmoil to one of perpetual joy.

The Interstate Commerce Commission is another. It is supposed to run the railroads, with most of the rolling stock on the sidings, and in poor condition at that. Officials of American railways who represent the stockholders have little or nothing to say as to their management. The Tariff Commission is the real joke in the deck of 52 or more commissions, and so forth. It deals with the flexible plan in the Hawley-Smoot tariff law, which authorizes it to increase or lower rates. Few are lowered, although most appeals ask for reductions. There is, too, the Federal Oil Conservation Commission, which, I presume, came along after the Teapot Dome scandal.

The Radio Commission is another. Radio broadcasting is becoming the greatest monopoly we have in this country, and will soon surpass in influence and power the United States Steel Trust and other great trusts of the country. The Federal Power Commission, the United States Shipping Board, Bureau of Mediation, the Bureau of Efficiency, and others deserve attention, but time will not permit. Take the Bureau of Efficiency, for instance—what is it doing? Is there any noticeable improvement in efficiency in government anywhere? The instances cited, with a word of comment in each case, seem to me pertinent, and should suffice to prove my contention that these bureaus, commissions, and boards are more ornamental than useful and for that reason should be abolished as a matter of added efficiency and the saving of the $1,000,000,000 they are now costing the Government.

President Hoover, who has created several commissions of his own, including the Wickersham Commission, has finally reached the conclusion that the duties of these various commissions and bureaus are overlapping, and that as a matter of economy they should be consolidated, if not eliminated. He wants to do this himself, which is purely a legislative function, with Congress disinclined at this time to grant him that authority.

In conclusion I just want to add a word: Unless we get away from these orgies of criminal extravagance and waste and get back to the rule of the people, the country, with all its boasted wealth of approximately $400,000,000,000, will go on the rocks. The Government, with all this great wealth, four hundred billions—think of it—is having difficulty in raising $3,000,000,000. In other words, the Government appears to be in the same unfortunate position as the man in business, perfectly solvent with assets largely exceeding liabilities, who is unable to borrow a few dollars upon good security to tide him over. That situation has existed for the past two or three years, and still exists to-day, with millions of dollars released to the banks to improve conditions. There has been no perceptible improvement up to date. How will the Hoover relief program work out? That remains yet to be seen. How long it will take it to filter down from the banks and other financial institutions to benefit the ordinary man on the street and the man on the farm is a question which time alone will answer.

Everyone who is interested in the welfare of the country is anxious to see results that will put the country upon a solid financial footing and give us a prosperity that will abide.

LOANS FOR RELIEF OF DRAINAGE DISTRICTS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, under leave to extend my remarks, I advocate Federal aid for drainage districts. The act under consideration, known as H. R. 4650, provides for loans to drainage and irrigation districts as an aid to agriculture. An annual appropriation is authorized and the Secretary of Interior is charged with the administration of the revolving fund created. Loans are made for a period not exceeding 40 years at a low rate of interest, after thorough investigation by the Secretary of the Interior, to take up outstanding bonds. Safeguards with respect to titles, soundness of engineering works and reasonable probability of repayment by the districts aided are provided in the bill. In a word, the real purpose of the bill is to extend to drainage districts the equivalent of the Federal aid now extended to reclamation districts.

As disclosed by the hearings, thousands of farmers in drainage districts will be forced to abandon their homes unless relief from burdensome drainage taxes and assessments is provided.

The act is a plan for refinancing distressed districts on a long-term basis. The plan is to save productive lands already in cultivation. The aim is to prevent the loss of

homesteads because of the inability of farmers to pay heavy annual taxes for public works installed by authority of law, by refinancing drainage works, and thereby reducing the annual tax levied against the lands. The measure thus provides for the reduction of farm taxes and makes it possible for the farmer to pay his taxes and save his home. It is really a farm relief measure through Federal tax relief.

FEDERAL INTEREST

The Federal Government adopted the reclamation policy in 1902 to promote the reclamation of arid lands in the West. From every standpoint there is just as good reason and just as much authority of law for Federal aid in drainage as there is for Federal aid in reclamation. The Federal interest in one case is as vital and valid as in the other. As a matter of fact, both reclamation and drainage are parts of the internal policy of the General Government. Drainage in other parts of the country is synonymous with irrigation in the arid States. Moreover, it is interesting to recall that drainage is in reality an essential part of irrigation. In reclamation irrigation canals and drainage ditches are both necessary. Reclamation involves the application of water to lands to make them capable of cultivation; drainage means the taking of water from lands so that they may be cultivated.

BENEFITS

Drainage promotes the distribution of production; it provides for the distribution of population; it creates national wealth; it aids transportation; it supplies markets for factories; it makes business for the city and provides for employment on the farms. Country life will be promoted by the pending legislation.

AUTHORITY

There is ample constitutional authority for this legislation. Congress legislates for the general welfare. Among other things it promotes the public health. Drainage, in addition to reclaiming fertile valleys, eliminates malaria in many cases; it thus promotes the public health. Drainage promotes the general welfare.

Article I, section 8, of the Constitution provides for the levy of taxes for the general welfare. Congress has the power to appropriate money for any purpose which in its judgment is for the general welfare. It is for Congress to determine the legislation in the public interest.

The difference between the constitutional power to appropriate and the constitutional power to regulate and control must be kept in mind. The power to legislate for aid to drainage districts, just as the power to legislate in aid of reclamation, is not specifically given to Congress. Article I, section 8, clause 18, authorizes Congress to collect taxes, provide for the general welfare, and to make "all laws which shall be necessary and proper for carrying into execution the foregoing powers." If the end be legitimate, if it be within the scope of the Constitution, all means that are appropriate and that are plainly adapted to that end, that are not prohibited, are constitutional. Congress has entered into many fields under the necessary and proper provision of the Constitution. It has aided in the construction of transcontinental railways; it has provided for the preservation of battlefields. Necessity has revealed the power, and the Congress is authorized to utilize all legitimate means for the general welfare.

AGRICULTURAL RELIEF

The continued drainage of areas that are already reclaimed, rather than enlarging and extending cultivated areas, is desirable in aid of agriculture. It will be far more economical to aid existing drainage districts to provide for their indebtedness over long periods than it would be to assist and encourage in the development of new districts. Agriculture will be better promoted by aiding in the drainage of lands already under cultivation than by the continued utilization of less fertile lands more suitable for growing timber. Diversification will be encouraged. A balanced agriculture will be fostered. The passage of drainage legislation will constitute an important step in practical farm relief.

Mr. BURTNESS. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill and to include a letter written by W. H. Dick, president of the National Drainage Association, dated March 10, 1932, to many constituents in my State.

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

Mr. DYER. Reserving the right to object, I will not object to the gentleman's own remarks, but I will object to anything except that.

Mr. BURTNESS. I think the letter will be useful to Members of the House in showing to them the type of propaganda that has been sent out and giving more light on the lobby that comes to Washington.

Mr. DYER. I withdraw the objection.

Mr. HALL of Mississippi. Mr. Speaker, I ask unanimous consent that all Members have five legislative days in which to insert their own remarks in the RECORD on this bill.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that all Members may have five legislative days in which to insert their own remarks in the RECORD. Is there any objection?

Mr. DYER. Reserving the right to object, it is distinctly understood that they are to be the Member's own remarks.

The SPEAKER. The gentleman from Mississippi so stated, and the Chair incorporated it in the statement of the gentleman's motion.

There was no objection.

Mr. FULBRIGHT. Mr. Speaker, ladies and gentlemen of the House, I desire to address myself to H. R. 4650, which provides for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and similar districts other than Federal reclamation projects. I shall discuss the question from the standpoint of my State and its interest therein growing out of the proposed relief for drainage and levee districts. I am more familiar with conditions as they exist in southeast Missouri, in my congressional district, but the conditions which exist there no doubt reflect in a great measure the conditions which exist in similar communities throughout the Nation.

In southeast Missouri, which is strictly a farming section, the problem of drainage and reclamation is looked upon as a community matter. All the people, regardless of their occupation or profession, are dependent either directly or indirectly upon agriculture. In the State of Missouri there are approximately two and one-half million acres of drained land, approximately two million of which are located in the eight alluvial counties of southeast Missouri and are in the district which I have the honor to represent.

Thirty years ago, practically all of this territory was an almost impenetrable swamp subject to annual overflows from the Mississippi River and tributary streams and creeks that drained the waters from the uplands. The only industry that was carried on, and that in a small way, was the timber industry.

Courageous and determined people from Kentucky, Tennessee, Illinois, and Indiana, and even from States still farther east came into southeast Missouri to establish their homes. Small settlements developed throughout the dismal swamps. Malaria, chills, and fever depleted their ranks. The stagnant waters that covered the greater portion of the territory and the floods from the streams were to be combated. Determined to relieve the conditions that confronted them, the first drainage district in southeast Missouri was organized and the ditch dug in 1903. Since that time the number of drainage districts in that territory has increased to 112, ranging in size from 1,000 acres to 547,000 acres. In developing this program, the aggregate length of the ditches that have been dug exceeds in length the Amazon or the Nile, and required the removal of more dirt than was excavated in the construction of the Panama Canal.

In this program of development between 1903 and July 1, 1927, we incurred a bonded indebtedness of $54,536,142.19. Of that amount through the thrift, energy, and industry to that date we had paid $23,081,530.56, leaving at that time

a balance due of $31,454,611.63. On this enormous indebtedness up to November 15, 1925, there was a default of only $70,000, or approximately one-third of 1 per cent of the bonds and coupons that matured. Since 1903 in addition to this program of reclamation the people of that great territory have expended approximately $80,000,000 in clearing, fencing, developing, and improving the land that they drained. Practically every community in these eight alluvial counties is penetrated by hard-surface roads; splendid schoolhouses have been erected in every school district; consolidated high schools have been built in every town of any size and in many of the rural sections; churches of every denomination have been constructed; in fact, as a result of the thrift, industry, ambition, and courage of the people of southeast Missouri, that territory has been converted from an uninhabitable swamp into one of the most fertile and productive agricultural communities in the United States; but the droughts came; the great flood of 1927 stopped our progress, destroyed much of our wealth, and left us in distress. Following the disastrous flood of 1927 the depression, which is nation-wide, came upon us. Prices of farm commodities struck the lowest level in the history of the country. Farmers are no longer able to meet their payments in these drainage and levee districts; no markets for their products; and without money with which to pay installments, the ominous sound of the hammer on the auction block is heard through this territory, and, as the farm is stricken off to the highest bidder, another family joins the army of the unemployed.

The relief provided in the pending bill is the only relief that can save us. We are not asking for a gift or a dole, we are not beggars. We have too much courage and self-respect for that. We are only asking for a loan, we are only asking equal opportunity with other industry, we are only asking that you treat us as you have treated the railroads, we are only asking that you give us the same consideration that you have given to the national bankers, that we be accorded the same treatment that has been accorded the insurance companies, we are only asking that you manifest as much interest in the farmers of this country as you have shown to the people of foreign countries. You have accorded relief to all the groups to whom I have referred, but you have snubbed the American farmer.

Agriculture is our basic industry, it is the industry upon which every other activity of the Nation, either business or social, depends, and I assert without hesitation that unless something is done to rehabilitate agriculture and save the farmer by whose sweat and toil you are being fed, we will not emerge from the depression in which we are found until there is a collapse of our whole industrial and economic system.

Talk about communism, radicalism, and bolshevism! I contend that you can not relieve the country of that condition by throwing open the Treasury of the United States to big business in all its forms and denying even a word of sympathy to that great group of people who feed and clothe the world. I warn you to-day that the people of this country who are in distress in the workshop or upon the farm—I should say in the bread line or upon the farm—will not long remain silent; not because they are communists, not because they are radicals, not because they are bolshevists, but because they have a right to demand and ought to demand equal and exact justice.

This bill would give relief to 5,000,000 people upon the farm. Five million patriotic and loyal people. Five million people who are losing their homes day by day, and who have exhausted every source of protection and relief at their command, and now turn to their Government that they have so loyally and so faithfully served with a last appeal, not for a dole, not for a gift, but merely for a loan to tide them over the abysmal depths of the so-called depression.

You say the Treasury is empty and that you have to balance the Budget, but the gentleman who speaks of that closed his eyes to the Treasury and to the Budget and supported the moratorium. You closed your eyes to these things when you voted for the Reconstruction Finance Corporation. You turn a deaf ear to the farmers who are in distress and plead for the protection of the Treasury and balancing the Budget; but when big business appeals to you, you prick up your ears like a Missouri mule, kick down the doors to the Treasury, and invite the privileged few to participate in the Nation's cash.

I am impatient with this policy. To my way of thinking it is indefensible. The gentlemen who oppose the consideration of this bill speak of it as a bondholder's bill. I charge that such a statement is unwarranted and unauthorized. It is an insult to the integrity, the honesty, and the honor of the committees in the Senate and the House who on four different occasions, almost unanimously, reported the bill. Men who are just as honest, just as patriotic, and just as loyal to their country and their country's flag as the gentleman who has suggested that this is a bondholder's bill. This bill was reported after exhaustive hearings and after thoroughly considering every provision of the bill. The farmers who are back of this legislation have asked that every amendment necessary to protect the Government be accepted. The farmers are opposed to Treasury raids and ask that the Treasury be protected, but what did these gentlemen who call it a bondholder's bill do when legislation for the relief of big business was being considered? One of the distinguished gentlemen from North Carolina stood on the floor when the Reconstruction Finance Corporation bill was being considered and pleaded with crocodile tears in his eyes, but to-day he stabbed the farmer in the back. You never hear anything about lobbying when legislation in behalf of special interests is being considered, but it is a crime when some one undertakes to voice the wishes of the farmers of this country.

> Ill fares the land, to hast'ning ills a prey,
> Where wealth accumulates and men decay.

Julian Friant, of Cape Girardeau, Mo., very forcefully and eloquently presented the case before the Irrigation and Reclamation Committee in 1930, when he referred to the dedication by President Coolidge of the San Carlos irrigation project, which is to reclaim 80,000 acres in the Florence-Casa Grande Valley of Arizona at a cost of $5,500,000.

"Standing on the parapet of the huge dam which impounds the waters of the Gila River, and which has been named for him, President Coolidge dedicated the project, 'To the advancement of religion, education, better homes, and a better country.'"

President Coolidge was speaking of land which was being supplied with water at a cost of $70 per acre.

We are pleading for land which has been drained at an average cost of less than $10 per acre.

President Coolidge had a vision of development that is to take place on land reclaimed from a stubborn but healthy desert.

We are trying to protect a development that has taken place on land reclaimed from a treacherous and sickly swamp.

President Coolidge was thinking of happy homes yet to be built, and we are appealing for once happy homes about to be lost.

All, however, are part and parcel of our great American Nation which is interested in all of its citizens.

We, therefore, appeal to you to treat us as you have treated others, do for drainage and levee districts what you have done for irrigation districts, and without any risk or cost to the Government, give us an opportunity to save our homes."

Mr. ROMJUE. Mr. Speaker, to consume the time of this House at this time with a lengthy discussion of the distress of the American farmer would be fruitless—not fruitless because the case of the American farmer lacks merit but because his distress is so apparent, so real, and affects so vitally the welfare of the Nation that none but one who has willfully closed his eyes through prejudice, ignorance, or a reckless disregard for what the future may bring forth can fail to perceive it. Menaced on one hand by the destruction of his markets both in this country and abroad, and on the other by the sheriff's sale unless something can be done to

remedy the position of this great group of our citizens upon whose relief and upon whose prosperity the relief and prosperity of the Nation depend, we can hardly hope to see the end of this economic crisis. Much has been said and many have been the proposals made to alleviate his distressed condition, but what is needed at the present time is concrete action rather than empty promises.

In the Glenn-Smith drainage bill now before the House for consideration is embodied a concrete plan to aid and assist a portion of our farmers by lifting from their shoulders a burden which is causing them to lose their homes, and to further augment the increasing army of the unemployed. This bill is designed to permit the Federal Government to take over the obligations of certain drainage districts, after a careful investigation and appraisal by the Secretary of the Interior assures him that the value of the farm lands behind the obligations of the various drainage districts is sufficient to protect the Federal Government against loss, and after granting a 5-year moratorium upon interest payments, to receive back the amount loaned with interest at the rate of 3 per cent per annum within a period of not more than 40 years. Now, bear in mind that this bill is not a bondholders' bill, designed to protect a few investors from an unfortunate undertaking. Any loan is to be made only after the appraisal made by the Secretary of the Interior has shown that the value of the security back of the obligation is adequate to protect the obligation. The Government itself is to evaluate the security and then decide to what an extent a loan will be made. If the outstanding indebtedness is greater than the Government's own estimate or appraisal of the land back of the indebtedness, then no loan can be made under the terms of this bill to the drainage district.

All that can be done is for the drainage district to compromise with the bondholders for an amount coming within the appraisal value set by the Government and then apply for a loan to retire the bonds at their compromised value. The drainage district will then pay back to the Government the sum borrowed with 3 per cent per annum interest. In addition to the fact that the Government is protected under the terms of this bill by having the right to make its own appraisal of the value of the land back of the bonds, it is further safeguarded by the fact that before any loan can be made the Secretary of the Interior must be satisfied that legal authority exists for and ample provision has been made for the annual taxation of the property which secures the lien of the Government for its loan. Further, the Secretary of the Interior is to determine the maturity of the loan made by the Government, and the taxes upon the property benefited must, at the end of 10 years, be sufficient to establish a sinking fund which will retire the obligation at the date of its maturity. The Government is in no sense taking over a loan made by private investors—it is itself determining the amount it will loan upon its own estimate of what the security is worth, it is itself setting the maturity of the loan, and it is receiving in the Treasury the amounts put in the sinking fund to retire the various loans. The Government is loaning money under the same terms and having the same means of considering the advisability of its making a loan as a private lender. And at the same time the Government is rendering a service to a class whose position to-day is more unfortunate and intolerable than that of any other—a class whom the Federal Government has heretofore either been unable or unwilling to assist in any really effective way.

A great many Members of this House recently voted for the Reconstruction Finance Corporation bill, providing for the ultimate withdrawal from the Public Treasury of $2,000,000,000. This measure, it is claimed by those supporting it, was to assist the large banking, business, and railway interests of the country. I do not believe that the Reconstruction Finance Corporation bill will bring any great relief to the country from its present business depression. I believe that time will prove that that legislation will add to the already great deficiency in the Public Treasury without any adequate return for the public benefit. For this and other reasons which I deemed adequate I could not and did not support that measure. I could not see my way clear to open up the Public Treasury for the expenditure of $2,000,000,000 more when that Treasury is already depleted and now has a deficiency of about $2,000,000,000, and especially as I can not believe it would bring adequate public benefit. I regret that to-day the rule of discharge was defeated, depriving thereby the House of Representatives from immediately considering and voting upon the Glenn-Smith bill. This legislation should be passed and passed promptly.

Thousands of farmers in these drainage districts along the Mississippi, the Missouri, and other rivers of the country are finding it difficult to meet their taxes, interest, and assessments against these farms on account of present low prices of farm products and livestock, although no more valuable land lies anywhere in this world. If prosperity is to return in this country, it must begin its return among the farmers of the country and work its way upward; it will not work down from the top.

Give the farmer a fair chance to hold his home and a world market to receive the products of his farm, and his purchasing power will be restored; unemployment will then begin its disappearance. The world markets have been largely destroyed by reason of special-privilege legislation which has been set against the farmer; when this barrier is removed the farmer will not ask any legislation in his own behalf but he will not be satisfied with any National or State administration that denies to him and his family an equal opportunity before the law.

The Glenn-Smith bill, if enacted into law as it should be, will enable the farmer to secure money at 3 per cent interest with which to retire his indebtedness within the drainage district as I have already explained; that is no lower rate than the Government has extended in other instances. The Glenn-Smith bill, if made a law, will save the homes of thousands of farmers, without loss to the Government, and surely it is as important to save to the industrious, hard-working farmer his home as it is for the Government to make available $2,000,000,000 to sustain the frozen assets of the railroads or financial institutions. Again let me repeat, prosperity will not return in this country until conditions become such that the industrious farmer can prevent his farm from being sold at the courthouse door and until he can receive a fair price for what he produces on his farm. It is not too late to pass this bill, and if passed, it will be a piece of constructive and valuable farm relief.

Mr. SMITH of Idaho. Mr. Speaker, the Committee on Irrigation and Reclamation has been considering this measure, of which I am the sponsor, for five years. In the Seventieth Congress our committee conducted extensive hearings on a similar bill, H. R. 14116, and in the last Congress we continued hearings on H. R. 11718, both of which I introduced. We also conducted hearings on the pending bill, which should convince the House that we have not gone into this matter hastily. We have endeavored to secure the best information regarding conditions in the various sections of the country from those who are best posted regarding the necessity of the legislation, in order that we may come to the House with a case prepared as nearly 100 per cent as possible.

The House is now considering the discharge of the Committee on Rules from the further consideration of House Joint Resolution 117. Upon the adoption of this motion the House will then, under the rule, proceed to the consideration of the bill H. R. 4650—

To provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes.

PRECEDENTS FOR LEGISLATION OF THIS CHARACTER

This legislation is along the line of the enactments by Congress during the last few years with the hope of stabilizing the basic industry of agriculture. When we appeared before the Rules Committee at the last session of Congress questions from the members indicated that they thought

we were making a new departure, that we were going into a new field. That was not true at that time, and it certainly is not true at the present time, for since we appeared before the committee at the last session of Congress there has been enacted legislation providing for enlarging the activities of the Federal Farm Loan Board to relieve farmers who are unable to meet their obligations and giving the board authority to extend existing loans, rather than to require them to come in and make a new loan. We also recently enacted legislation providing for a Reconstruction Finance Corporation, which extends relief to banks, trust companies, insurance companies, railroads, and various organizations of different kinds. There is also a provision to relieve depositors in insolvent banks, and also a bill is being considered by the Committee on Banking and Currency providing for home-building organizations, which would probably cost $100,000,000.

There is nothing local or partisan in this legislation, nor in similar legislation which has been considered, especially during this session of Congress. Every Member of Congress, regardless of his political affiliations, realizes that the country is in such a condition of depression, so many people are out of work, and so many organizations and financial institutions are failing that it is necessary for us to throw aside partisanship and legislate for the best interests of the country. We feel that this legislation fills a gap that is not taken care of in any of the bills to which I have made reference. We have had a law for some years providing for the making of loans to farmers, through the Federal Farm Loan Board, by means of Federal land banks, and that law is being liberalized now to the extent of putting $125,000,000 of the Government's money into these banks, to be loaned to farmers, and the law has also been liberalized in regard to the extension of loans. So that those classes of people are taken care of. They have security. But the farmers that are to be taken care of in this legislation do not have an opportunity to borrow money from the Federal land banks or from any other governmental agency, because the Government requires that any advances made against such property shall be a first lien on the property, and these lands are all encumbered by bond issues, which were made necessary in order to secure money to put the land in a condition so that it can be cultivated.

CHARACTER OF LAND TO BE BENEFITED

With reference to the character of lands to be benefited: Swamp lands are useless unless they are drained, as are arid lands unless supplied with water. We have also in this bill a provision for the relief of private irrigation districts. Those lands are useless unless water is placed upon them. So it is necessary, before the farmers go upon the swamp areas or upon the arid lands, to obligate themselves to spend a considerable amount of money to put the land in condition so that it can be farmed. It is quite different from the prairie lands which were settled 40, 50, and 60 years ago where the lands were ready for the plow. Even in the forest sections of the country the settlers could utilize the lumber for buildings, fencing, and so forth, in a way that would bring some income. But these lands in the arid and swamp districts require the farmers to assume large financial obligations in order to put the land in condition to be farmed.

Most of these drainage and reclamation projects were inaugurated 10 or 15 years ago at a time when farming was more profitable than it is at the present time. Many people sold their farms in the Mississippi Valley and went into the arid West and into the swamp country thinking that they would be able to farm more profitably; but because of the expense incurred in preparing the land for cultivation and also because of the low prices of farm products, these people who have spent years in their efforts to reclaim this land and cultivate it and build their homes are now confronted with this great debt which is hanging over them. They have, through their efforts, created communities and towns; they have built their houses and have developed their land; but now they are confronted with the necessity of paying these assessments and their interest on the bonds and, in some instances, paying the bonds themselves in order to make progress. This bill simply provides that the Federal Government shall step into the picture and relieve these farmers—probably 500,000 or possibly 1,000,000 of them. The census report states that there are about 5,000,000 people living on these swamp lands and on these irrigated lands.

