Congressional Record

SEVENTY-SECOND CONGRESS, FIRST SESSION

SENATE

MONDAY, MAY 2, 1932

(Legislative day of Friday, April 29, 1932)

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

The PRESIDENT pro tempore. 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 (H. R. 719) to authorize the modification of the boundary line between the Panama Canal Zone and the Republic of Panama, and for other purposes, and it was signed by the President pro tempore.

CALL OF THE ROLL

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

The PRESIDENT pro tempore. The clerk will call the roll.

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

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

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

PETITIONS AND MEMORIALS

Mr. SHORTRIDGE presented a resolution adopted by the San Francisco (Calif.) Section, National Council of Jewish Women, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. BLAINE presented a petition of 70 citizens of Westby, Ashton, and Virqua, Wis., praying for the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission to the States, or repeal, which was referred to the Committee on the Judiciary.

Mr. ASHURST presented a telegram in the nature of a memorial from Federal employees of Local No. 295, Leupp, Ariz., signed by Gabriella Dent, secretary, remonstrating against Federal salary cuts, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from the Keep Tucson Wages Up Conference, signed by R. L. Yates, chairman, and H. R. Voncolbitz, secretary, of Tucson, Ariz., remonstrating against Federal wage cuts and favoring the imposition of higher taxes on incomes, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from E. P. McDowell, department adjutant, American Legion, Phoenix, Ariz., opposing the making of drastic cuts in veterans' compensation without adequate hearings, which was referred to the Committee on Finance.

Mr. NEELY presented a letter in the nature of a petition from D. M. McCartney, of Hacker Valley, W. Va., praying for the payment of World War veterans' adjusted-compensation certificates, to be financed by the issuance of "baby bonds," which was referred to the Committee on Finance.

Mr. KEAN presented a resolution adopted by Monmouth Grange, No. 92, Patrons of Husbandry, of Freehold, N. J., protesting against the imposition of taxes on automobiles, trucks, tires, accessories, and gasoline, which was referred to the Committee on Finance.

Mr. TYDINGS presented a petition of sundry citizens of Bethesda and Chevy Chase, Md., praying for the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia, known as the Copeland Sunday health bill, which was referred to the Committee on the District of Columbia.

REVALUATION OF ESTATES

Mr. WAGNER. Mr. President, I request that there be printed in the RECORD a letter received by me from the Lieutenant Governor of the State of New York in reference to the provision of the revenue bill dealing with the revaluation of estates, together with a memorandum accompanying the letter prepared by the director of the budget of the State of New York. I ask also that the letter and memorandum be referred to the Committee on Finance.

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

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, April 30, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: At the request of Governor Roosevelt and myself, Mr. Mark Graves, Director of the Budget, has forwarded to you a memorandum prepared by him in connection with section 810 of the House revenue bill of 1932 (H. R. 10236) relative to the revaluation of estates for the purposes of the Federal estate tax.

I commend this memorandum to your very earnest consideration. The enactment of the proposed legislation would unquestionably work a very serious hardship on the State of New York and other States of the Union. A considerable part (more than one-sixth) of the taxes collected by the State of New York comes from estates.

You will note that the director of the budget, Mr. Graves, estimates that if the proposed bill is enacted it will possibly require the refunding of about $15,000,000 to the estates of decedents dying between September 1, 1928, and September 1, 1930. He estimates further that in the event a similar proposal is incorporated into law in this State (complementing Federal legislation) a further loss would ensue to the State of between twenty-five and thirty-five million dollars from the estates of decedents who have died between September 1, 1930, and January 1, 1932.

This is so serious a matter to the State of New York that I feel it merits the most earnest consideration and presentation of the facts by you, both before the committee and in the Senate. If in the wisdom of Congress any legislation is required, any one

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of the alternative proposals made by Mr. Graves, while not eliminating in full the prospective loss to the State, would at any rate substantially reduce it.

May I ask you to keep me informed of the situation concerning the proposed legislation? I wish to advise you, too, that if in your opinion it is wise for the State to be represented at any further hearings which may be held on this bill in order to lay the views of the State administration before the Members of the Senate I would be very glad indeed to arrange it.

I am writing a similar letter to Senator COPELAND.

Yours very sincerely,

HERBERT H. LEHMAN.

MEMORANDUM BY MARK GRAVES, DIRECTOR OF THE NEW YORK STATE BUDGET, RE SECTION 810 OF THE HOUSE REVENUE BILL OF 1932 (H. R. 10236)

In the case of decedents dying between September 1, 1928, and January 1, 1932, this section authorizes the revaluation of estates for purposes of the estate tax 18 months after death. If an estate is revalued, the tax is adjusted to be that part, fraction, or ratio of the tax assessed as of the date of death which the new value bears to the value as of the date of death. Put simply, if an estate has shrunk one-half, the tax is reduced one-half; if the estate has shrunk but 25 per cent, the tax is reduced but 25 per cent; if the estate has shrunk 75 per cent, the tax will be correspondingly reduced 75 per cent.

EFFECT UPON STATES

States have generally, because of the 80 per cent credit provision, integrated their death tax laws with the Federal estate tax law. It follows that a change such as is proposed will depress State revenue or require refunds by States aggregating approximately four times the loss of revenue or the amount of refunds required of the Federal Government. In other words, the States, collectively, have four times the financial interest in this legislation that the Federal Government has. It is thus seen that the Congress should proceed cautiously and ascertain the effect of such legislation on the finances of the States.

The secretary of revenue of the State of Pennsylvania has, in an able brief, covered that aspect of the situation very well. Here in New York we estimate that if this bill is passed it will probably require the refunding of about $15,000,000 to the estates of decedents dying between September 1, 1928, and September 1, 1930. Commenced with September 1, 1930, New York inaugurated an estate tax paralleling the Federal estate tax at 80 per cent of the latter's rates. It is unlikely that the passage of the legislation contemplated by the Congress would have any direct effect upon New York's taxes on the estates of decedents dying since September 1, 1930. Nevertheless, should the Congress pass this measure, New York's Legislature will find it most difficult to resist the pleadings which will be directed to it to follow the example of the Federal Government. Should New York do that it is estimated the loss in revenue from the estates of decedents dying between September 1, 1930, and January 1, 1932, would be somewhere between $25,000,000 and $35,000,000.

I recommend that some relief be given the estates of decedents dying between the dates specified in this bill. I respectfully submit, however, that the measure adopted by the House is not the best proposal and offer alternative suggestions.

ALTERNATIVE SUGGESTIONS

1. That no reduction be allowed in the tax assessed against an estate based upon value at the date of death unless the estate has shrunk to a point where the tax as assessed will exceed 50 per cent of the value of the net estate 18 months after death, and that in no case will the tax be reduced below 50 per cent of the value of the net estate.

The very bill containing this provision designed to relieve estates and excuse them from paying a death tax graduated to 20 per cent also proposes to double the tax. While the Congress has not the authority to enact a retroactive estate tax, nevertheless it can refrain from granting the full relief contemplated by section 810 to these shrunken estates and recognize as this legislation does that higher estate taxes are desirable, and thereby conserve Federal and State funds.

The assumption back of the proposal contained in section 810 is that the value ascertained 18 months after death is the true value, and that computed as of the date of death is a fictitious or inflated value. It is difficult in these times to determine "value." It seems reasonable to assume, however, that the low values of securities which have obtained during recent months may be just as much too low as the values of 1929 were too high. It is true value that we would like to ascertain if that were possible. That is, the value upon which the tax should be based. Being unable to ascertain what "true value" is, it seems to me we are justified in assuming that it is something higher than the present-day market values, and that to deal fairly and equitably with these estates does not require that we base the estate tax upon these extremely low market valuations.

Another suggestion which I wish to offer, if the one I have just discussed is rejected, is—

2. That permission be allowed to revalue estates of decedents 18 months after death, and the tax originally assessed reduced to a sum equaling the amount at which the estate would be taxed under the new revenue bill.

It is proposed by this bill to double estate-tax rates and to bring into the picture gifts made before death and perhaps other important features; while, as has been said, the Congress may not pass a retroactive estate tax law. But granting relief to estates which have shrunk in value is another matter. The Congress can, with perfect propriety if it wishes to do so, simply reduce these taxes which have previously accrued to the amounts which would have been levied under this new schedule of rates and the new plan for computing the estate. The third and last suggestion which I have to offer is—

3. That permission to revalue estates of decedents 18 months after death be granted but that the new value so obtained be added to the value computed as of the date of death and an average value obtained by dividing by 2, then require the estate to pay such fractional part of the tax originally assessed as the average value bears to the value computed as of the date of the decedent's death.

It may be said in favor of this proposal that it recognizes two things: First, that the old values were inflated, and second, that the market values which have obtained during recent months are too low. This suggestion is predicated on the thought that half way between the two extremes true value may be found.

AMENDMENT OF RADIO LAWS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD a telegram relating to the bill pending before the Senate providing for amendments to the radio laws. I ask that the telegram be printed in the RECORD and referred to the Committee on Interstate Commerce.

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

CHICAGO, ILL., *May 1, 1932.*

Hon. JOSEPH T. ROBINSON,
United States Senate, Washington:

Committee amendments to House radio bill reported without hearings appear utterly unworkable to entire broadcasting industry, and some of them seem so faulty as to call for complete redrafting. Believe it would be most unfortunate for Senate to vote on this bill in its present state and think it should go back to committee for further consideration and hearings, but understand it may be called up for action Monday. Radio people throughout entire country will be grateful for chance to be heard before Senate acts.

HENRY A. BELLOWS.

DUTY ON PINEAPPLES

Mr. FLETCHER. Mr. President, some days ago there was inserted in the RECORD a communication from Mr. H. E. Miles, the chairman of the Fair Tariff League, regarding the duty on pineapples. I referred that communication to Mr. J. N. McBride, general agricultural and land-settlement agent, of Savannah, Ga., of the Seaboard Air Line Railway, and asked his comment on it. He has written me a letter on the subject, which I ask to have referred to the Committee on Finance and printed in the RECORD.

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

SEABOARD AIR LINE RAILWAY,
Savannah, Ga., April 30, 1932.

Senator DUNCAN U. FLETCHER,
Washington, D. C.

DEAR SENATOR: I am indebted to you for having sent me copy of the CONGRESSIONAL RECORD of April 4, in which appears on page 7652 remarks of Hon. THOMAS J. WALSH setting forth the views of Mr. H. E. Miles, chairman of the Fair Tariff League, regarding the present pineapple tariff. I have read Mr. Miles's statements with a great deal of interest. I do not know who Mr. Miles is, but I dare say his remarks are prompted by the old axiom "The dog that hollers is the one that is hit." I feel that in fairness to the Florida people who are trying to revive and rehabilitate the pineapple industry on the lower east coast something ought to be said to Senator WALSH and Mr. Miles in reply.

I have discussed this article in detail with our Mr. R. A. Carlton, agricultural agent at West Palm Beach, who is probably the best-informed man on the pineapple industry in the entire State of Florida. Mr. Carlton appeared before the Tariff Commission at the time the pineapple case was heard, has visited Cuba and Porto Rico in studying pineapple growing, and has worked very actively with the pineapple interests on the lower east coast in their efforts to reestablish themselves. I therefore feel that Mr. Carlton's views are accurate and authentic.

During the pineapple-tariff hearing in Washington last October it was shown conclusively that the pineapple industry of Florida was for years on a very stable and substantial basis. This industry was probably the most remunerative enterprise, from an agricultural standpoint, on the lower east coast of Florida. The pineapple industry utilized land having little agricultural value for other crops, provided employment for labor during seasons of the year when there was little other work available, and was as prosperous and satisfactory generally as the Cuban pineapple industry

or any other pineapple industry is now. It was admitted by the Florida witnesses at the pineapple hearing that the disease "red wilt" seriously upset Florida's pineapple industry, but it was shown that the United States Department of Agriculture in their experiments in Florida had developed a practical and economical method of controlling red wilt; that it is now entirely feasible, from a standpoint of production, to again produce pineapples in Florida, utilizing the methods recommended by the United States Department of Agriculture, and bring back Florida's pineapple industry to a stage of development more intensive than the development prior to the red-wilt disaster.

The tariff act of 1922 accorded the American pineapple grower some small protection against foreign competition. Following this act the Cuban Government established an embargo prohibiting the exportation of pineapple planting stock to Florida. It is presumed that this embargo by the Cuban Government was an act of reprisal for the passage of the pineapple tariff act, and, insofar as I can learn, is without precedent in the exchange of commodities between friendly nations. This embargo on planting material from Cuba further demoralized the Florida pineapple industry, due to the fact that practically all of the plantings within the State of Florida were diseased with red wilt; and in reviving the Florida industry under the recommendations of the Department of Agriculture it was necessary for growers to secure new, vigorous planting stock. The pineapple industry in Porto Rico at that time was not in position to furnish planting stock for Florida growers, and no new planting stock could be secured from Cuba, which made it well nigh impossible for Florida growers to expand their acreages rapidly.

During the time of the Florida real-estate boom pineapple lands on the lower east coast became exceedingly valuable for subdivision purposes, and many growers who had fields of pineapples were induced to dispose of their property to the land speculators at fabulous prices. These fields were subdivided into lots and the pineapples neglected and abandoned, which further dissipated sources of planting material available for expansion. Following the real-estate boom many former pineapple growers again became interested in making plantings of pineapples, but could secure no planting stock at all from Cuba on account of the embargo; practically none from Porto Rico, as the Porto Rico pineapple interests were utilizing their supply of planting stock in expanding their operations under the American tariff; and little from local home sources, as there were only a few fields of pineapples left in Florida from which planting stock could be secured for further expansion. Pineapple growers along the lower east coast of Florida have within the last three years purchased practically all of the planting material available in Porto Rico and brought it into Florida and planted it. This planting material will form the nucleus around which Florida growers can expand their production more rapidly in the future than they have in the immediate past. Substantial interests on the lower east coast are now actively developing pineapple acreages. The Florida Pineapple Products Co. (Inc.), Lake Worth, Fla., of which Mr. H. G. Basford, of Lake Worth, is president and directing head, imported sufficient planting material from Porto Rico last summer and set 20 acres at Lake Worth. This concern has 5,000 acres of land available for pineapple production. They expect to make further importations of pineapple planting material from Porto Rico this summer and to expand their plantings in Florida as rapidly as they can secure stock from their own fields and from importations. There are at present 12 pineapple growers between West Palm Beach and Fort Lauderdale who have approximately 75 acres in pineapples. There are probably 15 or 20 growers in Martin, St. Lucie, and Indian River Counties who now have at least 100 acres in pineapples. It is true that this start is small, yet when consideration is given to the fact that almost unsurmountable obstacles had to be overcome in securing planting stock with which a start could be made the actual results obtained to date indicate the determination of the Florida growers to overcome these obstacles and again build this industry back into the place of prominence that it formerly occupied. Each acre of pineapples in Florida, after it produces its first crop, will begin to produce planting material for further expansion, as well as other crops of pineapples for market. Therefore, the 100 acres now growing on the lower east coast, which will shortly be in production, will soon be producing planting stock for further expansion, as well as fresh pineapples for the trade, and within a short period of years the production of pineapples in Florida should begin to again attain substantial proportions.

The development of this industry within the continental borders of the United States can be made possible by maintaining the present tariff wall and protecting these growers who have overcome already almost countless obstacles. The State needs the pineapple industry because, from the standpoint of utilization of labor and lands, it fills in and rounds out the agricultural program on the lower east coast. Pineapple growing is freer from the effects of common hazards than most of the other agricultural enterprises on the lower east coast. A good start has been made within the past two years in rehabilitating the industry, and material progress should be made within the next few years in further expanding the acreage.

I know that the growers and others interested in pineapple development on the lower east coast of Florida have appreciated the cooperation and friendly spirit of helpfulness which you have manifested toward them in their efforts to bring back this industry.

Yours very truly,

J. N. McBride,
General Agricultural and Land Settlement Agent.

REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on Foreign Relations, to which were referred the following bills, reported them each without amendment and submitted a report as indicated:

S. 3786. An act to provide that the United States extend to foreign governments invitations to participate in the International Congress of Architects to be held in the United States during the calendar year 1933, and to authorize an appropriation to assist in meeting the expenses of the session; and

S. 4379. An act for the relief of Yvonne Hale (Rept. No. 628).

Mr. BULOW (for Mr. Norbeck), from the Committee on Indian Affairs, to which was referred the bill (H. R. 9254) to authorize the exchange of a part of the Rapid City Indian School land for a part of the Pennington County Poor Farm, South Dakota, reported it without amendment and submitted a report (No. 630) thereon.

UNEMPLOYMENT INSURANCE

Mr. WAGNER submitted his individual views as the minority member of the Select Committee to Investigate Unemployment Insurance, pursuant to Senate Resolution 483 (71st Cong., 3d sess.), establishing a select committee to investigate unemployment-insurance systems, which were ordered to be printed, with an illustration, as Report No. 629.

ENROLLED BILL PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on April 30, 1932, that committee presented to the President of the United States the enrolled bill (S. 3270) for the relief of Daniel S. Schaffer Co. (Inc.).

BILLS INTRODUCED

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

By Mr. CAREY:

A bill (S. 4542) providing for the use by the Veterans' Administration of the old post-office building in Casper, Wyo.; to the Committee on Public Buildings and Grounds.

By Mr. BULKLEY:

A bill (S. 4543) granting a pension to Mary C. Brant (with accompanying papers); and

A bill (S. 4544) granting an increase of pension to Letha C. Durflinger (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 4545) granting a pension to Jay Dee Hoffman (with accompanying papers); to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 4546) for the relief of Lindsay Hinesley; to the Committee on Finance.

By Mr. COPELAND:

A bill (S. 4547) to amend the emergency officers' retirement act of May 24, 1928; to the Committee on Military Affairs.

A bill (S. 4548) to amend the immigration act of 1924; to the Committee on Immigration.

By Mr. HAYDEN:

A bill (S. 4549) to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. SHEPPARD:

A bill (S. 4550) to amend section 13 of the Federal reserve act by making notes of finance and credit companies subject to discount; to the Committee on Banking and Currency.

By Mr. TRAMMELL:

A bill (S. 4551) for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.; to the Committee on Claims.

By Mr. CONNALLY:

A bill (S. 4552) to amend an amendment to the Federal highway act, approved May 21, 1928 (45 Stat. L. 683); to the Committee on Post Offices and Post Roads.

PAYMENT OF FOREIGN DEBTS IN SILVER

Mr. HAYDEN. Mr. President, I introduce a joint resolution, which I ask to have read by the clerk and referred to the Committee on Banking and Currency.

The joint resolution (S. J. Res. 152) to authorize payment of foreign debts in silver, under certain limitations, was read the first time by its title, the second time at length, and referred to the Committee on Banking and Currency, as follows:

Resolved, etc., When offered by any foreign Government indebted to the United States the President is authorized to accept in payment of the whole or any part of any amounts of principal or interest due the United States prior to July 1, 1936, silver at the rate of 1½ fine ounces for each dollar which such government is obligated to pay to the United States; but no such payment shall be accepted unless such government gives assurance, satisfactory to the President, that it will not melt or debase its own coins to make such payment in silver: *Provided*, That if any such government shall make provision, satisfactory to the President, for restoring prior to July 1, 1936, all of its silver coinage to a fineness of at least nine-tenths silver, or, if such government does not now mint silver coins, for establishing the use of silver for coinage purposes, then the President is authorized to accept silver from such government at the rate of 1 fine ounce of silver for each dollar of its indebtedness paid in accordance with the terms of this act. The silver so received shall be coined into dollars of standard weight and fineness and deposited in the Treasury of the United States and silver certificates shall be issued, in the manner now provided by law, against the dollars so coined.