URGENCY OF THE PENDING LEGISLATION

The following statement is from Mr. Julian N. Friant, of Cape Girardeau, Mo., a very prominent farmer and business man, and a man who has been engaged in civic work in his own locality and elsewhere. He has furnished statistics with reference to the conditions in the State of Missouri, from which it appears that from 1910 to 1925 the percentage of delinquencies was very small, running sometimes less than 1 per cent; but in 1925 it was 5.1 per cent delinquency on these drainage districts, of which there are over 100 in this particular locality. In 1926 the percentage of delinquency was 15 per cent; in 1927 it was 32 per cent; in 1928 it was 53 per cent; and in 1929, the last year for which figures were available, it was 79 per cent. I quote from his statement as follows:

> Our newspapers are full of advertisements of tax suits and foreclosures. Hundreds of farmers have lost their homes and others are being closed out every month. If that process goes on much longer, most of the farmers on our drained lands will be sold out and will lose the homes they have worked so hard, so long, and under such great difficulties and hard living conditions to build. The number of tax sales each year is sure to increase unless you come to our assistance. Some of our farmers are still able to pay their taxes and do the necessary improvements, but they are helpless because they are merely a part of a public enterprise and can not function as individuals.

These people are living in districts, and the district is responsible for the financial indebtedness, for the entire indebtedness.

> In addition to being a crime against our civilization and a rank injustice to the thousands of people who have given their energy, their ability, their money, and the best part of their lives to developing this country, it would be a great economic waste to allow these districts to go back to swamps. We, however, are at the end of our row. We have exhausted our resources. We are helpless in the matter and are at your mercy. As the representatives of a great and wealthy Government, we do not believe you are going to permit our people, who have made such a marvelous record, pay such a terrible price for their progress.

I am reading this statement in an endeavor to enlighten the House as to the importance of this relief legislation.

I now refer to the testimony of Mr. J. A. Melville, chairman of the legislative committee of the Utah Association of Drainage Districts, from which I quote:

> In one district I represent, as an attorney, the district has now taken title to nearly 50 per cent of the lands in the district, because the farmers were unable to meet their obligations. Unless some relief is given these good people they will have to go. These have spent 10 or 15 years there building their homes and improving their farms. They are getting advanced in years. Farming is probably the only occupation they know. They can not go into industrial avocations and compete with those there, because they are not familiar with them; and, as I said, they are getting to be old men. One of our supervisors, approaching 70 years of age, had to take title to his own farm in the name of the district. It is really a pitiable condition. There are many people there waiting to see what is to be done, if anything. They have asked us, "Shall we plant crops this year, or shall we go?" We have hesitated about advising them, but we have told them to remain there, believing that some relief will come. Those who own the bonds secured by the land say, let them remain upon the land; but they can not remain there permanently because the bondholders are entitled to their money, or as much of it as they are willing to accept. We can not hope to keep those people permanently upon that land without some relief because these lands are security for the bondholders. Our bondholders have been very generous. They realize they face a loss; that their securities, like all other farm securities, have depreciated in value, and some of the bonds have been sold to farmers for 50 per cent of their face value. A few of the more prosperous farmers have used these to pay off their drainage taxes and in this way a few of them have cleared their farms. If we had a fund from which these people could borrow, we could make a nice settlement with the bondholders; and it would not be an injustice to them, because their losses would be minimized if they could get a cash settlement.

CONSTITUTIONAL AUTHORITY

The constitutional authority for this legislation is well set forth in the following statement before the committee by the distinguished Representative in Congress, Mr. WHITTINGTON, of Mississippi:

Congress legislates for the general welfare. It promotes the general health and good education. Drainage eliminates malaria in many cases. It promotes the general welfare. It aids agriculture. If the end be legitimate, if it be within the scope of the Constitution, all means that are appropriate and that are plainly adapted to that end that are not prohibited, are constitutional. Congress has provided for the preservation of battlefields; it has built railroads; it has aided transcontinental railroads. During the war it took over the entire transportation system of the country. Constitutional powers have kept pace with the new agencies brought into use by the increasing demands of commerce, wealth, and population. Reclamation, which is synonymous with drainage, is a part of the internal-improvement policy of the United States. It distributes production, it creates national wealth, it provides for transportation, it makes business for railroads, and it contributes to the health and wealth of the community and the Nation. Agriculture is the basic industry of the country; and the Nation, for its own well-being, must promote agriculture as a part of general policy for the public welfare. The Government of the United States must protect country life. The West is entitled to reclamation, but the North, East, and South are entitled to drainage. (From the testimony of Representative WHITTINGTON before House Committee on Irrigation and Reclamation, January 29, 1929.)

As the title of H. R. 4650 indicates, the legislation is for the relief of farmers in drainage and irrigation districts who, as a general rule, do not come within the provisions of the Federal farm loan act, and for whose benefit no relief legislation has been heretofore enacted.

The proposed law does not apply to the development of any new land but is intended to enable the farmers on various existing projects to have their assessments, which are in arrears, funded in order that they may continue to operate their lands until agricultural conditions are such as to enable them to maintain themselves and farm at a profit. As has been disclosed in the extensive hearings which have been held on this legislation, unless relief is afforded, there are thousands of farmers who will be forced to abandon their lands and have them taken over by the bondholders.

The districts are required to pay 3 per cent annually on the money advanced.

The relief proposed under this bill is to be in the form of loans adequately secured by first liens on the benefited farms, the repayment of which is further guaranteed by the fact that each loan is to have behind it the taxing power of the State. In a word, it is an extension of credit—a plan for refinancing distressed districts on a long-term basis.

NOT AID FOR INDIVIDUALS BUT FOR COMMUNITIES

It is not a plan to extend aid directly to individual farmers in their individual capacities, but it is a plan to aid farmers in their collective capacities where they have organized districts to install and maintain public works. It is the public works, the collective or community works authorized by and operated under authority of the law, that are to be relieved by this bill.

NO OPPORTUNITY FOR SPECULATION

There is no provision in this bill that would afford an opportunity for speculation either in the bonds of any district or in the lands covered by the bonds. The proposed law would prohibit the purchase of any bonds in excess of the appraised value thereof.

PRACTICAL RELIEF FOR UNEMPLOYMENT

When a farmer loses title to his land, one of two courses is left open to him. He can go to work as a hired hand for some other farmer if he can find one who will employ him, or he can go to the city to look for a job. In this connection Secretary Hyde, of the United States Department of Agriculture, writing in the Saturday Evening Post, has supplied some official figures concerning the drift of population from the farms to the city. He gives the Government estimates on the net loss in farming population through the drift to the cities, as follows: For the year 1922, 1,120,000 persons; for 1924, 679,000; for 1925, 901,000; for 1926, 1,020,000; for 1927, 604,000; for 1928, 598,000. Thus we see that for a period of six years the average drift from the farms to the city has exceeded 800,000 a year, or a total of 4,912,000. Statistics collected and compiled from official sources show that several thousands of farmers have annually been sold out for drainage taxes while other thousands are facing the same fate. Dispossessed, these farmers are and will be forced into the ranks of the unemployed. To enact this bill into law not only would be to give much needed and substantial relief to worthy farmers engaged in the fundamental industry of agriculture but also would be to prevent in a considerable measure further increase in the number of unemployed.

REDUCTION OF FARM TAXES

It is a plan to save highly productive lands that already are under successful cultivation.

It is a plan to prevent the utter ruin of farmers owning and operating lands, who are losing their homesteads because of their inability to pay heavy annual taxes levied on their farms for the public works which have been installed by authority of law, by refinancing the public works on a long-term basis and thereby reducing the annual tax levied against the individual farmer.

The extent of relief which each individual farmer can obtain under this bill can be definitely and exactly computed from his tax receipt.

MAKING IT POSSIBLE FOR FARMER TO PAY

In order to readjust and more effectively distribute the burden of debt, districts created by authority of State law and having a definite status as political subdivisions, either as counties or special-tax districts, may refinance their public works—the public ditches, so to speak, that are supposed to be open and accessible to any farmer in the district who seeks an outlet for his own private ditches.

Under this plan districts which are unable to meet either the interest or the principal of their outstanding bonds may refinance their undertakings by the issuance of refunding bonds; such refunding bonds to be accepted by the United States Government as security for loans sufficient to retire as they mature outstanding bonds and the accumulated interest thereon.

ADVANTAGES TO FARMERS EXPLAINED

The advantages of this plan become evident when it is considered that the residents of these districts are pioneers who in response to the call of the Government in the first years of the World War undertook to do in a short period of time what heretofore had required a hundred years to accomplish. In a word, they issued drainage bonds to run 20 years to pay for permanent improvements, the benefits of which were to be enjoyed by all succeeding generations, when in the very nature of the case the expense of constructing these public works should have been spread over at least 50 or 75 years. The refunding of the debts will constitute an extension of time and will thereby reduce the annual tax for works to an amount so small as to be surely within the farmers' ability to pay.

IMPROVEMENT TAXES CONSTITUTE THE LARGER BURDEN

At present the improvement tax in many districts is more than half of all the taxes the farmer has to pay, more than school district, road and bridge, county, and State taxes combined. In a considerable number of districts this tax constitutes two-thirds of all taxes levied, and runs in many instances to an amount per acre equal to more than half the gross per acre earning of the land. From this it becomes apparent that the refunding of debts by means of long-term bonds will provide substantial and immediate relief to deserving farmers who are suffering sorely, but through no fault of their own.

IMPROVEMENT COSTS IN ADDITION TO TAXES

This form of relief becomes the more appropriate when it is borne in mind that the expense of providing public ditches or drainage works is only a part of the burden which the individual farmer must bear, but that in addition to this there is the cost of providing and maintaining tile and surface drainage on his own farm to enable him to make use of the public works. There is ample precedent for affording this form of relief to be found in the reclamation act of 1902 and in each of its several subsequent amendments.

FARM RELIEF THROUGH TAX RELIEF

This bill would extend relief to several millions of farmers who are overburdened by taxes by putting into operation a plan for refunding certain bonded indebtedness, which plan would automatically suspend for a period of five years the

collection of taxes levied on farm property to meet the interest and principal on this bonded indebtedness.

The plan does not apply to all bonded indebtedness of farm communities, but it does apply to drainage and other districts where the districts have been unable to meet the interest or principal owing to the inability of the farmers resident in the district to pay their taxes. The suspension of taxes, which, of course, are local taxes, is brought about automatically by reason of deferred interest payments and extended time of payments on principal. In other words, under the provisions of this bill drainage and other districts in distress may refund their operations, may suspend the collection of taxes for a period of five years, and may extend the period for which the bonded indebtedness is to run to not exceeding 40 years, thereby making it possible to greatly lighten the burden on the farmers resident in the distressed district.

The plan is simple. Under section 1, the Secretary of the Interior is authorized to lend, out of a revolving fund which this bill creates, to any such district or legal entity an amount sufficient to redeem bonds and meet accrued interest under restrictions imposed by this bill and under regulations administered by the Secretary of the Interior.

It will be noted that under section 3 loans are not made to individual farmers, but that loans can be made only to districts which are political subdivisions and legal entities existing under and by virtue of the laws of the State where located. It will be noted that the same section also provides that no loan shall be made by the Secretary until, by examination of the engineering works of the district, he has satisfied himself that the drainage works are operating with reasonable success and are giving the lands designed to be benefited a reasonable degree of relief.

The Secretary is further required to make an appraisal of the value of the taxable property of each district applying for a loan, and he is to make no loan until he is satisfied that it can be and will be paid at maturity.

Section 3 also carries a safeguard against any speculation in outstanding bonds, by restricting the loan which may be made to any district to an amount which could be and would be paid at maturity, even though that amount may be much less than the face value of the outstanding bond which it is proposed to refund. In a word, the Secretary is not to lend an amount in excess of the actual value of the outstanding bonds.

Section 4 carries the necessary provisions for safeguarding the loan, such as the requirements for the setting up of the annual tax to provide an adequate sinking fund, and that said sinking fund must be deposited in the Treasury of the United States.

Section 5 provides that these loans shall be made for a period of not exceeding 40 years, the exact period in each case to be determined by the Secretary of the Interior.

This same section provides that these loans shall bear interest at a rate of 3 per cent, payable annually.

Section 5 also provides (and this is one of the most important provisions as a relief measure) that during the first five years of the loan the interest shall accrue and be payable during the succeeding years of the loan in equal annual installments.

This section further provides that these loans shall be secured to the Government by the issuance and delivery to the Secretary of the Treasury by the applying district refunding bonds payable to the United States in the amount of the loan, and it shall appear on the face of each bond that it is a lien on the taxable property within the district securing the loan.

It is further provided, as a safeguard, that no district may issue additional bonds for any purpose without having first obtained the written consent of the Secretary of the Interior, so long as this indebtedness remains unpaid.

Section 7 limits the extent of this relief by creating a revolving fund and limiting the annual appropriations thereunder to $20,000,000, the total amount of the revolving fund so created being $100,000,000, to be appropriated at the rate of $20,000,000 a year for five years.

The appropriateness of this form of relief is found in the fact that local taxes are the greatest source of distress throughout the farming areas of every State in the Union, and in the further fact that the tax levied in these drainage and other similar districts is greater than all other local taxes. In many cases, it has been shown by testimony before our committee, the taxes for drainage and similar bonded indebtedness is greater than all State and local taxes combined. Therefore, to permit a refunding of these operations on a plan that would give the residents of these distressed districts a practical moratorium for five years on all taxes for drainage and similar purposes, and thereafter to provide for a low rate of interest and to provide further for a long-term extension of credit, would be to provide a very sane and effective relief.

That there is very great need for this relief has been shown to our committee by the testimony of scores of witnesses from some 25 or 30 States throughout the Union. The testimony shows that the farmers residing in these districts are in a sense victims of civilization. They have had forced upon them by circumstances over which they had no control, or, at least, little control, expensive improvements which, all combined, have made a burden they could not bear—a burden so large that to-day, the testimony before our committee shows, hundreds of thousands of deserving farmers are losing their homes and having their lands sold out from under them to pay their drainage taxes. They have to meet taxes for roads, which, in many instances, have been voted upon them by the residents of cities. Those who have agitated the rapid building of roads—and this includes the farmer himself—seldom have considered how much of a road tax the farmer could in comfort pay. The agitation for good roads, beginning with the part that the Federal Government has taken in it, the further part taken by State governments, and also the part that is taken by the chambers of commerce of cities, has constituted an irresistible propaganda that has given us the roads but also a great burden of taxes.

The same is true in the matter of schools. The agitation for larger and better country schools—the movement for the consolidated school district—has emanated, to a large extent, from the residents of the large cities, who have given little thought to, and who have had little knowledge of, the burden that a consolidated school district puts upon a struggling farmer. Roads and schools are a part of civilization. So is drainage. So is irrigation. But drainage is necessary in order to get the land to yield a living to its occupants. The same is true of irrigation. The living must precede everything else. The farmer could not escape drainage and irrigation. He might have taken his roads and his schools in smaller doses. If left to his own judgment, doubtless he would have done so; but both roads and schools were urged upon him by his neighbors and his fellow citizens and forced upon him by the collective action of all the citizens of his State. Drainage and irrigation were forced upon him by nature itself.

It has seemed to our committee that the relief of conditions like these is fundamental and would constitute an important step in practical farm relief.

Of course, not all farm taxes can be relieved, but under the plan provided in this bill the largest single item of local taxes can be so reduced as to make the burden light enough to be borne without distress.

The demand for relief for drainage districts comes from a farm population of approximately 5,000,000, which, according to the census of 1920, lives within these districts.

The average size of their holdings is about 65 acres. They have their all invested in their farms. In some districts, it has been shown to our committee, thousands of farmers have lost everything because of their inability to meet their drainage taxes. In some areas 60 per cent of the farm population has been dispossessed, their land having been taken for taxes.

The relief provided in this bill would be readily available and would help the conditions known to exist in considerable areas of 34 different States of the Union.

Mr. MILLER. Mr. Speaker, the necessity for the passage of H. R. 4650 is so great that the proponents of this bill have filed the petition as provided by the rules of the House asking that the Rules Committee be discharged and that the bill be considered upon its merits. Therefore a discussion of the merits of the bill is proper before a vote is taken on the motion to discharge the committee.

The problem dealt with in this bill has been diligently studied by the Committee on Irrigation and Reclamation for the last few years. During this time the committee of the Seventieth and Seventy-first Congresses, as well as the present committee, conducted extensive hearings in an effort to determine whether there is a real need for this proposed legislation, and whether the need is national in its scope and a proper field for national legislation.

The hearings revealed that in at least 34 States of this Union progressive and patriotic citizens, largely in response to the demand of the Government for a greater production of food and other agricultural products during the World War, undertook upon their own initiative and responsibility the task of reclaiming from the swamp areas many millions of acres of land in the valleys of the Mississippi River and its tributaries. In the arid and semiarid States of the West great irrigation projects were launched by citizens prompted by the same patriotic desire to serve their country in time of need, and to add to the aggregate wealth of the country.

To accomplish these purposes it was necessary in all of the States that there be concerted action and, accordingly, the citizens of the various States proceeded under their own laws to organize improvement districts varying in size and area according to the location and the purposes to be served. Some are purely irrigation districts, some are drainage districts, some are levee districts, and some combine all of these activities. At the time most of these districts were organized agriculture, as was practically every other business, was enjoying prosperity, and agricultural products were selling at a price sufficiently above the cost of production to justify the landowners to undertake this additional expense of improvement. At that time it could not be foreseen that within a few years the price of agricultural products would drop to the unprecedented levels that exist to-day.

In the organization of these districts, and for the purpose of carrying out the improvements contemplated, it was necessary to issue bonds and other evidences of indebtedness in order to raise money. These bonds were issued, and their payment was guaranteed by a pledge of assessed benefits against the land within the district, or by a pledge of the taxing power of the district, so that there was placed behind these bonds the full value of the lands and the improvements thereon within the particular district, as well as the taxing power which in some States covered all property of every kind and character situated in the districts.

In most instances the work contemplated and executed by the districts accomplished the purpose intended and many millions of acres of land were reclaimed and added to the aggregate wealth of our country. Hardy and patriotic citizens founded their homes upon these lands and proceeded to develop the lands and build schools, churches, roads, and all other things necessary to contribute to the general welfare and prosperity of the States in which the districts are situated. In most cases the districts were functioning properly, and it was thought by all that these citizens had wrought well and had accomplished much, not only for their individual benefit but for the benefit of the Nation. The time came and has prevailed since 1926, with the unprecedented decline in values of agricultural products, until now many of these districts are in default, and these same citizens who had apparently planned so well and who had discharged a patriotic duty now face the prospect of losing their all. The obligations of these districts are first liens upon the property situated therein and must be discharged if this calamity to a considerable portion of the citizens of this country is to be avoided. There are more than 5,000,000 people residing in these districts and earning their living from these lands, but they have reached the parting of the ways. It is necessary now that relief be given these citizens or they will lose the homes they have established and be forced to seek employment elsewhere or to join the ever-increasing horde of unemployed. This is no imaginary menace to the well-being of this country. Foreclosures have been instituted and are now pending in a great many of these districts, and unless the National Government, through its power given by the Constitution, extends to them a helping hand economic ruin and disaster will inevitably follow.

It is known that people who have followed for a considerable number of years agricultural pursuits, when forced to abandon that vocation usually drift to the cities and in the course of years they and their families lose their status as producers of wealth and become consumers of wealth. Gentlemen may argue that we have an overproduction of agricultural products in this country now, but there is no such thing as a general overproduction of necessities. Production can only be measured by the desires of humankind, and no one in this country is satisfied with the things that he possesses. Better homes are in demand, better schools are needed, better roads are required, and in general a higher plane of living is sought by us all. These things can not be acquired if production is stopped or hampered, and from an economic standpoint this Nation can ill afford to fail to render to these people this relief.

Under the provisions of this bill this relief can be afforded. It is not a gift. It is not a contribution. It is merely an extension of credit. The Government does not stand to lose one penny by the extension of this credit. Under the terms of the bill the governing authorities of the districts are empowered under the supervision of the Secretary of the Interior to negotiate with the holders of these securities and reach an agreement with them as to the present value of the securities. When this has been determined, if the investigation of the Secretary of the Interior reveals that the public works of the district are properly functioning, and if there exists the economic value as agreed upon, then he is authorized to advance to the governing authorities of the district a sum of money sufficient to liquidate the outstanding indebtedness.

To secure the payment of the advance so made he takes back from the governing authorities of the district the undertaking or bonds of the district conditioned that the district will pay into the Treasury of the United States during a period of time not to exceed 40 years the money advanced to the district with interest at 3 per cent. Investigation reveals that the bondholders in many districts are willing to make material concessions and to accept in payment a sum much less than the face value of the bonds now against the districts. While it is not the desire of anyone that any investor shall lose money, the investor is facing one of two alternatives. He can either negotiate with the governing authorities of the districts, or they can resort to foreclosure and take the homes of these people, and either return these lands to the arid wastes or swamps from which they were reclaimed, or they may enter upon the farms and cultivate them en masse and thus destroy the little home owner and the little farm, and convert these immense areas into an agricultural country operated by a great corporation. Certainly no one desires that this condition shall be brought about, and it appears to me that this Congress would be derelict in its duty if it sits idly by and permits such to happen.

Gentlemen may argue that this is a bill designed for the relief of bondholders. It is not such a bill. It is true that the bondholders may and will derive benefits from it, but the bondholders have behind their bonds now the resources of these districts, and the conditions are such that the people residing in the districts can not pay the obligations, and in the last analysis this bill is primarily for the relief of the individual landowner.

Gentlemen may argue that this is class legislation and that to extend aid to the landowner in the district will be giving him an advantage over the landowner who lives outside the district, but such is not the case. These improvements, particularly in levee and drainage districts, are im-

provements that benefit in a measure the entire country and all of the adjoining lands, and the man on the outside of the district receives a benefit by having an outlet established for the drainage of his lands and still does not have to meet the special improvement taxes. Instead of being a discrimination it is a bill that will establish equality, because when you relieve these lands from this devouring burden of special-improvement taxes you place that particular landowner on the same plane as the adjoining landowner whose property is not mortgaged for the payment of these taxes.

The bill further provides that during the first five years after a district is given the relief that no special drainage, levee, or irrigation taxes shall be due, except such as may be sufficient to maintain and keep in operation the public works therein, thus giving in a measure a period of five years to these oppressed landowners in which to rehabilitate their farms and reconstruct farm improvements, and to free themselves of their other local indebtedness. No greater task confronts this Congress or this Government than that of extending to the American farmer the opportunity in which he may by his initiative and industry rehabilitate himself. Agriculture, if given an opportunity, will rehabilitate itself. We have enacted the Reconstruction Finance Corporation act. We are extending to every financial institution in this land the benefit of the resources of the Government, and the time appears opportune to extend to these depressed farmers, these 5,000,000 people, the same manner of help and relief that we are extending to the financial structures of this country.

The enactment of this bill will afford practical relief to the unemployment situation of our Nation. If we can, by the passage of this bill, prevent the addition of these millions to the unemployed of this country, we shall have rendered a great service. The direct benefit which the farmer will receive from this bill can be measured by his tax receipt. These improvement taxes to-day constitute by far the major portion of the taxes which the farmer is called upon to pay. Its passage will give to that farmer a ray of sunshine.

It will kindle anew in him a hope and spur him on to greater endeavor, and result finally in the saving to him and to his family the home that they have carved out of the wilderness or have established upon the arid wastes. At the same time it will restore to the local tax books, State and county, this property and give to the local government a source of revenue.

We have within the last few years heard much about farm relief. This bill constitutes and is the foundation for real farm relief to a substantial number of real dirt farmers. There is nothing hazy nor mysterious about it. It is practical. It is workable. It carries every safeguard against speculation. It provides a means whereby those whose homes have already been jeopardized and temporarily lost may redeem those homes and may recoup their life's work. In operation the bill is direct and the relief will be readily available.

There are 4,631,155 acres in drainage projects in Arkansas alone; 2,614,427 acres of this area are improved land, 4,435,280 acres are sufficiently well drained to raise a crop, 609,211 acres fit for a partial crop, and only 586,664 acres unfit because of lack of drainage.

There are 2,940,035 acres in occupied farms and, in 1930, 2,425,632 acres were actually in planted crops.

There are 4,974 miles of ditches and an invested capital of $37,532,575.

There are 316 drainage districts in the State, with an average of 18,243 acres.

Thirty-two per cent is in arrears on payments of principal and interest, meaning that in 1930 there were 1,001,260 acres delinquent.

Ninety-eight per cent were organized between 1905 and 1925; 2 per cent have been organized since.

The average cost of maintenance and operation in 1929 was 4 cents per acre.

Our Government has already undertaken work of a very similar nature. Hon. Ray Lyman Wilbur, Secretary of the Interior, in his book on Conservation, published in 1931, at page 13, says:

> Irrigation from a Government standpoint is handled by the Reclamation Service, in the Department of the Interior, which is custodian of a revolving fund amounting on June 30, 1931, to $151,694. This fund is used for the development of irrigation projects in the West. The Reclamation Service develops these projects and they afterwards return the money, which is put into new projects. There are 25 of these Federal irrigation projects, irrigating one and one-half million acres divided into 40,000 farms. The crop value on them in 1930 was $65,000,000, and they support a population of nearly half a million people. The fund was created in 1902, when much of the land to be reclaimed was Government land.

Further, on page 29, this same official says:

> There are three units in the entire Colorado River project, the Hoover Dam, the power houses, and the All-American Canal—with a total authorization of $165,000,000. The canal will be 200 miles down the river, will cost $38,500,000, and will be big enough to float a ship drawing 20 feet of water. It will carry water to desert lands in southern California, replacing the present international ditch, and will be the biggest irrigation canal ever built. The money for all of this will be advanced by the Government. The cost of the dam, power plant, and appurtenant works will be repaid with interest from power sales, contracts for which are already signed. The cost of the All-American Canal will be repaid by the water users benefited.

Further, on page 154, the same official says:

> Gradually, with the development of a more intelligent understanding of the fundamental problems, we have acquired new conceptions of continental conservation. Conservation is a term around which much confusion has lain. Conservation means wise use. Wise use means that a natural asset shall be used for the proper purpose and at the right time. Conservation does not mean the hoarding of national resources for a hazy indefinite future. It does mean intelligent and thoughtful planning for every resource of our continent.

On page 164 of the same book the distinguished Secretary says:

> We must distribute urban population over wider areas as rapidly as we can.

If, as a national policy, we must distribute urban population, would it not be wiser to take steps now to prevent the flow of rural population to the urban centers?

On page 173 he continues:

> The public-land States include that vast arid portion of the country where farming is not possible without irrigation. Congress early recognized this essential difference from the rest of the country where settlement under the homestead laws brought about full agricultural development and enacted the desert land and Carey acts to supplement the homestead law. Under these private laws by private and community effort the essential agricultural development of the West received its first impetus. The limit of development by private enterprise was reached when the low-water flow of the streams was all appropriated and it became necessary to provide storage of the floods to be held for use during the dry season. The high cost and long development period of these large projects made them prohibitive from the standpoint of comparatively short-term investments, and many well-intentioned efforts in this direction resulted in total loss of investment not only by the promoters but by thousands of settlers as well. This led to the enactment of the reclamation act, designed to make possible in the arid States the building up of farm population and production in fair proportion to steadily increasing urban population of those States based upon mining, lumbering, and, along the coast, shipping and industrial pursuits.

The bill under consideration does not apply to Federal reclamation projects but applies only to private enterprises, and because of the high cost of the development the people who have undertaken this work now face the possibility of their total investment being lost, and this applies to the farmers' homes as well as to the bondholders. Therefore, following the reasoning of the distinguished Secretary, it is now necessary, if this calamity is to be averted, that the Federal Government extend aid to these non-Federal projects.

Speaking further along the same lines, on page 175, he says:

> Although the development of Federal reclamation is of tremendous importance to the West, the value of crops grown on irrigated lands in these projects is only three-fourths of 1 per cent of the total crop value of the Nation. Fundamentally, it may be said that reclamation has surmounted the barriers of aridity, controlled and converted for useful purposes the menace of the flood, pushed back the frontiers of the desert, and subordinated them all to the services of the purposes of our forefathers in their efforts to establish permanent homes and pros-

perous communities on the public domain. The irrigation of the arid and semiarid portion of the West is assuming proportions of increasing significance as knowledge and experience enlarge the useful field of our first endeavors and reveal the multiplicity of problems involved in the development and protection of every project. Drainage, colonization, flood control, erosion, power, and kindred subjects have in fact, or should become, major pieces in the mosaic which is now the Reclamation Service.

On page 178, in speaking of the work and recommendations of the committee appointed by the President, he says:

Much has been accomplished toward flood control by projects already constructed primarily for irrigation, and the Hoover Dam project will reach the apex of achievement for the arid West in that respect. But the far-reaching benefits of each successful project in the protection of the lands below the impounding works serve only to intensify recognition of the immensity of the fields still unoccupied. None of the public-land States is free from the danger and devastations of floods, but the flood which wipes out a prosperous community or destroys an area in an agricultural district is a national and regional as well as a State calamity, varying in importance only to the extent of the property destroyed and the number of lives wasted. Whether it be the Mississippi at flood with its dreadful potentialities or the Rio Grande above the Elephant Butte or the Colorado above Black Canyon after that project has been completed or any stream in the West subject to the same destructive forces in flood time as are these great river systems, the principle that the problem of control is national and regional as well as State remains, and the same should be recognized.

Therefore, it seems to be recognized by those in high authority that the problems embraced in this bill are national in their scope. If they are national, then the Congress should act to save the agricultural districts that are now supporting a population of more than 5,000,000 people.

If it is wise for the National Government to advance a total of $316,964,000 to afford relief to 40,000 farms, with a population of only 500,000 people, is it not wise for the Government to advance the sum carried in this bill to save many thousands of acres, upon which more than 5,000,000 people live? There is no difference between the wiping out of an agricultural district and the destruction of the hopes and ambitions of its people by a flood than by a failure of the Government to act in a time of necessity.

The learned author further reviews the effort and the legislation of the National Government in extending relief to the landowners in the arid and semiarid West, and further says, beginning on page 243:

Then, finally, in 1902 the Federal reclamation act, under which the Government advanced the money for projects too big to be otherwise handled, came into being. It has brought water to various sagebrush plains from Canada to Mexico, and has distributed under careful supervision the fertile lands which, before it waved its wand, were barren wastes.

In that policy the Government was farsighted. It took the initiative and said to those people: "We will develop your project, and you can repay upon terms that will permit you to live and rear a family." The only difference is that the people which it is intended to benefit by this bill took the initiative and started the projects. They would have carried on had not this depression come. It came; and the question is now whether they should be discriminated against because they had the initiative and desire to develop the resources of this country or whether they should have set idly by and drifted hither and thither, waiting for the Government to take the initiative and build these levees and drainage canals.

Further, in speaking of the necessity to conserve and to protect our tillable land, the distinguished Secretary said:

The sand largely has run through the hourglass for agricultural lands on the public domain.

That statement is literally true, and the sand has run and is running now through the hourglass for the saving of homes of more than 5,000,000 people in 34 States in this land. Unless this Congress heeds the urgent call for help, in my opinion, it will be neglecting its duty to conserve the resources of our great country, to aid unemployment, to stop the drift from the farm to the city, and in fact, will strike a blow at the continued development of the resources of this great land.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, I desire to discuss with you the bill H. R. 4650, commonly known and referred to as the Glenn-Smith bill, which is now before the House for consideration.

It was my privilege during the first two years of my experience in Congress to be a member of the Committee on Irrigation and Reclamation, which considered various bills referred to it, and the drafting of this bill carried with it the best thoughts contained in each of the bills introduced.

First, I desire to state that this bill affects possibly more people in the United States than any other one bill that is now before Congress. The bill vitally affects 35 States in this Union. The committee drafted this bill and reported it through its chairman, Mr. ADDISON T. SMITH, which had the unanimous indorsement of the committee, and we fully expected to get a hearing on this bill during the last session of Congress.

We petitioned the Rules Committee for a rule for the consideration of this bill, and the petition presented to the Rules Committee contained 135 names of Members of Congress who were vitally interested in the passage of this bill. To our surprise, after three days of pleading with the Rules Committee, we were denied a rule on this bill during the last session of Congress so that it could be considered and passed.

The bill was reintroduced this year in practically the same form as it was last year and with only a few minor amendments. I understand that it was presented this time to Congress with the unanimous report of each member of this committee.

The chairman, Mr. ROBERT S. HALL, of Mississippi, has used every effort to get the bill before this session of Congress for consideration. He applied to the Rules Committee for a rule for the consideration of this legislation, and I understand that 218 Members of Congress petitioned the Rules Committee for a rule for the consideration of this measure and we have been denied a rule by them for the consideration of this important legislation.

We have resorted now to the only remedy left, by filing a petition with the Clerk and asking for 145 Members to indorse this petition to take it out of the possession of the Rules Committee for a consideration of the bill on the floor of the House, and that number has been signed to this petition. Now we ask you to sustain this petition and bring the bill to a final passage. We plead with you to do it.

It is not my disposition, and I would not under any circumstances criticize any member of the Rules Committee or any other committee for his action with reference to any measure, but it is my candid opinion that if the Rules Committee had given this bill the careful consideration that the committee has, or had read the hearings before this committee showing the emergency for this legislation, that they would not have denied us a rule for the consideration of it.

I want to take up the bill, first, and discuss it section by section, and it is my opinion that every objection that anyone may offer to this bill can be answered by those of us who have made a careful study of this measure.

Section 1 of this bill provides that—

The Secretary of the Interior is authorized to loan, out of the revolving fund hereinafter created, to any such district or legal entity an amount sufficient to redeem such bonds, certificates of indebtedness, or lawful indebtedness, and unpaid judgments, warrants, and the accrued interest thereon, in the manner and under such restrictions and conditions as are hereinafter set forth.

It might be well here to state that at a time when the Nation was prosperous many improvement districts were formed by acts of the legislatures of the various States and if conditions had prevailed as they were when the legislation was first enacted, the taxes could have been met without such a heavy burden being thrown on the landowners. The most of these levy and drainage district bonds are bearing 6 per cent interest. On account of the excessive overflows and droughts, it has been impossible for many people to meet their levy and drainage district taxes and many thousand acres of the finest land in the United States has been forfeited for these taxes.

In one county in my district there are more than 60,000 acres of the very finest kind of lands that have forfeited for their levy and drainage and general taxes, and have been

bought in either by the levy or drainage districts or have been forfeited to the State for the nonpayment of taxes.

Here is where the burden falls heavily upon those who do pay; they are required to pay a larger tax in order that county, State, and school taxes are kept up. You will remember that when an improvement district is formed all the lands inside of the improvement district are pledged for the payment of the money borrowed and the taxes accruing against it. If one man should pay his taxes on all of his lands as they fall due, both levy and drainage district and State, his lands are still in the district, and every acre of them is bound for the payment of the full amount against said district.

If one man could pay his taxes and be relieved of that burden, then there would not be such a justification for this kind of legislation. I will discuss this matter further before the conclusion of my address.

Section 3 of this bill provides:

Loans shall be made only to the legally constituted authority which has issued the bonds or its successor in interest, and not unto it until the Secretary of the Interior has satisfied himself by such examination of the engineering works, for which the legal obligations were issued, as he may deem necessary, of the reasonably successful operation thereof, and that the lands designed to be benefited by these works are receiving benefit to a reasonable degree.

The Secretary of the Interior shall make or cause to be made an appraisal of the value of the taxable property of each district making application for a loan as well as of its economic value, and no loan may be made until the Secretary is satisfied it will be paid at maturity.

Loans may be made annually or otherwise to take up the principal of and/or accrued interest on the aforesaid bonds already due and unpaid and/or as they become due: *Provided, however,* That when the amount of the outstanding and unpaid bonds and interest of any district is greater than the appraisal and/or the value of the bonds which such district could issue under the terms of this act, then the governing authority of such district, subject to the approval of the Secretary of the Interior, is hereby authorized and empowered to negotiate with the owners and holders of the outstanding bonds and other evidences of debts of any such district for the purpose of compromising and reducing the amount of existing indebtedness, both of principal and interest, in any such district to an amount not greater than the appraisal therein, and thereupon the Secretary of the Interior may loan to such districts in the manner herein provided an amount sufficient to pay off the bonds and other indebtedness so compromised and reduced.

This section of the bill very carefully protects the Government in making these loans. This section provides further that the Secretary of the Interior shall either make or cause to be made an appraisal of the valuation of the property, and no loan shall be made until the Secretary is satified that the loan will be paid at maturity.

This section further provides that when the outstanding and unpaid bonds and interest of any district are greater than the appraisal of the value of the bonds that the Secretary of the Interior is authorized and empowered to negotiate with the owners and holders of the outstanding bonds or other evidences of debt for the purpose of compromising and reducing the amount of the existing indebtedness, both of the principal and interest in any such district to an amount not greater than the appraisal of said property. This prevents anyone holding the bonds from receiving any more than the actual value of their bonds at the time they are to be taken up.

In other words, if a bonded indebtedness has been fastened on a district and the bonds are only worth 50 cents on the dollar, and the Secretary of the Interior so finds, then before these bonds would be taken up and refunded the holder of the bonds would have to reduce the amount to the sum that it is found that the bonds were actually worth, and the landowner would save this difference, which would help him out of his trouble that he is now in.

Section 4 of the bill provides as follows:

That the Secretary of the Interior, before making the loan, must be satisfied that satisfactory legal authority exists for and ample provisions have been made to annually tax the taxable property pledged as security or as subject to assessment for the bonds issued sufficient to pay the maintenance expenses of the district for a period equaling the life of the loan and beginning at the end of 10 years the annual taxes must be sufficient to establish a sinking fund which will retire the loan at the maturity dates fixed by the Secretary of the Interior. All money collected for the sinking fund must be deposited in the Treasury of the United States to the credit of the debtor, but may be transferred into the revolving fund by the Treasurer of the United States on application by the Secretary of the Interior.

This section of the bill provides that beginning with the 10 years after the passage of this act there shall be started a small sinking fund which will be amortized and carried through the remaining period of 30 years and will by that time retire not only the interest but the bonds themselves and leave the lands clear of debt.

The most important section of the whole bill is section 5, which reads as follows:

Loans shall be made for a period not exceeding 40 years, to be determined by the Secretary of the Interior in each case, which shall bear interest at a rate of 3 per cent per annum, payable annually: *Provided, however,* That during the first five years of the loan the interest shall accrue and be payable during the succeeding years of the loan in equal annual installments.

Loans shall be secured by the issuance and delivery to the Secretary of the Treasury by the legally constituted authority refunding bonds payable to the United States in the amount of the loan, and it shall be and appear on the face of each bond that it is a lien on all the taxable property within said district and/or the benefits assessed against said property or said property which may be subject to assessment for the payment of said bonds, and the Secretary of the Interior shall fix the dates of the maturities of said bonds. That where such bonds are issued by a county and it shall appear that under the laws of the State in which such county is situated such bonds are direct and general obligations of the county issuing the same, and that provision is made by law for the levying and collecting of taxes for the payment of such bonds, it shall be sufficient if each bond on the face thereof shall pledge the full faith and credit of such county: *Provided further,* That no district may issue additional bonds for any purpose without having first obtained the written consent of the Secretary of the Interior as long as it is in debt hereunder.

Let me, if I can, give you a practical example or application of this bill to an individual farmer living in my district. We will say that he owns 1,000 acres of land, that are in one of these improvement districts, and on account of the heavy burden of taxation the improvement district is now in the hands of a receiver. The usual rate of taxes in these drainage and improvement districts is 6 per cent and the farmer is required to pay that and not only that, but he is also required to pay a further general tax for the maintenance of the schools of the county and State government.

This bill proposes to come to his rescue and to have these levy and drainage district bonds refunded and to be carried over a period of 40 years. For the first five years no interest is to be paid at all. At the expiration of five years, he then begins to pay a tax of 3 per cent and pays that tax for the next five years. At the end of this time, or at the end of the 10 years, then a small sinking fund is started, which, carried through a period of 30 additional years, will entirely retire both the principal and interest of the bonded indebtedness.

In other words, it will be a saving of 3 per cent on interest, and the saving on interest also would much more than be enough to mature the entire bonded indebtedness during the period of time this bill is to run.

If this bill should pass and be signed by the President, it would be a new day for agriculture in the United States. The very best lands that we have in the United States are involved in these drainage and improvement districts. During the 5-year period of time when no interest is to be paid, the lands could be brought into a state of cultivation, and at the end of the 10-year period, there would be no trouble whatever for the farmers to meet this small tax.

Section 6 is a very important section of the bill also. Section 6 provides as follows:

Whenever any district shall have sold any property in said district for unpaid taxes and shall have bought in the same, and shall hold the title to such land, then the Secretary of the Interior shall require, when any loan is made to said district, that the district allow the owner at the time of such sale and purchase, or his heirs at law, executors, administrators, or assigns, to repurchase said land within a reasonable time to be fixed by the Secretary of the Interior for no greater sum than the taxes for which it was sold and purchased, plus taxes which have accrued on the same since the date of said sale.

This provision in section 6 will enable many farmers to gain back their lands that seemingly were lost forever. Not-

withstanding any statute of limitation that might have run in any State before the Government would make the loan which would require the district or bondholders to surrender the lands back on the payment of the amount of taxes due up to that time. This provision would enable many persons to regain their lands that never could be regained in any other way.

This bill provides for a 5-year period of making these redemptions, and $20,000,000 each year would be used for that purpose.

The Government could not possibly lose anything on one of these loans because the lands involved in it and which would be security for the loan are the best securities that could be had.

We have in the State of Arkansas alone in the various drainage and levy districts 2,183,015 acres of land involved in the districts. Of this amount of land 1,231,797 acres are in cultivation. The assessed valuation of the lands in these districts is $29,689,454.23. There are 31,687 individual landowners of lands in these various districts.

The drainage taxes this year in our State amounted to $1,844,779.79. Of this total amount of acreage in our levy and drainage districts in my State we have 321,239 acres that are now delinquent.

The total levy and drainage district bonds outstanding in my State is now $21,706,424.87. From these figures, which are similar to those in other States, you can readily see why the landowners in my State are so vitally interested in the passage of this act.

Many of these districts in my State have been formed to aid in controlling the flood waters of the Mississippi and its tributaries. In a great many instances tax burdens for flood control have been placed against the lands of individuals—much of which lie in my district—which should never have been placed against the lands at all, but should have been paid by the United States Government.

And certainly, when the Government finds the people in such distress as they are now, it certainly should be willing to come to their rescue with a reasonable proposition that the Government could never lose a dollar on.

The National Government in the past laid out what is classed as a standard levee, that it created to protect other lands before the standard levee as proposed by the engineers of the War Department was built. It was necessary that the owners take care of the flood water, and they found that the natural outlet was in Desha County, through Cypress Creek drainage system, which system appears to have been formed by natural sources many years before any levee construction had been undertaken.

About the year 1910 this survey was undertaken by the Department of Agriculture, and soon after the completion of the survey a bill was introduced in the Arkansas Legislature creating the Cypress Creek district. The preamble of that bill recited that the drainage district was being constructed for the purpose of closing Cypress Creek Gap, thereby making it possible for the Government to build its standard levee for the purpose of controlling the waters of the Mississippi, which formed part of the flood control.

The property owners were told, and it was generally understood by all the property owners, that the standard levee anticipated the highest possible stage that could exist and that they would have protection forever from the ravages of the Mississippi River.

The Cypress Creek drainage project was financed, so far as the survey was concerned, by the Department of Agriculture, and the act which created the district provided that the levee district might use its funds in assisting in this project. In other words, both the levee and drainage acts anticipated a levee system and not a drainage system.

In order that the settlement waters might be carried on through to artificial outlets the people of Checo County formed a similar project, taxing their lands under the project which was to protect themselves from the Mississippi River.

Legislation from time to time carried the legislative declaration that these lands would be greatly enhanced in value and thus authorized the expenditure. These lands were taxed first to build a levee, which levee was constructed to aid navigation and agricultural industry, the Government putting up $2 to aid navigation and the property owner putting up $1 to aid agriculture.

In addition to this the landowners have put up a very heavy drainage tax in order to help the levee, which levee was intended to assist the economic conditions of the vicinity saved by the levee.

I can not conceive how Congress, that has gone to the extreme limit of helping every other class of industry, can in this hour of distress turn a deaf ear to agriculture and refuse to come to the relief of the many persons that are now in distress on account of this burdensome tax, when the relief could be given and the Government never lose one dollar.

It is my opinion that before we get out of the economic depression that we are now in we must begin where aid is so badly needed to bring agriculture and agricultural lands back to their rightful use and value. Agriculture is the basis of all our wealth, and when it fails everything else fails with it and when it prospers everything else is prosperous.

I hope to see the day very soon when agricultural lands will be free from debt, and when the price of the farmers' commodities will at least bring the cost of production with a reasonable rate of interest for the investments made, and when this is done we will see better times and the dawn of a new day.

The passage of this bill would do more to restore confidence in agriculture than any measure that could possibly pass this Congress, and I trust that every one of you will find it in his heart to come to the rescue of this class of persons and cast his ballot for this bill.

THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into 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.

The motion was agreed to.

Accordingly, the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. BANKHEAD in the chair.

Mr. CRISP. Mr. Chairman, I wish to submit a unanimous-consent request, and I ask for two minutes to do it.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CRISP. Mr. Chairman and gentlemen, when the House voted on the first paragraph of the manufacturers' sales tax title, it was understood that if that was eliminated a motion would be made to eliminate all the succeeding paragraphs of that title dealing with the manufacturers'-tax title of the bill.

We have disposed, by the adoption of the so-called Crisp amendment, of matters that would remain in the title as a special tax. There is no need of the other provisions in the title dealing with the manufacturers' tax title, so that my unanimous-consent request is not to have the remaining provisions read, but to strike them all from the bill, simply leaving in the title the last section, which provides when the special tax shall take effect, 30 days after the passage of the bill. If that is granted all of the other sections in the title will be eliminated, and we will resume consideration of the bill on page 31 of the administrative features.

Mr. RANKIN. It was understood that they were to go out.

Mr. CRISP. Yes.

Mr. O'CONNOR. Mr. Chairman, reserving the right to object, will the gentleman from Georgia at this point tell us whether or not he has made up his mind to demand a separate vote on the oil amendment and the coal amendment?

Mr. CRISP. They are all together in the same amendment, and I have myself, as acting chairman of the committee, voted in some instances, in order to stand by my

committee, as otherwise I would not have done. I have not reached any conclusion as to that, but I can say to the gentleman from New York that I know of one member of the committee who is going to demand a separate vote.

Mr. O'CONNOR. Does the gentleman at this point think that the amendment would be divisible, so that we could have a separate vote on the oil-tariff provision and also on the coal-tariff provision?

Mr. CRISP. If I may have my time extended for a couple of minutes——

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CRISP. Here is the parliamentary situation. In the so-called Crisp amendment there was a special excise tax levied on wort, malt sirup, and grape concentrates, and that also included the tax on imported oils and gasoline, and an amendment was added to that Crisp amendment providing for a tax on coal. When we get into the House, if we have a separate vote on the Crisp amendment, and the amendment should be rejected, in my judgment that would eliminate from the bill the tax on wort, malt, lubricating oil, and on coal, but it would not reach the tax on imported gasoline. Why? Because if that amendment is rejected, then that part of the bill which contained the tax on gasoline would still be in the bill. I think that is the parliamentary situation.

Mr. O'CONNOR. Will the gentleman pursue that further and state whether the reverse of that is true. Having had the vote on the wort, malt, and so forth, could we have a separate vote on the oil-tariff provision?

Mr. CRISP. From a parliamentary standpoint, I think you could not.

Mr. O'CONNOR. It is very unfortunate, because some of us want to find out how many Democrats are sitting on this side of the aisle. That is why we want a separate vote upon it.

Mr. RANKIN. This can be done, as I understand it. We can get a vote on these propositions on a motion to recommit.

Mr. CRISP. You can.

Mr. RANKIN. Is the gentleman from Georgia willing to go with us on a motion to recommit?

Mr. CRISP. I shall cross that bridge when we get to it. The gentleman knows my personal views.

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

Mr. CRISP. Yes.

Mr. HASTINGS. Will the gentleman indicate how far down we go by this unanimous-consent request; how much we eliminate from the bill? We begin at section 602.

Mr. CRISP. Starting on page 229, at section 602, we go down to section 619, on page 250, and the only thing left in the bill is the title:

> This title shall take effect on the thirtieth day after the enactment of this act.

That is, the tax contained in the bill on wort, grape concentrates, malt, and so forth, takes effect 30 days after the enactment of the bill. All the rest is stricken out.

Mr. HASTINGS. And 619 would be retained in the bill?

Mr. CRISP. Yes.

Mr. HASTINGS. But everything between 602 and 619 would go out if the unanimous consent is granted?

Mr. CRISP. Yes.

Mr. McCLINTIC of Oklahoma. If unanimous consent is granted, it is then the gentleman's purpose to go back to the front of the bill and start in where we left off?

Mr. CRISP. On page 36, and try to dispose of those gaps in between.