Mr. HAYDEN. Mr. President, in support of the joint resolution I beg to say that European nations which have contracted with the United States to make annual payments based on money borrowed over a decade ago are experiencing great difficulty in finding gold to make such payments. There is nothing surprising in that fact when it is realized that it now requires over $2 in present commodity values to pay a dollar borrowed during or shortly after the end of the World War. These nations are in exactly the same situation as all other debtors throughout the world. With a limitation of time, a limitation of amounts, and a limitation of the source from which obtained, I propose that the United States accept silver instead of gold for the foreign debt payments.

The primary object of the joint resolution is to break the world-wide vicious circle of declining prices by enhancing the purchasing power of nearly one-half of the people of the world, who have no other money than silver. This is to be accomplished by creating a demand for silver during the next four years, which will insure an increase in its value. The demand will arise from continued purchases of silver by the various foreign governments, who will find it to their financial advantage to contract for silver in the open market in order to make payments on their indebtedness to the United States in that metal instead of gold.

The market price of silver is now below 30 cents an ounce. If the price of silver is restored to its pre-war level of about 60 cents an ounce as a result of regular and sustained buying by foreign governments, the inevitable result will be the creation of a market for raw materials and manufactured goods, which are needed in Mexico, India, China, and other silver-using countries. It is assumed that any apparent loss which may accrue to the American Government because of the acceptance of silver in payments on the foreign debts will be balanced by a gain in revenues due to improved foreign trade. We all live in one world and must generally either suffer or prosper together.

It has been urged with great force that merely to provide that silver rather than gold shall be taken for payments on the foreign debts would ultimately do more harm than good because the European nations who owe money to the United States would probably take the stocks of silver coins they now possess and utilize the silver therein to make the payments. Such nations would thereby cease to be users of silver money to any appreciable extent, and thus lessen the current annual demand for silver coinage purposes. My proposal would prevent that from happening by requiring an agreement that the coins of such nations shall not be melted or debased as a means of securing silver to be paid to the United States.

Remembering always America's vital interest in a world which is capable of buying her surplus products instead of lessening the use of silver coins in Europe, the United States can well afford to promote a steady demand based on such use by granting more liberal terms of settlement to any debtor nation which will make provision for the restoration of its silver coinage to a uniformly established degree of fineness. That is why the joint resolution includes an added inducement to any nation indebted to the United States which will leave off debasing its silver coins and make them all at least nine-tenths fine or otherwise expand its use of silver for coinage purposes.

I am advised by the Treasury Department that the subsidiary silver coins of Great Britain were reduced by the act of March 31, 1920, from 925 fine to 500 fine. By act of March 20, 1924, the fineness of subsidiary silver coins of Germany was cut down from 900 to 500 fine and their weight reduced slightly. On June 24, 1928, France diminished the fineness of silver coins to be issued from 835 to 680. It is a remarkable coincidence that nations which owe money to the United States are principally the same nations whose silver coins have been debased. They found it profitable for a time to reduce the quantity of silver in their coinage. The United States can now provide a way whereby it will be profitable for these identical nations to put more real value into their subsidiary coinage and to that extent lift a burden from their gold.

The following information relative to the fineness in thousandths of silver coins of the foreign countries indebted to the United States is taken from data recently compiled in the office of the Director of the Mint:

Austria, schilling, 640.
Belgium, franc, 835 (also 100 per cent nickel).
Czechoslovakia, 5 crowns, 500; 10 crowns, 700.
Estonia, kroon, 500.
Finland, markka, 75 per cent copper, 25 per cent nickel.
France, 10 and 20 francs, 680.
Germany, reichsmark, 500.
Great Britain, half crown, shilling, etc., 500.
Greece, drachma, 75 per cent copper, 25 per cent nickel.
Hungary, pengo, 640.
Italy, 5 and 10 lira, 835; 20 lira, 800.
Latvia, lati, 835.
Lithuania, litas, 500.
Poland, 2 zloty, 500; 5 zloty, 750.
Rumania, 5 and 20 lei, 79 per cent copper, 20 per cent zinc, 1 per cent nickel.
Yugoslavia, dinar, 75 per cent copper, 25 per cent nickel.

An estimate has been made that, beginning in 1920, European nations and their colonies, dominions, and dependencies have sold approximately 375,000,000 fine ounces of silver derived from the demonetization or debasement of silver coins. Of that amount about 200,000,000 ounces were marketed by governments now indebted to the United States and over 100,000,000 ounces by the British Government for India. It was these sales of silver which did more than anything else to cut its market price in half.

To demonstrate the effect of selling silver derived from debased and demonetized coins, I read the following extract from a circular issued by Messrs. Sharp & Wilkins, bullion brokers of London, England, and printed at page 122 of the last annual report of the Director of the United States Mint:

It may, perhaps, be of interest generally to take a review of the silver market for a wider period than this annual circular covers and point out the chief reasons for the fall in the price from 24d. to the present level of about 14d. For many years before the war the price of silver had remained in the neighborhood of 24d., with moderate fluctuations of no great moment. The war caused an abnormal rise in the price of the metal, which in due course reacted and again settled around the old pre-war value. With the recurrence to normal conditions both India and China continued their habit of years and willingly and easily absorbed the world's production. Now, however, arose important factors which were, ultimately, to bring about the debacle which faces the silver market of to-day.

The first blow to the price of silver may, we think, be placed to the credit, or otherwise, of our own Government, by their depreciation of our currency from the fineness of 0.925 to that of 0.500. This caused a large amount of surplus silver to be placed for sale upon the market, approximately 70,000,000 ounces having been disposed of since 1921, in addition to the requirements for foreign coinage orders undertaken by the London Mint. This

silver was, in due course, absorbed by India and China, together with the world's production as before.

Following the lead of our Government came continental nations who demonetized their currency and flung the silver upon the markets of the world. The manful way in which India and China stood up to this extra amount of "production," for it was little else than that, lasted for some time, but eventually the purchasing power of these countries broke and the price had to fall. The continental selling practically ceased at about 19d., and at this level the market remained steady for a very long time, and it was then that the Indian Government decided to impose an import duty upon silver into India of about 20 per cent. The consequence was that the silver market could no longer stand the strain and finally succumbed to the inevitable. What, however, has probably contributed most in the past two years to bring about the fall in silver from 24d. to the present level has been the selling of silver by the Indian Government. It was not so much the actual sales that were responsible for the fall as the uncertainty of their next move. The consequence has been that potential buyers have bought from hand to mouth, dreading that at any moment further sales might be made, and it is not too much to say that at every shipment made of silver on Government account from India a decided weakness has come over the markets, both of India and China, with consequent fall in price.

The currency commission in 1926 examined and took the evidence of people of great repute and foresight in this country, America, and elsewhere. The government were warned that if they attempted to sell their enormous amount of surplus rupees the price would fall to 15d. The price has fallen even below that level, and the government have only sold about 100,000,000 ounces out of the 300,000,000 ounces they originally proposed to sell. The price has fallen nearly 50 per cent, and when one considers that the savings of 300,000,000 Indians and 400,000,000 Chinese, or half the population of the world, have been for years and years invested in silver, the appalling result to mankind in general and to these two countries in particular, with consequent disaster to our own trade in England, makes one hope that the policy adopted, so disastrous in its result, will be discontinued and some new arrangement adopted to stem the ruin that has already been brought about. It is perfectly obvious to anyone with any knowledge of the silver market that conditions at the present time make it an absolute impossibility for the Indian government to sell silver to any extent. Any attempt to do so would force the price down still lower, just as every previous sale has done in the past.

It is safe to estimate that to restore the silver coinage of the nations indebted to the United States to nine-tenths fineness and to bring about monetary use of silver in such nations equivalent to that which existed prior to demonetization and debasement will require the purchase of at least 250,000,000 ounces of silver. The amount may be larger than that. Whatever the combined amount of silver is that may be required to restore their silver coinage and to make payments to the United States, the nations which decide to accept this proposal will undoubtedly find it desirable to pool their purchases so that the price of silver will not be unduly enhanced by needless and wholly unnecessary competition between them to secure the total number of ounces required each year.

There is danger that this effort to increase the price of silver may have a greater effect than is desirable. The most powerful argument that can be made against the passage of this joint resolution is that the proposal, when adopted, may result in a rapid rise in the price of silver to a point where the feasibility of the plan will be destroyed. If silver goes to 60 cents, an ounce and a half will cost 90 cents. Considering that under the second alternative specified in the resolution the debtor governments must purchase silver both for the United States and for themselves, a price much above 60 cents an ounce would cease to be attractive. Silver at a dollar an ounce would provide no possible advantage to any government in the payment of its debts to the United States.

Therefore it is imperative that the interested governments shall take joint action to acquire the necessary amount of silver at a reasonable and stable price during the 4-year period. They have a further moral obligation to do so in order that creditors in the silver-using countries shall not suffer undue losses. During the past three years the world has felt the evil effects of a sudden fall in the price of silver. A sudden rise far above the pre-war level would also have evil effects.

In order to throw more light on this phase of the proposal I ask unanimous consent to include as an appendix to my remarks certain data prepared by Mr. Francis H. Brownell, chairman of the board of the American Smelting & Refining Co., in connection with a statement he has recently made respecting limited international bimetalism at no fixed ratio.

I also ask leave to similarly include other information relating to silver taken from the last annual report of the Director of the Mint.

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). Without objection, leave will be granted. The Chair hears no objection.

(See Exhibits A, B, and C.)

Mr. HAYDEN. The nations which may join in the acceptance of this proposal will also be afforded an excellent opportunity to confer respecting more uniform standards of size and weight for silver coins, as was done by the countries that entered the Latin Monetary Union in 1863.

In order to insure that the silver acquired by the United States in payment on the indebtedness of foreign nations shall not be thrown upon the market to depress values, the joint resolution provides that when received such silver shall be coined and deposited in the United States Treasury. To make this deposit of silver useful as money, silver certificates are authorized to be issued.

In accordance with the foreign-debt moratorium, the annual payments due for the next 10 years on foreign governmental obligations amount to $74,881,881 on the principal and $195,094,690 as interest, the total amount due each year being $269,976,571. If all of the foreign-debt payments were made in silver on an ounce-for-a-dollar basis, the United States would acquire 1,079,906,284 ounces of silver during the 4-year period.

I ask leave to include in the RECORD a statement sent to me by the Treasury Department a few days ago showing the amounts of principal and interest due the United States from various foreign governments during the fiscal year 1933. I assume that like amounts will be due each year until July 1, 1936.

The PRESIDING OFFICER. Without objection, leave will be granted. The Chair hears no objection.

The matter referred to is as follows:

Amounts payable during the fiscal year 1933 by foreign governments on account of their indebtedness

Country	Principal	Interest	Total
Austria	$287,556		$287,556
Belgium	4,200,000	$4,250,000	8,450,000
Czechoslovakia	3,000,000		3,000,000
Estonia	111,000	529,692	640,692
Finland	58,000	276,827	334,827
France	21,477,135	38,522,865	60,000,000
Great Britain	30,000,000	141,500,000	171,500,000
Greece	718,000	431,300	1,149,300
Hungary	12,285	56,704	68,989
Italy	12,300,000	2,490,875	14,790,875
Latvia	46,200	221,613	267,813
Lithuania	39,705	184,772	224,477
Poland	1,357,000	6,630,042	7,987,042
Rumania	1,000,000		1,000,000
Yugoslavia	275,000		275,000
Total	74,881,881	195,094,690	269,976,571

Germany:	
Army costs	RM25,300,000=$6,026,794
Mixed claims	40,800,000= 9,719,088
Total	66,100,000=15,745,882

Mr. HAYDEN. In 1900, when Congress provided that all forms of money issued or coined by the United States shall be maintained at a parity with gold, the American monetary stock of gold, as estimated by the Director of the Mint, was $1,034,384,000 and the stock of silver was $648,995,000. The per capita of gold was $13.56 and of silver was $8.51.

On June 30, 1931, the estimated monetary stock of gold in the United States was $4,955,921,000 and the monetary silver stock was $848,578,000. The per capita of gold was $39.94 and of silver $6.84. The addition of about $1,250,000,000 to the American monetary stock of silver would leave the relative proportion of silver money to gold in the United States substantially less than it was in 1900.

The total amount of monetary gold in the world in 1930 is estimated by the Director of the Mint to have been

$11,522,579,000, of which the United States held about 42 per cent and France about 20 per cent.

The face value of the coined silver of the world in 1930 was estimated by the Director of the Mint to be $4,781,741,000. The stores of silver in existence are not accurately known, but are estimated to be eleven or twelve billion ounces, of which about 7,000,000,000 ounces are in India and two and one-half billion ounces in China.

The 1931 report of the Director of the Mint states that the world production of gold in the 439 years since the discovery of America was 1,061,340,987 ounces. The world production of silver in the same period was 14,976,992,838 ounces. The ratio of this production is 14.27 to 1. The production of gold and silver in the world since 1860 is given at 847,303,170 and 9,819,062,026 ounces, respectively, or at a ratio of 11.6 to 1. The ratio of world production for the 30 years since 1900 is about 10.8 to 1.

The annual production of silver, principally as a by-product of gold, copper, lead, and zinc mining, has averaged approximately 250,000,000 ounces for the past 10 years. To make payment of the sums due from foreign countries to the United States in silver on an ounce-to-the-dollar basis will require an amount equal to about all of the new silver that may be produced during the 4-year period.

If it be considered that silver is nothing but a commodity, and that the plan of debt settlement proposed in the joint resolution is nothing more than a form of barter, yet I do insist that the United States is taking its pay in an imperishable commodity, the gold price of which under the plan proposed is sure to advance. The effect of the plan is to discount that advance with an assurance that the commodity the United States is taking in lieu of gold will not decline in value after it is acquired.

Inquiry is certain to be made as to what will happen to the price of silver after 1936 when the arrangement provided for in the joint resolution comes to an end. By that time the European nations indebted to the United States will have abandoned "the flight from silver" inaugurated in 1920. They will all have a much greater interest in becoming parties to an international agreement respecting the use of silver as money. If the estimates of production during the past four centuries are at all correct, and with allowance for metal consumed in arts and industries, the total available silver reserves of the world in coin, bullion, ornaments, and so forth, can not reasonably be assumed to exceed 15,000,000,000 ounces. The annual production averages approximately 250,000,000 ounces, of which about 25 per cent is normally absorbed in manufactures. The quantity of silver on the market and subject to sale at any one time probably does not exceed 1,000,000,000 ounces. If the marketable silver is placed under control by governments who will share in its use for coinage purposes, there will be no difficulty in stabilizing the price of that metal after July 1, 1936.

On February 20, 1931, the Senate unanimously adopted a resolution reported from the Committee on Foreign Relations by the Senator from Nevada [Mr. PITTMAN], suggesting that the President call or obtain an international conference to the end that agreements be obtained with respect to the uses and status of silver as money. The reason why there has been no response to that suggestion by other governments is obvious. They are getting along somehow with a debased silver subsidiary coinage. To make any change whereby they might use more silver as money would, under ordinary circumstances, require placing an additional burden on their taxpayers to purchase the silver. Therefore they are not interested in any such conference. The plan proposed in the joint resolution completely alters the present situation, and after 1936 each government will have a stock of silver coins whose value it will want to maintain and protect.

The American Government is not now concerned as to where the silver which it may obtain under this arrangement is produced so long as it is purchased in the open market. Neither should the United States be deeply concerned as to who shall first take advantage of improved trade with the silver-using countries. If England shall sell more cotton goods or manufactured tobacco in India, we know that a large part of the cotton and the tobacco will be purchased in the United States. The same is true of every other commodity of which this country has an exportable surplus.

There has been no overproduction of silver. The decline in its value is due primarily, if not solely, to the action of governments in directly throwing upon the market silver derived from the demonetization and debasement of silver coins. If governments caused this fall in the price of silver by selling silver, governments can restore the price of silver by buying silver. The proposal I am submitting makes it to the direct advantage of great European nations to purchase silver. They will gain the same indirect advantage as the United States through an improved demand for commodities in all silver-using countries.

EXHIBIT A

Production and Consumption

(A) CONSUMPTION [1] OF SILVER BY CHINA AND INDIA

[As reported by Handy & Harman]

	China, including coinage of Chinese mints	India
	Fine ounces	*Fine ounces*
1924	41,700,000	108,200,000
1925	59,400,000	106,700,000
1926	73,900,000	91,600,000
1927	85,000,000	90,000,000
1928	124,000,000	89,000,000
1929	136,700,000	81,800,000
1930	123,000,000	94,500,000
1931	59,000,000	57,000,000
Average per year	87,837,500	89,850,000

[1] The ultimate consumption of India and China is in the hoarding by the people as savings. This amount has no necessary relation to the amount used as coined money—in fact, is in the main distinct therefrom.

Average per year for both China and India 177,687,500

(b) The United States Mint (latest report of director, June 30, 1931) estimates world industrial consumption of silver as—

	Ounces
1929	59,544,280
1930	83,084,632
The average of the two years is	71,314,456

(c) Annual production averages approximately 250,000,000 ounces. The peak of all time—over 261,000,000 ounces—was reached in 1929. Production for 1931 is estimated by Handy & Harman at 196,100,000 ounces.

From the foregoing (a), (b), and (c) we may reasonably and conservatively predict mine production and consumption of silver per annum as follows:

		Ounces
Annual production		250,000,000
Consumption of India and China, say	170,000,000	
World industrial consumption, say	60,000,000	
		230,000,000
This would leave, for the purchase of subsidiary coinage and for the additional purchases necessary by the nations in adopting and maintaining limited bimetallism at no fixed ratio, only		[1] 20,000,000

The proposed return to a pre-war status would stop all further sale by governments, which has been the cause of the fall and continued low level in price. Such further supply being cut off, it follows that, in order to have the larger production necessary to fill demand, it would be necessary to have a higher price, so that mines not now operating may be again stimulated to produce. It seems quite probable that purchases by nations would equal 100,000,000 ounces per annum under the proposed plan of both return to pre-war status and limited bimetallism at no fixed ratio. All past market experience indicates that such a demand would gradually raise the price of silver to around $1 per ounce.

EXHIBIT B

Highest, lowest, and average price of silver in New York, per fine ounce, since 1874

Calendar year	Quotations		
	Highest	Lowest	Average
1874	$1.29375	$1.25500	$1.27195
1875	1.26125	1.21000	1.23883
1876	1.26000	1.03500	1.14950
1877	1.26000	1.16000	1.19408
1878	1.20750	1.08500	1.15429

[1] Ounces of silver per annum.