Mr. MARTIN of Oregon. Mr. Chairman, do I understand the gentleman to say that we are going to put these Democrats on record on these coal and oil provisions?

Mr. CRISP. I did not say that.

Mr. RANKIN. I will say yes.

Mr. MARTIN of Oregon. Unless I am assured of that vote I shall object to the request.

Mr. CRISP. Oh, this does not affect that in the slightest. I hope the gentleman will not object. What is the use of reading these matters and then striking them out as you come to them? I ask that they all be stricken out now. That is all I ask.

Mr. MARTIN of Oregon. Under those conditions I withdraw my objection.

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

Mr. CRISP. Yes.

Mr. RAMSEYER. We are on title 4. I understand a subcommittee of the Committee on Ways and Means is working on some excise taxes to raise the revenue which would have been raised by the manufacturers' excise tax.

Mr. CRISP. That is correct.

Mr. RAMSEYER. I understand the subcommittee is not yet ready to report to the full committee.

Mr. CRISP. It is not.

Mr. RAMSEYER. Will whatever of excise taxes the Ways and Means Committee decides to report to the House come in under title 4?

Mr. CRISP. I think that is the proper place for them. They will be before the House for its consideration open to amendment, and it will be within the province of the House to strike them out. This request is made to expedite matters.

Mr. RAMSEYER. And if the unanimous consent is granted, the gentleman intends, then, to go to page 36, and come back to title 4, and then offer the amendments the committee has agreed on.

Mr. CRISP. As soon as the committee has their recommendations ready—and I hope the committee may be able to reach some conclusion to-morrow—they will be brought in. The committee is honestly and sincerely seeking to bring in a program that will be acceptable to the House to try to balance the Budget. We are not trying to bring in any program that might show disappointment, spleen, or that would cause embarrassment to anybody.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. SCHAFER. Mr. Chairman, I ask unanimous consent that the gentleman have five minutes more.

Mr. BLANTON. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is, Is there objection to the request of the gentleman from Georgia?

Mr. STAFFORD. I want to discuss the merits of that proposal.

The CHAIRMAN. The attention of the gentleman from Georgia is called to the fact that the Clerk has not yet read paragraph (e) on page 229. Does the gentleman wish to include that in his request?

Mr. CRISP. Yes, Mr. Chairman.

I do not see how any Member of the House can object to this request. It was the judgment of the House that all of that title was to be stricken out, and this request is simply to do that, instead of having to read it and then move to strike out each paragraph.

The CHAIRMAN. The gentleman from Georgia [Mr. CRISP] asks unanimous consent that the further reading of all of the bill, beginning at paragraph (e) on page 229 down to and including section 618 on page 250, shall be stricken from the bill.

Is there objection?

Mr. SCHAFER. Reserving the right to object, in order to propound a question, did I correctly understand the gentleman to indicate that when the Doughton amendment was adopted the manufacturers' sales tax title was to be stricken out? If that is so, why did not that motion strike out the tax on lubricating oils, and so forth, on page 228; because, in regard to those taxes, the bill reads:

> In the case of the following articles the tax imposed by this title shall be in the following rates.

Mr. CRISP. I have tried to answer the gentleman with regard to that matter. These items were in that title, but they were not under the 2¼ per cent manufacturers' tax.

They were not involved in the manufacturers' tax at all, but they happen to have been incorporated in that title of the bill, and they had a specific excise tax levied against them. The understanding of the House did not include striking out those items but only everything that would be required to pay the regular 2¼ per cent manufacturers' tax.

Now, I can add nothing to that statement.

Mr. SCHAFER. If the gentleman's unanimous-consent request is granted, then the Federal Government will be able to issue a certificate giving a clean bill of health to the Capones and other racketeers manufacturing 9 per cent beer from brewers' wort, which is legalized in this section, in direct conflict with the Volstead Act.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

(b) Fiscal year ending in 1932: For credit against the tax of amounts of tax paid for a fiscal year beginning in 1931 and ending in 1932, see section 132.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, along the line of the colloquy between the acting chairman of the Committee on Ways and Means and several Members with reference to oil and coal, I wish to make this observation, and I make it because of the reference made by a number of the newspapers throughout the country to the consideration that this bill has received in the House up to date: In my opinion, we will pass a bill which will approximate the greatest amount of satisfaction under existing conditions. There is nothing about the situation to date that disturbs me. We have had our fight. Men have honestly differed on the excise provisions. Personally I was opposed to it in principle. I never believed in a tax on the necessaries of life, but I felt that what was left, under the circumstances, under the law of necessity, compelled us to proceed in that direction; but Members honestly differed, and the matter is out of the bill and we are going ahead with a determination to balance the Budget, because practically all of us realize that that is necessary. We also realize that the people of the country are demanding that the Budget for 1933 be balanced. The unfortunate feature about this bill is the tariff provisions. I recognize that those from oil districts and from coal districts are interested, but until we get out of this bill those two tariff provisions a suspicion will be attaching against this bill during its entire progress through the House and, if the bill passes the House with those two provisions in it, when it gets over to the other body.

Mr. RANKIN. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. RANKIN. As I understand, this is a tax bill to raise revenue.

Mr. McCORMACK. For the Treasury.

Mr. RANKIN. And not a protective tariff bill?

Mr. McCORMACK. Absolutely not a protective tariff bill.

Mr. RANKIN. But if we leave those two tariff provisions in the bill, the one on oil and the one on coal, will it not be an invitation to every man on the floor of the House who has something in his district which he wants to protect to be offering an amendment to put a tariff on it?

Mr. McCORMACK. Absolutely. But my brief observation is not to create controversy but to make a slight observation.

I have confidence that we will pass a good bill, and the people of the country ought to realize that this House is operating rationally now. We are going along with a determination to balance the Budget. The two provisions in the bill with reference to a tariff should be eliminated, and at the proper time I hope we will be in a parliamentary condition that a proper motion can be made to that affect, in order that a revenue bill will pass the House.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. CLARKE of New York. Why is not the proper procedure, just as we did in previous sessions, to have an emergency tariff brought before us on a straight-out, square, and fair issue, instead of having it inserted in a revenue measure?

Mr. McCORMACK. I agree with the gentleman and I thank him for his observation.

We want to perform our duty. We want to try to pass a revenue bill. We want to do it for the purpose of driving out fear and instilling confidence, and the House of Representatives, in my opinion, is going to do its duty.

We are going to pass a bill which will balance the Budget in as fair a way as it is humanly possible under the circumstances. However, its success depends upon removing the tariff provisions relating to oil and coal from the bill. [Applause.]

Mr. HASTINGS. Mr. Chairman and gentlemen of the committee, from now on I am not going to allow these statements to go unchallenged. I had hoped that we would let pass the water that has gone over the wheel. I had hoped that when we returned to page 36 we would go on with this bill in an orderly way. That is what we ought to do.

Mr. CRISP. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. CRISP. May I earnestly join in that hope and request that we go back to page 36 of the bill and read the bill in an orderly way.

Mr. HASTINGS. If we can do that I am ready to stop now. We had our fight over this oil provision, and I challenge any man to a debate upon the merits of the question. It is as meritorious a provision as any in the bill anywhere. [Applause.] It is a revenue measure. I want to say to Members who keep continually attacking it that the oil provision is as defensible as any provision in the bill. [Applause.] I clearly showed, when the provision was under discussion, that it will bring $43,000,000 of revenue to a depleted Treasury. It will help the unemployment situation as much as any other provision in the bill. It will help to relieve a prostrate industry. All of this fight against the so-called tariff or excise provision in this bill is in behalf of four of these big importers of oil from the South American field. [Applause.] I am here to fight for the independents and speak for the little producers in this country. I am fighting for increased revenue, both for my State and for the Nation.

I dislike to thrust myself continually into this debate. But I might as well serve notice now that if we are going to have to reargue this question fourteen times a day, we are ready for the fight.

Mr. BLANTON. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. BLANTON. And to show how little dependence we can put upon the position taken by our friend from Oregon [Mr. HAWLEY], who in the last Congress was the chairman of the Ways and Means Committee, it is enough to say that he preached to and lectured us on the necessity of balancing the Budget and for strict economy last Saturday and yet this afternoon came in and voted for a $350,000,000 bill, which we killed by a vote of nearly 2 to 1, and which had it been passed would have made the balancing of the Budget absolutely impossible.

Mr. McGUGIN. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. McGUGIN. The gentleman from New York [Mr. O'CONNOR] a while ago said that if we should allow this oil provision to remain in the bill it would probably mean that the Democratic convention at Chicago would denounce the bill. I want to ask the gentleman this question: If he can think of anything the Democratic Party could do which would more completely result in its defeat in Texas and Oklahoma than to do that?

Mr. HASTINGS. I did not pay enough attention to the gentleman's question to be able to answer it, because I did not want to go beside the mark and be divided. However, I repeat that is a meritorious provision. It is one that will raise revenue; it is one that is in the interest of the laboring man and the farmer; it is one that is in the interest of the independent producers; and it is one that is against those

four big fellows who import oil from the South American field and who are attempting to control the legislation. [Applause.]

Mr. O'CONNOR. Mr. Chairman, unlike the gentleman from Oklahoma, I am going to keep both feet on the ground. I just want to reply to the request of the gentleman from Georgia that we cease talking about the tariff on oil and coal. Out of my loyalty to the Democratic Party, whose fate has been jeopardized in this House within the past two weeks, I do not propose to let what has been already said go as the last word on those two embargo provisions in this tax bill. I serve notice that you are going to hear about these two Republican promises until this tax bill is passed or defeated. [Applause.]

Some of us here still love our party. Some of us think our party should conduct the affairs of this Government. I would like to see some fighting in behalf of this tax bill. I would like to see people throw out their chests instead of throwing out their stomachs. This is no time to mince words when our party needs support. We are either Democrats or we are not. We are not Democrats if we vote for this bill with either one of those two provisions in it.

Mr. RANKIN. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. RANKIN. Instead of being a tax-raising bill these provisions will make it a bill to raise the price of coal and oil to the American people to the extent of anywhere from $250,000,000 to $500,000,000. It will penalize the American people, and I am ready for the fight, too.

Mr. O'CONNOR. The alleged tariffs on oil and coal will not raise any revenue at all, and their proponents know it. I can not conceive of the Democratic Party failing to denounce these two tariff provisions in the Democratic National Convention in June. I was not using loose words when I said that, because I sincerely hope the men who will attend that convention, if these two provisions are left in the bill, will go so far as to denounce this tax bill as undemocratic.

Mr. SCHAFER. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. SCHAFER. Is it not a fact that the two tariff provisions which were so largely supported by the Democrats are nearer an embargo than any provision in the Hawley-Smoot tariff bill, which the Democrats have denounced from this floor and throughout the country?

Mr. O'CONNOR. They are surely embargo measures. There is no question about that. I do not think they will stay in the bill, because I can not conceive of them staying in the bill when the Democrats recover their equilibrium.

Mr. HASTINGS. Then why is the gentleman so disturbed?

Mr. O'CONNOR. I am disturbed at the attitude and the harm already done to my party even by temporarily placing them in the bill, and I am dicouraged at this ineffective and sometimes effeminate fight that is being made for the tax bill. Let us have a masculine defense of this bill. You can not pass legislation here by submitting to everything suggested or by mere expressions of good faith, love, and affection. Let us have some fight for the measure. If we must put up a fight, let us put up a real one or else take the bill back to the committee and let somebody else carry on the fight.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. MARTIN of Oregon. As a Democrat, if these provisions stay in the bill for coal and oil, I want some protection for my lumber in Oregon.

Mr. O'CONNOR. Of course, the gentleman does.

Mr. MARTIN of Oregon. And we propose to demand protection for our lumber.

Mr. O'CONNOR. That is just the trouble with tariff logrolling. If Members were Representatives from their States as they really are instead of being merely Representatives of their States, we would have a unified national policy on tariff as well as taxation. If the theory of local interest only were carried to its logical conclusion, we would not have a national government. The men in this House are elected Representatives from their States but at the same time as Representatives of the entire United States.

Mr. BOLAND. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BOLAND. I want to tell the gentleman from New York that I did not go around the county of Lackawanna talking about the Smoot-Hawley tariff bill; but I am here, and I put on this amendment Saturday for the purpose of trying to protect the miners up there who are starving to death because of this foreign coal that is coming into this country.

Mr. O'CONNOR. The gentleman from Pennsylvania occupies a most unique position in the House. He was elected both as a Republican and a Democrat, but I was elected and every other Member on the Democratic side was elected as Democrats, and not one of you can not justify your vote for these two tariff provisions. If these items do stay in the bill, every real Democrat should vote against the entire bill.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, we have had enough talk on this paragraph. I move that all debate on this paragraph and all amendments thereto close in 10 minutes.

Mr. DYER. Mr. Chairman, I offer as an amendment to that motion that debate close now.

The CHAIRMAN (Mr. McREYNOLDS). The question is on the motion of the gentleman from Georgia.

The motion was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, the gentleman from Missouri offered an amendment to that motion.

Mr. DYER. Mr. Chairman, I offered an amendment to the motion of the gentleman from Georgia that all debate close now.

The CHAIRMAN. The Chair did not hear the gentleman's motion.

Mr. DYER. I am trying to save the Democratic Party from itself.

The CHAIRMAN. The gentleman's remarks are not in order.

Mr. McKEOWN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we hear a good deal of talk about men's Democracy. I challenge the gentleman from New York [Mr. O'CONNOR] on his Democracy. I am as good a Democrat as he is, and a better one. [Laughter and applause.] When Mr. Raskob wired, in the campaign of 1928, if I were willing to go along on the tariff views in order to help Mr. Smith, I wired him I would do it, and I did do it, although it cost me thousands of votes.

I am a Democrat. I went down to Houston to the convention and took the ticket that was not my choice, and I am looking in the face of Democrats here who took their ticket and went down the line, and some of them did not come back in 1928, and yet you stand here and challenge the Democracy of any of our States.

You may talk about the platform at Chicago, but I will tell you what I think will be in that platform. In my judgment there will be a plank in that platform indorsing the tariff on oil and on the natural products of this country. That is what I hope will be in the Chicago platform. [Applause.]

You say that your Democracy does not indorse a tariff. I did not read that in my book. [Laughter.] It was not in the platform I read. This is no time or place to display our Democracy; in fact, it is a mighty poor time to be talking about each other's Democracy in this House. [Laughter and applause.]

There is one thing I have always noticed, and that is that gentlemen from districts that have always gotten their tariffs heretofore were never very particular about the manner in which they got them. They would take them on a revenue bill or any other kind of bill if they could get the tariff, and now because they happen to wake up and find that a few western people have put something in the bill they can not keep quiet but still keep on coming here and talking about it.

We gave you a vote the other day that surprised you, and then you slandered us by saying that we had gone out and made some kind of trade. There is no body of men in this House that has ever learned to trade like some of the New England men. They long ago learned to logroll and trade on tariff provisions or on the things that they want protected.

Now, I want to say this, and this is my admonition to the Democrats. Let us go along here and write this bill and help these men get the best bill we can. We have expressed ourselves and have made known our own ideas. We have expressed them vehemently and sufficiently to satisfy our associates and the country as to our views on the revenue bill we want.

Mr. YON. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. YON. Does not the gentleman think we have talked enough about this subject, and after this bill is adopted in Committee of the Whole will there not be an opportunity to vote on these amendments?

Mr. McKEOWN. Mr. Chairman, I agree with the gentleman, but I have not thrust myself into this debate at all, and I would not have been here now except for the criticism of the merits of this oil excise tax. Not a bill nor a provision in a bill will pass this Congress that will put as many idle men to work as this oil excise tax; it will put 350,000 idle men to work.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I move to strike out all of the bill after the enacting clause.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. BLANTON. Mr. Chairman, I want to say to our friend from New York [Mr. O'CONNOR] that the only provision that affects oil in this bill was put in it by the almost unanimous consent of the Ways and Means Committee, the great majority of which were Democrats. My colleague corrects me and says the vote was 14 to 9 in the committee for the tax on oil, but the bill comes here without a minority report against it from either the Republican or Democratic side. That is the only provision in the bill affecting oil. Why was not there a minority report filed against it? There was a companion matter of equal importance to the country, affecting coal, that was put in from the floor. It was put in by the Democrats, helped by some good, well-meaning, well-intentioned Republicans of good judgment. [Laughter.] When did the gentleman from New York [Mr. O'CONNOR] begin writing a Democratic platform? In 1928. The only Democratic platform he helped to write was in 1928, down in my home State, in Houston, Tex., where I was born, and it went on the rocks. [Laughter.] He caused my strong Democratic district to go Republican, not for Hoover, particularly, but Republican against the kind of a platform that the gentleman from New York helped to write. He caused my Democratic district and my Democratic State and other Democratic States for the first time in history to go against Democracy and to vote for and help to elect President Hoover. When he has been writing Democratic platforms as long as the Democrats of my State have, he will write them more to conform to the wishes of the Democrats of the country, and not for just a few politicians living in New York.

Now, as my friend from New York—and I do like him as much as does anybody in the House [laughter]—if my friend calls this sales-tax fight effeminate, I wonder what he would say if he saw a man's fight some time. I never saw him make any fight on the floor that was not effeminate. [Laughter.] I want to tell the gentleman from New York that this oil provision in the bill is a revenue matter, and it is going to stay in this bill. It is undisputed here that the foreign importers of oil to this country have an advantage of $1.03 per barrel over every American producer in the United States. And we are not going to permit this very reasonable revenue-producing tax against foreign oils to be knocked out of the bill.

I offered an amendment the other day reducing that advantage, and only giving them about 19 cents advantage. I offered the amendment raising the tax to 84 cents per barrel on foreign oils; but when the members of the committee said it would precipitate other tariff amendments, I saw the situation and bowed to the will of my leader, the gentleman from Georgia [Mr. CRISP], and notwithstanding I knew my amendment would have carried, I withdrew it. I withdrew it, knowing it would carry, because I wanted to conform to the wishes of the gentleman from Georgia [Mr. CRISP] to keep strictly tariff matters out of the bill. The little 42 cents a barrel will bring in a revenue of $42,000,000 and will take away some of the big advantage that the Dutch Shell and other monopolies have in importing their foreign oils to America.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. BLANTON. Mr. Chairman, I ask leave to withdraw my amendment.

Mr. CROSS and Mr. RANKIN objected.

The CHAIRMAN. Under the motion of the gentleman from Georgia [Mr. CRISP] the time was limited to 10 minutes. All time has expired.

Mr. RANKIN. But, Mr. Chairman, this is a different amendment.

The CHAIRMAN. All time has expired under the motion, and the Clerk will read.

The Clerk read as follows:

SECTION 41. GENERAL RULE

The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but, if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the commissioner does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 48, or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. (For use of inventories, see sec. 22 (c).)

Mr. RANKIN. Mr. Chairman, I am one who opposed the tariff on oil, and I am going to do everything humanly and honorably possible to get it out of this bill.

The gentleman from Texas [Mr. BLANTON] talks about the Ways and Means Committee being unanimous on this proposition. Let me tell some things that happened in the Ways and Means Committee. There were at least four members of that committee who were opposed to this tariff, and those who favored it, or somebody in the Ways and Means Committee, said, "It will get us 40 votes for the sales tax in the House if we will just put it in here."

In the first place, it has no place in a tax bill. This is a bill to raise revenue. This provision is to raise the price of oil and its products to the American people, and the lowest estimate I have heard on its cost to the American people is $250,000,000. In order to gratify a few people who have an interest in oil wells or in oil itself, should I vote a tax of $4,000,000 a year upon the people of my State? No. The truth of the business is, this is just as vicious as any tariff provision ever written into a bill, and it is written into the wrong bill.

If you are going to pass a tariff bill, bring in a tariff bill. I have never voted for a tariff bill, and I did not sign the Raskob telegram in 1928 either, because it was not in conformity with the fundamental principles of the party I am affiliated with, and I was not willing to go with any man who was temporarily in control into the maelstrom of a high protective tariff system.

These two provisions were put in here inadvertently. Men have come to me who walked through that line the other day and said, "We did not realize what we were doing." All this stirring up of this fight against New England, all this row that took place—New England, Kansas, and Oklahoma spitting fire at each other about tariffs—

misled some men. The gentleman from Maine [Mr. NELSON], who sits before me, knows that he and I never have voted together on a tariff proposition, but I have nothing against him, and certainly would not be prejudiced enough against any section of the country to allow myself to be swept off my feet and stick something in a tax bill that would be absolutely foreign to it—a high protective tariff provision—in order to penalize the American people so that some people or a few interests might reap a profit.

The coal amendment is in the same category. Neither one should ever have gone into the bill. So far as I am personally concerned, I am going to do everything in my power to strike those two provisions out. If you want a tariff on oil, go to the Ways and Means Committee and have that committee report a tariff bill, and let them bring it in here; but do not come here and destroy the tax bill, whereby we are trying to get together and raise revenue for the country, by injecting into it high protective provisions that at least a vast majority of the men on my side of the aisle are opposed to.

Mr. CRISP. Mr. Chairman, may I not make an earnest appeal to the membership of the House to cooperate in passing this bill? Word has just been brought to me that stocks and other securities in New York are dropping. They dropped last week. It is imperative for the welfare of this country that this House of Representatives determine what it is going to do in trying to balance the Budget. We must stop this acrimonious discussion among ourselves. We have discussed oil, we have discussed almost every subject under the sun since the bill came into the House. I have tried to be patient, I have tried to be liberal in debate, and if this House will stand by me, I shall move to close debate on these amendments. I have not done it before because I knew the House was not with me. In the utmost good faith and sincerity, with a desire to do that which is best for our common country, I appeal to you, my colleagues, to restrain yourselves and let us not continue to discuss time and again, time and again, things that have all been discussed, and that the House will have an opportunity to vote upon.

To simply give the facts, the gentleman from Texas [Mr. BLANTON] is in error when he says that the Ways and Means Committee was unanimous in its support of oil. A number of members of that committee opposed it. But this is a composite bill. Members of that committee, both Democratic and Republican, sat around the board and the bill was the joint product of all of them. The bill was reported out of committee unanimously after it was concluded.

I do not care to say anything more, I do not care to say anything that will bring about an acrimonious discussion. If you love your country, gentlemen, you can show it by refraining from speech making and passing a bill that will balance the Budget.

The Clerk read as follows:

(b) SALES OF REALTY AND CASUAL SALES OF PERSONALTY.—In the case (1) of a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year), for a price exceeding $1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 40 per cent of the selling price, the income may, under regulations prescribed by the commissioner with the approval of the Secretary, be returned on the basis and in the manner above prescribed in this section. As used in this section, the term "initial payments" means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

Mr. CANNON. Mr. Chairman, I heartily agree with my friend from Georgia [Mr. CRISP] in his desire to expedite the legitimate disposition of this bill.

But, Mr. Chairman, its enactment ought not to be expedited at the expense of adequate consideration. The gentleman says he is just in receipt of information that stocks and bonds are dropping on the New York market. Why are they dropping? They are dropping because of just such bills as that we have before us; because of the enactment of just such legislation as is proposed in the paragraph now under debate. And if this provision to place a tariff on oil and coal becomes a law, they will drop still more.

According to no less an authority than the Department of Agriculture, as reported in its agricultural situation, one of the determining causes for the low price of agricultural products is the tariff. And when farm prices decline and the buying power of the farmer is curtailed, the price of everything else must inevitably fall with them.

No one has a higher regard than I have for the gentleman from Texas [Mr. BLANTON] and the gentleman from Oklahoma [Mr. MCKEOWN], who have just spoken. I am always glad to cooperate with them. But I can not agree with them on injecting oppressive tariffs into this revenue bill.

To place a prohibitive tariff on oil and coal would be a radical departure from the traditions of the Democratic Party. One that can not be justified or condoned. One that adds to the cost of living and places an added burden on those least able to bear it. Furthermore, by such a proposal you are corroborating and substantiating the criticism that has been made repeatedly in the press and on the floor of this House that there are those who are willing to sacrifice the interest of party and country in order to secure advantages for a favored industry or special favors for a particular district. They propose to tax the people of the entire country in order to increase the profits of a few; they propose to increase the costs of production in every other industry for the purpose of increasing dividends of their own pampered industry.

What will be the effect of these two tariffs here sought to be fastened on the country? I will tell you. In the first place, the farmers of the Nation will have to pay more to run their tractors. You are proposing to increase the price of oil and gas when farmers in every State are already having difficulty in financing the operating cost of their tractors and other power machinery. Do you know that the majority of the loans made to farmers by the Government under the credit legislation you have been passing to finance crops are for the purchase of oil and gas? They can patch up their old tractors themselves, but it requires cash to purchase fuel and lubricants. Oil is the crying need on the farm to-day, and yet you now propose to add to its cost and to increase the farmer's cost of production when he is receiving the lowest comparative price for his products ever received by the farmer since Columbus discovered America.