Highest, lowest, and average price of silver in New York, per fine ounce, since 1874—Continued

Calendar year	Quotations		
	Highest	Lowest	Average
1879	$1.16750	$1.06500	$1.12088
1880	1.15000	1.11250	1.13931
1881	1.14500	1.11000	1.12823
1882	1.15000	1.09000	1.13855
1883	1.11750	1.09500	1.10874
1884	1.13250	1.08000	1.11161
1885	1.09500	1.02750	1.06428
1886	1.03500	.92500	.99880
1887	1.03500	.95000	.97899
1888	.97750	.92000	.94300
1889	.97250	.92500	.93634
1890	1.20500	.95750	1.05329
1891	1.07500	.94750	.99033
1892	.95250	.83000	.87552
1893	.85000	.65000	.78219
1894	.70000	.59500	.64043
1895	.69000	.60000	.66268
1896	.70250	.65625	.68195
1897	.66125	.52750	.60774
1898	.62250	.55125	.59064
1899	.64750	.58625	.60507
1900	.65750	.59750	.62055
1901	.64500	.54750	.59703
1902	.56875	.47375	.52815
1903	.62375	.47500	.54208
1904	.62500	.53375	.57843
1905	.66500	.55625	.61008
1906	.72375	.63125	.67378
1907	.71000	.52750	.65978
1908	.58875	.48250	.53496
1909	.54500	.50750	.52163
1910	.57625	.50750	.54245
1911	.57500	.52125	.54002
1912	.65625	.55250	.62006
1913	.65125	.58000	.61241
1914	.60875	.49000	.56331
1915	.58000	.47750	.51062
1916	.79125	.57250	.67151
1917	1.16500	.73125	.84000
1918	1.01937	.88937	.98445
1919	1.38250	1.01375	1.12087
1920	1.37875	.60375	1.01940
1921	.73813	.53188	.63096
1922	.74188	.62875	.67934
1923	.69000	.62875	.65239
1924	.72375	.63000	.67111
1925	.73187	.66812	.69406
1926	.68937	.51812	.62428
1927	.60312	.54187	.56680
1928	.63937	.56812	.58488
1929	.57812	.46812	.53306
1930	.47187	.31062	.38466
1931	.37562	.26062	.29013

EXHIBIT C

Estimated monetary stock of gold and silver in the United States and the amount per capita at the close of each fiscal year since 1873

Fiscal year ended June 30—	Population (thousands)	Gold bullion and coin (thousands)	Silver coin (thousands)	Per capita		
				Gold	Silver	Total
1873	41,677	$135,000	$18,149	$3.24	$0.44	$3.68
1874	42,796	147,379	21,092	3.44	.49	3.93
1875	43,951	121,135	30,743	2.76	.70	3.46
1876	45,137	130,057	36,416	2.88	.84	3.72
1877	46,353	167,501	50,465	3.61	1.09	4.70
1878	47,598	213,200	82,048	4.48	1.72	6.20
1879	48,866	245,742	111,526	5.03	2.28	7.31
1880	50,156	351,841	142,522	7.01	2.84	9.85
1881	51,316	478,485	169,384	9.32	3.30	12.62
1882	52,495	506,758	197,218	9.65	3.76	13.41
1883	53,693	542,732	227,008	10.11	4.23	14.34
1884	54,911	545,501	255,569	9.93	4.65	14.58
1885	56,148	588,697	283,479	10.48	5.05	15.53
1886	57,404	590,774	312,253	10.29	5.44	15.73
1887	58,680	654,520	352,994	11.15	6.02	17.17
1888	59,974	705,819	386,572	11.77	6.45	18.22
1889	61,289	680,064	420,549	11.10	6.86	17.96
1890	62,622	695,563	456,908	11.11	7.30	18.41
1891	63,844	646,583	516,603	10.13	8.09	18.22
1892	65,086	664,275	568,579	10.21	8.74	18.95
1893	66,349	597,698	615,716	9.01	9.28	18.29
1894	67,632	627,293	624,250	9.28	9.23	18.51
1895	68,934	636,256	624,731	9.23	9.06	18.29
1896	70,254	599,598	627,696	8.53	8.93	17.46
1897	71,592	696,239	632,408	9.73	8.83	18.56
1898	72,947	861,515	637,479	11.81	8.74	20.55
1899	74,318	963,498	638,564	12.96	8.59	21.55
1900	76,303	1,034,384	648,995	13.56	8.51	22.07
1901	77,754	1,124,639	658,006	14.46	8.46	22.92
1902	79,117	1,192,595	667,319	15.07	8.43	23.50
1903	80,487	1,248,682	675,678	15.51	8.39	23.90
1904	81,867	1,327,656	679,932	16.22	8.31	24.53
1905	83,260	1,357,656	683,053	16.31	8.20	24.51
1906	84,662	1,475,707	686,477	17.43	8.11	25.54
1907	86,074	1,466,389	698,702	17.04	8.12	25.16
1908	87,496	1,618,133	715,616	18.49	8.18	26.67

Estimated monetary stock of gold and silver in the United States and the amount per capita at the close of each fiscal year since 1873—Continued

Fiscal year ended June 30—	Population (thousands)	Gold bullion and coin (thousands)	Silver coin (thousands)	Per capita		
				Gold	Silver	Total
1909	88,926	$1,642,042	$727,686	$18.47	$8.18	$26.65
1910	90,363	1,636,043	723,437	18.11	8.01	26.12
1911	93,983	1,753,197	727,886	18.65	7.74	26.39
1912	95,656	1,818,188	738,866	19.01	7.73	26.74
1913	97,337	1,870,762	743,469	19.22	7.64	26.86
1914	99,027	1,890,657	750,279	19.09	7.58	26.67
1915	100,725	1,985,539	753,702	19.71	7.48	27.19
1916	102,431	2,444,636	757,161	23.87	7.39	31.26
1917	104,145	3,220,242	766,545	30.92	7.36	38.28
1918	105,869	3,162,808	731,373	29.87	6.91	36.78
1919	106,136	3,113,306	551,016	29.33	5.19	34.52
1920	106,422	2,865,482	527,712	26.93	4.96	31.89
1921	108,445	3,274,730	560,102	30.20	5.16	35.36
1922	109,893	3,784,652	652,385	34.44	5.94	40.38
1923	111,693	4,049,554	761,073	36.26	6.81	43.07
1924	113,727	4,488,391	781,369	39.47	6.87	46.34
1925	115,378	4,360,382	805,533	37.79	6.98	44.77
1926	117,136	4,447,397	822,414	37.97	7.02	44.99
1927	118,628	4,587,298	833,534	38.67	7.03	45.70
1928	120,013	4,109,163	838,972	34.24	6.99	41.23
1929	121,455	4,324,351	844,148	35.60	6.95	42.55
1930	123,191	4,534,866	850,938	36.81	6.91	43.72
1931	124,076	4,955,921	848,578	39.94	6.84	46.78

CHANGE OF REFERENCE

On motion of Mr. WAGNER, the Committee on Commerce was discharged from the further consideration of the bill (S. 4076) to provide for emergency construction of certain authorized public works to aid in increasing employment, and for other purposes (introduced by Mr. WAGNER on March 14, 1932), and it was referred to the Committee on Manufactures.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

SECOND JURY DISAGREEMENTS IN HAWAII

Mr. BINGHAM. Mr. President, I desire to ask unanimous consent to proceed to the consideration of a bill as to which there is great necessity for haste. If it leads to any debate, I will withdraw the request.

I ask unanimous consent that the Senate consider the bill (S. 4313) to prevent the successive disagreement of two juries, impaneled to try a criminal case in the Territory of Hawaii, from operating as an acquittal of the accused or from permitting the discharge of the accused from custody. I report the bill unanimously without amendment from the Committee on Territories and Insular Affairs.

Before the question is put by the Chair, I will state what is the situation. The Territory of Hawaii has a law whereby in the case of a hung jury twice in the trial of a case, it is held to be equivalent to an acquittal. This law is one with which we were not familiar and never consciously approved of. The bill which I have introduced, and which was reported unanimously from the Committee on Territories and Insular Affairs, provides that no disagreement of any jury shall operate as an acquittal of the accused. There is no objection to the bill. As I have said, it was unanimously reported from the committee.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Is there objection to the request of the Senator from Connecticut?

Mr. NORRIS. Mr. President, reserving the right to object, as I understand the bill in a case, for instance, like the one which has just been concluded in Hawaii, if the defendants should be tried again and there should be another disagreement, it would mean an acquittal?

Mr. BINGHAM. Exactly. The four gangsters have been tried once and there was a hung jury. They are about to be tried again. If there is another hung jury, under the law of the Territory of Hawaii they are acquitted. Under the terms of the bill to which I am referring the prosecutor may continue with the prosecution as in any State of the Union.

Mr. NORRIS. I confess I was thinking about the other case. It does not apply to the other case at all.

Mr. BINGHAM. No; that is true; because in the case of the four persons to whom the Senator refers they have been convicted. There was not a hung jury.

Mr. NORRIS. Yes; I was mistaken. I have no objection to the Senator's request.

The PRESIDING OFFICER. The Senator from Connecticut asks unanimous consent for the immediate consideration of the bill, which has been reported unanimously from the Committee on Territories and Insular Affairs. Is there objection?

Mr. GLASS. Mr. President, reserving the right to object, let me inquire of the Senator from Connecticut if we should not at the same time cure what seems to have been a recent practice in the courts of Hawaii of rejecting the finding of a grand jury by the courts.

Mr. BINGHAM. I wish that might be done.

Mr. GLASS. Why should not that be done?

Mr. BINGHAM. That is a highly controversial point. The bill to which I have reference is recommended by the Attorney General. There is need for haste and there is no objection to it. I hope the Senator from Virginia will not add anything to it in order that there may be no delay in securing a change in the law as it now exists. I merely ask that the bill may be passed as it has been reported.

Mr. GLASS. I have no objection.

Mr. ROBINSON of Arkansas. Mr. President, I merely desire to say that I think the bill should be considered and passed.

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

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That no disagreement of any jury, regardless of the number of disagreements previously existing, in any criminal case now or hereafter pending in the Territory of Hawaii, shall operate as an acquittal of the accused, or shall empower the court to discharge the accused from custody.

SEC. 2. This act shall take effect upon approval.

SEC. 3. All acts or parts of acts, either Federal or Territorial, in conflict herewith are hereby repealed.

Mr. BINGHAM. Mr. President, I ask unanimous consent that there may be printed in the RECORD in this connection a letter from the Assistant Attorney General, Seth W. Richardson.

The PRESIDING OFFICER. Without objection, leave is granted.

The letter is as follows:

DEPARTMENT OF JUSTICE,
Washington, May 2, 1932.

Hon. HIRAM BINGHAM,
United States Senate, Washington, D. C.

DEAR SENATOR: I am writing you with respect to the bill which you introduced some weeks ago, repealing all Territorial laws which permit a second jury disagreement to operate as an acquittal in criminal cases in Hawaii.

After the bill in question was introduced in the Senate, Governor Judd reported that a similar bill had been introduced in the Territorial legislature, but examination of the proposed Territorial bill specifically makes the new act inapplicable to pending cases, while the bill which is now before the Senate applies to pending cases. This is a very material difference between the two bills.

With the verdict which has just been returned in the so-called Fortescue case, the prosecuting attorney in Honolulu is now confronted with the necessity of retrying the so-called Massie rape case. In this case there has already been one disagreement. If upon a retrial of this case even a single juror should refuse to convict, a disagreement would result, which disagreement, under existing law would operate as an acquittal of these defendants. This procedure ought not to be. The question of a retrial of a case in which there has been a disagreement should be left to the sound judgment of the prosecuting attorney and perhaps the court.

I am advised that a retrial of the Massie rape case may come up within the next week or 10 days. If the pending bill before the Senate is to be passed, it ought to be passed instantly so as to take effect before the retrial commences.

I think you should bring the matter to the attention of the Senate, and, therefore, to the country at large, in order that serious attention be given to the exigency thus presented. I am,

Yours truly,

SETH W. RICHARDSON.

NAVAL BUILDING PROGRAM

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Maine [Mr. HALE] that the Senate proceed to the consideration 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.

Mr. HALE. Mr. President, at the commencement of the session I introduced in the Senate a bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London treaties. The bill was favorably reported from the Committee on Naval Affairs on the 24th day of February. In the meanwhile, on the 1st day of February, I made a speech in the Senate setting forth the need for the passage of the bill, printing with my speech certain tables having to do with the Navy of this country and the navies of the other four powers parties to the Washington treaty. Those tables are in printed form and are now in the possession of the Committee on Naval Affairs, and any Senator who would like to avail himself of the information therein contained can obtain a copy of the tables.

I can give in a few words the situation which now confronts our Navy. A treaty navy consists of substantially 200 combatant vessels. At the present time we have on the Navy list 373 combatant vessels, but under the terms of the treaties by the expiration of the year 1936 the number of vessels will have to be cut down to substantially 200. The extreme modern life of a combatant vessel as defined by the Washington and London treaties is 20 years. Therefore if we are to keep our Navy in modern vessels the whole Navy must be replaced within that time. This would mean that an average of 10 combatant vessels must be built each year of the 20 years. During the last 10 years, from 1922 to 1932, we have laid down or contracted for but 27 vessels in all, which is less than 3 vessels per year.

While we have refrained from building ships, all the other nations, parties to the treaties, have built extensively. By the expiration of the year 1936, the date of the expiration of the London treaty, we shall have but 68 modern ships in our Navy out of an authorized 200.

Mr. NORRIS. Mr. President——

Mr. HALE. I yield to the Senator from Nebraska.

Mr. NORRIS. There is so much commotion in the Senate Chamber that I did not hear what the Senator from Maine said. He may have already answered the question I am going to ask, but I did not hear him do so. What is the amount of money authorized to be appropriated by this bill?

Mr. HALE. Mr. President, that is a matter that is indeterminate; there is no time limit fixed in the bill. Should the bill become a law, and should it be decided to build our Navy up to treaty strength by the end of the year 1936, which would obviously be impossible, the cost would be, in round numbers, $786,000,000. Should we take 10 years as recommended by the Navy, the cost would be, in round numbers, about $980,000,000. Should we take the full time to build up the Navy, namely, 20 years, we should have to replace the whole Navy, and the cost of that would be about $1,900,000,000, something under $2,000,000,000. It would depend entirely upon what action was taken by Congress in appropriating for the ships as to what the cost would be.

Mr. NORRIS. If nothing is going to be done under the authorization, and it is to be left to Congress, why should we not meet the conditions as we come to them?

Mr. HALE. Mr. President, something undoubtedly will be done, as I shall proceed to show. Unless we take some action of this kind, we are going to be in a position during the next few years where we can not do any building at all. However, I will explain that to the Senator in the course of my remarks.

As I have stated, we shall have 68 modern ships only out of 200 at the expiration of the London treaty in 1936. At that time Japan, if she finishes building the ships she has authorized and appropriated for, will have 156 modern combatant ships out of 163 allowed her under the treaty; that is to say, she will be within 7 ships of having her full

complement of modern ships, and will actually have more than twice as many modern ships in her navy as we ourselves will have. At the same time Great Britain will have 119 modern ships, nearly twice as many as we will have. France will have 153 modern ships, or within 3 of the number that Japan will have. Italy will have 115 modern ships, which is almost twice as many as we ourselves will have.

Mr. President, before any ships can be appropriated for, and before the Budget Bureau can make any recommendation for appropriations, legislative authorization for building is necessary. To meet this situation in part, last year a modest building program was sent to Congress, with the approval of the President of the United States. This modest building program received the approval of the Committee on Naval Affairs of both the House and the Senate; but, unfortunately, due to the pressure of legislation last year, it was not possible to take any action and nothing was done. This year, as I have said, I introduced Senate bill 51. There is no time limit in the bill, as I have explained to the Senator from Nebraska, and the building under the authorization can take place at any time in the future.

Senators will recall that the great 1916 building program had a specified date in its original form within which the ships contemplated by the program must be built, but that date was later cut out, so that the time for building was left indeterminate. Under that program there are still ships that have not been constructed, but the authorization for those ships is there. Last year the Appropriations Committee recommended an appropration for 11 destroyers. Those 11 destroyers came in under the authorization of the 1916 program.

Unless the bill which I am asking the Senate to take up, or the Vinson bill, which is in the House of Representatives, shall become a law, the Budget Bureau next year, when it attempts to allocate the funds of the Government, can not take into consideration the needs of the Navy and can not make any recommendations for appropriations; and next year, Mr. President, we shall confront the same condition that confronted us last year. We shall have a short session, and it is doubtful if we will be able against opposition to put through any naval legislation. If this bill shall become a law, with the financial conditions as they are now in the country, it is obviously going to be impossible in this year's bill providing appropriations for next year to include any appropriations under the authorization of this bill, and any appropriations that may be made under next year's appropriation bill will enable us at the utmost to finish only a few ships of the smaller categories before the close of the year 1936. Meanwhile every year, through the ships of the Navy becoming over age, the Navy is getting into a worse and worse condition. I maintain that this is a shameful situation for a great country like this to get into, and it is in no way what the other naval powers of the world are doing.

This bill may not meet the approval of the Senate. If it does not, the Senate can reject it, or, if amendments are found to be necessary, the bill can be amended; but at least I say that, in a matter which is of the vital importance that this is to the national defense of the country, the Senate ought to have an opportunity to act upon the bill, and Congress, which is charged with providing and maintaining a Navy, and which is alone so charged, should have an opportunity to decide whether or not it is going to allow the Navy to go on the rocks.

Now, Mr. President, I ask for a vote on my motion that the Senate proceed to the consideration of Senate bill No. 51.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Maine to proceed to the consideration of the bill, the title of which will be stated.

The LEGISLATIVE CLERK. A bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

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

The PRESIDENT pro tempore. The clerk will call the roll.

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

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

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

Mr. NORRIS. Mr. President, as I understand it, the motion now pending is to take up for consideration Senate bill 51, which provides that the President shall be authorized to proceed to build up the Navy in accordance with the treaties.

As I understood the Senator from Maine [Mr. HALE] during his address, he stated that there would be no intention, if the bill should be passed, of undertaking this work during the present year at least. If I am not right about that, I would like to be corrected.

Mr. HALE. Mr. President, the Senator is entirely right about it.

Mr. NORRIS. How soon does the Senator think we would proceed?

Mr. HALE. I concede that it would obviously be impossible to get any action from Congress that would provide for additional appropriations for the present year.

Mr. NORRIS. How soon does the Senator think we would proceed to act under the bill, if we should pass it now?

Mr. HALE. I think in next year's appropriation bill.

Mr. NORRIS. That would be at least a year from now?

Mr. HALE. Yes; it would be at least a year from now, and in the meantime, as I explained to the Senate, the Bureau of the Budget, in making its allocations of the funds of the Government the coming summer, would take into consideration the needs of the Navy, and provide for the use of a certain amount of the funds for naval construction.

Mr. NORRIS. In other words, the Budget could commence to take into consideration the fact that we would probably use some money for this purpose next year, and cut out some other appropriations even this year?

Mr. HALE. I do not know how they would do it.

Mr. NORRIS. I do not know how they would provide for this activity unless they did something of the kind.

Mr. BORAH. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. BORAH. Is it the intention of the Senator from Maine to urge any appropriations whatever for this purpose this year?

Mr. HALE. The Senator means in the coming appropriation bill? No; there is no such intention.

Mr. BORAH. For this fiscal year?

Mr. HALE. I have no such idea in mind whatever. I would like to see appropriations made, but I realize the impossibility of getting that done.

Mr. BORAH. Knowing the Senator's capacity for doing these things, I would like to know whether he intends to try or not.

Mr. HALE. No, Mr. President; I have stated that I do not.

Mr. NORRIS. That being true, Mr. President, and accepting the Senator's statement at 100 per cent, which, of course, I do, I see no necessity for passing this bill at this time. I see no necessity of taking up the time of the Senate in the discussion which would follow if this motion should prevail, and we should take the bill up. It would undoubtedly lead to a long and, perhaps, wearisome debate; and when we know in advance that even those who favor the legislation do not expect that the Government will undertake during the next year to have anything done under this bill, why not take up something of vital importance, some of the various bills now pending on the calendar, which we ought to pass, many of which everybody realizes will have to be passed before we adjourn? Everybody also realizes that we will probably be short of time before we carry out the program for the session. Why waste the time of the Congress now in debating a bill when we realize that even though it should be passed, nothing would be done under it for a year? Why not wait and bring the bill up when it is expected something will be done under it?

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

Mr. NORRIS. I yield.

Mr. HALE. Does the Senator think that if we do not take any action on the bill at this time, and the Budget therefore can not make any recommendations for next year, there will be any possibility of getting the matter in next year's appropriations?

Mr. NORRIS. My opinion about it would depend somewhat on whether present conditions continue as they are. It might be that I would be as much opposed to taking it up next year as I am now.

Mr. McKELLAR. Mr. President——

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

Mr. NORRIS. I yield.

Mr. McKELLAR. I have a different notion about it from that of the Senator from Nebraska; but I am wondering why we should take up this particular bill at this time, when a little more than three years from now we will be free to build the kind of a navy we want. As I understand, if we were to authorize this program, we would have to build the kind of a navy other nations, which may be our competitors at some future time, want us to build, but if we just wait two or three years—and we can very readily wait that long under present conditions—we can build a navy which our own defenders think is the proper kind of a navy.

Mr. HALE. Mr. President, will the Senator from Nebraska yield again?

Mr. NORRIS. I yield.

Mr. HALE. The Senator from Tennessee knows that in all probability the London treaty will be continued along from year to year.

Mr. McKELLAR. It may be, Mr. President, but I am going to use every effort in my power to prevent it continuing.

Mr. NORRIS. Mr. President, we are confronted now, as everybody knows, with a condition such as has never before confronted us. While we do not agree as to how we can properly economize and yet meet the expenses of the Government, everybody concedes that we ought to do everything we can, and we are trying to do everything we can. We must not only increase taxation to a point where it is going to be burdensome, is going to be a hardship, but we must likewise, on the other side of the ledger, cut the expenses of the Government where that will mean a burden. No one denies but that these burdens are going to be terrible within the next two or three years. Yet we are confronted with the proposition here of authorizing the enlargement of our Naval Establishment, which will go on for years, as the Senator has said, depending upon how rapidly we proceed with it, and may amount to $750,000,000 in a year, or probably more; we are asked to do this at a time when it is conceded that, as long as we are in this awful depression, we will be unable to do it.

The Senator does say—and I think to that extent he let the cat out of the bag—that if we will pass this bill now, the Budget will take into consideration next year, or even this year, in connection with anything they are budgeting, the fact that in a year or two we are to start out on this enormous enlargement of our Naval Establishment. So that if we pass the bill, it will, in some degree at least, affect the appropriations and the levying of taxes during the present session of the Congress.

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

Mr. NORRIS. I yield.

Mr. HALE. The Senator speaks about the enlargement of our Naval Establishment. There will be very little enlargement of the Naval Establishment under this bill. What we have to do is to keep up what we have, and that is what we are not doing. By not building new ships we are allowing our Navy to go absolutely on the rocks.

Mr. NORRIS. But we do not propose to even keep it up this year, according to the Senator's own statement.

Mr. HALE. I would like to keep it up this year, though I foresee that it will be impossible to do so; but at least we can appropriate in the future.

Mr. NORRIS. I think we all realize that there are lots of things we would like to do, and that we would not be justified in doing now. There are lots of bills we are going to vote for, in the way of levying taxes, in the way of cutting down appropriations for necessary activities of the Government, which we dislike to vote for, which under ordinary circumstances we would not vote for. And now, if we pass this bill, we will confront ourselves with an enlargement of national expenses along a line upon which there will be great disagreement. I am finding no fault with the Senator from Maine because he believes in enlarging the Navy, but I would rather feed people than build battleships. I do not believe under the circumstances that we ought to allow ourselves, however much we may think we ought to have more of them, to provide for them at the present time.

Mr. BORAH. Mr. President——

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

Mr. BORAH. May I ask the Senator from Maine a question?

Mr. NORRIS. I yield for that purpose.

Mr. BORAH. Assuming that the program should go forward as the Senator from Maine contemplates it should, but at the same time saying he does not intend to do anything this year, what is the real necessity for passing the bill at this time?

Mr. HALE. I have just shown it. Unless we pass the bill at this time, we will be in exactly the same position next year that we were in last year and are in now. Congress can not appropriate until the authorization has been made, and the Budget can not make any recommendation until the authorization has been made.

Mr. NORRIS. But suppose we push the calendar ahead a year; if the Senator had his bill up a year from to-day, would not that be time enough?

Mr. HALE. I have just shown, according to the figures I have given, that even if we go ahead next year and legislate and appropriate, by the end of 1936 we can not have more than one-third of the vessels in our Navy that are modern ships. Each year more ships are becoming overage.

Mr. NORRIS. The Senator said we are going to pass this bill and then take this problem into consideration in our appropriations and in the levying of taxes. We will have this in view, according to the Senator, and we will have it outlined. The Budget will be looking for it, according to the Senator.

Mr. HALE. Unless we do pass the bill, we will not be able to do anything another year. We will have the same situation a year from now that we had last year and that we have now.

Mr. NORRIS. I do not know that we will want to do anything in another year. I do not see how anybody can tell that now. I wish we could tell, but nobody knows what is going to happen to the present depression. It may be worse next year. We all hope it will be better.

Mr. HALE. Each year our Navy is getting weaker and weaker. While the navies of the other naval powers have been kept up, we alone have not built. We have done very little building since the Washington treaty.

Mr. NORRIS. The Senator may be right about it, but it is a two-sided question. There are people who do not agree with the Senator at all, but I do not want to discuss that now. I am just conceding for the sake of argument that the Senator is right. I know he believes very fervently in the wisdom of the course he is taking, but I have been acting, and I think other Senators have been acting, in the best of faith in relation to the economy program. We are confronted with conditions that puzzle us all. While we do not always agree as to what we should do, I go along with the others even though I think every step may be unwise, believing that in relying upon the judgment of a majority of the Senate for the purpose of practicing economy we can safely follow the lead even though we do not agree with all the things that are being done. But if we are going to embark in something of this kind, I confess I shall probably lose my interest in the economy program. If we are going to broaden out, as I believe this bill contemplates, there will be many people who will lose their interest in the economy program. It seems to me under the Senator's own statement we ought not to take up the bill.

I want to say just a word by way of conclusion about putting the bill on the legislative program. I do not want any one to get the idea that I am criticizing the so-called steering committee for putting it on the program. They do not follow their own judgment, or put on the program only those bills which they favor, but they try to meet what they believe to be the judgment of a majority of the Senate as to what we should consider. I want to help carry out that program. I feel no embarrassment whatever in opposing the Senator from Maine. This is a motion to take up the naval bill. The judgment of the Senate as to whether we ought to take up the bill can be well decided upon the roll call, which I hope will take place on this motion.

Mr. KING. Mr. President, I am opposed to the Senate considering at this time the bill offered by the Senator from Maine, which, in effect, commits the Federal Government to the construction of a large number of war vessels at a cost between $700,000,000 and $1,000,000,000; indeed, it is impossible to determine just what the final cost would be if appropriations were made measuring up to the authorizations contained in the bill. The bill on its face may seem to be innocent to many, but it is not a silken glove but a mailed hand. Back of the measure is the program of the Navy League and some militarists in the United States. The object is to commit the Government to an enormous naval program, while at the same time its representatives are at Geneva participating in a world conference, which seeks, if not world disarmament, at least material reductions in the heavy burdens of militarism resting upon the people. I invite the attention of the Senate to the text of the armament truce, recently entered into by more than 50 nations, one of which was the United States. As I am advised, President Hoover was one of the first to assent to the provisions of the truce, the text of which is as follows:

Convinced that the crisis which at the present time is creating such profound disturbance among the nations of the world is due to a number of economic and political causes originating principally in the lack of mutual confidence between the nations; and

Convinced that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe the assembly addresses a solemn appeal to all those who are desirous that practical effect should be given to the principles of peace and justice upon which the covenant is based and urges them to devote all their efforts toward creating a world opinion strong enough to enable the general disarmament conference to achieve positive results, including in particular a gradual reduction of armaments, to be continued until such time as the object laid down in article 8 of the covenant is attained.

In view of the fact that an undertaking on the part of all States not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and to prepare the ground for the success of the forthcoming conference.

The assembly requests the governments invited to the disarmament conference to prepare for this event by means of an armaments truce; and, accordingly,

Requests the council to urge the governments convened to the said conference to give proof of their earnest desire for the successful issue of the efforts to insure and organize peace, and without prejudging the decisions of the conference or the programs or proposals submitted to it by each government, to refrain from any measure involving an increase in their armaments.

Likewise requests the council to ask the governments to state before November 1, 1931, whether they are prepared for a period of one year as from that date to accept this truce in armaments.

Mr. President, this truce went into effect on November 16, 1931, and its life, unless extended, is for one year from that date. I can not understand how any nation giving its approval to the same could adopt any plan that would be equivalent to a renewal of competition in armaments. I particularly invite Senators attention to this sentence in the document just read:

* * * In view of the fact that an understanding on the part of all states not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and to prepare the ground for the success of the forthcoming conference. * * *

As I construe the language of the armaments truce, the bill now before us violates not only the spirit but also the letter of the same. It calls for an increase in armaments by authorizing a stupendous appropriation for the construction of naval war vessels. It is true, an authorization is not an appropriation; but, as Senators know, when a law is enacted authorizing an appropriation from the Federal Treasury, the Appropriations Committees of the House and Senate regard such authorization as almost equivalent to a command for such appropriation.

The assembly which prepared and agreed upon the armaments truce just read appreciated that if the disarmament conference "could meet in an atmosphere of confidence and good will" the prospects of failure would not be possible.

It was obvious to the assembly, as it must have been to all thoughtful persons, that if when the disarmament conference met, the great powers, as well as other nations, were actively engaged in constructing war vessels or were seeking large appropriations to embark upon naval building programs, there would be an atmosphere of distrust and fear that would make it difficult, if not impossible, to agree upon a disarmament program or any policy looking to the reduction of armies and navies and the costs of military organizations throughout the world. A convention of individuals armed to the teeth called to secure the abolition of arms would scarcely be in a position to plead for peace and to secure satisfactory results.

This language in the text just read is clear and unambiguous; the nations convened were asked to—

* * * give proof of their earnest desire for the successful issue of the efforts to insure and organize peace, to refrain from any measure involving an increase in their armaments.

Can it be said that the United States, having assented to this measure, can now in good faith say that the bill before us is consonant with the agreement entered into? Can this bill be construed as complying with the agreement "to refrain from any measure involving an increase in armaments"?

Obviously not.

Mr. HALE. Mr. President——

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

Mr. KING. I yield.

Mr. HALE. Is the Senator familiar with the attitude of the State Department in relation to the truce of armament?

Mr. KING. I may not be fully cognizant of the position of the State Department in regard to this truce, but, having read the truce agreement which was accepted by Mr. Hoover, I should be reluctant to believe that the State Department has attempted to repudiate the acceptance of our Government and to support a policy calculated to make the efforts of the disarmament conference abortive. I can not believe that the State Department would attempt to torpedo the disarmament conference.

Mr. HALE. I do not think we did accept it in the terms in which the Senator thinks we did. As a matter of fact, I think the Italian proposition was originally that no new

keels should be laid down for a period of one year commencing November 1, 1931. However, when the matter was put up to the representatives of the other governments they all put in reservations, and the final consensus of opinion was that replacement of ships in the Navy could be made at any time during the truce.

As I had some doubt in my mind about this matter, and as I wanted to be reassured that my bill would not interfere with the year's armament truce, I took the matter up with the Secretary of State. I do not want to take up the Senator's time, but I should like to place his reply before the Senate.

Mr. KING. I have no objection, but I ask the Senator categorically if he denies that Mr. Hoover accepted the truce as it was promulgated by the assembly and approved by the council?

Mr. HALE. Only on condition that the other countries would do the same thing.

Mr. KING. Does not the Senator know that the other countries assented to the truce as it was promulgated?

Mr. HALE. No, Mr. President; they assented to it with conditions. I will read the letter from the Secretary of State.

Mr. KING. I yield for that purpose.

Mr. HALE. The letter was written in reply to a letter from me asking about the effect of the truce:

JANUARY 9, 1932.

Hon. HENRY L. STIMSON,
Secretary of State, Washington, D. C.

DEAR MR. SECRETARY: In the hearing before the Naval Affairs Committee of the Senate on 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, in reply to a question put by me as to the limitations in building brought about by the so-called naval holiday, Admiral Pratt, in explaining a letter of the department acquiescing in the holiday, read to the committee an extract from a letter of yours to the Secretary of the Navy, dated October 28, 1931, as follows:

"In so far as can be seen, the proposed truce does not seriously affect the Navy. It permits the completion of ships building or contracted for; it permits replacement building, and it would seem by omission of any provision to the contrary that it permits authorization and appropriation for other vessels provided they are not begun before November 1, 1932."

Admiral Pratt explained to us that it was with this interpretation that the letter of acquiescence of the Navy Department was prepared and sent to you.

It is very important for the Congress to know just what can be done and what can not be done under the naval holiday. Will you please inform me whether your interpretation of the effect of the holiday, as given by you to the Navy Department, represents your views at the present time, and whether, in your opinion, the Congress may accept those views as the correct interpretation of the effects of the naval holiday?

I shall appreciate an early reply, as I want to put my letter to you and your reply thereto into the record of the hearings.

Very sincerely yours,

FREDERICK HALE,
Chairman Committee on Naval Affairs,
United States Senate.

DEPARTMENT OF STATE,
Washington, January 12, 1932.

Hon. FREDERICK HALE,
United States Senate.

DEAR SENATOR HALE: I have received your letter of January 9, 1932, and hasten to reply that the following quotation from my letter to the Secretary of the Navy, dated October 28, 1931, represented at the time and still represents my opinion of the effects of the year's armaments truce:

"It permits the completion of ships building or contracted for; it permits replacement building, and it would seem by omission of any provision to the contrary that it permits authorization and appropriation for other vessels provided they are not begun before November 1, 1932."

It was on this understanding that, with the acquiescence of the War and Navy Departments, I informed the secretary general of the League of Nations that this Government was prepared, for the period of one year beginning November 1, 1931, to accept the truce, provided that like action was taken by the other principal military and naval powers.

Then I have a further letter from the Secretary of State in which he says:

MY DEAR SENATOR HALE: During my telephone conversation this afternoon you asked me whether or not the terms of the year's armament truce, which entered into effect November 1, 1931, would, in my opinion, preclude the passage of bills during the forthcoming session of Congress authorizing the construction of naval vessels.

It is my understanding that any authorizations which do not involve the use of appropriations before November 1, 1932, would in no way contravene the purpose of the truce, in that such measures would not raise the level of existing armaments during its term.

Mr. President, Japan and France have already since the truce has been in operation laid down vessels which are replacements of existing vessels in their navies, and we are bound only as the other countries are bound.

Mr. KING. Mr. President, if the interpretation which the Senator is contending for and which he says was placed upon the language of the truce is followed, it makes the truce meaningless; indeed, such interpretation would be tantamount to an authorization for the agreeing nations to engage in new naval construction and to build up to certain levels. The truce would be destroyed by such an interpretation.

Mr. HALE. It is rather meaningless, so far as our Navy is concerned, and the Secretary of State himself says so. He states that, in so far as can be seen, the proposed truce does not seriously affect the Navy.

Mr. KING. I do not agree with the Senator at all. Let me read some of the language again.

Mr. HALE. The Secretary of State says that it affects us very little.

Mr. KING. I may not always accept the interpretation of legal or other documents submitted by the State Department.

Mr. HALE. Does the Senator——

Mr. KING. While I respect, of course, the views of the Secretary of State, he is not infallible and his interpretation may not appeal to me or to others. I do not agree with the Secretary's view that the armament truce does not—

* * * preclude the passage of bills during the forthcoming session of Congress authorizing the construction of naval vessels—

Nor with the statement—

It is my understanding that any authorizations which do not involve the use of appropriations before November 1, 1932, would in no way contravene the purpose of the truce—

And so forth.

If I understand the position of the Senator and the Secretary of State, it is that the armaments truce does not prevent Congress from enacting legislation authorizing construction of naval vessels; but that if in addition to authorizing their construction an appropriation of several million dollars were made for the purpose of beginning work upon the same, then such legislation would contravene the letter, if not the spirit, of the truce. I confess that I am unable to accept this view. If it would be a violation of the armaments truce for the United States to begin the construction of new naval vessels, then I insist that an authorization to construct them would likewise be in contravention of the truce.

Mr. President, I can not believe that the view expounded by the Senator is sound or will be accepted by the governments who participated with the United States in the truce agreement. I am somewhat surprised at the Senator's statement that the truce agreement is "rather meaningless so far as our Navy is concerned." If it is meaningless, why did it receive the approval of Mr. Hoover? If it was not intended to affect our Navy or the navies of other countries part to the truce, why did they enter into the truce agreement? Was it a delusion and a snare, a mere play upon words, an emotional appeal to nations without any intention that it should be observed or that it should be given any vitality? No wonder that some people entertain the view that nations make treaties and contracts only for the purpose of violating them.

Mr. President, I do not believe that nations are without honor and that this truce agreement was not intended to be effective or designed to prevent the construction of war vessels or the formulation of plans for the construction of war vessels during the life of the agreement. I repeat that if the agreement affects us not at all it was an act of folly and insincerity for our Government and other governments to assent to it.

Mr. HALE. Mr. President——

Mr. KING. Will the Senator permit me to proceed for a moment?

Mr. HALE. Yes; but I hope the Senator will let me call his attention to the Secretary's letter.

Mr. KING. I want to again call attention to some of the provisions of this agreement. It declares that there is a—

> crisis at hand which creates profound disturbances among the nations of the world largely resulting from a lack of mutual confidence between nations.

It then declares—

> Convinced that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe, the assembly addresses a solemn appeal to all those who are desirous that practical effect should be given to the principles of peace and justice.

And it then urges that nations and peoples devote their—

> Efforts toward creating a world opinion strong enough to enable the general disarmament conference to achieve positive results, including in particular a gradual reduction of armaments to be continued until such time as the object laid down in article 8 of the covenant is attained.

It is obvious that the object to be attained is world disarmament. The assembly has declared to the nations that they are to take part in a disarmament conference; that they are not to engage in "competitive armaments," but upon the contrary should do everything possible to bring the nations together in an atmosphere of good will in order that the disarmament conference might be successful. In the light of these clear and solemn declarations I can not comprehend how the Senator or any other person can find reasons to justify measures such as the one before us, or the execution of policies which would build new war vessels under the guise of replacing existing naval vessels. It seems to me that for our Government to commence now the construction of war vessels at a cost of millions of dollars, even though when built such vessels would take the place of existing war vessels, would not be in harmony with the truce agreement; and, as I interpret the words of the armament truce, legislative efforts to build our Navy up to the limits of the London conference would be in contravention of the terms of such truce. Certainly the psychological effect upon the disarmament conference and upon the peoples of the participating nations would be the same as if our Government boldly stated that it intended entering upon a building program outside of and beyond the provisions of the London treaty.

Senators will perceive that the armaments truce sought to secure agreement upon the part of nations which were to take part in the disarmament conference that they would adopt a program for the reduction of armaments which would continue until the goal of world disarmament was attained. Is it reasonable to suppose that the members of the assembly in preparing the truce understood that during the year when the truce was to be in force the nations participating in the disarmament conference might or would embark upon new naval construction either to take the place of existing naval craft or to fill an important place in some naval category?