And you propose to put a tariff on coal and increase the cost of the fuel of the poor. The man who buys a bushel of coal at a time will have to pay more for the basket of coal he must have to keep his family from freezing and prepare their frugal meals. And this to enable the coal barons to declare larger dividends.

Mr. Chairman, it is an invitation to every other industry to come in here and ask for similar advantages. And why should they not? If we give these gentlemen a tariff to increase the price of coal and oil, why should we not give every other section of the country a tariff on its particular product? Why should we not grant a tariff on lumber, copper, cotton substitutes, bananas, chemicals, and every other product that enters into the cost of the necessities of life?

There was never a more inappropriate or inopportune time in our economic history to propose to levy tariffs on basic commodities and further weight the costs of production. The country is in the midst of an unparalleled depression, the end of which can not be foretold. We are exhausting every resource in order to get back to normal times. The effect of these tariffs is to retard recovery, to stop the farmer's plow and thresher in the field, and to bank down the fires in the homes of the unemployed. Why? In order that owners of oil wells in Texas and Oklahoma may enjoy larger profits. It is a proposal to confer special privileges by law on the few at the expense of the many; to favor one industry by penalizing every other industry; and it has no place in a revenue bill or in any other bill passed by a Democratic House.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. CANNON. I yield to my friend from Kentucky.

Mr. VINSON of Kentucky. The gentleman is one of the great parliamentarians of the House and one of the great parliamentarians of this country. I would like the gentleman to inform us what we can do until this bill is finished and we get back into the House?

Mr. CANNON. We can express ourselves upon it. [Laughter.] We can indicate the temper of the House and the temper of the country. We can give notice, and we are now giving notice, that when the time comes to vote in the House we are going to strike this economic and political monstrosity from the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. SCHAFER. Mr. Chairman, I move to strike out the word "disposition" in line 7, page 39.

The CHAIRMAN. Page 39 has not yet been reached.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we have been told by the distinguished acting chairman of the Ways and Means Committee that the House should cease discussing these political questions. I want to call to his attention and to the attention of the Democratic Party and the people of the country that what our colleague, the gentleman from New York [Mr. O'CONNOR] has stated with reference to the Democratic Party losing ground is correct. You have lost so much ground since you have had control of this House that you will never make it up by the time that the next election rolls around. Why? You have denounced President Hoover and the Republican Party on account of the protective features of the Hawley-Smoot tariff bill, and you rode many Democrats into congressional seats in the regular and special election contests on that issue alone. You claimed that practically all of the depression, unemployment, and suffering of the world are the result of President Hoover and his Hawley-Smoot tariff bill, and you promised the people that if the Democrats were put in charge of the Government that they would wave the magic wand and put our country and the rest of the world on its feet.

My friends, when your expensive, extravagant Democratic administration, which drove this country into the World War, went into power, we had a national debt of approximately $1,000,000,000. On August 31, 1919, under your Democratic administration, our national debt reached the highest peak in the history of our Nation, the staggering sum of $26,596,000,000. Somebody must pay the interest on that debt and sinking fund. Somebody must pay for the care of the World War veterans, their widows, orphans, and dependents. Over $2,000,000,000 of the present Treasury deficit is the direct result of the last Democratic administration.

The Democratic national campaign committee and your Democratic orators are condemning President Hoover and the Republican Party for the deficit, although almost the entire deficit is traceable to the interest and sinking-fund payments on the national debt resulting from the Democratic administration and to the amounts properly expended to take care of the veterans of the war of the Democratic Party, and their widows, orphans, and dependents.

In the State of Wisconsin demagogic orators who are now running for office on the Democratic ticket, as well as many running on the Republican ticket who supported Democratic candidates in 1928, are now engaged upon a campaign denouncing President Hoover as the author and sponsor of the sales tax. The Ways and Means Committee, composed with a large Democratic majority, is responsible for that iniquitous proposition. Notwithstanding this absolute fact, we find Raskob and the Democratic leaders, as well as their left-wing Republican bedfellows in the 1928 campaign, claiming this Democratic sales-tax baby to be the child of President Hoover and the Republican Party.

You Democrats have control of the House of Representatives, in which body, under the Constitution, revenue and tariff bills must originate. If the alleged iniquitous Hawley-Smoot bill was so terrible and resulted in the present catastrophe confronting this Nation and other nations of the world, why have you not passed legislation to repeal or amend it? Why, since you have control of the Ways and Means Committee and control of the House of Representatives, have you not passed or even reported to the House a bill to cure the ills which you have claimed to have resulted from the Hawley-Smoot bill?

In the past you have denounced the iniquity of the measure. I particularly remember your vitriolic attacks on Andrew Mellon and the tariff on aluminum.

Yet your Democratic majority in the Ways and Means Committee has not up to this moment reported legislation to the House which would reduce any tariff rate now in the law; not even to reduce by as much as one-half of 1 per cent the tariff burden on aluminum pants buttons which you have bitterly denounced in the past. Although you have control of the House of Representatives, the body in which, under the Constitution, tariff legislation must originate, you have not reported or passed one piece of legislation to reduce one of the Hawley-Smoot Republican tariff rates. On the other hand, you reported and passed legislation which practically provides for an embargo on oil and coal at the behest of Democratic Congressmen and Democratic leaders. You can go through the entire Hawley-Smoot tariff bill, which your political demagogues have been denouncing, and can not point to any one particular tariff rate which comes anywhere near an embargo such as the Democratic tariff proposed by Democratic Members and supported by Democratic leaders of the House and voted into the pending revenue bill.

Mr. BLANTON. Will the gentleman yield?

Mr. SCHAFER. I regret that I can not yield now. My time is almost up and I can not get any more.

So, my Democratic brethren, as far as making ground to carry the next election, I believe the gentleman from New York has given you good advice. You have been tried and found wanting. The people can be guided by what you have done when you have had control of the House of Representatives, in which body, under the Constitution, revenue and tariff legislation must originate. They can, without any difficulty, reach a conclusion as to how the country would go to the dogs if they would send a Democrat to the White House and have a Democratic majority on the other side of the Capitol as well as in the House. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. RAINEY. Mr. Chairman, I move that all debate on this paragraph do now close.

The motion was agreed to.

The CHAIRMAN (Mr. BANKHEAD). In view of the situation pending before the committee the Chair feels justified in calling to the attention of the members of the committee the rules under which we are proceeding. It is in order on any amendment to have five minutes of discussion for the amendment and five minutes of discussion against it, which closes debate under the rules of the House. The Clerk will read.

The Clerk read as follows:

(a) Requirement: The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title—

(1) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband or wife;

(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife; and

(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 44, line 11, after the period add the following: "Except the following persons shall not be required to file returns and shall not be required to pay income taxes (a) a single person, or if married and not living with husband and wife, whose gross income for the taxable year does not exceed $1,500, and (b) a married person, and living with husband

or wife, whose gross income for the taxable year does not exceed $3,500."

Mr. CRISP. Mr. Chairman, I make a point of order against the amendment on the ground that the committee has already passed upon it. It is res adjudicata, because in a previous part of the bill the exemptions were fixed at $1,000 for a single person and $2,500 for married persons. I have no objection to my friend making a speech, but I am constrained to make that point of order.

Mr. PATMAN. Mr. Chairman, I want to be heard on the point of order. I do not believe the point of order is well taken for this reason: Section 3 of section 51 provides that where an individual has a gross income for the taxable year of $5,000 or over he shall, in all cases, make an income-tax return. My amendment provides that no individual shall be required to make an income-tax return who is single and whose gross income is $1,500 or less, or if married who has a gross income of $3,500 a year or less. In other words, it is creating a legal presumption that where a single person has an annual gross income of only $1,500 that his net income does not amount to anything and is not taxable. It creates a legal presumption that a married man who is living with his wife and whose gross earnings amount to only $3,500 has sufficient deductions to eliminate the net income and, therefore, has nothing taxable. It will save 2,700,000 people from making income-tax returns. The amount that will be received by the Government if the law is enacted as proposed by the committee will be only $12,000,000 a year. In other words, the Government will get about $4.44, on the average, from the 2,700,000 individuals whom it brings within the terms of the bill.

The CHAIRMAN. The Chair suggests to the gentleman that he would like to hear the gentleman on the matter involved in the point of order.

Mr. CRISP. Will my friend permit me to give him a thought which I think he should have in mind in answering the point of order. The gentleman's amendment provides that those with incomes shall not be required to pay taxes. The part of the bill we have already passed provides that they shall pay taxes. It is well established by the rules of this House that if any part of an amendment is obnoxious to a point of order then the whole amendment falls. I wanted to give the gentleman the benefit of that suggestion.

Mr. PATMAN. I added that part of my amendment which is in ink after talking with the chairman of the committee a while ago. Mr. Chairman, I ask unanimous consent to eliminate that part from my amendment, and then it will read that no person shall be required to make an income-tax return who is single and whose gross income is $1,500 or less, or a married person whose gross annual income is less than $3,500.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas to modify his amendment?

There was no objection.

The CHAIRMAN. The Clerk will report the portion of the amendment to be eliminated.

The Clerk read as follows:

"And shall not be required to pay income taxes," so that the amendment as modified will read:

"Except the following persons shall not be required to file returns (a) a single person, or, if married and not living with husband and wife, whose gross income for the taxable year does not exceed $1,500, and (b) a married person, and living with husband or wife, whose gross income for the taxable year does not exceed $3,500."

Mr. PATMAN. Mr. Chairman, I would now like to be heard on the amendment.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. PATMAN. Mr. Chairman, the amendment as proposed by the committee will bring within the terms of the present income tax law 2,700,000 additional income-tax payers. If my amendment is adopted it will save 2,700,000 people in the United States from the trouble and expense of filing income-tax returns.

My theory is that the amount of money the Government will receive by bringing within the law this large number of taxpayers is entirely too small to put that number of taxpayers to the trouble and expense to which this law would put them. It would only average $4.44 per taxpayer if you brought them within the law, and it takes an expert to file an income-tax return. They must obtain the services of some one who knows how to file an income-tax return. In order to do this, 2,700,000 people must pay for the benefit of expert services and then, when once filed, the amount of tax is so small they can not afford to litigate over it. They can not dispute with the Bureau of Internal Revenue or with the Secretary of the Treasury. In order that you may know that it does require an expert to file an income-tax return, I respectfully invite your attention to the fact that over a period of 8 years, from 1921 to 1928, inclusive, the Secretary of the Treasury, who, I presume, had the benefit of experts in filing his income-tax return, out of the 8 years that the Secretary of the Treasury himself filed such income-tax returns 7, of those years he made mistakes; in 4 of those years he obtained refunds later from the Government by reason of his mistakes he made, and in 3 of those years he was later charged by the Government and paid an additional sum for the mistakes he made. So there is the Secretary of the Treasury, who really has charge of this income tax law, who out of eight years, in seven years made mistakes in his income-tax returns. Now, if the Secretary of the Treasury can not file an income-tax return properly, with the aid of all the best experts in the Nation, certainly you should not require these 2,700,000 people who do not have the benefit of the assistance of experts to file an income-tax return. The added expense to them will probably amount to more than the amount of the tax received by the Government.

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

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes, although I realize my time has not expired.

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

There was no objection.

Mr. PATMAN. I yield to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Because a single person now having a net income of $1,000 has to make a return, I can hardly see the point of the gentleman's amendment with respect to a $1,500 gross income, and I want to ask the gentleman if he is really serious in offering this amendment or if he just wanted to tell the story about the Secretary of the Treasury.

Mr. PATMAN. The story was absolutely incidental. I have had all the time I wanted before a committee to talk about the Secretary of the Treasury holding office in violation of the law, and that was not my object at all. I just wanted to point out this case because it is on all fours with the point I am attempting to make.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. JOHNSON of Washington. If this large number of people, 2,700,000, are to be required to pay income taxes on small incomes, is it not possible, either in this body or in the other body, to devise a plan for a single sheet of paper on which to make the return, with one affidavit, where the person with such incomes receives it from one source?

Mr. PATMAN. But there is no effort made in this bill to so simplify income-tax returns, and we must presume this bill will pass in the same condition it is in now with regard to that matter.

Mr. JOHNSON of Washington. I want to say, if I may in the gentleman's time, that I have paid an income tax ever since the first income tax law, and I know my return has never been correct, although it has been made with the aid of the experts down here in the Sergeant at Arms' office; and even this year it is wrong, because I forgot to take exemptions to which I was entitled.

Mr. PATMAN. And if the gentleman, with the aid of experts, can not properly prepare an income-tax return, how can we expect these 2,700,000 people who will just pay on the average $4.44 to properly prepare an income-tax return,

and let it be said that this is a class that pays the major portion of all the local taxes. They pay every kind of tax on earth, not a tax on what they own, but more often a tax on what they owe. This is the class most of whom buy homes, and on a $5,000 home they will make a $1,000 payment, and then they do not pay local taxes on that $5,000 home as though they had only paid $1,000 on that home, but they are required to pay local taxes as though they owned a $5,000 home, which results in paying taxes not on what they own but a tax on what they owe, and something should certainly be done for them in this bill, in view of the fact the Government would get only $12,000,000 by forcing these 2,700,000 people to file income-tax returns which will average $4.44 to the Government.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. O'CONNOR. Is not the practical effect of the gentleman's amendment to leave the exemptions as they are, $1,500 for a single person and $3,500 for a married person, because if you do not file any return you do not pay any tax?

Mr. PATMAN. It is creating a legal presumption, I will say to the gentleman from New York, that a single man who only earns a gross income of $1,500 has sufficient deductions to enable him to eliminate any net income and thereby not have to pay any tax.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I hope this amendment will not be adopted. The bill, as it stands to-day, places a maximum surtax, plus the normal tax, of 72 per cent on the citizens with large income, and surely the lower end of the income-tax brackets should be extended so as to broaden the base and require more of the citizens to contribute to this financial emergency of our Government.

Mr. PATMAN. Will the gentleman yield for one question?

Mr. CRISP. Yes.

Mr. PATMAN. I presume the chairman of the committee will admit that my figures are correct—that this will require 2,700,000 additional people to make income-tax returns, and that the amount received by the Government will be $12,000,000. I received these figures from Mr. Beaman, who is sitting by the gentleman's side, and I presume they are correct.

Mr. CRISP. They are partially correct. I think the number of additional returns is correct. I think the amount of money that will come in is about $12,000,000, but this lowering of the exemption runs all the way through the higher rates, including the richest man in the United States.

Mr. PATMAN. The gentleman from Georgia is clearly mistaken; the amendment provides that no return shall be filed.

Mr. CRISP. I did not interrupt my friend when he was speaking.

Mr. PATMAN. But the gentleman is clearly mistaken.

Mr. CRISP. I am not mistaken. It is the gentleman from Texas who is mistaken. It runs all the way through the bill, and it will bring in $39,000,000. The gentleman from New York [Mr. O'CONNOR] is absolutely correct. If these persons do not make a return, there is no way of collecting the tax on the lower incomes, and the effect is to continue the exemptions just as they are to-day. Now, where a single man with $2,000 net income is given an exemption of $1,000, and pays a tax of only $15 or $16, surely he is not burdened by an income tax.

Now, my friend had much to say, and I agree with him about the complications of making an income-tax return. The tax returns are complicated in the surtax class, but they are not complicated when you have an income under $5,000. There is a simple blank which anyone can fill in. I admit that I could not, without difficulty, fill in a blank if I were in the surtax class, but that is not involved here. I do not believe that this tax is burdensome, and I hope the amendment will be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. DYER) there were 6 ayes and 94 noes.

So the amendment was rejected.

Mr. GIFFORD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 43, line 24, after the word "oath," insert "or under penalty of perjury on net income less than $5,000."

Mr. GIFFORD. Mr. Chairman, I offer that amendment simply because in the experience of my State of Massachusetts, which has an income tax, there was found that small returns could be made simply under the penalty of perjury and so recited in the return. It prevents the bother and trouble of going before a notary public, when sometimes it is difficult to find one and sometimes the charge is excessive. It simply removes one of the unnecessary annoyances.

Mr. CRISP. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. CRISP. Has not Massachusetts some special law that would cover the situation? I am asking for information. It was just so stated to me.

Mr. DYER. Yes; they do.

Mr. GIFFORD. Mr. Chairman, there may be some special act in Massachusetts. Even so, what of it? Why can we not make this a law or regulation for the Federal Government and sign simply under penalty of perjury and save this added nuisance?

Mr. CRISP. The gentleman's suggestion might be well in Massachusetts, if they have a law there covering it, but the Federal Government has no way of covering the matter, and under this act those making an income-tax return to the United States Government throughout the States are required to make oath to their return.

Mr. GIFFORD. The law would still be that all over $5,000 would have to make oath. I tried to offer this in order to save annoyance to the small taxpayer.

Mr. CRISP. Why should not a man with an income under $5,000 make oath to his return as well as a man with an income over $5,000?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

The Clerk read as follows:

(b) Husband and wife: If a husband and wife living together have an aggregate net income for the taxable year of $2,500 or over, or an aggregate gross income for such year of $5,000 or over—

(1) Each shall make such a return, or

(2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate income.

Mr. JOHNSON of Washington. Mr. Chairman, I move to strike out the last word for the purpose of making a brief statement. I had occasion to say a moment ago in the time of the gentleman from Texas [Mr. PATMAN] that I doubted if I had ever been able with the aid of the experts sent to the National Capital from the Baltimore internal revenue collector's office to get my income-tax report correct. The tax I have paid each year is modest, and I have made every possible effort to have it letter correct. That is hard to do, if one has anything different from a fixed income from one source, or unless an individual literally keeps books on himself. For years past I have talked with many citizens who are employed at salaries above $5,000 up to about $8,000 and whose income is nearly fixed, although the deductions are not. I refer to newspaper editors, artists, railroad passenger and freight agents, district insurance managers, and others in business at fixed salaries which are considered good in these days. I have talked to many lawyers, dentists, and doctors in the little cities and the larger towns who know that their income over bad debts is $6,000 or $7,000, and they have all complained about the income-tax-return rigmarole.

Now, Mr. Chairman, I have long thought that an alternative plan could be devised, by which the taxpayer could

pay a flat rate without deductions and receive a small bonus for so doing, or he could elect to take the exemptions and send in his report on the big 6-page sheet.

On the short plan, the taxpayer would certify that his whole income was primarily from one source—salary—that he had taken in no boarders, rented no rooms, sold no property, suffered no stock-market or other losses. He would certify that his income was between $5,000 and $6,000 or between $6,000 and $7,000 or between $7,000 and $8,000, and he could thereupon be proportionately assessed, provided he relieved himself of the exemptions for dependents. In other words, an alternative plan. The taxpayer could elect which plan he would use.

It should be that a man who knew his whole income for one year was entirely from one source, was $8,000, could select the average amount between $8,000 and $7,000—which would be $7,500—and sign a 1-sheet affidavit and be relieved of the exemptions for dependents and pay the rate on $7,500. He could be given a small deduction for using the simple plan, provided he waived all exemptions. This plan could be easily brought down to the new low brackets in this bill, which will cause Federal income taxes to be paid by some 2,700,000 citizens who have not paid to Uncle Sam before. I give them a chance on a single sheet and give them a chance to make an honest affidavit which they will know to be absolutely correct.

As the gentleman from Georgia [Mr. CRISP] has said, the Treasury Department some years ago devised a simplified blank for those under $5,000. It is simpler than the full report but, nevertheless, it is hard for a great many.

Mr. Chairman, I do not want to see this bill recommitted because of the time that would be lost, but I am inclined to think it might well be recommitted before separate votes are demanded on everything that has been placed in the bill the past few days, and if it is recommitted this alternative plan of reporting incomes under $8,000 might well be studied, the tax experts of the Treasury Department might look into it now.

Let them consider the great saving to the Federal Government by the simple alternative plan. Save money, cut red tape.

I went before the Committee on Ways and Means quite a number of years ago with the whole plan outlined, showing how it balanced almost exactly as an equitable tax on those with a single source of income, or with but one or two side items of income, and several minor exemptions. Members of the committee frowned on the plan then on the ground that the present plan had become set, and that the public would soon become used to it. Well, the public is not on to all of the quirks of a major income-tax blank yet, and here come more than 2,000,000 new taxpayers.

I hope that serious attention may be drawn to the matter, so that later either in our own Ways and Means Committee or in another body a plan will be offered to simplify a return blank for those having incomes under $8,000 or under $10,000.

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

Mr. JOHNSON of Washington. Yes; certainly.

Mr. BOYLAN. Would the gentleman make any provision at all for deductions?

Mr. JOHNSON of Washington. The deduction would be on the percentage plan. If a man waived exemptions, he would pay a lower average tax, provided his income is not above $8,000, so that the $500 average allowance would equalize the situation, and he would be relieved of the necessity of claiming any exemptions. Of course, the taxpayer could elect to use either plan.

Mr. BOYLAN. The gentleman would give him a bonus if he waived exemptions?

Mr. JOHNSON of Washington. Yes; a small bonus, and that simplifies the case to the Federal Government again.

Mr. BOYLAN. Where would the taxpayer get off?

Mr. JOHNSON of Washington. The taxpayer who might pay $40 if he did not waive deductions might pay probably $41 or $42 if he waived deductions and would do it on a single affidavit. It would be worth $1 to him to know that he was honestly making his report and that it was correct. Besides, he would not have to employ lawyers who do not want this work for those paying that small sum.

Mr. BOYLAN. According to the gentleman's plan he would pay 10 per cent more.

Mr. JOHNSON of Washington. Not necessarily. He could go one bracket higher and play safe in his affidavit and save time and lawyers' fees.

Mr. BOYLAN. He would be compelled to pay more out.

Mr. JOHNSON of Washington. In my opinion he would not pay one-twentieth of 1 per cent extra, and he would be relieved of what he now pays out in the way of burning extra electric light and the hiring of lawyers.

Mr. BOYLAN. But look at the practice he is getting in mental arithmetic and bookkeeping.

Mr. JOHNSON of Washington. Oh, I know the gentleman is the greatest humorist in the House. He is a so-called wet leader, but his humor is extremely dry but always effective, as many of us have found out, and he is one of the real workers of Congress, always on the job. I wish he would look into the plan in detail. We can make it effective some day between now and the final enactment of this bill into law, some time late this summer. [Applause.]

Mr. HORR. Mr. Chairman, I rise in opposition to the pro forma amendment. May I ask the chairman of the committee as to whether or not this takes into consideration the community property laws in different States?

Mr. CRISP. They are not changed at all under the bill as reported. The community laws of the different States are not changed.

The Clerk read as follows:

(a) Requirement: Every corporation subject to taxation under this title shall make a return, stating specifically the items of its gross income and the deductions and credits allowed by this title. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer or assistant treasurer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word.

I realize that it would be futile to offer an amendment to this section but would remind the House that all corporation officers, no matter how small the corporation, must make a return under oath from carefully prepared and exact bookkeeping. A simple affidavit should often be all that is necessary.

Officers of those corporations have many annoying experiences, by being forced by Government officials to keep elaborate sets of books. Take any eleemosynary institution, for example, and my own experience on one occasion. I attempted to help a soldier who had controlled and acted as manager and treasurer of a small corporation and been away for three years during the war. We endeavored to make up a return from the disordered books but were forced by the Government to go so thoroughly through several years' activities of this company, which was not organized to make money, that it cost us several hundred dollars. In such a case a simple affidavit by the treasurer should have been sufficient.

There are thousands of small corporations losing money all the time, which are now forced to have accountants and bookkeepers and then are finally obliged to make oath to the faithful and accurate bookkeeping. This is a material and unnecessary cost. The individual does not have to make any return unless he has a net income of a thousand dollars. Why should a corporation be treated differently? Why is it necessary for a corporation to go through such an elaborate performance when only losses are apparent? Some relief should be granted here, but I fully realize that it would be useless to offer an amendment which would allow such small corporations to make simple affidavits as to their losses.

However, I just wanted to bring to the attention of the House that this is another of those nuisances which make the income tax so exceedingly unpopular. I may say to the

gentleman from Washington that the other day I placed in the RECORD a statement to the effect that it costs the taxpayers of this country $400,000,000 a year to make their returns. This also indicates that this is a most questionable method of securing revenue.

The pro forma amendment was withdrawn.

The Clerk read as follows:

(b) Consolidated returns: For provision as to consolidated returns of affiliated corporations, see section 141.

Mr. PATMAN offered an amendment, which the Clerk read, as follows:

Page 45, line 19, after the word "returns," add the following: "No affiliated groups of corporations, subject to the provisions of the internal revenue act, shall have the privilege of making a consolidated return."