I am inclined to believe that the truce agreement was not intended to interdict the completion of vessels which were under construction at the time the instrument was prepared, but I can not accept the view that it was intended that the truce should bear the construction that new vessels were authorized or that appropriations might be made for the building of new naval craft. The Senator's position, as I understand, is that the passage of the measure before us would not ipso facto increase our naval strength, and therefore it is not within the letter or spirit of the truce agreement. Conceding that view to be true—but I do not concede it—the psychological effect would be as serious as if a direct appropriation were made of a few million dollars to immediately begin construction of one or more war vessels.

The truce in effect is an undertaking upon the part of nations assenting to the same not to increase their armaments and not to engage in "competition in armaments," and also a promise to prepare the ground for the success of the "forthcoming disarmament conference."

Does not the bill before us contemplate increasing our naval armaments, and does it not provide for "competition in armaments"? The Senator admits that appropriations authorized by the bill would aggregate hundreds of millions of dollars and would be employed in the construction of a large number of war vessels. With such a measure enacted into law can it be said that we are in good faith observing an armaments truce for one year? It seems to me that the question answers itself and would convict us of being truce violators if we enacted the bill so earnestly supported by the Senator from Maine.

Who can doubt that when the representatives of 50 nations assemble in a disarmament conference for the purpose of limiting armaments with a view to ultimately securing world disarmament, that they would not be gravely concerned if information was brought to them that one of the participating nations had enacted a law authorizing an expenditure of hundreds of millions of dollars to build war vessels? The passage of this measure, in my opinion, would have unfavorable—indeed, unfortunate—reactions not only at the disarmament conference but in all parts of the world.

Mr. HALE rose.

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

Mr. KING. I yield.

Mr. HALE. We are not making a truce here in the Senate or defining the terms of a truce. The only obligation that this Government is under is that set forth in the letter written by the Secretary of State to the secretary general of the league, and the Secretary states definitely:

> It was on this understanding that, with the acquiescence of the War and Navy Departments, I informed the secretary general of the League of Nations that this Government was prepared, for the period of one year, beginning November 1, 1931, to accept the truce provided, that like action was taken by the other principal military and naval powers.

All the other principal naval powers have provided that the right to make replacements shall be allowed. The Senator does not think, does he, that we ought to deny ourselves the right when other countries have proceeded to exercise the right?

Mr. KING. I shall not now challenge the statement of the Senator as to what other nations are doing, although my information is that since the truce was entered into they have not undertaken new construction. It is quite likely, however, that they are carrying forward work upon vessels, the construction of which was commenced anterior to the date of the truce.

Mr. HALE. There is no question about what they are doing.

Mr. KING. Mr. President, my understanding is that those nations accepting the truce place upon it the interpretation for which I am contending. Some of them during the past few years have, within the terms of treaties by which they were bound, laid down keels for a number of war vessels, and when the truce was entered into they did not suspend work upon vessels in process of construction.

Mr. HALE. It has been specifically stated by all the principal naval powers that they reserved the right to replace their existing ships. There is nothing in the Senator's contention whatever.

Mr. KING. I am familiar with the terms of the London treaty and know that there was a reservation upon the part of certain naval powers that replacements might be made, but I repeat that since the truce was entered into my information is that its terms, as I interpret it, have not been violated and that whatever work is being carried forward in connection with naval construction is for the completion of vessels, the construction of which was begun months, if not years, before the truce was entered into. It may be that Japan and Great Britain have started replacement work, although my information does not support that view.

Mr. HALE. I did not refer to Great Britain. I said Japan and France. They have already gone ahead and started replacements.

Mr. McKELLAR. Mr. President——

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

Mr. McKELLAR. What I want to ask the Senator is this: If we do not build new ships, where in the world are we going to get ships to sink at the next naval conference? We have got to have some ships; we have got to impress the world. It will be remembered how we impressed the world by sinking 845,000 tons of our best ships in 1922; it will be remembered how we impressed the world by sinking nearly one-fourth of what we had left in 1928. We must build ships. Probably we do not need them for our defense; they are not the kind of ships that we ought to have for our defense; but we must have ships, so that when the next naval disarmament conference takes place we can sink them.

Mr. HALE. Mr. President, will the Senator from Utah let me read from the British note of acceptance of the truce?

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

Mr. KING. I yield.

Mr. HALE. The British note of acceptance of the truce, dated October 29, 1931, paragraph 2, reads:

> 2. While thus notifying their acceptance of the proposed truce His Majesty's Government desire to draw attention to the following passage which occurs in the report of the third committee of the twelfth assembly:
>
> "Certain delegations made a point of stating explicitly that they do not regard as incompatible with the principle thus laid down, which must remain predominant, such measures as the normal carrying out of legal enactments relating to effectives, the regular execution of programs for the upkeep and renewal of land, naval, and air material or fortifications and the constitution of the corresponding stocks."

In so many words they state that they have the right of renewal.

Mr. KING. The statement just read by the Senator is somewhat ambiguous, and without an opportunity to examine it I would not, of course, assert positively that in assenting to the truce the right was reserved to replace naval vessels. As the Senator hastily read it I was impressed with the thought that the intention was merely to make repairs upon existing naval vessels so that they might be maintained in an effective and satisfactory condition. I know that our Government is expending large sums in remodeling war vessels. At the last session of Congress, as I recall, $30,000,000 were appropriated for the purpose of making important changes upon three of our capital ships. I do not think the armaments truce would compel the United States to suspend the repairs which it is making upon these ships. So far as I am advised—and I repeat—since the truce was signed or assented to, the construction of new warships has not been commenced by nations parties to the truce.

If, however, there should be nations that are pushing forward the construction of new warships upon the theory that they are to take the place of vessels that are obsolete or obsolescent, I believe that the effect upon the disarmament conference will be most unfortunate. Moreover, in my view, if nations that were authorized under treaties to make replacements were to feverishly engage in the work of construction, it might influence nations participating in the conference and lead them to oppose a disarmament program approved by other nations participating in the conference if such a program called for a change in the type of ships then under construction.

The disarmament conference should have as few obstacles in its way as possible, and I submit that all nations participating in the conference should seek cooperation and an atmosphere of peace, and, so far as possible, determine to adopt a policy that would not encourage or continue competitive armaments. Why send our representatives to the Geneva conference to work for world peace and a reduction in armaments, if, while they are so engaged, we here in the United States declare our lack of faith in the conference and in effect contribute to an unsuccessful issue by announcing to the world that the United States proposes to go forward and build war vessels costing hundreds of millions and perhaps a billion of dollars between now and 1936?

The Secretary of State recently rushed to Geneva presumably to aid in accomplishing the objects for which the disarmament conference was called. One of the leading Members of this body has been in Geneva for a number of months, together with Mr. Gibson and other delegates from the United States, cooperating with delegates from other nations in attempting to formulate a program to relieve the world of the frightful burdens resulting from military policies and naval armaments. Is this bill before us calculated to impress the conference that we are sincere in protesting our devotion to world peace and world disarmament? Manifestly the reaction would be the reverse, and the delegates undoubtedly would be constrained to seek the reason for the action of this Government in driving forward a measure authorizing a sum so stupendous for naval construction. Is this measure a threat? Is it a bludgeon to compel the conference to adopt a policy looking to disarmament?

Recent statements attributed to some of our delegates would seem to indicate that they are not looking with favor upon the abolition of battleships or a reduction in their tonnage. But I shall not comment further upon these reports. I repeat, however, that, in my opinion, the passage of this measure will be construed by many throughout the world as an evidence of the militaristic spirit upon the part of this Government.

A number of years ago an effort was made to force through Congress the so-called 1915–16 naval bill calling for appropriations of from a billion to a billion and one-half dollars for the construction of the most powerful navy in the world. At that time I was a member of the Naval Affairs Committee and I opposed the bill, because I believed that it would impose unnecessary burdens upon the people of the United States and would arouse fears and apprehensions upon the part of other nations and lead them to believe that the United States contemplated a vigorous foreign policy tainted with imperialistic designs. Europe at that time was prostrate, having emerged from the fires of the World War. It seemed to me not only unwise but cruel for the United States to embark upon a naval policy that inevitably would arouse not only distrusts and ill will but perhaps the hatred of other nations. It was suggested by some who favored the bill that it would act as a club to force other nations to reduce their navies. Senators will recall that following the war Great Britain scrapped hundreds of her ships. The German Navy was destroyed. Japan also scrapped a considerable number of her warships. No nation was building war vessels. The world was hungry; poverty and distress existed in nearly every land. The people wanted peace, not war.

Mr. McKELLAR. Mr. President——

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

Mr. KING. I do.

Mr. McKELLAR. The Senator will recall that all of that was nullified a year or two afterward, when, just as soon as we got this great Navy built, we had the exquisite pleasure of sending it all to the bottom of the sea under a disarmament conference where the only nation to disarm was America.

Mr. KING. Mr. President, I am sure my friend will forgive me if I do not assent to his view. In my opinion President Harding and Secretary Hughes rendered a great service not only to our country but to all countries in bringing about the 1922 Limitation of Armaments Conference.

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

Mr. KING. I yield.

Mr. McKELLAR. Will the Senator be good enough to say what results were achieved by that conference? I should like to hear what they were. I do not know that I ever heard them succinctly given before. I should be glad if the Senator would remind us of what was achieved.

Mr. KING. The benefits derived from the conference were numerous and I shall not be able to recount them all at this

time. Moreover, a discussion of that conference is not quite germane to the matter under discussion. However, may I add that the moral effect throughout the world was of incalculable value. There are imponderables in life which it may not always be easy to ascertain or fully appraise. The fact is that the world emerging from the great war desired assurances that there would be, at least for many years, no repetition of the horrors of international conflicts. The world was ready for moral leadership and was willing to follow any great nation that evinced its interest in the welfare of the world and was anxious to aid in healing the wounds of war and bringing the world back into the paths of peace and industrial development. The conference of 1922 was an important step in this direction. It convinced nations that the United States did not desire to embark upon an imperialistic policy; that it was desirous of limiting the costs of naval armaments and of preventing further naval competition. It was an important event when the leading nations of the earth sat down together and worked out a cooperative plan to limit naval armament.

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

Mr. KING. I yield.

Mr. McKELLAR. If the United States Government had not sunk this billion dollars' worth of ships, if there were that many—and they were in that neighborhood, I suppose—does the Senator think we would now be called upon, as we are being called upon by the chairman of the Naval Affairs Committee, to build another billion dollars' worth of ships? It seems to me that if we had retained the brand-new ships that were built at that time, and had not sunk them without any consideration at all—because other nations did not sink theirs—we would not now be called on to spend another billion dollars to bolster up our Navy.

Mr. KING. Mr. President, I do not concede the premises of my friend. I do not admit that the United States "sunk" a billion dollars' worth of ships.

Mr. McKELLAR. It was 835,000 tons.

Mr. KING. If the Senator will pardon me, I do not agree with that view. For a moment let me refer to the 1915–16 naval act, which called for 16 capital ships, each of which was to cost approximately $50,000,000. In addition, there were auxiliary naval vessels, the cost of which amounted to a stupendous sum. I have no doubt that if that program had been carried out it would have cost the people of the United States between one and one-quarter and one and one-half billion dollars. When efforts were made to push this program through Congress it excited fears and apprehensions throughout the world. The peoples of other lands could not understand why the United States, professing as it did to desire peace and the triumph of democratic institutions throughout the world, should suddenly seek to construct a Navy not only more powerful than that of any nation in the world but perhaps equal in strength to the navies of the two other greatest naval powers. It was obvious that the United States was arousing not only fears but the enmities of the world. Nations that had gone through the horrors of war and were bound by the chains of debt felt compelled to take steps to meet what they believed to be a challenge upon the part of this Republic, the most powerful Nation in the world.

It is to the credit of President Harding and Secretary Hughes that they foresaw the danger to the peace of the world if our projected naval policy were carried into execution, and the Washington conference of 1922 was the result of their efforts. They deserve well of their countrymen and the peoples of the world for bringing about the Limitation of Armaments Conference.

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

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

Mr. KING. I yield.

Mr. FESS. I dislike to inject myself here; but since the question was asked a while ago whether any concrete advantage had followed the conference to which the Senator is referring, I wonder if I am wrong in my thought that we were then in the midst of a program that would have made us equal on the sea to the combined navies of Great Britain and Germany in capital ships. If we were in the midst of that program, then any conference that would lead to ending the rivalry on the sea I think was a very good result, and I think it may be stated that it did come about, and ended the rivalry that was then in process.

Then it seems that out of that decision we must have saved the taxpayer a considerable burden, and I also think we lessened the chances of war by the action we took. Some people will dispute that, but I rather think we did.

Then I am of opinion that the conference led also to what President Wilson very tardily agreed to in reference to Shantung. I recall that the President stated that the giving over to Japan of Shantung was a thing to which it was very difficult for him to yield. There was a rescission of that also. Then I think the establishment of the machinery for settling disputes that might arise on the sea was a step in the right direction.

So I think the Senator from Utah is correct when he says that concrete advantages came from that conference.

Mr. KING. I substantially agree with all that the Senator has stated. He has referred to the Shantung controversy, which, as the Senator recalls, was a very live issue in the Senate during discussion of the Versailles treaty. I am glad to say that Japan acted in an honorable way in withdrawing from Shantung and surrendering all control and authority over that important part of China.

Mr. President, the Washington conference, though it did not achieve all that many desired, was one of momentous importance. It relieved the world of much of the spirit of fear and the tension that existed in all lands. It brought assurance to nations and led them to hope, if they did not fully believe, that the day of militarism was over and that imperialistic ambitions would no longer dominate nations.

At any rate, it limited the competitive construction of capital ships, and thus relieved the peoples of most nations of enormous military burdens. It must not be forgotten that when efforts were being made to drive through the 1915–16 naval program Japan became alarmed.

Neither Great Britain nor Japan could understand why the United States—the most powerful Nation in the world, strategically invulnerable to attack—should, when the world was prostrate, enter upon a naval policy that would give her undisputed command of the seas. Japan thereupon, when she learned that the United States was to build 16 capital ships as well as auxiliary craft of all categories, laid down a program calling for 8 capital ships together with auxiliary craft. Great Britain, which since the war had not laid a single keel and had scrapped more than a million tons of her war vessels, became agitated and demands were made that she embark upon new naval construction. I repeat that the calling of the Washington conference was an event of supreme importance. Of course I regret that limitations were confined to capital ships. Many hoped that cruisers and submarines and other naval categories would be dealt with, but all admitted that the results of the conference were of the highest importance to all nations.

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

Mr. KING. I yield.

Mr. McKELLAR. I rather dislike to suggest it, but is it not true that after the two disarmament conferences in which we engaged, and after we had sunk the greater part of our Navy to the bottom of the seas, Japan entered upon exactly the program of which the Senator speaks, and has she not recently been overrunning a large portion of China, without regard to us and without regard to any other nation, because she had a navy able to take care of herself under any circumstances; and has she not become a second Germany, if the Senator wants to describe her that way, so far as militarism is concerned?

Mr. KING. Mr. President, I can not assent to some of the statements made by the Senator. As a result of the

Washington conference we did not sink the greater part of our Navy. As a matter of fact, as I have stated, we scrapped fewer vessels than Great Britain scrapped. It is true that we scrapped a part of capital ships in course of construction upon which had been expended very large sums. We had laid down the keels of a number of capital ships and upon some vessels we had expended 10 per cent of the limited cost and upon others a much larger per cent. My recollection is that our losses in dollars and cents were approximately $300,000,000, but it must be remembered that if we had completed all these vessels we would have burdened the American people to the extent of at least a billion and a quarter dollars. Many of them would have been obsolete or nearly so by this time. We would have expended a hundred million dollars in their maintenance and in an enlarged naval personnel. We would have been compelled to build larger docks, reconstruct many of our harbors to receive these leviathians of the deep, and expend tens of millions of dollars in the construction of shipyards.

Japan also scrapped a number of her war-vessels and, as I have indicated, abandoned her naval program, which in part consisted of eight capital ships. I am not in accord with the Senator that Japan entered upon a program of imperialism or that she has become a second Germany "so far as militarism is concerned." I do not care to comment at this time upon Japan's recent and present course in Manchuria and in China. I express the hope—as we all do—that peace will come to the Orient; that Japan and China will compose their differences; and that China, distracted and disturbed, may soon be in the enjoyment of peace and be free from internal and external dangers.

Mr. President, I am sure that the American people sincerely desire that the disarmament conference now in session at Geneva will bring important results to the world. The recent London conference was disappointing, but I hope that the Geneva conference will go far in relieving the world from naval armaments and will formulate a policy that will progressively reduce armaments until the world will no longer be an armed camp.

The world to-day is praying for peace, and everywhere there are protests against the heavy exactions for military preparations. This Nation, intrenched as it is and secure from attack, is in a position to lead the world. If it sets an example, the world will follow; but so long as we are expending from one to two hundred millions of dollars a year more for our Army and Navy than are expended by any other country in the world, there will be those who will question our sincerity and look upon us as not being free from unworthy ambitions.

I have before me an address recently made by Mr. Grandi, the representative of Italy at the Geneva conference, which indicates the willingness of Italy to abolish battleships and reduce her naval strength in harmony with the actions of other nations. Mr. MacDonald has said that Great Britain would join with other nations in reducing to the lowest limits naval armaments.

I recently read a statement to the effect that Great Britain has cut her appropriations for the navy for the next fiscal year, but we are asked to authorize hundreds of millions for new construction and also appropriate more than $300,000,000 for the ordinary expenses of the Navy for the next fiscal year.

While our representatives are at Geneva, I hope sincerely for the purpose of effecting a reduction in the armaments of the world, I think it would be a fatal mistake for the Congress of the United States to pass a bill declaring that we propose to avail ourselves of the limitations provided in the London treaty and construct new naval craft which will cost approximately a billion dollars.

Mr. President, it seems to me that if we do such a thing we will subject ourselves to the charge of insincerity and hypocrisy. I can not conceive of the reason for the attitude of my friend in his effort to drive through the Senate a bill committing us to the expenditure of that sum. Of course, he argues, and argues correctly, that when an authorization is made, then the Committee on Appropriations are in duty bound to make the appropriation. How often Senators rise and say, "This is only an authorization," but when interrogated they will admit that when obtained the Committee on Appropriations will feel constrained to report the appropriation authorized.

So, it seems to me, Mr. President, it is a sort of legerdemain performance when we say, "Oh, this does not mean much," and yet we know that when we pass the bill the department can go before the Appropriations Committee and that committee will be in duty bound to report an appropriation for the execution of the authorization.

I am opposed to taking up the bill at this time. It will be time enough to consider it when we learn the result of the Geneva conference. Suppose a spirit of world disarmament and of peace takes possession of the conference and a plan is agreed upon that changes the form of navies and naval craft and calls for reductions and modifications. We will meet again next December, and we can then make such appropriations as the exigencies of the case may call for. By refusing to pass the bill now we are, in the first place, giving notice to the world that we want the disarmament conference to be a success, that we are not hypocritical, that we are not trying to torpedo the conference.

If the conference is a failure and a spirit of militarism takes possession of the hearts of the world and nations enter upon large naval construction, we will then be at liberty to enact such measures as the situation calls for. By taking that course, as I said, we will contribute to the success of the conference and we will not postpone by one hour the realization of the hopes of the Senator from Maine which contemplate construction and not mere authorization. So, Mr. President, I shall vote against taking up the measure because I think it is inopportune, most unwise, and because the effect would be discouraging to our delegates and harmful to the success of the conference.

ANNIVERSARY OF WASHINGTON'S INAUGURATION

Mr. FESS. Mr. President, it had been my intention on last Saturday to say something with reference to the one hundred and forty-third anniversary of the inauguration of Washington, which was observed in New York in rather an unusual manner, as was the anniversary of the inauguration of the Constitution. One of the great celebrations of this year took place Saturday in the metropolitan city of the country.

In 1889, which was the one hundredth anniversary of the putting into effect of the Constitution, the New York Independent, which from the days of the Civil War and even before then, had been a very notable publication in the metropolis of the country, printed a very remarkable symposium on Washington, estimating 100 years after Washington had been inaugurated what he had contributed to the civilization of the world, and especially in the form of popular government here in the New World.

A year or so ago I asked the New York Times if it would do a similar service to the country this one hundred and forty-third anniversary that had been done by the New York Independent on the one-hundredth anniversary of the inauguration of the President. The Times did a very remarkable piece of work, but of a little different type. I sent to the Library of Congress for the number of the Independent issued on the one hundredth anniversary of the inauguration of Washington in order to get some of the opinions, a few of which I want to include in the RECORD to-day.

I shall only quote the opinions of British statesmen, which will be interesting, because the American Revolution apparently was against the British Government. Really it was not. Really it was against an obstinate British King. It will be recalled that of the 28 counts in the Declaration of Independence all but 2 began with the personal pronoun "he," referring to George III, and only 2 of those counts referred to Parliament, so that it was not a declaration against the British nation so much as against an obstinate British King. I want the people of the country to-day to have their minds refreshed by the opinions of British states-

men as expressed 100 years after Washington was inaugurated.

I am going to read a short statement from William E. Gladstone. This was on January 10, 1889.

All I can say is that I look upon Washington among great and good men as one peculiarly good and great; and that he has been to me for more than 40 years a light upon the path of life.

That statement was uttered by a man who spent 63 years in the Parliament of Great Britain and was four times Prime Minister of Great Britain and six times Chancellor of the Exchequer, a record that has never been equaled in British history.

Here is another:

Both the pleasant recollection of our past relations and a sense of gratitude I owe you for your generous sympathy for my country I experienced when 37 years ago I, a poor, wandering exile, pleaded its cause before the liberty-loving people of your great Republic, that stupendous incarnation of pure democratic principle which has the providential nation to guide the future ages of mankind on the road of infinite progress, make me most sincerely regret that my extreme old age (87 years), the infirmities naturally inherent to it, the more than a quarter of a century's disuse of writing anything for publication in English, and the habitude of reserve grown to a second nature by my absolute seclusion from all social intercourse, compel me respectfully to decline the honor which, overestimating my abilities, you are kind enough to proffer to me.

I am conscious that the poor remnant of forces still left to me would be utterly inadequate to satisfy you and condignly to answer the high dignity of the solemn occasion which prompted your request.

LOUIS KOSSUTH.

He was the refugee who came to America in 1852 out of Hungary. The only opinion outside of the British opinion that I want to read is from Louis Philippe. He said:

I admired him as a soldier and a statesman when, under the flag of the Union during the great crisis of the Civil War, I followed his footsteps mixed with those of Rochambeau around the ditches of Yorktown. I admire him still more now that I have seen how republican institutions are understood and practiced in France.

That is the French opinion. One of the not spectacular but vitalizing influences in the literary life of Great Britain as well as historical is Justin McCarthy, author of a History of Our Own Times and a member of Parliament from Ireland. The one thing that I remember most distinctly about Justin McCarthy was that as a reporter he reported some of the proceedings of the British Parliament, and, among others, referred to the experience of a reporter with the Duke of Wellington. The duke had been opposing some measure in which the Government was interested. The head of the Government rose and criticized the duke by saying that he regretted to say he did not think the duke had even read the bill, at least he did not seem to understand it. The duke's classic reply was, "I read it through once, I read it through twice, I read it through a third time, and if I do not understand it I must be a damned fool." That is the famous classical reply of the Duke of Wellington to a critic, and this incident is mentioned by Justin McCarthy. McCarthy, suffice it to say, puts Washington as one of the greatest names in history written in England. He said:

Washington's nature had a moral greatness, a poised and balanced perfection about it which can be found in no other figure, however heroic and grand, that lives in the history of war and politics.

There certainly is no higher estimate to be placed upon any figure than that of Justin McCarthy. I desire to confine myself entirely to the utterances of foreign statesmen, and mostly to British. One of the very best statements made is by Goldwin Smith, once a professor of history in Oxford and later a professor in Canada and a very notable author. Among other things he said:

Whether they will ever get back again by another road is the secret of the political future. But we most repeat that if the American Commonwealth as it exists or anything that resembles it in any other country is the ideal, and if Washington was really its founder, he builded much better than he knew.

I would not question the judgment of a great statesman, but I sometimes think that Washington was the one man that did have a comprehension of what the Nation might be. When other people in the convention ridiculed the idea that the Government might last 40 years, Washington was the man who indicated that it was to be perpetual. One of his outstanding statements in his Farewell Address was where he referred to this country in due time becoming a great Nation.

One other and only one other statement do I want to quote, and that is from the famous Edward A. Freeman, who was professor of modern history in Oxford University and a very fluent writer. One of his best books is entitled "Washington, the Expander of England," in which he indicated that our own Government is not engrafted upon the British system but represents principles of an Anglo-Saxon democracy developed to maturity in the New World unhindered by the customs that had fastened themselves upon the mother country, a magnificent statement of a great historian. I would like to put in the RECORD this statement from Edward A. Freeman. He said:

It was called "George Washington, the Expander of England." Later, again, when I was asked to write an article in a British periodical, I chose a subject suggested by some remarks of Mr. Lowell. I then, in treating of the growth of great men, picked two men out of the whole history of the English folk as most typical of one form of greatness. The two were Alfred, King of the West Saxons, and the first President of the United States.

Mr. President, in these hectic times, when we are discussing the subject of economic rehabilitation, the question of national defense, and so on, it is not inappropriate for us, on an anniversary occasion, at least, to take just a little time to recall to mind the opinions of Washington expressed by great men 100 years after he was inaugurated. I have read from utterances of men delivered in 1889, and this happens to be the one hundred and forty-third anniversary of Washington's inauguration, and 1932 also marks the two hundredth anniversary of his birth. New York having provided a very wonderful celebration on Saturday commemorating the event of his inauguration, I thought it would not be out of place for me to say something on this occasion.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. FESS. I yield.

Mr. BORAH. When the question of the celebration of the bicentennial of Washington was before the Senate some time ago I suggested to the Senator from Ohio the advisability of preparing a small, cheap edition of Washington's selected works for the purpose of distributing it generally throughout the United States. Has anything been done in regard to that suggestion?

Mr. FESS. The committee on program, which meets every second week, took the matter up immediately after the Senator from Idaho made the suggestion and authorized me to consult with Doctor Fitzpatrick, formerly connected with the Library of Congress, who probably is the best-informed scholar on Washington, and to ask him whether that could be done. He stated that it could be done, but that it would be a little difficult to select what should be inserted in such a work. He expressed a very happy willingness to do it if we should give him the authority. We talked the matter over but did not come to any conclusion whether or not we ought to authorize the work to be done, because it would entail considerable additional expense.

Mr. BORAH. How much additional expense would it entail?

Mr. FESS. Doctor Fitzpatrick did not object to doing the work, of course, but suggested it would involve considerable expense. I have no idea what the expense would be. We should have to get that information from the printer.

Mr. BORAH. I think what I suggested would be one of the most commendable ways in which to commemorate the life of Washington.

Mr. FESS. If the Senator from Idaho feels that we could get the authorization for the additional expense, we would give the authority to go ahead with the work.

Mr. BORAH. Of course, I should like to know, if we could get a reasonable estimate, what the additional expense would be.

Mr. FESS. I think I can get that information.

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

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. FESS. I yield.

Mr. SHIPSTEAD. I suggest to the Senator that while the commission is investigating the cost of compiling and printing a selected list of George Washington's writings or addresses, it inquire as to the probable cost of printing and sending to the schools of the United States, in a separate pamphlet, what I consider one of the greatest of American documents—President Washington's Farewell Address. I think that document ought to be in the hands of the pupils of the schools of the United States. Some years ago we appropriated money to send to the school children a copy of the Declaration of Independence, which, in my judgment, was a very fine thing to do. I think Washington's Farewell Address is on a par with the Declaration of Independence, and I wish the commission would investigate the probable cost of sending that document to the school children of the United States.

Mr. FESS. Does the Senator mean that it be sent to each school child or to each school?

Mr. SHIPSTEAD. I think that there should be a sufficient number of copies to enable one to be sent to each schoolroom.

Mr. FESS. Information as to the cost of doing that could be very easily obtained. The Farewell Address has been pretty generally printed, but it has never been attempted to distribute it in the way suggested by the Senator from Minnesota. I could obtain very easily, I think, the information as to how much it would cost to carry out the Senator's suggestion.

NAVAL BUILDING PROGRAM

The PRESIDING OFFICER. The question is on the motion submitted by the Senator from Maine [Mr. HALE] to proceed to the consideration 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.

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

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

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

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

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is on the motion submitted by the Senator from Maine.

POSTAL APPROPRIATIONS

Mr. McKELLAR. Mr. President, I am going to detain the Senate for just a moment to refer to a statement that was given out by the Senator from Nevada [Mr. ODDIE] on yesterday, and another statement which was given out by the Postmaster General, I believe, on Saturday.

I submit a copy of a statement that is signed by Senator TASKER L. ODDIE, chairman of the Subcommittee on Treasury and Post Office Appropriation Bill, and signed by him as such chairman. He gives out a statement furnishing a tabulation of how many post-office employees will be discharged if the 10 per cent reduction is made in the Post Office Department. The fact that Senator ODDIE is chairman of the Post Office Committee also gives the statement additional weight.

Mr. President, I want to say that it will be absolutely unnecessary to discharge a single employee in the Post Office Department if the 10 per cent rule is adopted. Substantially the entire 10 per cent reduction can be effected by reducing three items. Besides, there are numerous other economies which can be effected without injury to the service. I now speak of the three items.

If the subsidies for ocean mail be cut off and a reasonable amount only paid for the cost of transportation of such mail, there will be a saving of $35,000,000 in this one item alone. The proof in the record is overwhelming that 39 of the 44 contracts are absolutely void, and the Government is under no obligation to pay a dollar under them.

These companies do not need this legalized graft. There is no obligation to pay it on the part of the Government, because the contracts are void, and it will be a crying shame upon the American people to require these subsidies to be further paid.

In the next place, we are paying, in round numbers, $20,000,000 as subsidies to the air companies for carrying both day and night mail. Under the contracts—and whether they are valid or not I can not now say—the Postmaster General can do away with either day or night flying. If he does away with day flying, another saving of $10,000,000 can be had.

In addition to that, there is a provision in the revenue bill to increase the postal rates on magazines so as to make that function of the Post Office Department self-sustaining. This will enable a reduction of $25,000,000 more. It can be effected without difficulty on this appropriation bill.

So it is seen that these three items alone, all of them subsidies, can be stricken out, and a 10 per cent reduction secured. Of course, if the Senator from Nevada and Postmaster General Brown prefer to pay these illegal subsidies, and by preference want to discharge employees, that is a matter for them and for the Congress. The Congress will have to direct it to be done before the Postmaster General can discharge these employees. In my judgment, the Postmaster General is unfair in trying to create an impression that the 10 per cent reduction means a discharge of employees. It does not mean any such thing. I have no doubt in my own mind that the Postmaster General would prefer to discharge employees rather than to cut off the subsidies that he has established, although in my judgment 39 out of 44 of them are absolutely illegal. However, until the Congress directs him to do so, the Postmaster General has no power to discharge employees.

These are the facts; and I hope the newspapers will publish them, in order that the public may know the true facts.

I ask unanimous consent to have printed in the RECORD in this connection, as a part of my remarks, a copy of the letter of the Senator from Nevada [Mr. ODDIE] of date May 1, 1932, in which he attempts to show that some 58,000 postal employees will be discharged if this 10 per cent reduction is carried out. Of course there is not going to be any such discharge of employees.

Mr. COPELAND. Mr. President——

Mr. McKELLAR. There could not be if the reduction were all applied in that way; but there is no purpose to apply it in that way. It ought not to be applied in that way.

If the Senator will pardon me, I am going to stop here long enough to say that there is the United Fruit Co. drawing somewhere in the neighborhood of a million dollars a year in a subsidy from the Government for carrying an inconsequential amount of mail.

Mr. BORAH. Mr. President——

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

Mr. McKELLAR. Just one moment, and then I will yield to the Senators. That, it will be remembered, is the contract where the advertisement, without authority of law, specified that the ships must have refrigerator space in

order to carry the mails. What for? Because they need refrigerator space to carry the mails? Not at all; but because that particular company was slated for the contract, and the Post Office Department put the refrigerator-space provision in it so as to prevent any other company from securing the contract. The vice president of the company came before the Appropriations Committee. His name was Doswell; and, if I recollect the examination, it was something like this:

Mr. Doswell, your company has refrigerator space in its steamers?
Yes, sir; and we are the only company in the world that has refrigerator space.
Do you have to have this money in order to get along?
Oh, no, sir!
What is the value of your company, Mr. Doswell?
From $200,000,000 to $250,000,000.
Are you paying dividends as usual?
Yes, sir.
You have debts, I suppose?
Oh, no, sir!
You have a bonded indebtedness on your plant, I suppose.
Oh, no, sir! We owe no money. We are in fine shape.

And yet the Government is giving, by way of a subsidy, something like a million dollars a year to a company like that under this alleged contract! At a time when we have some eight millions of people out of employment in America, we are devoting the funds of the people to measures like that; and yet the Postmaster General and the chairman of the subcommittee having the bill in charge are saying that we can not effect the saving to which reference has been made without turning off employees!

I am opposed to turning off employees. I say this cut can be made, but it ought to be made out of the legalized graft which is now going on, for that is all it is.

I now yield to the Senator from New York; and I will yield to the Senator from Idaho in just a moment.

Mr. COPELAND. Mr. President, I understand, then, that the Senator who is pleading so ardently for a 10 per cent reduction desires to defend himself against the charge——

Mr. McKELLAR. The Senator is mistaken. I have no defense to make. I am standing here in my right as a Senator, telling the Senate what I believe is the right course of conduct. I am not on the defensive.

Mr. COPELAND. Will the Senator yield?

Mr. McKELLAR. I yield.

Mr. COPELAND. As I said, the Senator is defending himself——

Mr. McKELLAR. The Senator is mistaken about that, because I am not defending myself. If the Senator considers that I am, he has misinterpreted what I have had to say.

Mr. COPELAND. At any rate, rather than have any reduction of salaries the Senator would have the Government abrogate its solemn contracts?

Mr. McKELLAR. Mr. President, if the Senator had heard me, if he had listened to me for a moment, he would know that I say as a lawyer that 39 of these 44 contracts are absolutely void. They are not binding on the Government. They ought not to be carried out, or attempted to be carried out, by any official of the Government. I am not in favor of abrogating any solemn contract of the Government. I do not propose to have it done. It ought not to be done if a contract has been made; but 39 of these alleged contracts are void, as demonstrated by provisions of the advertisements under which these shipping companies got the contracts at the highest rates. Why? Because there was no competition. The matter was arranged so that there should not be competition, and I say they are not contracts. They are not only not solemn contracts but they are not contracts of any kind, and they are not binding on the American people or on the American Government. So far as I am concerned, I am perfectly willing to stand on that proposition.

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

Mr. McKELLAR. I yield.

Mr. COPELAND. I assume that lawyers are not unlike doctors. Doctors sometimes find themselves mistaken in their diagnoses.

Mr. McKELLAR. Oh, yes; and so do lawyers.

Mr. COPELAND. I have been advised by other lawyers, possibly not so well qualified to speak, that these contracts are perfectly legal.

Mr. McKELLAR. I take it that some of the lawyers who have advised the Senator have more knowledge about shipping contracts than I have.

Mr. COPELAND. I think, however, that the Senator leaves a very wrong impression. I hold no brief for the United Fruit Co. It so happens that it is not a New York corporation; but we passed here the Jones-White Act to upbuild the American merchant marine. Before the Post Office Department makes a contract with any one of these concerns, it has the concern sign on the dotted line an agreement that it will invest its money in the upbuilding of the American merchant marine by building new ships. That is a part of the consideration.

Mr. McKELLAR. Mr. President, I am sure the Senator does not want to make a speech in my time. I shall be through in a moment, and then I will yield the floor to him and let him make his speech; but he talks about building up the American merchant marine. Take this very concern, the United Fruit Co. It flies more foreign flags than American flags. The majority of its ships fly foreign flags and run in competition with American ships; and yet we are subsidizing that company.

I call the Senator's attention to a concern in his own State, the International Mercantile Marine. It is drawing subsidies, under a purchase it has recently made, from the American Government; and yet it is under a contract—"a solemn contract," to use words of the Senator from New York—in the event of war to turn over its ships to the British Government. Yet we are paying that company a subsidy.

A number of these companies not only have illegal contracts but they have ships flying foreign flags; yet we are paying them these subsidies, and the Postmaster General is trying to defend the situation by saying that if this 10 per cent reduction becomes law, he will have to discharge employees. There is no use in discharging them at all.

Mr. President, at this point I desire to submit as a part of my remarks a statement of payments made under ocean mail contracts, which I ask every Senator here to read tomorrow morning. It is not long. It unfolds a tale that every Senator ought to know before this bill is finally passed on. The normal transportation, the value of mail carried, and the amount that was paid are stated here. I will read just one or two of them to show the Senate the sort of situation we have confronting us.

Since I mentioned the United Fruit Co., I believe I will refer to that company first.

We made a contract with the United Fruit Co., No. 39, on July 30, 1930. We are paying that company $392,860 for carrying $3,000 worth of mail—$3,248 worth of mail, to be exact. If that mail were carried for any other customer in the world that would be the amount to be paid under the international rates. The result of it is that under this particular contract the United Fruit Co. earns $3,248. It receives $392,860, or a bounty or subsidy of $389,612 a year on that one contract; and the purported contract runs for 10 years.

Mr. BORAH. Mr. President——

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

Mr. McKELLAR. I yield to the Senator.

Mr. BORAH. The word "subsidy" has a very ugly meaning to me; but I am not sure that this is a subsidy.

Mr. McKELLAR. If the Senator will examine the contract, I am sure his legal mind will bring him to that view.

Mr. BORAH. I was going to ask the Senator to explain just what he means when he says "a subsidy."

Mr. McKELLAR. I mean this: In the year 1928 an act was passed by Congress authorizing the Postmaster General to enter into contracts upon open competition, and agreeing to pay certain amounts for mails carried on that route,

whether the ships carried any mail or not. One contractor said that only a hatful of mail was carried on his route, and yet he was getting several hundred thousand dollars a year for carrying that hatful of mail.

I say that it is an absolute subsidy. It was intended as such, evidently, although the word "subsidy" is not in the act.

The United Fruit Co. received $247,600 a year for another line. The third one we have not been able to get the facts about. I do not know that they have been put into the RECORD.

The Tampa Interocean New Orleans and Spain route carried $20 worth of mail last year, according to the rates of the international agreement for the carrying of mail, the Postal Union rates. By the way, I think we are still a member of that union, although we do not use the rates any longer. The line to which I refer carried $20 worth of mail last year; but how much do Senators suppose they were paid for that out of the Federal Treasury? They were paid $438,775.