Mr. CRISP. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CRISP. I would like to say to the gentleman from Texas that the subcommittee now considering a substitute plan for the manufacturers' sales tax title, which was eliminated, is seriously considering bringing in some amendment dealing with these affiliated and consolidated returns. Therefore I ask unanimous consent, Mr. Chairman, that we pass over, with the gentleman's amendment pending, the consolidated-returns provisions of this bill until the Ways and Means Committee brings in its amendment. Nobody's rights are deprived thereby.

The CHAIRMAN. Does the gentleman include section 141, on page 108 of the bill, in his request?

Mr. CRISP. Yes.

Mr. PATMAN. Mr. Chairman, I have no objection to the request made by the gentleman from Georgia.

The CHAIRMAN. Without objection, the request of the gentleman from Georgia is granted.

There was no objection.

The Clerk read as follows:

SEC. 55. PUBLICITY OF RETURNS

Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under Title II of the revenue act of 1926.

Mr. LAGUARDIA offered an amendment, which the Clerk reported, as follows:

Amendment offered by Mr. LAGUARDIA: Page 47, line 18, strike out all of section 55 and insert in lieu thereof:

"SEC. 55. PUBLICITY OF RETURNS

"(a) Returns upon which the tax has been determined by the commissioner shall constitute public records; but they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President: *Provided*, That the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a special committee of the Senate or House shall have the right to call on the Secretary of the Treasury for, and it shall be his duty to furnish, any data of any character contained in or shown by the returns, or any of them, that may be required by the committee; and any such committee shall have the right, acting directly as a committee, or by and through such examiners or agents as it may designate or appoint, to inspect all or any of the returns at such times and in such manner as it may determine; and any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and House, as the case may be: *Provided further*, That the proper officers of any State may, upon the request of the governor thereof, have access to the returns of any corporation, or to an abstract thereof showing the name and income of the corporation, at such times and in such manner as the Secretary may prescribe: *Provided further*, That all bona fide shareholders of record owning 1 per cent or more of the outstanding stock of any corporation shall, upon making request of the commissioner, be allowed to examine the annual income returns of such corporation and of its subsidiaries. Any shareholder who pursuant to the provisions of this section is allowed to examine the return of any corporation, and who makes known in any manner whatever not provided by law the amount or source of income, profits, losses, expenditures, or any particular thereof set forth or disclosed in any such return, shall be guilty of a misdemeanor and be punished by a fine not exceeding $1,000 or by imprisonment not exceeding one year, or both.

"(b) The commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may determine, lists containing the name and the post-office address of each person making an income-tax return in such district, together with the amount of the income tax paid by such person."

Mr. CRISP. Will the gentleman kindly state the changes he proposes?

Mr. LAGUARDIA. None of this amendment is new or original. It is all taken from previous acts, particularly the act of 1924, which lasted but one short year and then was repealed. In substance, my first long paragraph, I think, is the law now.

Mr. CRISP. The gentleman has not included the right of any joint committee to get these returns?

Mr. LAGUARDIA. I believe that is fully covered.

Mr. CRISP. That was put in the 1926 law, I think, so that the gentleman is narrowing it so far as the joint committee is concerned.

Mr. LAGUARDIA. That can be taken care of by a committee amendment. The real meat of my proposed amendment is paragraph (b), which was very wholesome as long as it lasted. Paragraph (b) simply makes public the names and addresses of taxpayers under this law, as well as the amount they pay. In other words, it is the same as the law in every State as to taxes on real property and in many States on income taxes.

After quite a struggle in this House we did enact this section (b) in the act of 1924. It was very wholesome. It was so wholesome that very influential interests got together and had this provision with reference to publicity repealed in the subsequent act.

I want to refer to the splendid fight that was waged on the floor of this House by the now distinguished majority leader, the gentleman from Illinois [Mr. RAINEY]. In that fight, if I remember correctly, he was supported by the present distinguished Speaker of the House, the gentleman from Texas [Mr. GARNER]. There was strong opposition to the publicity provision from the Republican side of the House. The Ways and Means Committee at the time was under the control of the Republicans. They brought in an amendment repealing the publicity provision after one short year of trial. The Democrats opposed the repeal.

I offer it at this time because we have had experience with the publicity provision and know that it is necessary. It is productive of revenue, and there is no sound reason that may be urged against it.

Some one may suggest, without reading the amendment and not being familiar with the law, that it would make possible access to a man's private business. It does not. There are no details made public. Only certain authorities can have access to the details of the returns. All this does is to make public the names of the taxpayers and the amount of the taxes they pay under this law.

Mr. BACON. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. BACON. It will at least open up all these lists to every panhandler, advertising agency, and competitor of a man in his business.

Mr. LAGUARDIA. The lists are to be made public the same as every other tax record is public. Can the gentleman mention taxes in any State that are not a matter of public record? I believe these lists should be a matter of public record, as was the case under the law of 1924. There is nothing novel about it. It has been under discussion for a great many years. It has been resisted for a long time.

I want to recall to the committee the fight that was put up against it. I do not know but what the gentleman from Georgia resisted its repeal. I know there was quite a fight waged on the floor of this House at the time, and if I am not mistaken the repeal was carried by practically a party vote.

I submit that we have learned from experience the benefit of having this publicity provision in the law. There is no reason why it should not be there. I repeat, it does not expose a man's business to the scrutiny of his competitors, as was suggested by my colleague from New York [Mr. BACON].

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I move to strike out the last word of the LaGuardia amendment. I am in hearty agreement with the gentleman from New York and I hope his amendment will be agreed to.

I remember the fight we had in 1924 on this proposition, a very bitter fight. The amendment was opposed on the floor of this House, but at that time we got it through. I remember the fight we had when it was repealed. If I remember correctly, as the gentleman from New York said, the Speaker of this House and the gentleman from Illinois [Mr. RAINEY] made a hard fight to keep it in the law at that time.

I do not see any great dangers, as suggested by the gentleman from New York [Mr. BACON], in regard to panhandlers and the competitors of these concerns. If it were a question of their being able to go in and get all the details of a man's business, I would be inclined to agree with the gentleman; but it seems to me that anything which would shed a little light for the benefit of the American people on the amounts which are paid into the Treasury of the United States, without going into the details, certainly can not do any harm but will give the people an opportunity to determine just where the concentration of wealth in the United States is.

Mr. BACON. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. BACON. I have no objection to making all that information public to any committee of the House or Senate.

Mr. CONNERY. Why not the American people?

Mr. BACON. Because it will simply result in a great deal of abuse. People will go in and get lists of everybody who pays any income taxes at all and sell them to charities, fake charities, panhandlers, advertising agencies, and so on.

Mr. CONNERY. As the gentleman from New York [Mr. LAGUARDIA] has said, every State has these records and they are open to panhandlers and organizations and that has not led to any harm.

Mr. BACON. But they do not publish them.

Mr. COCHRAN of Missouri. As the gentleman from New York has said, the Bureau of Internal Revenue annually submits to the Congress a list of those who receive refunds and the amounts of such refunds and they are published in the papers.

Mr. BACON. And they should be published.

Mr. COCHRAN of Missouri. That is published every year.

Mr. BACON. I have no objection to Congress finding out all such information with respect to a man's return.

Mr. COCHRAN of Missouri. Why should the representatives of the Government have the information and the public generally not have it?

Mr. BACON. I want to protect the individual from being pestered.

Mr. CONNERY. I have always believed, even though the rules of the House and the rules of the committees have taken an opposite view, that there should not be such a thing, for instance, as executive sessions in committee. There is a lot of work done behind closed doors about which the American people are entitled to have some knowledge. I have never believed in casting a vote on this floor or saying anything in committee which would not be open to the people. And right along that line I do not see any objection to the people getting all the knowledge about these returns to which they are entitled.

Mr. PEAVEY. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. PEAVEY. May I say to the gentleman that we have in our State of Wisconsin an income tax law that was adopted in 1911, with full publicity; and while bitterly contested at the time of its adoption, there is not a particle of opposition to the law in our State to-day. [Applause.]

Mr. CONNERY. And I think we should have the same thing here.

Mr. MILLARD. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. MILLARD. Does not the gentleman think that a matter of such moment should have been taken up in the Ways and Means Committee?

Mr. CONNERY. It has been fully discussed on the floor of this House time and time again and on two different tax bills, and once it was put on the bill and then later taken out of the bill after a bitter fight.

I think the committee should adopt the LaGuardia amendment.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I would not have risen, and probably I do so futilely, but I am astounded that there is no opposition to this amendment from the Ways and Means Committee. I do not know any subject that is more familiar to this House than the subject of publicity of income-tax returns. It was tried for one year and was then repealed, and I never imagined it would be advocated again by anybody in any Congress.

The reasons for its repeal were well known at the time. It had served as an instrument, not only for the blackmailers and the preyers on people of means, but it had violated a fundamental principle of America—that there is left some privacy in a man's affairs. That is the big question involved here.

I am not arguing for the man who files a big income-tax return any more than for the little fellow. What business is it of anybody in this country what a man earns, except the Government, for the purpose of collecting taxes? Why should anybody have to disclose his earnings to the world? If you disclose just what a man pays in income taxes, it is easy to compute what he has earned. Is there any privacy left in this country?

Where are the Ways and Means Committee members? Surely, if they did not incorporate this publicity provision in the bill, they can not possibly now approve of it. The subject must have been somewhere in the back of their minds. What are we coming to when, again, we revive a nuisance like this? The gentleman from New York [Mr. LAGUARDIA] is incorrect when he says it was taken out of the law by a partisan vote. Scores of men on this side of the House, including myself, voted to take it out, after a year's trial.

Mr. LAGUARDIA. The gentleman is quite right. The gentleman did vote that way.

Mr. O'CONNOR. It had offended all the rights and all the privileges of American citizens when their strictly private affairs were exposed to the public. It is a late hour now to revive a pernicious law like this which was denounced universally throughout the United States. I therefore now call on the members of the Ways and Means Committee to defend this bill against such an additional assault and to stand up for their bill and not further ruin it or further cause its defeat in this body or in another body. [Applause.]

Mr. BLAND. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BLAND. Was it not shown at that time that such publicity worked to the detriment of some small interests or small businesses?

Mr. O'CONNOR. Surely, it did. The suggestion that you do not disclose in detail the way a man conducts his business is just an evasion of the fundamental question involved. Once you show what a man makes or what he pays in taxes, I repeat, it is easy to compute his earnings; and it is nobody's business, except the Government's, how much money he makes or how much he pays in income taxes. Immediately, when his competitors find out how much money he makes, then every panhandler in America, every soliciting organization in America, every relief organization in America, every organization looking for a hand-out, even his relatives, are after him, and they know how far they can go with him. I submit it is no fairer to the man with a return of a $10 tax than it is to the man with a $10,000,000 income.

Mr. BACON. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BACON. As a matter of fact, a man making a small income who has disclosed what he is making may have his credit seriously hurt.

Mr. O'CONNOR. Surely. The only theory that would justify this publicity provision is that it would aid the Gov-

ernment in preventing evasion of taxes. That is the only possible theory. There is no proof that one year of publicity with respect to income-tax returns helped the Government in catching the evaders of taxes. The opposite was demonstrated, and this obnoxious provision was repealed.

Mr. CONNERY. Would the gentleman be in favor of New York State and all other States repealing their law?

Mr. O'CONNOR. I can not let a false impression prevail here. New York does not publish the amount of taxes paid on income-tax returns.

Mr. LAGUARDIA. It does on real estate.

Mr. O'CONNOR. On real estate, yes; but these taxes are assessed against the property and not in the name of the individual. I am talking about income-tax returns, and the day will never come when the great State of New York will give publicity to its income-tax returns.

Mr. LAMBETH. I want to say to the gentleman that the State of North Carolina has never published income-tax returns or amounts.

Mr. O'CONNOR. And I am confident never will.

Mr. HAWLEY. Mr. Chairman, I rise in opposition to the amendment. We have adopted an income-tax system in this country whereby we obtain revenue for Federal purposes. We have no intention of embarrassing business by it, and therefore we do not wish to interfere with business but to make the income-tax returns as profitable to the Government as possible.

In the case of real property there is no question involved as to whether anyone knows how much tax you pay. Everyone knows you pay a certain rate on an assessed valuation, but Government income tax involves the very life of business in many instances. For instance, here is a corporation or a partnership of individuals supposed to be making a considerable amount of money, and the inference is that they should pay a large tax. But in the latter part of the taxable year they suffer reverses, resulting in deductions from their gross income. The amount of income reported fairly and justly is much less than those who follow the course these businesses had anticipated, and consequently the first cry will be from competitors that the corporation is evading taxes. Consequently the credit of the corporation will be attacked. Moreover, it will hurt the credit of the corporation with the banks.

Mr. BACON. And the same might be true of the individual.

Mr. HAWLEY. Yes; I include the individual with the corporation. We have had this provision for one year. It worked unsatisfactorily. In addition to the things that have been said against it, and which I indorse, an immense amount of detail is necessary to the preparation of the returns. Since the lack of background and information about the several corporations or individuals who pay the tax would cause the public generally to draw incorrect conclusions, such publicity would result in unintended injury. They know nothing of what the business conditions were or what the operations were during the year, and it would be unfair and unjust to these individuals and corporations who are doing an honorable business.

Mr. BLACK. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. BLACK. Does the gentleman recall what the Treasury Department had to say about the publicity measure when it was repealed?

Mr. HAWLEY. No; I do not know.

Mr. LAGUARDIA. Mr. Mellon had a lot to say about it.

Mr. BLANTON. Anybody could wire to the district of the gentleman from Oregon and get the amount of tax that he pays on his real estate and on his personal-property tax and his school taxes, but no information can be obtained about his Federal income taxes.

Mr. HAWLEY. You do not have to wire; you can come to me, and I will show what it is.

Mr. BLANTON. If that is true, why is it not proper to have information about Federal returns?

Mr. HAWLEY. To continue the remarks that I was making a moment ago, we are now passing on to the people of the United States a tremendous burden of taxation, out of a clear sky, as it were, from $184,000,000 surplus to $903,000,000 deficit in a year. It is a credit crisis for the institutions that will bear the burden that Congress is putting upon them. Now, to come in with this kind of an amendment, which will, under the circumstances, impair their credit, when we are more than doubling the demand, seems to me unjust, unfair, and unwise.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. PATMAN: Amend the LaGuardia amendment by inserting at the end of said amendment the following:

"*Provided*, That when an application for a refund, credit, or abatement is made, the income-tax return upon which such application is made shall become subject to examination by a Member of Congress."

Mr. PATMAN. Mr. Chairman, it occurs to me that when one makes an application for a refund, credit, or abatement of his income tax that he has paid, the application and the return upon which it is based should be open to public inspection; but I do not believe the House would approve an amendment like that. However, I do believe it is reasonable, and the House should seriously consider adopting an amendment that would permit any Member of Congress, a representative of the people elected by the people, to look after the people's business, to examine that application and the tax returns upon which the application is based. There should not be any objection to that. I invite your attention to the fact that during the last 3,000 days our Federal Government has remitted to the taxpayers of this Nation three thousand millions of dollars, on an average of a million dollars a day, in tax refunds, credits, and abatements. A total of $3,000,000,000—more than enough to cover the deficit.

No one can examine those returns. It is true that if the refund amounts to as much as $75,000, a joint committee has the right to pass on the income-tax returns and the applications for refunds, credits, and abatements; but if the amount is less than that, no one has a right to go into those income-tax returns for the purpose of determining whether or not the refund was made in the manner and form required by law, unless, of course, there is some litigation that causes it to go to the Board of Tax Appeals.

I invite further attention to the fact that the city of Chicago has had a secret tax system. An interesting article was written about that secret tax system not long since. The writer of the article warned the American people not to keep their assessments secret. That should apply not only to the city of Chicago but to every State, county, and municipal government, and the Federal Government as well. Here is what happened in Chicago. It was discovered in an investigation that one man would be paying $5 taxes on his home, while the man next door would be paying $50 taxes on a home that had the same value, and the one next to him was paying $500 on a similar home. The reason why the man who was paying $5 on that valuation was because of a political pull that he had and the secrecy of the returns, and it is my understanding that as a result of those fraudulent returns which resulted by reason of a secret tax system, all assessments were declared void. To-day Chicago is very much in the red and trace it back and it all comes from a secret, tax system. Certainly there should be some way that representatives of the people should have the right to examine a tax return when the one who filed that return is making application for public funds to be returned to him. I urge the committee to seriously consider this amendment. [Applause.]

Mr. CRISP. Mr. Chairman, I hope neither one of these amendments will be adopted. I can see no useful purpose to be subserved by making public the amount of the tax the taxpayer pays. I proceed upon the presumption that the Government officials are honorable and honest, and that they will perform their duty. I think the only one who has any concern in an individual taxpayer's return is the Government, to see that the full amount of taxes due by the

taxpayer is collected. I can see how publishing the amount might satisfy the curiosity of some of the taxpayer's neighbors, and it opens the matter for his enemies to try to make all sorts of difficulties for him. I can not see any good in making the matter public. Under the law to-day the Committee on Ways and Means and the Finance Committee of the Senate, the two legislative bodies representing the Congress, have the right to examine these returns. Also, under the law which my friend from Texas referred to, where a tax return is over $75,000, the whole income-tax returns of the taxpayer are subject to scrutiny by the Joint Committee on Internal Revenue Taxation, and that committee has a staff of experts who review them. For the last seven years the Speaker of this House has been on that joint committee, and the chairman of the Committee on Ways and Means and the two ranking majority Members are on it. That is true of the Senate. Five members of the Senate Committee on Finance are on that committee. I can assure you that the staff of that joint committee, headed by Mr. PARKER, are honest and capable and that they go into all of those returns and submit them to this joint committee.

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

Mr. CRISP. Yes.

Mr. PATMAN. It is my understanding that when one concern made application for a refund the application was not passed on, and each year they would make additional applications. Finally one refund was made, and when that refund was authorized and made the Bureau of Internal Revenue turned the case over to the joint committee, and in doing so it furnished the joint committee with six truckloads of papers in connection with that case. If that is true, does the gentleman think it is possible for that joint committee to officially pass on such returns and refunds in cases like that?

Mr. CRISP. I am sure the gentleman refers to the case of the United States Steel Corporation. I answer the gentleman frankly, that no committee is going to consider six carloads of documents, and I am equally confident that no Member of Congress would do it either. [Laughter.]

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

Mr. CRISP. Yes.

Mr. LAGUARDIA. I know I followed along with some of the ablest men in this House in opposition to the repeal of the provision I am offering. Have conditions so changed that support of this policy of publicity has been abandoned?

Mr. CRISP. I know the House is divided as to what is the wisest thing to do in this case, and I accord to each Member sincerity of purpose and desire to serve our country. My own view upon it is that no useful public purpose will be subserved by publishing the amount of the returns. I grant you it would satisfy the curiosity of some of our neighbors and friends.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SCHAFER. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia be allowed to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. SCHAFER. Would not the publishing of the amounts paid in taxes under this bill and the names of the taxpayers serve some useful purpose? For instance, if there was published the names and amount of tax paid by Capone and the other racketeers under the brewers' wort-tax provisions, would not material assistance be given to the law-enforcement agencies of this Government?

Mr. CRISP. I do not think so.

Mr. SCHAFER. I believe it would.

Mr. KVALE. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. KVALE. I would like to ask the gentleman if this feature was considered in committee?

Mr. CRISP. It was not.

Mr. KVALE. Is it not true that when this was last considered in 1926 the gentlemen who were members of the Ways and Means Committee upon the chairman's side of the aisle were, to a large degree, favorable to the then existing statute, which we are to-day attempting to reenact?

Mr. CRISP. I do not have sufficient information to answer the gentleman. I do not know.

Mr. KVALE. Mr. Chairman, if I could secure recognition, which I can not at the moment, I would like to state that there is ample evidence in the RECORD of the debates at that time, and to cite from it.

Mr. CRISP. That is much more satisfactory than any recollection I might have.

Mr. HADLEY. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. HADLEY. Is it not a fact that the present law, passed in 1926, is a compromise between the two schools of thought, one for no publicity and one for vexatious and unnecessary publicity, and that that trial, under the act of 1926, has been so satisfactory that the Ways and Means Committee has had no protests, no appearance has been made upon hearing, and no demand made for this amendment or any similar amendment?

Mr. CRISP. The gentleman's statement is correct.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia be allowed to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PATMAN. May I suggest to the gentleman that in the case of the United States Steel Co., they delivered six truckloads of papers, and it is true the committee could not look over those papers in the allotted time. Neither could a Member of Congress; but if there had been a law which provided that the minute an application was filed it would permit a Member of Congress to look into the case, possibly this case would have been looked into many years before the final refund was granted.

Mr. CRISP. That is possible. But under the law then either the Ways and Means Committee of the House or the Finance Committee of the Senate, the committees which deal with internal-revenue taxation, had the right to review it.

Mr. GIFFORD. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. GIFFORD. Would the gentleman regard it as a good definition of his word "curiosity," when I tell him that the morning after the law was in effect relating to publicity of tax returns, in my State of Massachusetts the first ones whom the newspapers carried in their columns were 16 Congressmen from Massachusetts.

Mr. CRISP. I am willing to have them examine my returns.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Wisconsin [Mr. PEAVEY] has said that we have this law in effect in Wisconsin and that there has not been any protest whatsoever against it. I call the gentleman's attention and the attention of the House to the fact that only recently the private affairs, the private income of every taxpayer in Wisconsin was featured in the public press, to the humilitation of those taxpayers great and small. This amendment does not affect me, because we have this "snooping" amendment into our private affairs in the State of Wisconsin, and I suppose that character of "snooping" will continue for years and years, as long as the present administration is in control of the affairs of that State. But I am calling upon you to rise up here and protest against this "snooping" amendment,

especially at this time. It has only one purpose, and that is to increase discontent against those who fortunately have some little income. The gentleman from New York cites the instance that real-estate taxes and personal-property taxes are public. They are not public, not listed as to total amounts paid by an individual in my State nor in any other State, but a "snooper," a sniper may go and collect them. They may collect the amount of taxes for personal property and for real-estate taxes that any one person pays by going through the entire tax rolls if their curiosity impels them to that extreme.

Now, I have heard the prune-box orators on the streets of Detroit call upon the unemployed to rise up en masse and confiscate the fortunes and wealth of those who have estates. That was within the last six months, and within a month they marched out to the gates of Dearborn in the guise of trying to bring relief to the unemployed, with the obvious purpose to tear down the pillars of our Government. If there was ever a time when we should hold our senses and not add fuel to the flames of discontent, to those who are alien to the sentiments of our civilization, it is now. [Applause.] The very purpose of this amendment is to stir up sedition, to arouse discontent against existing order. Of what other avail will it be? That is the purpose, the covert purpose of this amendment, and I hope it is voted down. [Applause.]

Mr. BLACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

This bill may add no money to the Public Treasury. It may not help balance the Budget, but it is certainly going to add to the vocabulary, and may balance the vocabulary.

I predict that the gentleman from Wisconsin will never be known for the many points of order he makes, but surely, after to-day, he is going to get eternal fame for coining the word "snoozer." [Laughter.]

This bill, instead of being called an act for raising revenue, should be called an act for raising hell, and the amendment offered by my distinguished friend from New York [Mr. LAGUARDIA] is certainly accommodating in that respect.

I think a proper amendment, along the line of publicity, would be an amendment to the effect that the collector of internal revenue post the names of the people in his community who do not pay any taxes. If taxation without representation is tyranny, what is representation without taxation?

For the last two or three weeks in the House we have had squawking and squealing from various parts of the country because at last the Congress had a plan by which some people who never pay any taxes might be called upon to pay a modicum of taxes, and that proposition was defeated.

In addition to making the people who pay taxes pay their taxes we now insist on this publicity. We all know about the unanimous wave of protest that rose all over the country when the newspapers featured the prominent people of the community who happened to be in a position to pay income taxes. The protest was almost universal throughout this land.

You have bedeviled this bill in as many ways as possible. You have done everything you could to keep the country from approving this tax bill—the Democrats by troubles among themselves, the Republicans by sitting back and jeering, and the White House by being silent. This kind of an amendment to the administrative feature of the bill is just another step in the direction of not passing any tax bill in the near future.

I do not believe this amendment—not in the interest of the United States Government, not in the interest of the American taxpayers, but in the interest of the great curiosity bloc—should pass. [Applause.]

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and amendments thereto close in five minutes.

The motion was agreed to.