Mr. BORAH. Was that on a competitive bid?

Mr. McKELLAR. No; practically every bid was arranged so that only one contractor could bid on it.

Mr. BORAH. Arranged among those who were going to bid?

Mr. McKELLAR. Arranged among those who were going to bid.

Mr. BORAH. The Postmaster General did not have anything to do with that?

Mr. McKELLAR. I do not know. I will give the Senator the facts, and he can draw his own conclusions. I shall refer to the testimony taken before the Committee on Appropriations. There are other members of the committee in the Chamber at the present time; and if I make a mistake, I hope they will correct me.

The United Fruit Co., for instance, answered three advertisements for three routes, and the advertisements contained a clause to the effect that no bid would be accepted unless the contractor had refrigerator space. Mr. Doswell, the vice president of the company, came before the committee. He was asked, "Mr. Doswell, do you carry mails on those three routes in refrigeration, within the refrigerator space?"

"Oh, no."

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

Mr. McKELLAR. In one moment.

"You do not carry refrigerator space?"

He said, "Senator, we are the only company on the seas that has refrigerator space." They were the only company on the seas, and they bid the highest price on those three contracts. There was no other bidder, and they got the contract.

Mr. BORAH. Mr. President, it is the contention of the Senator, then, that these contracts are void by reason of the fraudulent manner in which they were taken and that that fraud consisted of a combination upon the part of the bidders not to bid against each other?

Mr. McKELLAR. That, and the advertisement itself. There is nothing in the law requiring refrigerator space. But when the advertisement says that no bid will be received unless the contractor can furnish refrigerator space, and it is limited to one company, it goes without saying that that is the only bidder there could be. There was no competition, there were no competitive bids, as required by the law, and therefore the contract is void.

Mr. BORAH. These bids were all taken under authority granted by Congress?

Mr. McKELLAR. Yes; but they did not follow the grant of authority. Congress did not confine it to any particular company, but Congress required competitive bidding. The department shut out the competitive bidding. That is the whole story, and it is so with 39 out of the 45 contracts; and I say that before we tax the American people further it is high time we were looking into this matter and cutting out this legalized graft to these companies which do not need it. If we are going to give doles to anybody, for Heaven's sake let us give them to people who need them and not to great corporations which are worth from two hundred to two hundred and fifty million dollars, as one of these testified.

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

Mr. McKELLAR. I yield.

Mr. BLAINE. What relation does refrigeration have to carrying the mails?

Mr. McKELLAR. According to Mr. Doswell, it has nothing in the world to do with it, except that the company of which he was vice president was the only company that had refrigeration, and they wanted his company to have this contract without competitive bids.

Mr. BLAINE. Will the Senator yield for another question?

Mr. McKELLAR. Yes; I yield.

Mr. BLAINE. Was it the design of the Post Office Department to permit the carrying of perishables by mail?

Mr. McKELLAR. It was not so stated by the Postmaster General.

Mr. BLAINE. If the refrigeration has nothing to do with the carrying of the mails, would not that circumstance of itself point to constructive collusion on the part of the public officials and the company?

Mr. McKELLAR. I think that is a very proper way to put it, constructive collusion between the Post Office Department and the company.

Mr. BORAH. Mr. President, is it true that refrigeration has nothing to do with the carrying of the mails?

Mr. McKELLAR. I assume it for this reason, that there were 36 other contracts, in many instances the ships going into the Torrid Zone of the world, but there was nothing said about refrigeration when those other contracts were made.

Mr. COPELAND. Mr. President, the Senator voted for the bill under which those contracts were made, did he not?

Mr. McKELLAR. I voted for it because it was said that it was not a subsidy bill. I had a campaign on, and when I came back I found out it was a subsidy bill, and I voted against the conference report. I am always glad to give the facts just as I find them. It was argued here on this floor, it was argued in the other House that it was not a subsidy act, but when I began to look into it and found that it was, I certainly voted against the conference report, the form in which the bill became a law.

Mr. COPELAND. If the Senator desires to give all the facts, why does he not tell us why the Post Office Department wanted refrigeration space on those boats?

Mr. McKELLAR. If they furnished the reason, I do not recall it. This is the fact about it. There were 44 contracts in all. All three let to the United Fruit Co. required refrigeration space, and those were the only ones which did make such a requirement, as I recall; and I would be glad to have some Senator correct me if I am wrong. I think the first contract that was let was so arranged that the only company on the seas that could bid was the company that was carrying the mails for the Government on that particular route.

Mr. COPELAND. Mr. President, will the Senator let me complete my question?

Mr. McKELLAR. Certainly; I do not mean to shut the Senator off.

Mr. COPELAND. Is it not a fact that in upbuilding the American merchant marine, in order that these boats may be auxiliaries to the Navy in time of war, it is important that there should be refrigeration space on some of them so that if we were going into the Tropics we could carry perishables without destruction?

Mr. McKELLAR. I think that is a mighty far-fetched suggestion, but if it meets the approval of the Senator from New York, I have no quarrel with him.

Mr. COPELAND. It meets my approval.

Mr. McKELLAR. It does not meet mine.

Mr. COPELAND. It meets my full approval, and it met with that of the Senator, because we discussed that at the time.

Mr. McKELLAR. The Senator is mistaken about that.

Mr. COPELAND. These vessels were intended to be built in such a way that in the eventuality of war we would have a way of carrying our troops and our supplies, our butter and eggs and milk, and all of the other perishables, to every part of the earth; and therefore the Postmaster General very properly stipulated that some of these vessels should have refrigeration space, or that they might not have the benefits of the Jones-White Act.

Mr. McKELLAR. I next turn, just for the sake of calling the Senate's attention sharply to the situation, to the contract of the South Atlantic Steamship Co., Savannah to Bremen, January 5, 1929. They carried in a year $75 worth of mail. In other words, the cost of transportation, according to the rates of the International Postal Union, was $75. By the way, although this company's route is in a pretty warm climate, there was a reason why it was not necessary to put refrigeration on those boats. This company could not have gotten it if they had. How much do Senators suppose this company received from the American Government? It received $917,169 a year, and they have a contract, so called, for 10 years.

If I recall the fact aright—and I think I do—one concern bought vessels from the Government that cost our Government $16,000,000, and paid the Government for them about a million dollars, and they are getting more than a million dollars in subsidies for running those very ships.

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

Mr. McKELLAR. I yield. I am glad to tell the Senate anything I know about the matter. By the way, I really and earnestly request Senators who are members of the committee, and who heard the testimony, to correct me if I misstate the testimony in the slightest degree.

Mr. COPELAND. Let me, then——

Mr. McKELLAR. Just one moment. I have yielded to the Senator from Wisconsin. When he has concluded, I will yield to the Senator from New York.

Mr. BLAINE. I am interested in this matter of refrigeration on these boats. As I understood the Senator from New York, there was an inducement for building boats for use during war, so that we might have refrigeration on those boats.

Mr. McKELLAR. That was the Senator's suggestion.

Mr. BLAINE. For carrying butter and eggs and strawberries, and things like that, for the soldiers.

Mr. McKELLAR. Yes.

Mr. BLAINE. I can not see the relationship of that to the carrying of the mails at the present time.

Mr. McKELLAR. I can not. Perhaps some Senators can. The Senator from New York, for instance, says he can, and I yield him that power and privilege, but I just can not see the connection. I asked the vice president of the company what it had to do with it, and he did not know.

Mr. BLAINE. Yet I understand these boats, which are equipped with refrigeration, are boats particularly constructed for tropical waters?

Mr. McKELLAR. Yes.

Mr. BLAINE. I did not know that there was any anticipation that we were going to have war with any of our southern neighbors.

Mr. McKELLAR. I am not on the inside, and can not tell the Senator about that.

Mr. BLAINE. I am interested to get the facts with respect to the necessity for refrigeration on these boats, when we do not put the letters transmitted by mail in an ice box.

Mr. McKELLAR. I asked the officials if they put the letters in an ice box, and they said no, they did not put the mails in the refrigeration space. That is an admission, though I am not sure the Postmaster General agreed to it. But I know Mr. Doswell, the vice president of the United Fruit Co. lines, said, at any event, that they did not carry the mails in the refrigeration space.

Mr. BLAINE. Just one other question.

Mr. McKELLAR. Very well.

Mr. BLAINE. Was there any showing before the committee as to why it was necessary to have refrigeration on these boats in order to carry mails?

Mr. McKELLAR. I do not recall any. The Senator from New York [Mr. COPELAND] says I am mistaken, and I will be glad to be corrected; but I do not recall it. I was doing the examining of Mr. Doswell.

Mr. BORAH. Mr. President, was this subject investigated by the committee?

Mr. McKELLAR. Very vigorously and very actively; and I wish Senators would take the time to examine the report of the hearings before the Committee on Appropriations. I think the testimony will be a revelation, such a revelation to the Senate that it will not be seriously contended that these alleged contracts should be further disregarded.

Mr. BORAH. Did the committee make any report?

Mr. McKELLAR. It has not made a report yet. The matter comes before us now in this way: The Postmaster General and the chairman of the subcommittee and the chairman of the Committee on Post Offices and Post Roads, my good friend the Senator from Nevada [Mr. ODDIE], are trying to make it appear that if reductions of 10 per cent are made in the Post Office appropriation bill, the cuts will have to be made in the salaries of the employees.

I have merely shown the Senate that this legalized graft ought to be cut out first, and that there is ample room for reduction if that is done. There will be $35,000,000 saved in the contracts—$10,000,000 saved in the air contracts, $25,000,000 more saved in magazine transportation. Does the Senate know that out of each 7 cents that it costs to transport a magazine in the United States the Government bears 5 cents of it? It costs the American Government $25,000,000 a year to carry the magazines through the mails, over and above what we receive for that service.

Mr. FLETCHER. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. FLETCHER. I think in all fairness it ought to be stated, and the Senator will recognize the fact, I think, that in the making of these mail contracts the purpose is to build up the American merchant marine so far as we can. The purpose is to enable the ships and the shipping companies which have the mail contracts to continue. In the first place, the contracts afford a means of getting rid of the ships that are costing the Government enormous sums to operate. The Shipping Board wants to sell the ships. A prospective purchaser of the ships has to figure on the foreign mail contracts. Those contracts enable him to compete with foreign vessels in the operation of the ships. When he gets a foreign mail contract, he is able to bid for ships now owned by the Shipping Board.

Not only that but the Shipping Board requires that the purchaser who acquires the ships from the Shipping Board shall enter into an agreement to replace those ships so that when the ships he purchases are worn out or become obsolete we will have new ships or comparatively new ships to take their place, and in that way perpetuate and maintain an American merchant marine.

That is one point. Another point is——

Mr. McKELLAR. Just before the Senator leaves that point let me interrupt him.

Yes; but how is the money supplied? Does the shipowner pay for building the new ships and replacing the old ones? Not at all. There is a revolving fund set up by the Congress amounting to some three or four hundred million dollars, placed in the hands of the Shipping Board to be loaned to the very shipping people who have received the contracts. The Government puts up three-fourths of the money.

One of the shipping companies not long ago said they wanted to build four ships which would cost $7,000,000, or $28,000,000 in all. The Government had to put up $21,000,000 of the $28,000,000. Does any Senator know what they included in that $28,000,000? They included a hotel at one of the ports in a foreign country. They included all the kitchen utensils. They included all the table linen. They included all the furnishings.

Mr. NORRIS. At what rate of interest?

Mr. McKELLAR. The Senator from Nebraska asks the rate of interest. I am happy to tell him that some of them got the money at a rate as low as one-fourth of 1 per cent; some of them at three-eighths of 1 per cent; some of them at one-half of 1 per cent; some of them at five-eighths of 1 per cent; some of them at three-fourths of 1 per cent; some of them at seven-eighths of 1 per cent; some of them at 1 per cent; and some unfortunate ones had to pay as much as 1½ per cent.

Mr. NORRIS. Terrible!

Mr. McKELLAR. Yes; horrible! Think of a shipping company enjoying all these bounties and subsidies at the hands of the Government when we give them our ships—because they have not paid for any of them—and then we give them subsidies for operating them in an amount running into the millions of dollars. The bill carries $25,000,000 to aid the shipowners in the form of subsidies for operating the ships and the Government is furnishing the ships, and then the Government puts up three-fourths of the cost of new ships that are built, still paying them this subsidy. Senators, if we continue this system we will eventually have no Government. It is a perfect outrage. Think of it. We charge the farmers something like 5 per cent.

Mr. BORAH. Eight per cent.

Mr. McKELLAR. Eight per cent is what we charge the farmers on what they borrow, but a shipowner comes along and borrows at one-fourth of 1 per cent and one-half of 1 per cent and three-fourths of 1 per cent. I say the Congress ought to take steps to remedy this situation, and ought to take steps promptly. Talk about not being able to cut down this department 10 per cent under circumstances such as we have confronting us to-day! The only mistake we made was in not cutting more. It is an outrage upon the American people who have to pay the costs.

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

Mr. McKELLAR. Let me yield farther to the Senator from Florida, who had not concluded his statement, I believe.

Mr. BORAH. Mr. President, may I ask a question before the Senator proceeds? Before what committee is the investigation pending?

Mr. McKELLAR. The only way it happened to come before the Senate at all was through the matter being brought up in the Appropriations Committee of the Senate. We are called upon to appropriate for these subsidies at this time something like $39,000,000. I am raising the question about that item. I say there are 39 out of the 44 contracts which are absolutely void.

I now yield farther to the Senator from Florida.

Mr. FLETCHER. I am very glad to have the committee go into the separate contracts. It may be that some of them should be very carefully looked into. There may be something irregular about them. But I am not dealing with the separate contracts. That is a matter to be gone into very carefully by the appropriate committee. I am speaking generally about the policy which the Congress adopted. It was for the purpose of enabling the Shipping Board to get rid of the ships that were costing the Government an enormous amount of money.

As to the loan fund, Congress did enact that law and did make the mistake of specifying in the act that the money would be loaned to the shipbuilders, provided they built in American yards and built according to plans and specifications laid down for them, having in view the national defense, having in view the needs of our commerce, mail routes, and all that sort of thing. They built according to those plans and they got their money cheap. The law provided that they were to have the money at the same rate the Government was paying, and that is how these extraordinarily low rates came into the contracts. They found at the time that the Government was paying these low rates on its money, and the contracts were made upon that basis. The Senator from Michigan [Mr. VANDENBERG] subsequently introduced a bill which changed that and made the minimum rate 3 per cent, and that is the law now. But it required an act of Congress to do that. We had overlooked the matter entirely.

Mr. McKELLAR. Will my good friend from Florida allow me to continue my speech long enough to pay a compliment where I think it is due? Nobody knew anything in the world about these companies getting this money at these remarkably low rates of interest. It was like a sealed book even to the Government itself, apparently. It was due to the sagacity and the earnest efforts of my distinguished friend the junior Senator from Michigan [Mr. VANDENBERG] that the matter was brought to light. When it was brought to light he introduced a proper measure to correct it, and it has been corrected. We are not lending money at those rates now, but we had been doing it for years.

Mr. WHITE. Mr. President——

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

Mr. McKELLAR. I am glad to yield.

Mr. WHITE. May I interject at that point that after the Senator from Michigan called attention to the rates of loans and after a bill fixing legally the rate of interest at 3½ per cent was brought before the Senate, the bill remained on the calendar of the Senate nearly 10 months without action.

Let me call attention to another thing in connection with these loans. Something has been said about loans to shipbuilders and about loans to farmers. I want to tell the Members of the Senate that under the construction-loan fund there have been but 12 loans made, bearing a rate of interest of less than 2½ per cent, and that the total of those loans amounts to about $29,000,000. The effective rate of interest on all loans made as of April of this year to shipbuilding companies from the time the construction-loan provision of the law was enacted in 1920 has been 4¼ per cent.

A year or more after the construction-loan provision was amended in the merchant marine act of 1928 there was passed through the Congress the agricultural marketing act, so called, authorizing in almost identical language of the construction-loan fund of the 1928 act loans to farmers' cooperatives in the country. As against the $29,000,000 loaned to shipbuilding companies at less than 2½ per cent, what is the history under the agricultural marketing act? There has been loaned under that act a total of almost $929,000,000. The average rate of interest has been 1.7 per cent as against an average rate of interest to the shipbuilders of 4.25 per cent. The rate of yield under that marketing act has been as low as one-eighth of 1 per cent.

When Senators are talking about these loans, let us tell the whole story of loans. If the loans to the shipbuilding companies are invalid because of that rate of interest, let us go down the line; let us invalidate the loans to the farmers' cooperatives; let us act in a full appreciation of all the consequences involved.

Mr. McKELLAR. I quite agree with the Senator.

Something has been said about refrigeration. Here is the contract of the Mississippi Shipping Co. showing that it carried $62 worth of mail. When I say it was $62 worth of mail, I mean that the postage under the International Postal Union rates amounted to $62. How much do you suppose, Mr. President, they received for carrying that mail? They received $607,792.

Mr. LONG. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. LONG. Does the Senator want to have the business of Latin America brought to the United States or not?

Mr. McKELLAR. I hope we can get it.

Mr. LONG. Does the Senator know if it had not been for the Government subsidy the trade between Latin America and the United States never would have been developed? We never would have been able to get it if it had not been for that Government subsidy. It is a question as to whether we want the trade of Latin America or not.

Mr. McKELLAR. We are paying pretty dearly for it.

Mr. LONG. Furthermore, I can tell the Senator that the Mississippi Shipping Co. has not made anything out of its operations even with the Government subsidy.

Mr. McKELLAR. If the Government would turn over to me $970,000 a year for 10 years, I think I could get along pretty well.

Mr. LONG. The Senator could not operate those ships even with a Government subsidy of $970,000. He could not last a month in the business at that rate.

Mr. McKELLAR. I now go to my friend from Florida. The Tampa-Interocean-New Orleans-Spain route appears next here. How much mail was carried last year on that route? They carried enough mail to earn, under the International Postal Union rate, the enormous sum of $20. They actually earned that much money! They would have carried that mail for any other Government for $20. How much did this particular company get for carrying it? It got $438,775. That is pretty good business. These may be hard times for some people in this country, but they are certainly not hard times for the shipping interests which are enjoying subsidies and subventions from the Federal Government.

By the way, while they are not refrigerated ships—Mr. Doswell said that no one else except his company had any such ships—they go to hot countries, and when it is desired to carry chickens and eggs for our soldiers in the next war, I can not imagine why this line should not be selected for that purpose.

The American-West African Line runs from New Orleans to West Africa. I have never been to Africa, but I understand it is quite hot there. If we are going to have a war there, as the Senator from New York thinks we may have some time in the future, it does seem to me that we might need refrigeration on steamers in order to carry eggs and chickens and fresh fruits for our soldiers when we send them over there.

How much mail did the ships of this line carry? They carried more than the Florida line; they carried $30 worth of mail. How much did they get for it? Here is shown an injustice done to Louisiana; an invidious distinction made between Florida and Louisiana, which ought to be corrected. The American-West African Line for carrying $30 worth of mail received only $89,820, while the Tampa Interocean Line carried less mail—only $20 worth—and received $438,775. That is a discrimination.

Let me say to the Senator from Florida that Louisiana ought to be put on the same basis with Florida when it comes to these subventions, these gratuities, these hand-outs which the American Government is giving to these rich companies while 8,000,000 of our people are without employment. The Senator from New York said that I am here defending myself about something. I am not here defending myself about anything. A shipping company does not mean anything to me.