Mr. OLIVER of New York. Mr. Chairman and gentlemen, I believe this amendment instead of turning on the light will merely turn on the keyhole. [Laughter and applause.] The trouble about it is that our Government has gone into the spying and snooping business too much as it is. May I correct the word used by the gentleman from Wisconsin?

Mr. STAFFORD. That is the word I intended to use. I know the gentleman knew the word I intended to use.

Mr. OLIVER of New York. I knew that. When the provision was passed placing a tax of 65 per cent on incomes of $5,000,000 I felt heartbroken. I felt like the old lady who sat near the fireplace when a brick fell down the chimney. She wept. Neighbors came in and asked her why she cried. She said, "Well, if I had a daughter and that daughter had a child, and that poor little baby was sitting in the chimney place where that brick fell down the brick might have killed it." [Laughter.] Of course, I will never have an income affected by that unfair tax. Now, when they want to publish what I have got I am moved to real tears. I am moved to tears for all my friends mourning over the remains of golden days.

When the publication took place years ago nobody knew what losses a man had; nobody knew what credits he had; nobody knew in what kind of business enterprises his investments were made; and yet because he was known as a man who made, for instance, $25,000 he was looked upon as an absolute thief if he had not reported an income to the Government of $25,000. Could anything be more unfair?

We are dealing with one of the most intricate, complex, and technical things in the world when we are dealing with the income tax. We are not dealing with an appraisal of a piece of real estate made by public authorities and published in public books, but we are dealing with the most private thing a man has. A man and his wife may report joint income taxes. How do we know but what the lady might have lost something and it was deducted from her husband's income? Must we invite all America to cross-examine her? Must we spy and snipe and snoop into the private affairs of our people? This Government is invading private business and invading the homes, and the way to stop it from invading the privacy of a man's credit and the privacy of his business is by defeating an amendment such as this. [Applause.]

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Texas.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from New York [Mr. LAGUARDIA].

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 18, noes 123.

So the amendment was rejected.

The Clerk read as follows:

(a) Time of payment: The total amount of tax imposed by this title shall be paid on the 15th day of March following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word.

I can readily understand the nervousness of certain gentlemen when even remote mention is made about public scrutiny of the records of the incomes of public officials. We have had many instances of the value of income-tax publicity.

In my city at this time the people are receiving a very liberal education about the necessity of publicity on incomes. I am not surprised at that opposition at all, but I am surprised at some of my Republican Members from New York State joining in this kissing party with their colleagues from Tammany Hall.

Mr. BOYLAN. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. I would like to know if, under the rules, post mortems are allowed. The gentleman's amendment was defeated and I do not think time should be consumed in holding a post mortem.

The CHAIRMAN. What is the gentleman's point of order?

Mr. BOYLAN. My point of order is that it is against the rules of the House to deliver post mortems.

Mr. BLANTON. Mr. Chairman, you can only make a proper diagnosis, sometimes, by a post mortem.

The CHAIRMAN. The point of order is overruled. The gentleman from New York will proceed in order.

Mr. LAGUARDIA. Mr. Chairman, I am talking about the close of the fiscal year, and the close of the year is going to come very soon for certain people.

Why, not even in the days of the absolute power of Andrew Mellon were such statements made as were made to-day in opposition to a provision in our revenue law which every Member of the House should know is absolutely necessary. I was quite surprised to see the distinguished floor leader of the majority party, from whom I learned all about the necessity of tax publicity, vote in opposition to this amendment. I sat here as a young Member listening to the gentleman from Illinois [Mr. RAINEY], to the gentleman from Texas [Mr. GARNER], and to other distinguished members of the Ways and Means Committee on the Democratic side urging the necessity for such return publicity.

Oh, gentlemen, this fight on publicity is not over—not by any means. I am confident that before this bill leaves the Capitol there will be a proper publicity provision in the law, because it is necessary.

So much was said, Mr. Chairman, about the corporation or the individual that has no credit and has no income. Is it the purpose of the law to help misinformation and misstatements on a financial statement? What argument is that? Is it the purpose of the law to help evasion of the law? Every one of us will remember that following the act of 1924 we had the greatest number of returns, and accurate returns, because of the publicity provision. It was so wholesome that one of the most powerful lobbies, which the gentleman from Illinois at the time described here on the floor of the House, was busy until Congress repealed it. I am quite sure it was almost a party vote. I voted to retain the publicity provision and against its repeal. Perhaps my colleague from New York [Mr. O'CONNOR] did vote to eliminate it; I would not be surprised if he did. In the days of Boss Tweed, of New York fame, Mr. Chairman, when our taxes on realty in New York were secret, conditions became so rotten as to create national scandal. It resulted in a change in our law in New York State, and such records are now public. There is real necessity for a publicity provision in all tax laws.

In the days of Tweed one of the chief sources of the many sources of graft was from evasion of taxes by owners of property through favoritism in assessments.

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Chairman, I ask unanimous consent to proceed for two more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LAGUARDIA. And after an investigation was had, first, a private investigation by the property owners themselves—the House will recall history—and then by the legislature, there was established the system we have now where all tax records are public.

I submit that this provision was tried but one short year, and it was so effective, as stated by the gentleman from Illinois [Mr. RAINEY] at the time, as to bring down here this powerful lobby and cause its repeal. I am confident, before long there will be a publicity provision written into the law.

Mr. BOYLAN. Mr. Chairman, I believe that if we are going to make any headway with this bill, we ought to proceed, and the only way to proceed is to proceed. If every Member who proposes an amendment, after the amendment has been discussed, debated, and a vote taken on it, is dissatisfied with the vote of the House, is going to deliver a post mortem on why his amendment was lost, is going to lecture the House as to why they voted a certain way, I do not think we are going to make much headway with the bill. I believe in a full discussion. I respect every man's opinion, and I would like him to have respect for mine. But there must be an end somewhere. If, after a proper debate, after intelligent discussion, the House takes a vote on a proposition, to my mind that orderly procedure should settle the matter.

Mr. LAGUARDIA. I think the gentleman is right.

Mr. BOYLAN. Then, why get up and deliver such a sad speech, because you lost your amendment? You had a fair discussion, you received the verdict of the House; why not take it like a sportsman, why get up and squeal and holler, when struck by the harpoon? [Laughter.] Of course, the gentleman can not win all the time. Even the greatest leader has to meet temporary reverses. [Laughter.]

I find in life that we should be satisfied to achieve the mean average of things. The gentleman can not sit in the sun all the time; he has to be in the shade and the shadow occasionally. Last week the gentleman was basking in the sun, but to-day it fails to shine on him. [Laughter.]

Why not strike an average? Say 50–50. The gentleman is better off than 50 to-day. [Laughter.] Why doth he protest so vehemently when victory fails to perch on his banner. [Laughter.]

Of course, if the gentleman won all the time, the House would be lopsided. [Laughter.] I am sure the gentleman does not want that to happen, because the gentleman—and I have known him for many years, and I respect him—I know he would be the most disappointed man in the world if everything always went on quietly and peacefully. [Laughter.] It is not in his nature, and I respect him for it. If the gentleman presents a proposition and fortune fails to smile on him, why not smile it off and be good-natured and try again? Mr. Chairman, I merely make this interpolation in order to expedite the passage of this bill. [Laughter and applause.]

The Clerk read as follows:

As soon as practicable after the return is filed the commissioner shall examine it and shall determine the correct amount of the tax.

Mr. PALMISANO. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, I rise to call the attention of the chairman and the members of the Ways and Means Committee, and especially the Democratic members, to a matter, in view of the statement of the gentleman from Georgia, that they are going to consider the question of striking out section 141, page 108, line 19, in regard to consolidated returns.

I want to call attention to the fact that in the Seventieth Congress our able Speaker at that time offered an amendment, when the control of the House was in the hands of Republicans, and the Democratic minority, assisted by a number of Republicans, voted to strike this section out, and the Speaker at that time contended it would save $24,000,000. I trust that the members of the Committee on Ways and Means will go back and refer to page 601 of the RECORD of the Seventieth Congress, first session, and they will see for themselves the argument made at that time. On page 605 of that RECORD will be found the vote by tellers, and it was agreed to. It was finally put back by the Senate. I hope that the Committee on Ways and Means will consider and strike that out.

Mr. CRISP. The committee is giving that attention.

Mr. RAINEY. Mr. Chairman, a few days ago, when in committee the surtaxes were increased to 72 per cent on the larger incomes, I stated to the committee that I would undertake to compile data as to the income taxes in various States and what the combined income taxes of the State imposing an income tax and the Federal income tax would mean. At my request, Mr. Parker, chief of staff of the Joint Committee on Internal Revenue Taxation, has made that compilation. There are 28 States which have income taxes in some form. In a majority of the States the maximum rate is not high, but the tax has a broad base and reaches down to single persons with net incomes of about $1,000 and married people with a net income of about $2,000. In a majority of the cases the rate of taxes is about 5 per cent

on net incomes of over $15,000. If a man lives in one of these States, which Mr. Parker calls average States, and happens to have an income of over $5,000,000, he will pay 77 cents in income taxes out of every dollar that he makes, leaving him only 23 cents out of his earned dollar. The highest tax is in Wisconsin, and if a man living in the State of Wisconsin is fortunate enough to have an income of over $5,000,000, he will pay a maximum tax of 72 cents on the dollar to the Federal Government and 15 cents to the State of Wisconsin, making a grand total income tax of 87 cents on the dollar. I ask unanimous consent to print this data in the RECORD so that Members of the House may study it and consider it, because when the bill comes back into the House I am going to ask for a separate vote on that amendment to see whether the House really wants it or not.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to insert the matter referred to in the RECORD. Is there objection?

There was no objection.

The matter referred to is as follows:

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, March 22, 1932.

Hon. HENRY T. RAINEY,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: In accordance with the request from your office in regard to State income taxes and the maximum burden which would result from these taxes in conjunction with the surtax amendment agreed to by the Committee of the Whole House, the following information is submitted:

Twenty-eight States have income taxes of some form, and therefore the citizens of over one-half of the States have to pay income taxes not only to the Federal Government but also to the State governments.

In the majority of the States the maximum rate of tax is fairly low, but the tax has a broad base, reaching down to single persons with net income of about $1,000 and to married persons with net income of about $2,000. It is roughly estimated that in the majority of cases the maximum rate of tax is about 5 per cent on net incomes of over $15,000.

If a man lives in one of these average States and happens to have an income over $5,000,000, he will pay 77 cents in income tax out of every dollar he makes in excess of that amount, leaving him only 23 cents out of his earned dollar.

There is attached hereto a résumé of the individual income-tax rates in 20 States, these being all we could secure in the time available. The following comments are supported by the data given in this résumé:

If a man living in the State of Wisconsin is fortunate enough to have an income of over $5,000,000, he will pay a maximum tax of 72 cents on the dollar to the Federal Government and 15 cents to Wisconsin, making a grand total income tax of 87 cents on the dollar.

A man with a similar income in New York, Illinois, Massachusetts, North Carolina, and North Dakota will pay a maximum tax of 72 cents on the dollar to the Federal Government and 6 cents on the dollar to the States, making a grand total of 78 cents on the dollar.

In the case of Arkansas, Georgia, Oklahoma, and South Carolina, the maximum combined rate of tax will be 77 cents on the dollar.

In view of the financial difficulties facing the States, it would not be surprising if the income-tax rates in the various States were substantially increased in the near future.

Trusting the above will meet your requirements,

Very respectfully,

L. H. PARKER, *Chief of Staff.*

State income taxes

ARKANSAS

Rates: First $3,000, 1 per cent; second $3,000, 2 per cent; next $5,000, 3 per cent; next $14,000, 4 per cent; balance, 5 per cent.

Exemptions: Single person, $1,500; married person, $2,500; for dependents, $400.

DELAWARE

Rates: First $3,000, 1 per cent; next $7,000, 2 per cent; balance, 3 per cent (governor, on advice of tax commissioner, may rebate such part as may be deemed safe for finances of State.)

Exemptions: Single person, $1,000; married person, $2,000; for dependents, $200.

GEORGIA

Rates: First $5,000, 1 per cent; second $5,000, 2 per cent; third $5,000, 3 per cent; fourth $5,000, 4 per cent; balance, 5 per cent.

Exemptions: Single person, $1,500; married person, $3,500; widow or widower with minor children, $3,500; for dependents, $400.

IDAHO

Rates: First $2,000, 1 per cent; second $2,000, 2 per cent; third $2,000, 3 per cent; balance, 4 per cent.

Exemptions: Single person, $1,000; married person, $2,500; for dependents, $300.

ILLINOIS

Rates: First $1,000, 1 per cent; next $3,000, 2 per cent; next $5,000, 3 per cent; next $7,000, 4 per cent; next $9,000, 5 per cent; balance, 6 per cent.

Exemptions: Single person, $1,000; married person, $2,500; for dependents, $300.

MASSACHUSETTS

Rates: (1) Income from annuities, professions, employments, trades, or businesses, 1½ per cent; (2) net gains from dealings in tangible personal property, 3 per cent; (3) income from interest and dividends, 6 per cent.

Exemptions: In the case of professions, employments, trades, or businesses, $2,000; in the case of interest, dividends, or annuities (if total income from all sources does not exceed $1,000, but not allowed to any married person if combined incomes of husband and wife exceed $1,500), $1,000.

MISSISSIPPI

Rates: First $2,000, 2½ per cent; next $3,000, 3½ per cent; next $10,000, 4½ per cent; balance, 5½ per cent.

Exemptions: Single person, $1,500; married person, $3,500; for dependents, $400.

MISSOURI

Rates: First half 1931, 1 per cent. Thereafter: First $1,000, 1 per cent; second $1,000, 1½ per cent; third $1,000, 2 per cent; next $2,000, 2½ per cent; next $2,000, 3 per cent; next $2,000, 3½ per cent; balance, 4 per cent.

Exemptions: Single person, $1,000; married person, $2,000; for dependents, $200.

NEW HAMPSHIRE

Average rate on other property except polls, saving deposits, and property specially taxed. (For 1931, 2.9 per cent on $100.)

Exemptions: $200.

NEW YORK

Rates: First $10,000, 2 per cent; next $40,000, 4 per cent; balance, 6 per cent.

Exemptions: Single person, $2,500; married person, $4,000; for dependents, $400.

NORTH CAROLINA

Rates: First $2,000, 2 per cent; second $2,000, 3 per cent; third $2,000, 4 per cent; fourth $2,000, 5 per cent; fifth $2,000, 5½ per cent; balance, 6 per cent.

Exemptions: Single person, $1,000; married person, $2,000; for dependents, $200; married woman with separate income, $1,000; widow or widower with minor children, $2,000.

NORTH DAKOTA

Rates: First $2,000, 1 per cent; second $2,000, 2 per cent; third $2,000, 3 per cent; fourth $2,000, 4 per cent; fifth $2,000, 5 per cent; balance, 6 per cent.

Exemptions: Single person, $1,000; married person, $2,000; for dependents, $300.

OKLAHOMA

Rates: First $10,000, 2 per cent; second $10,000, 3 per cent; next $80,000, 4 per cent; balance, 5 per cent.

Exemptions: Single person, $750; married person, $1,500; for dependents, $750.

OREGON

Rates: Other than interest and dividends—First $1,000, 1 per cent; second $1,000, 2 per cent; third $1,000, 3 per cent; fourth $1,000, 4 per cent; balance, 5 per cent; interest and dividends, 8 per cent.

Exceptions: Other than interest and dividends—Single person, $1,500; married person, $2,500; for dependents, $400. Interest and dividends—Single person, the excess of $1,500 over the total net income, but not more than $500; married person, the excess of $2,500 over the total net income, but not more than $800.

SOUTH CAROLINA

Rates: First $2,000, 1 per cent; second $2,000, 2 per cent; third $2,000, 3 per cent; fourth $2,000, 4 per cent; balance, 5 per cent.

Exemptions: Single person, $1,200; married person, $2,200; for dependents, $400.

TENNESSEE

Rates: Interest and dividends, 5 per cent.

Exemptions: None.

UTAH

Rates: First $1,000, 1 per cent; second $1,000, 1¼ per cent; third $1,000, 1½ per cent; fourth $1,000, 1¾ per cent; fifth $1,000, 2 per cent; sixth $1,000, 2½ per cent; seventh $1,000, 3 per cent; eighth $1,000, 3½ per cent; balance, 4 per cent. Plus filing fee, $1.

Exemptions: Single person, $1,000; married person, $2,000; for dependents, $400.

VERMONT

Rates: Business income, 2 per cent; intangible, 4 per cent.

Exemptions: Business—Single person, $1,000; married person, $2,000; for dependents, $250. Intangible (if no other income)—Single person, $400; married person, $800.

VIRGINIA

Rates: First $3,000, 1½ per cent; next $2,000, 2½ per cent; balance, 3 per cent.

Exemptions: Single person, $1,250; married person, $2,800; for dependents, $400; widow or widower with minor children, $2,800.

WISCONSIN

Rates: Normal—First $1,000, 1 per cent; second $1,000, 1¼ per cent; third $1,000, 1½ per cent; fourth $1,000, 2 per cent; fifth $1,000, 2½ per cent; sixth $1,000, 3 per cent; seventh $1,000, 3½ per cent; eighth $1,000, 4 per cent; ninth $1,000, 4½ per cent; tenth $1,000, 5 per cent; eleventh $1,000, 5½ per cent; twelfth $1,000, 6 per cent; balance, 7 per cent. Surtaxes—(1) Teacher's surtax, one-sixth of normal rates of income in excess of $3,000; (2) emergency surtax, 7 per cent.

Credits against normal tax: Single person, $8; married person, $17.50; for dependents, $4.

The Clerk read as follows:

(d) In determining the period for which the taxpayer has held stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the nondeductibility (under section 118 of this act or the revenue act of 1928, relating to wash sales) of the loss from the sale or other disposition of substantially identical stock or securities, there shall be included the period for which he held the stock or securities the loss from the sale or other disposition of which was not deductible.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word, for the purpose of having the gentleman, tired though as he may be, explain this change in the administrative features, so far as the capital net gain or loss provision is concerned. There have been abuses in the way individuals, and in some instances corporations, have sold stocks that have depreciated in price and repurchased them. We have read subsection (d), which is the only change to correct the evil that is acknowledged generally to have existed ever since the capital net gain or loss provision was incorporated in the law. I think it would be informing to the committee to have some member of the Ways and Means Committee explain as to what is sought to be effected by this amendment.

Mr. CRISP. Mr. Chairman, this is one of the important provisions of the administrative features. The gentleman from Kentucky [Mr. VINSON] was on that subcommittee, and I shall ask him to make reply to the gentleman from Wisconsin.

Mr. VINSON of Kentucky. Mr. Chairman, this paragraph fills a gap in the wash-sales provision. To illustrate, a person who owns $50,000 stock in a corporation and has held it for more than two years; it has depreciated in value, say, to $25,000; he sells the stock at the market price and buys same amount of stock same day. Under a former law he could take advantage of the total $25,000 loss. That gap was filled up by prior legislation. After that law was passed the taxpayer, or some shrewd counsel, conceived the idea that he could sell the stock a second time and buy same amount of stock a second time. After he sold this stock for $25,000 he would go into the market again and buy the same kind of stock back for $25,000. Under prevailing law he can take credit for $25,000 loss on his gross income. This new provision says that if he sells the second time, as his shrewd counsel advised him to do, he can not deduct the net loss of $25,000 from the gross income. All he can do under this subsection (d) is to take credit for 12½ per cent of that loss from his gross income.

Mr. STAFFORD. In all other particulars, however, any person who has suffered a loss in a stock transaction and sells the stock in a bona fide way may deduct that loss from his income-tax return.

Mr. VINSON of Kentucky. That is the law.

Mr. STAFFORD. The committee seeks to strengthen what was intended formerly in respect to these wash-sales provisions by preventing a man from taking a loss a second time.

Mr. VINSON of Kentucky. When a man sells the same stock a second time and buys it back for same price, this law prevents him from getting a complete credit for the original loss and limits it to 12½ per cent of the loss. In the fiscal year of 1933, $7,500,000 will be saved to the Treasury—$12,000,000 for 1934.

Mr. STAFFORD. I withdraw the pro forma amendment.

The Clerk read as follows:

(a) If any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each taxable year upon the net income of such corporation a tax equal to 50 per cent of the amount thereof, which shall be in addition to the tax imposed by section 13 and shall be computed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as that tax.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment. I am going to move to strike out of the section, and if it is adopted, I serve notice that I will move to strike out each succeeding paragraph of the section.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. LAGUARDIA offered the following amendment: Strike out, beginning line 20, page 62, and ending line 6, page 64, and insert in lieu thereof the following:

"(a) Tax on personal holding companies: If any personal holding company permits more than 30 per cent of its net income for the taxable year to accumulate instead of being distributed to its stockholders, there shall be imposed an additional tax of 25 per cent of the net income (decreased in the amount of Federal taxes paid for the preceding taxable year), of such company for such year.

"(b) Tax on companies other than personal holding companies: If any corporation other than a personal holding company permits more than 60 per cent of its net income for the taxable year to accumulate instead of being distributed to its stockholders, there shall be imposed an additional tax of 10 per cent of the net income (decreased in the amount of Federal taxes paid for the preceding taxable year) of such company for such year. This subsection shall not apply (1) to any corporation during the first three years of its existence, or (2) to any corporation having a net income of less than $10,000 for the taxable year, or (3) any banking or insurance corporation.

"(c) Definitions. As used in this section: (1) The term 'personal holding company' means any holding or investment company if (A) 80 per cent or more of its voting stock is owned or controlled, directly or indirectly, by not more than 50 individuals and (B) at least 80 per cent of its gross income for the taxable year is derived from rents, royalties, dividends, interest (excluding tax-exempt interest), and (except in the case of regular dealers in securities) gain from the sale of securities or other assets producing such income. Such term shall not include any banking or insurance corporation.

"(2) The term 'net income' means net income as defined in section 21 plus the amount of the dividend deduction and interest upon obligations of the United States.

"(3) The term 'dividend deduction' means the deduction specified in section 23 (p).

"(4) The term 'interest upon obligations of the United States' means interest upon obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner.

"(d) Collection and payment: The tax imposed by subsections 9 (a) and (b) shall be assessed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as the tax imposed by section 13."

Mr. CRISP. May I say to the gentleman from New York that a subcommittee of the Committee on Ways and Means is considering some administrative changes, and I am not certain whether this is one of them or not, because I have been so occupied that I could not sit in with the subcommittee. But, in any event, the gentleman from New York will readily agree that this is a complicated amendment. It is impossible for me, having heard it read, and it is impossible for the committee, to intelligently construe it. Therefore, I am going to ask the gentleman from New York if he will not be willing to have this section passed over, to be called up later, with all of the gentleman's rights reserved, which will give the committee a chance to consider it, whether the subcommittee is considering making a recommendation for a change or not.

Mr. LAGUARDIA. Of course, I shall be very happy to have the section passed at this time. I simply want to state that I can readily understand that the provisions of this section are somewhat involved from just hearing it read. It is very simple in its application, and my surprise is that we have been unable to get the Treasury Department to take the simple provision of section 220, which is now section 104, and apply it as Congress intended.

I simply want to remind the House, and I am sure the distinguished gentleman from Georgia will recall, that a former distinguished chairman of this committee, the gentleman from Iowa, Mr. Green, now Judge Green, labored long and hard on this particular provision.

Section 220 of the revenue act of 1926, which with some slight modifications became section 104 of the revenue act

of 1928, was originated by our former distinguished colleague, Representative William R. Green. He did not draft the language. This was done by the legislative counsel of the House, but Representative Green gave them the plan for it.

Representative Green had much controversy with the Treasury over this provision, because for a long time the Bureau of Internal Revenue did nothing in the way of enforcing it. Finally he threatened to bring their failure to enforce the law before Congress, and as a result some assessments were made in accordance with its provisions, and the understanding now is that somewhere between five and ten million dollars in taxes have been collected under the provisions of section 220.

It must be admitted that section 220 is somewhat difficult of enforcement against a manufacturing corporation and some other corporations as to which the matter of the amount of capital needed is difficult to prove. The same difficulty, however, does not arise with reference to mere holding companies, or companies organized principally for the purpose of holding stock of other companies. For some reason or other the bureau apparently took the position that section 220 did not apply to holding companies—or at least the course they took would indicate this. The cases against holding companies would manifestly be the easiest to prosecute, but none was ever begun. Judge Green proposed an amendment to the 1928 act substantially in the form of the amendment which I now offer. He thought he would make the law so clear and plain that the revenue officials who were manifestly unwilling to act under it could not avoid proceeding against the holding companies at least, of which there were thousands in the country plainly formed for the purpose of evading the tax and subject to the prosecution.

The amendment went through the House without any trouble, but in the Senate it encountered a powerful opposition from organized wealth which was engaged in evading the surtaxes. Possibly if Representative Green had remained in the House he could have saved it. I am inclined to think that the conferees as organized after he left were not heartily in favor of it and it went by the board in conference.

My purpose is simply to further clarify the section as to remove all possibility of its evasion or lack of enforcement. That is all there is to it.

Mr. GOSS. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. GOSS. As I heard the amendment read, it would appear to me that it would attack surpluses in companies, because undivided profits in a corporation might be construed and are construed as surplus. Is that correct?

Mr. LAGUARDIA. No.

Mr. GOSS. It will not in any way tax surplus?

Mr. LAGUARDIA. It will tax profits that should have been divided. It will only tax profits which should be taxed.

Mr. GOSS. But the gentleman is making a distinction, and we passed upon this point the other day when the committee was considering the 2 per cent tax on surpluses. The amendment which the gentleman has offered would get around the point of actually taxing surpluses by considering the undivided portion of that which the gentleman says should have been divided. So in reality it is a tax up to a certain point——

Mr. LAGUARDIA. Up to a certain amount.

Mr. GOSS. On surpluses.

Mr. LAGUARDIA. Not at all.

Mr. GOSS. I consider a surplus that portion of undivided profits up to a certain point. It depends on where you draw the line.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GOSS. Up to a certain point it is profit, but beyond that, in the discretion of the company, it may be considered a surplus, and that is the surplus which was discussed in the committee the other day as being used so advantageously in helping get an exemption, in time of stress, on that amount of money.

Mr. LAGUARDIA. All my amendment does is to clarify section 220 of existing law.

Mr. CRISP. If we are going to pass this over all of this will be debated later.

Mr. GOSS. I wanted to call attention to the fact that it really had the effect of taxing surpluses.

Mr. LAGUARDIA. It has the effect of taxing profits that are not divided for the purpose of evading the tax. That is all. That is the law now.

Mr. CRISP. Mr. Chairman, I am not going to debate this at this time. I have the Treasury Department's explanation of this and why at first they could not operate under it, but recently how they have used it and collected $6,000,000 or $7,000,000. But there is no use of debating this now. It is coming up later. I can assure the gentleman from New York that I know the importance of this subject, and the committee is going to consider it. Mr. Chairman, I ask unanimous consent that we pass over this section, with the amendment pending.

The CHAIRMAN (Mr. BLAND). Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

SEC. 113. ADJUSTED BASIS FOR DETERMINING GAIN OR LOSS

(a) Basis (unadjusted) of property: The basis of property shall be the cost of such property; except that—

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I notice that for the first time in the history of the income tax law you are changing the basis of the value at which property should be taken in determining gain or loss. Ever since we enacted the first income tax law the basis of value has always been understood to be that of February 28, 1913. In the pending paragraph you strike out all limitations as to the date and merely state that the basis of property shall be the cost of such property. As this amendment is rather important I thought we should pause for some explanation as to the reason for the departure by the committee from the established basis of all these years, the date when the value should be determined.

Mr. CRISP. I will say to my friend that there is no change in the law at all as to the value of the property before March, 1913. This amendment seeks to correct this state of facts: Where a person has held property for several years and has taken depreciation on it, when he trades it to some one else, the person accepting that property in lieu of other property must take the value less the depreciation which the preceding owner had taken for the property.

Mr. STAFFORD. The gentleman says he must take the depreciation which the previous owner has taken, regardless of the price he has given for it.

Mr. CRISP. No. That is just where there is an exchange of property. If I had an apartment house and the gentleman had an apartment house and we made an exchange, then when the gentleman determines the amount of the tax he must pay he returns the apartment house he has received at what it has stood me, the original cost, less the depreciation. The same thing would apply to my return for the property I had taken from him.

These matters, of course, are very technical, and they are rather hard to explain by one who is not a tax expert, and I am not that. However, the report covers the matter fully and explains it. If it will be satisfactory to my friend, I will ask leave to extend my remarks by putting in the RECORD the report dealing with this change. I know how diligent and able my friend is. He will read it, and then later, if he desires to ask any questions, he may do so.

Mr. STAFFORD. I accept the compliment of the gentleman, but I have not the time. I do not read the RECORD, but I follow the proceedings in the House and get my information in that way. The reason for my inquiry was the fact that in the bill, as reported, you strike out after the words "basis (unadjusted) of property" the clause "ac-

quired after February 28, 1913," and I was led to believe that you were seeking a different method of computation because of the elimination of that clause.

Mr. CRISP. None whatever. That was dealing with the exchange of property since then. It does not change the law as to the value of property acquired before 1913.

Mr. VINSON of Kentucky. Paragraph 113, subsection (b), sets forth very clearly what is meant by this basis.

Mr. STAFFORD. I am in full sympathy with the purpose sought to be attained in the exchange of property. I was laboring under the impression that this referred to other transactions besides exchanges.

Mr. CRISP. Oh, no.

Mr. STAFFORD. As the gentleman has referred to the report, he need not burden the RECORD for my benefit. I shall read the report as to this matter.

Mr. CRISP. I thank the gentleman.

The Clerk read down to and including line 3, on page 80.

Mr. CRISP. Mr. Chairman, the Ways and Means Committee, the majority members and the minority members, are going to have some conferences relative to an amendment to the bill levying additional taxes. Therefore 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 the committee having had under consideration the bill H. R. 10236, the revenue bill, had come to no resolution thereon.

AMENDMENT TO THE CONSTITUTION

The Chair laid before the House the following communication from the State of Virginia:

Therefore be it

Resolved by the Senate and House of Delegates of Virginia:

First. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Virginia.

Second. That certified copies of this preamble and joint resolution be forwarded by the secretary of the Commonwealth to the Secretary of State at Washington, to the presiding officer of the United States Senate, and the Speaker of the House of Representatives of the United States.

Agreed to by the Senate of Virginia March 4, 1932.

O. V. HANGER,
Clerk of the Senate

Agreed to by the House of Delegates of Virginia March 4, 1932.

JNO. W. WILLIAMS,
Clerk of the House of Delegates.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. MILLER (at the request of Mr. DRIVER), on account of illness.

Mr. PARKS, for to-day, on account of death in his family.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend the remarks I made this afternoon by inserting a short article relating to secrecy of tax returns.

Mr. GOSS. Mr. Speaker, I object.

Mr. MALONEY. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a statement setting forth the policy of the New Orleans chapter of the Reserve Officers' Association of the United States as it relates to the national defense.

Mr. STAFFORD. Will the gentleman kindly make that request to-morrow morning when the gentleman from Massachusetts is here? For the time being I object, Mr. Speaker.

ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.) the House adjourned until to-morrow, Tuesday, March 29, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, March 29, 1932, as reported to the floor leader by clerks of the several committees:

NAVAL AFFAIRS

(10.30 a. m.)

To amend act making appropriations for the naval service for the fiscal year ending June 30, 1917, relative to leave of absence of civilian employees outside of continental limits of the United States (H. R. 8508).

Private bills.

POST OFFICE AND POST ROADS

(10.30 a. m.)

To regulate the manufacture and sale of stamped envelopes (H. R. 8493, H. R. 8576).

RIVERS AND HARBORS

(10.30 a. m.)

Louisiana projects.

MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Subcommittee on Navigation Laws

Regulations for carrying on the business of lighter service (H. R. 408).

PUBLIC LANDS

(10.30 a. m.)

Public domain bill (H. R. 5840).

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LEAVITT: Committee on Indian Affairs. H. R. 4754. A bill providing for the construction and equipment of a hospital upon the Blackfeet Indian Reservation in the State of Montana; with amendment (Rept. No. 921). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 8902. A bill conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon; with amendment (Rept. No. 922). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUTLER: Committee on the Public Lands. H. R. 10284. A bill to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park; without amendment (Rept. No. 925). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CLARK of North Carolina: Committee on Claims. H. R. 7142. A bill for the relief of the heirs of C. K. Bowen, deceased; without amendment (Rept. No. 923). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 243. An act for the relief of S. F. Stacher; without amendment (Rept. No. 924). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 9083) granting a pension to Mary Elliott; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 10389) granting a pension to Vannis J. Baptist; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MILLARD: A bill (H. R. 10883) to prevent desecration of the flag and insignia of the United States, and to provide punishment therefor; to the Committee on the Judiciary.

By Mr. LEAVITT: A bill (H. R. 10884) to authorize the Secretary of the Interior to adjust reimbursable debts of Indians and tribes of Indians; to the Committee on Indian Affairs.

By Mr. SHALLENBERGER: A bill (H. R. 10885) to promote the safety of employees and travelers upon railroads by compelling common carriers by railroad engaged in interstate and foreign commerce to man locomotives, trains, and other self-propelled engines or machines with competent employees to provide the least number of men that may be employed on locomotives, trains, and other self-propelled engines or machines, to provide qualifications for certain employees, and providing a penalty for the violation thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Washington: A bill (H. R. 10886) to levy a tax on articles of merchandise produced wholly or in part by labor subject to penal sanctions or disabilities for refusal to work, and for other purposes; to the Committee on Ways and Means.

By Mr. HILL of Alabama: A bill (H. R. 10887) to provide for the leasing and other utilization of the Muscle Shoals properties, in the interest of national defense and of agriculture, and for other purposes; to the Committee on Military Affairs.

By Mr. RICH: A bill (H. R. 10888) to authorize the erection of a United States Veterans' Administration hospital in the north central part of the State of Pennsylvania; to the Committee on World War Veterans' Legislation.

By Mr. PEAVEY: A bill (H. R. 10889) relating to the transfer of ammunition; to the Committee on Military Affairs.

By Mr. CAVICCHIA: Joint resolution (H. J. Res. 346) granting permission to Col. Gerard McEntee, assistant chief of staff, Seventy-eighth Division, to accept the grade and decoration bestowed upon him by the King of Italy; to the Committee on Military Affairs.

By Mr. OLIVER of Alabama: Joint resolution (H. J. Res. 347) to provide assistance in the rehabilitation of certain storm-stricken areas in the United States and in relieving unemployment in such areas; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 10890) for the relief of Lieut. Jack C. Richardson, United States Navy; to the Committee on Claims.

Also, a bill (H. R. 10891) to provide for the reimbursement of Guillero Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; to the Committee on Claims.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 10892) granting a pension to Walter W. Laflame; to the Committee on Pensions.

Also, a bill (H. R. 10893) granting an increase of pension to Margaret A. Atkinson; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 10894) granting an increase of pension to Melanie L. Schultheiss; to the Committee on Invalid Pensions.

By Mr. CARDEN: A bill (H. R. 10895) granting a pension to Nancy A. Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10896) granting a pension to William B. Priddy; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 10897) for the relief of R. L. Lakes; to the Committee on Claims.

Also, a bill (H. R. 10898) for the relief of Nannie Minish Massie; to the Committee on Claims.

By Mr. CLARK of North Carolina: A bill (H. R. 10899) for the relief of James Higdon; to the Committee on Claims.

By Mr. CONNERY: A bill (H. R. 10900) for the relief of Julia E. Smith; to the Committee on Claims.

By Mr. DALLINGER: A bill (H. R. 10901) for the relief of John Joseph Keefe; to the Committee on Naval Affairs.

By Mr. DEROUEN: A bill (H. R. 10902) granting an increase of pension to Ella Gayle Reed; to the Committee on Pensions.

By Mr. DOMINICK: A bill (H. R. 10903) for the relief of Edna J. Getsinger; to the Committee on Claims.

Also, a bill (H. R. 10904) granting a pension to Edna J. Getsinger; to the Committee on Pensions.

By Mr. FIESINGER: A bill (H. R. 10905) for the relief of George Feick & Sons Co.; to the Committee on Claims.

By Mr. HARDY: A bill (H. R. 10906) granting a pension to Robert C. Southerland, jr.; to the Committee on Pensions.

By Mr. HARLAN: A bill (H. R. 10907) for the relief of George Dietrich; to the Committee on Military Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 10908) granting an increase of pension to Martha Thomas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10909) granting back pay to Auguste C. Loiseau; to the Committee on World War Veterans' Legislation.

By Mr. HORR: A bill (H. R. 10910) for the relief of John P. Ryan; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 10911) granting an increase of pension to Margaret E. Chambers; to the Committee on Invalid Pensions.

By Mr. KADING: A bill (H. R. 10912) granting a pension to Lorania M. Blackman; to the Committee on Invalid Pensions.

By Mr. LICHTENWALNER: A bill (H. R. 10913) for the relief of F. S. Wertz & Son; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 10914) granting an increase of pension to Florence S. McGinnis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10915) to correct the military record of Henry A. Tate; to the Committee on Military Affairs.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 10916) granting a pension to Anna G. Van Horn; to the Committee on Pensions.

By Mr. McFADDEN: A bill (H. R. 10917) granting an increase of pension to Helen J. Card; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 10918) granting an increase of pension to Alvira Petit; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 10919) granting a pension to Sarah Stewart; to the Committee on Invalid Pensions.

By Mr. TIERNEY: A bill (H. R. 10920) granting an increase of pension to Maria C. Hill; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, the following petitions and papers were laid on the Clerk's desk and referred as follows:

5066. By Mr. ANDREWS of New York: Resolution adopted by New York State Senate, urging Congress to enact legislation to provide for the suitable regulation of the transportation of persons in motor vehicles in interstate and foreign Commerce; to the Committee on Interstate and Foreign Commerce.

5067. Also, resolution adopted by Group No. 2123 of the Polish National Alliance of the United States, memorializing Congress to enact legislation directing the President of the United States to proclaim October 11 General Pulaski's Memorial Day; to the Committee on the Judiciary.

5068. Also, petition of the members of Cataract Lodge, No. 1093, of the Brotherhood of Railway Carmen of America, and of the Niagara Falls Central Labor Union, urging opposition to reduction in salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

5069. By Mr. BUCKBEE: Petition of Amil J. Bernardin and 143 others, residents of Compton, Ill., and vicinity, urging passage of House bill 137, known as the Summers good road bill; to the Committee on Roads.

5070. By Mr. CHAVEZ: Petitions against compulsory Sunday observance; to the Committee on the District of Columbia.

5071. Also, petitions to prevent a referendum or any modification or repeal of the eighteenth amendment to the Constitution of the United States; to the Committee on the Judiciary.

5072. By Mr. CROWTHER: Petition of Group 2417 of the Polish National Alliance of the United States, located at Schenectady, N. Y., urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

5073. Also, petition of Group 1947 of the Polish National Alliance of the United States, located at Schenectady, N. Y., urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

5074. By Mr. DAVENPORT: Petition of John R. Jones and 22 other veterans, of Rome, N. Y., requesting immediate cash payment at full face value of the adjusted-compensation certificates created by the World War adjusted compensation act of 1924, with a refund of all interest charges on loans pending against these certificates; to the Committee on Ways and Means.

5075. By Mr. EVANS of California: Petition signed by approximately 11 persons, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5076. By Mr. EVANS of Montana: Resolution of Mable F. Robertson, of the Montana State branch of the National Woman's Party, urging submission to the States for ratification of the equal-rights amendment; to the Committee on the Judiciary.

5077. By Mr. GARBER: Petition of citizens of Oklahoma, urging reimbursement of revolving fund of Federal Farm Board; to the Committee on Ways and Means.

5078. Also, petition of war veterans and legionnaires of Boise City, Okla., indorsing House bill 10367, providing for the payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

5079. Also, petition of the Pittsburgh Coal Co., opposing House bill 9390, to place the regulation of water-borne commerce on inland waterways under the jurisdiction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

5080. By Mr. HAINES: Petition of 74 residents of York County, Pa., protesting against the compulsory Sunday observance bill, S. 1202, entitled "A bill providing for the closing of barber shops on Sunday in the District of Columbia," or any other compulsory religious measures that have been or shall be introduced, such as House bill 8092; to the Committee on the District of Columbia.

5081. By Mr. HALL of Mississippi: Petition of the rural carriers of Laurel, Miss., opposing any bill placing rural routes on a contract basis; to the Committee on the Post Office and Post Roads.

5082. By Mr. HOGG of West Virginia: Petition of 16 citizens of Hunting, W. Va., opposing House bill 8092; to the Committee on the District of Columbia.

5083. By Mr. HOUSTON of Hawaii: Petition of the Woman's Christian Temperance Union of Hawaii, representing 650 people, opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures; to the Committee on the Judiciary.

5084. By Mr. JOHNSON of Texas: Petition of G. R. Varner, Gause, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

5085. By Mr. JAMES: Petition of Alfred Erickson Post, No. 186, American Legion, Roy F. Strang, adjutant, Hancock, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5086. Also, petition of Victor Watia, president; Charles E. Kukka, secretary; Louis A. Keary, chairman; and Henry F. Carlson, secretary, resolutions committee, Knights of Kaleva, Hancock, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5087. Also, resolution indorsed by the Kiwanis Club of Ironwood, Mich., E. L. Mueller, president, and C. A. Trethewey, secretary, favoring a tariff on copper; to the Committee on Ways and Means.

5088. Also, petition of Robert Renwick and 39 other residents of Calumet, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5089. Also, petition of Hancock Rotary Club, Hancock, Mich., by A. W. Quandt, president, and U. V. Tervo, secretary, favoring a tariff on copper; to the Committee on Ways and Means.

5090. Also, petition of Rev. S. V. Autere, pastor of Bethlehem Lutheran Church, Laurium, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5091. By Mr. JENKINS: Petition signed by 19 members of the Ohio Railroad Employees and Citizens League, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, and against the subsidizing with public funds of water and other forms of transportation competitive with railroads; to the Committee on Interstate and Foreign Commerce.

5092. Also, petition signed by 82 members of the Ohio Railroad Employees and Citizens League of Ironton, Ohio, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, and against the subsidizing with public funds of water and other forms of transportation competitive with railroads; to the Committee on Interstate and Foreign Commerce.

5093. By Mr. JONES: Petition of J. Grady Ponder, commander Zoller Post, No. 112, American Legion, Happy, Tex., and other citizens; to the Committee on Ways and Means.

5094. By Mr. KLEBERG: Petition of citizens of the counties of Bee, Bexar, Bianco, Comal, Guadalupe, Karnes, Nueces, San Patricio, and Wilson, asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and that said act be retained without impairment; to the Committee on Agriculture.

5095. By Mr. LANHAM: Petition of World War Veterans of Parker County, Tex., favoring cash payment of face value of adjusted-compensation certificates; to the Committee on Ways and Means.

5096. By Mr. LINDSAY: Petition of Brooklyn Chamber of Commerce, Brooklyn, N. Y., referring to improper adjustment of rates of duty as between raw and refined sugar; to the Committee on Ways and Means.

5097. Also, petition of the International Printing Ink Corporation, New York City, referring to filing of consolidated tax returns; to the Committee on Ways and Means.

5098. Also, petition of the New York Society for the Prevention of Cruelty to Children, opposing certain provisions in the Capper-Norton bill, S. 3448; to the Committee on Labor.

5099. By Mr. MAGRADY: Petition signed by 140 citizens of the State of Pennsylvania, urging the Congress not to pass Senate bill 1202 or any other compulsory Sunday observance bills that have been or may be introduced, such as House bill 8092; to the Committee on the District of Columbia.

5100. By Mr. MANLOVE: Petition of the following veterans of foreign wars: Carl Hamke, William E. Davidson, R. N. Blut, M. Wilhelim, James T. Summly, Walter D. Davis, J. J. Bowman, Jess Mootry, Jesse F. Nichols, W. W. Rabinett, Henry A. Schnitzer, John Bridges, H. H. Callins, Albert C. Hall, William W. Herd, John D. Gummly, James Roller, all of Seligman, Mo., begging support of immediate payment of adjusted-compensation certificates; to the Committee on Ways and Means.

5101. By Mr. MEAD: Petition of Polish National Alliance, Group No. 2168, urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

5102. Also, petition of Brooklyn Chamber of Commerce, urging action to safeguard the American sugar-refining industry; to the Committee on Ways and Means.

5103. Also, petition of New York State Legislature, urging enactment of legislation to provide adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter or by contract, on the public

highways in interstate or foreign commerce; to the Committee on Interstate and Foreign Commerce.

5104. By Mr. PARKER of Georgia: Petition of Gray Meek, Nicholls, Ga., advocating constructive legislative program for the Postal Service; to the Committee on the Post Office and Post Roads.

5105. Also, petition of J. C. Crumbley, R. & E. Nut & Pecan Co., K. M. Sisterhenm, G. H. Lauz, Frank C. Mathews, all of Savannah, Ga., urging the enactment of legislation regulating the interstate traffic of busses and trucks carrying passengers and freight; to the Committee on Interstate and Foreign Commerce.

5106. By Mr. RAINEY: Petition of Dan McLaughlin and 59 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5107. Also, petition of C. W. Witwer and 43 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5108. Also, petition of F. N. Cunningham and 14 other citizens of southern Illinois; requesting that Government expenses be cut; to the Committee on Appropriations.

5109. Also, petition of J. W. Barth and 58 other citizens of southern Illinois; requesting that Government expenses be cut; to the Committee on Appropriations.

5110. Also, petition of A. C. Brown and 33 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5111. Also, petition of J. N. Moore and 60 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5112. Also, petition of Frank Lambb and 60 other citizens of Chebanse, Ill., concerning the tax bill; to the Committee on Ways and Means.

5113. By Mr. RUDD: Petition of the State of New York Conservation Department, Albany, N. Y., opposing the reductions in appropriations for the control of the white pine blister rust, brown-tail and gipsy moth; to the Committee on Appropriations.

5114. Also, petition of the International Printing Ink Corporation, New York City, with reference to the filing of consolidated tax returns; to the Committee on Ways and Means.

5115. By Mr. SELVIG: Petition of Lee W. Dobbs and 19 other veterans of Battle Lake, Minn., urging cash payment of face value of bonus certificates; to the Committee on Ways and Means.

5116. Also, petition of Hubbard Post, No. 336, Neilsville, Minn., urging full payment of adjusted-compensation certificates with interest excluded; to the Committee on Ways and Means.

5117. Also, petition of Heron Lake (Minn.) American Legion Post, urging immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

5118. Also, petition of American Legion Post, No. 31, Mahnomen, Minn., supporting immediate payment in full of adjusted-service certificates; to the Committee on Ways and Means.

5119. Also, petition of American Legion Post, No. 31, Mahnomen, Minn., favoring enactment of House bill 8578, widows and orphans pension bill; to the Committee on Pensions.

5120. By Mr. SHOTT: Petition of M. Z. White and 99 others of Williamson, W. Va., urging legislation providing for the regulation of bus and truck lines and placing them under the direction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

5121. Also, petition of W. W. Anderson and 39 other veterans of the World War, of Bluefield, W. Va., urging cash payment of face value of adjusted-compensation certificates, with a refund of all interest charges on loans pending against these certificates; to the Committee on Ways and Means.

5122. By Mr. SWING: Petition signed by 102 residents of San Diego, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5123. Also, petition signed by 18 residents of Alpine, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5124. By Mr. TARVER: Petition of 33 ex-service men of Smyrna, Ga., asking the immediate cash payment of the adjusted-service compensation; to the Committee on Ways and Means.

5125. Also, petition of 81 ex-service men of Hiram, Ga., asking the immediate cash payment of the adjusted-service compensation; to the Committee on Ways and Means.

5126. By Mr. THOMASON: Petitions of the Texas and Southwestern Cattle Raisers Association, indorsing certain bills designed to strengthen the Federal intermediate credit banks; urging Congress to make adequate appropriation to carry on the work of the Biological Survey in controlling predatory animals; indorsing House Joint Resolution 12, authorizing the States to issue quarantines awaiting action by the Secretary of Agriculture; and protesting against any reduction in the appropriation of the Federal Farm Board; to the Committee on Agriculture.

SENATE

TUESDAY, MARCH 29, 1932

(Legislative day of Wednesday, March 23, 1932)

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

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

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

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.

Mr. BYRNES. I wish to announce that my colleague the senior Senator from South Carolina [Mr. SMITH] is necessarily detained by serious illness in his family.

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

E. F. CREEKMORE

Mr. ROBINSON of Arkansas. Mr. President, some days ago, when the proceedings of the Federal Farm Board having relation to the salary received by the general manager of the American Cotton Cooperative Association were under discussion in the Senate, I stated to the Senate that Mr. E. F. Creekmore, general manager of that cooperative association, was domiciled in or a resident of Oklahoma; that he had formerly lived at Fort Smith, Ark., implying a change of residence.

That statement was incorrect. Mr. Creekmore was born in the State of Arkansas, and at the time of his acceptance of the position he now holds he was prominently connected in business there, having been president of the chamber of