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

Mr. McKELLAR. I will yield in just a moment. I do, however, have the greatest consideration for the poor fellows who are walking the streets with nothing to do, whereas we are giving $35,000,000 to the great shipping companies, one of which, as I pointed out a while ago, boasted through its vice president that it was worth from two hundred million to two hundred and fifty million dollars, owed no debts, was paying dividends as usual, and had outstanding no bonds. Now I yield to the Senator from Wisconsin.

Mr. BLAINE. Mr. President, the Senator referred to the discrimination in the amount of the subsidy received as between the line from Florida and the line from Louisiana.

Mr. McKELLAR. Yes, sir.

Mr. BLAINE. May not that discrimination be explained in this way: That in the one case there was greater refrigeration space than in the other?

Mr. McKELLAR. Possibly that may explain it.

Now I want to call the attention of the Senator from California to a discrimination against his State. The O. & O. Navigation Co.—I think its name is the Oceanic & Oriental Navigation Co.—of San Francisco, running from San Francisco to Saigon, which is on the other side of the Pacific, in French Indo-China, carried $2,655 worth of mail—a tremendous amount of mail as compared with the mail carried by some of the other lines—and how much do Senators suppose they received for it? They received $300,210 for it. That is an outrageous discrimination against the line from California.

Mr. President, I have these figures before me, and they are all taken from official records. It will be remembered that the Senate in December adopted a resolution directing the Postmaster General to furnish these contracts to the Senate; they are here in printed form; and any Senator can see them and can verify what I have said about them; they are all here. In recapitulation let me say that the total payments under the contracts from the first voyages down to June 1, 1931, were $40,965,031; that the total transportation value of the mail under the International Postal Union rates was $3,667,614; and the amount of the subsidy, or the gratuity, was $37,297,417. I wish to say further that we find in this bill, if I remember aright, a recommended appropriation of $39,000,000 for this year for this service on these ships.

Mr. NORRIS. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. NORRIS. I should like to ask the Senator if this bill should be recommitted to the committee with instructions to report it back with a 10 per cent reduction in the aggregate, what assurance he can give the Senate that the reductions will come out of the shipping contracts rather than out of the employees who are working for the Post Office Department as hired men and hired women?

Mr. McKELLAR. As a matter of fact, the Senate has already sent the Post Office and Treasury bill back to the committee with instructions to cut the appropriations it contains 10 per cent. The committee held meetings for several days, and then the meetings were discontinued. I can not say why. The Senator from Nevada, who is chairman of the subcommittee, can tell us why. I can only say that the Postmaster General seemed to think, according to his testimony before the committee, that it would be necessary to discharge employees. I do not think so. I want to say to the Senator that I think the subsidies ought to be cut out.

Mr. NORRIS. Of course that is so; but the danger is, is it not, that instead of cutting out the subsidies, the saving will be made by discharging a large number of employees and letting the subsidies remain?

Mr. McKELLAR. Oh, no; that can not be done. The Postmaster General has no authority to discharge employees unless Congress directs him to do so. Congress has the power in the premises.

Mr. NORRIS. Yes; but the Post Office authorities have already said that that is what they will do, have they not?

Mr. McKELLAR. The Postmaster General has said that the reduction would necessitate the discharge of 36,000 employees. He does not want to cut off any of the subsidies, of course.

Mr. NORRIS. Of course not.

Mr. McKELLAR. His plan is to discharge the employees. He says it will require the discharge of 36,000. My good friend from Nevada, the chairman of the subcommittee [Mr. ODDIE], went him one better yesterday—and that is why I happen to be on the floor to-day—and said that the Postmaster General is mistaken about it, and that a 10 per cent reduction is going to mean the discharge of 58,000 employees.

Mr. GLASS. Mr. President——

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

Mr. McKELLAR. In just a moment. A 10 per cent reduction made along the line I am suggesting need have no

such result. That is the way it ought to be made, and there are plenty of other avenues for making reductions in the bill itself besides the three I have been talking about. There never was a better place to make reductions than in this appropriation bill; and yet we are confronted with the kind of a situation I have indicated. The Senator from Nebraska asks what I think about it. I still have a notion that the Senate of the United States is not going to cut off employees, but is going to make the reductions along the lines I have suggested.

Mr. NORRIS. I hope so, but what assurance would we have of that being done?

Mr. McKELLAR. Nothing in the world but a vote of this body.

Mr. NORRIS. Exactly; but the first vote is going to come in the committee; and suppose the committee reports the bill back in accordance with the recommendations of the Postmaster General?

Mr. McKELLAR. If it does, I hope the Senate will vote it down; and I will undertake to vote with the Senator from Nebraska and other Senators to vote it down if the bill shall be reported in accord with the recommendations of the Postmaster General. I do not think any such report ought to be made.

I want to say for the committee that it has acted with the utmost fairness in the case of the other bills which were recommitted with instructions to make the 10 per cent cut. Under that procedure we have had cuts made in bills affecting five departments. We have cut down the appropriations in the Interior Department bill and in the bill affecting the Departments of State, Justice, Commerce, and Labor. In bills affecting five departments the 10 per cent reduction has been made. It was fairly made, squarely made after examining every item, and I do not think any harm has been done at all. I hope to see the same thing done in the case of the Post Office and Treasury Departments bill. Why should we make distinctions between the Post Office and Treasury bill and the bills affecting the five departments I have mentioned? I do not think we ought to do it, and I do not think we will do it.

The Senator from Virginia asked to interrupt me a while ago, and I now yield to him.

Mr. GLASS. It was so long ago that I have almost forgotten the particular point. As I recall the incident, however, I wanted to respond to an inquiry made by the Senator from Nebraska.

Mr. McKELLAR. I will be happy to have the Senator do so.

Mr. GLASS. The Senator from Tennessee will recall that the Secretary of the Treasury was before the Appropriations Committee and in a qualified way he referred to the Senate's brutality in compelling him to dismiss 6,000 employees of the Treasury Department under the 10 per cent reduction. I challenged the Secretary of the Treasury to show one word or sentence in the resolution of the Senate that required him to discharge a single, solitary employee. What had been expected was that the Secretary of the Treasury and the Postmaster General would cooperate with the Committee on Appropriations in making reductions in these appropriations without the discharge of a single employee, and that could be done.

Mr. NORRIS. Mr. President, if the Senator from Tennessee will permit me——

Mr. McKELLAR. I will yield in just a moment. I want to say that the Senator from Virginia is absolutely right in his recollection of what transpired before the committee. We have not had any cooperation from any of the Cabinet officers; they have all opposed these reductions; they have all put their opposition on the ground that it affected employees, when it does not affect employees.

By the way, while I am on my feet and before I yield to the Senator from Nebraska, as I will with pleasure in just a moment, I want to say that the Secretary of the Treasury, as I recall, made one very valuable suggestion. It will be remembered that the Senate itself in sending the Treasury and Post Office bill back to the committee excepted the building program. It developed that the appropriation provided by this bill for buildings was $108,000,000. It also developed that up to April 1 of this year, under the greatest pressure, the department had spent only $60,000,000 for buildings, and it expected to spend some $25,000,000 more—I doubt if they will spend $20,000,000 more—during the last three months of the present fiscal year. However, suppose they do spend $25,000,000 more or what they expect to spend; that will amount to $85,000,000 expended this year under the greatest pressure. They have been able to spend but $85,000,000; and yet they are recommending that we appropriate out of money in the Treasury which we have not got $108,000,000, and the Senate——

Mr. LONG. Mr. President——

Mr. McKELLAR. Just a moment. And the Senate agreed to that and accepted it. I am inclined to think the Secretary of the Treasury is right and that we could easily save not less than $15,000,000, at any rate, and have an even greater building program carried on than has been carried on during the current year. I am inclined to think that the Senate made a mistake in excepting the building program. I do not believe the department can spend $108,000,000 if we give it to them; I doubt it. Mr. Mills took that position, and I for one am inclined to agree with him. So we may have an amendment about that before we get through. Now I yield to the Senator from Louisiana.

Mr. LONG. The Senator said something which perhaps he wanted me to notice, although I do not think it is very material.

Mr. McKELLAR. Perhaps not.

Mr. LONG. The point I want to make is this: If the American merchant marine can not be maintained except under these subsidies, the question is whether we should or should not maintain an American merchant marine. Is it not a fact that practically all the ships in the American merchant marine plying between the United States and South American and Central American ports are to-day flying the flags of foreign countries, with the sole exception of those having Shipping Board contracts and those operating the so-called subsidies, which the Senator is mentioning?

Mr. McKELLAR. The Senator is not correct about that. For instance, the Munson Line has more foreign-flag ships than American-flag ships, and it is drawing its portion of the subsidy. It came before our committee fighting an amendment put on by the House to the effect that a subsidy should not be granted to any company which had a foreign-flag ship running in competition with an American-flag ship. Do you know that that amendment is being fought? The fact that one of these companies is drawing a subsidy from our Treasury, and operating more foreign-flag ships than American-flag ships, does not seem to have made any difference. They are here fighting the provision. Their officials came before us fighting for the subsidy.

Mr. LONG. I do not think the Senator understood my question.

Mr. McKELLAR. I am sorry.

Mr. LONG. I am not speaking about the Munson Line having foreign-flag ships and domestic-flag ships; but the concern that the Senator mentioned, running from New Orleans, for instance, does not fly a foreign flag.

Mr. McKELLAR. The Mississippi Valley Co.—and, by the way, I think that was a very improvident contract, but the Senator was not in the Senate at the time—the Mississippi Valley Co. is one of the few shipping companies that apparently have good contracts. The Congress awarded that contract over the head of the department, and the result is that the company probably got a valid contract; but it is a very improvident contract, and one that never should have been made.

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

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

Mr. WHITE. The Senator's approval of appropriations for construction work leads me to interject that under the merchant marine act of 1928 there has already been contracted for the construction in American yards of ships which will cost more than $300,000,000. That sum will be paid out in American shipyards to American workingmen for building American ships—a substantial contribution to the cause which seemingly is near the Senator's heart.

Mr. McKELLAR. All that means is that the Government has contributed $225,000,000 of that amount.

Mr. WHITE. Oh, no!

Mr. McKELLAR. Oh, yes; because all these shipping concerns that want it get three-fourths of the money from the Government. All they have to do is to apply for it, apparently.

Mr. WHITE. They borrow it from the Government and are liable for its repayment.

Mr. McKELLAR. Of course they borrow it from the Government; and I have my doubts about whether it will ever be paid back.

Mr. WHITE. The Government takes back mortgages on the ships, and such additional security as the Government demands; and there have been no losses.

Mr. McKELLAR. The Senator is mistaken about it. There has been no additional security in the case of any of the contracts; and everybody knows that after a ship gets in the water it is not worth three-fourths of its building price.

Mr. BORAH. Mr. President——

Mr. McKELLAR. I yield to the Senator from Idaho. I want to apologize to the Senate for having taken so long. I intended merely to put these things in the RECORD in refutation of the statements given out by the Postmaster General and the chairman of the subcommittee having the bill in charge, as I thought. I believed them to be a refutation of their statements. I may be mistaken, and they may be right; but I thought they were wrong, and that is all I rose for. Various questions have brought on this argument, however; and I thought I would let the Senate know what I happened to know about the matter.

Mr. BORAH. Mr. President——

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

Mr. BORAH. I listened to the radio address of the able Senator from Nevada [Mr. ODDIE] about the effect of this 10 per cent cut with reference to discharging employees, and I must say I was impressed with the idea that we had made a mistake.

Mr. McKELLAR. Naturally so.

Mr. BORAH. I do not see how the 10 per cent can be taken off these subsidy contracts, because they are contracts.

Mr. McKELLAR. Oh, no; the so-called contracts are void.

Mr. BORAH. But somebody has to declare them void.

Mr. McKELLAR. We are going to invite the companies to go before the courts, of course, so that whatever rights they have can be adjudicated.

Mr. BORAH. Yes; I know; but can that be done in time to save the employees from being discharged?

Mr. McKELLAR. Why, we are not going to discharge employees if these contracts are taken away. What is the necessity of it? Here are $35,000,000 in subsidies paid to shipping companies. Here are $10,000,000 paid under contracts to the air mail companies. Here are $25,000,000 paid to the magazine owners for transporting their magazines through the mails. That is $70,000,000. That is 10 per cent of the $700,000,000 that it costs to run the Post Office Department.

Mr. BORAH. Are not all of those sums paid under contract?

Mr. McKELLAR. Oh, no; they are just paid in money. It may possibly take some clerk in the department a little time to attend to the matter. I imagine there would not be half a dozen employees engaged in turning over this money to the contractors.

Mr. BORAH. Do I understand that the payments that are promised are under such contracts that the Postmaster General could at his own discretion discontinue them?

Mr. McKELLAR. I am not sure but that he could do that. I know he could in the case of the air mail contracts, and I am inclined to believe he could in the case of the others. The Comptroller General is examining into the matter now; and if he were called on to testify I do not see how he could do otherwise, after examining the contracts, than to say that they are void, and that we ought not to pay out this money anyway. That would carry the matter to the courts, and the shipping companies would be obliged to go to the courts in the case of 39 out of the 44 contracts.

Mr. GLASS. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. GLASS. As a matter of fact, the Secretary of the Treasury, before the Appropriations Committee, unqualifiedly censured this body. He then proceeded to make suggestions that would enable the Treasury Department to make this 10 per cent cut without the discharge of a single employee.

I resent for myself, and I think the Senate should resent, the attempt to make it appear that this body brutally and arbitrarily imposed upon these two departments the duty of discharging in one instance 58,000 employees, and in the other instance 6,000 employees. I gather from what the Senator from Idaho said a moment ago that he had no such idea in voting for this 10 per cent reduction.

Mr. McKELLAR. Of course not.

Mr. GLASS. Certainly I had no such idea; and I do not believe a single, solitary Senator here was so unmindful of the situation as to propose to make a brutal discharge of this number of employees. It is not necessary.

Mr. BORAH. Mr. President——

Mr. McKELLAR. Before I yield further to the Senator from Idaho, which I shall be glad to do in just a moment, I want to make a statement about one of the most remarkable things that has happened to me in my public life, and I have been here quite a good long while.

The Secretary of the Treasury came before our committee Friday afternoon a week ago, and in the course of his remarks stated how he could assist in making this reduction. He said, "I have a way in which part of it can be made." Mind you, these two bills involved over a billion dollars. He said, "I will tell you how you can save $500,000 if you will just abolish one of the customs offices in Los Angeles," I believe, "one in Nevada, one in Nebraska, one in Louisiana, one in Florida, one or two in Texas." I do not think he sought to abolish any in Massachusetts, but he suggested abolishing one in Maryland, one in Virginia, one in South Carolina, one in Louisiana. I believe there was one in South Dakota, too. These collectors of customs in the various States cost the Government about $500,000.

I take it that the Secretary made that recommendation in good faith; and, strange to say, I never asked him a question about it. I have looked at the record since, to be absolutely sure whether I did or not. It is a wonder I did not.

Mr. GLASS. Mr. President, perhaps the Senator wanted to find out whether or not it was proposed to abolish any in Tennessee. [Laughter.]

Mr. McKELLAR. Oh, I failed to say that he did propose to abolish one in Tennessee; but even that did not bring a comment from me, as I find from the record.

That was in the afternoon. Either that night or perhaps before daylight the next morning somebody from Memphis called me up and said, "Look here. We have just been notified by the Treasury Department that you have introduced a bill to abolish the office of collector of customs in Memphis." Think of it!

Mr. BORAH. The Senator got caught. [Laughter.]

Mr. McKELLAR. I got caught. I did not make a recommendation about it. The Secretary of the Treasury made the recommendation, but the propaganda went out. They were building a fire under me. [Laughter.] That is what they thought. That was the purpose of it, of course. That was the purpose of giving out the statement that there are going to be 36,000 postal employees discharged. Why, just let me show you. Look at this—and, by the way, I again request that this matter be inserted in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, the data referred to by the Senator from Tennessee will be inserted in the RECORD at the end of his remarks.

(See Exhibits A and B.)

Mr. McKELLAR. Here is a statement made by the Postmaster General, given out over the radio by the Senator from Nevada [Mr. ODDIE], as to what will happen if the 10 per cent reduction is put on this bill along the lines we have been talking about here, or any other lines. The first State is Alabama. There is nobody here from Alabama at the moment, so I will not read it. Let me find Nebraska.

In Nebraska 18 assistant postmasters will lose their jobs, 109 clerks, 203 city carriers, 11 village carriers, 40 railway postal clerks, 3 vehicle employees, and 199 rural carriers. One hundred and ninety-nine rural routes will be consolidated and 224 rural routes will be reduced to triweekly service. The Senator from Nebraska will be getting more letters and telegrams from postal employees in his State two days after this statement reaches Nebraska than he has received in a long time.

In the case of the Senator from Idaho his mail will be delayed a little longer, because it takes a little longer for the news to get to Idaho; but every Senator here is going to be appealed to by postal employees in every State in this Union. Why? Because of the outrageous propaganda that is being put out by the department. The Post Office Department is putting out this propaganda that the purpose of this reduction is to cut off employees and not to reduce expenditures, such as we have been talking about here this afternoon.

I think it is the duty of the Senate to legislate for the benefit of the people and to cut down these subsidies and let these poor people who are getting small salaries go on drawing their salaries as usual. The idea of taking away, as is proposed here, the pitifully small salaries that now are paid and allowing a concern like the United Fruit Co., with $200,000,000 of assets, without any lien or mortgage on it at all, to receive a gratuity of $1,200,000 from the Government! Senators, if we do that we are unworthy, as it seems to me, to legislate for the American people.

Mr. BLAINE. Mr. President——

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

Mr. BLAINE. I assume from what the Senator has stated that he is not in favor of cutting 10 per cent off the appropriation for salaries.

Mr. McKELLAR. Why, no. There is no proposal in the 10 per cent reduction to do that at all. Whatever of that kind comes up is purely incidental. There is a bill pending over in the House that seeks to deal with the question of cutting salaries. We are not undertaking to deal with it. What we are trying to do—what I am trying to do, and what the Senators who have so splendidly helped me in the past are trying to do—is to cut down these wasteful, indefensible expenditures of our Government, sometimes for purposes that are improper.

Mr. BLAINE. Mr. President, will the Senator yield for another question?

Mr. GLASS. Mr. President, may I suggest to the Senator from Wisconsin that even if the reduction did involve a 10 per cent cut in salaries, to which I am opposed, that would not necessitate the discharge of all these employees.

Mr. McKELLAR. Of course, it would not.

Mr. GLASS. A man would rather have his wages cut 10 per cent than lose his job. So that the brutality in this whole thing rests upon the department officials who are seeking to impute something to the Senate which the Senate never attempted to do. So far as I am concerned, I would be willing to modify the resolution and instruct the Committee on Appropriations to preclude from the operation of the reduction all of the employees.

Mr. McKELLAR. I think the committee is going to do that anyway. I hope it will. I want to say again for the committee, that while a majority of the committee has not agreed with me in these matters, they have lived up to the directions of the Senate like men, and I honor them and respect them for it. They are good men.

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

Mr. McKELLAR. I yield.

Mr. BLAINE. Another item which the Senator has not mentioned, and I assume it has not been called keenly to the attention of the Committee on Appropriations, is with respect to the larger leases for postal service, for instance, the leases which call for $6,000 annual rental.

The Senator will recall that I made some remarks on the floor of the Senate a few days ago pointing out that those leases totaled, in round numbers, $6,000,000 a year. I made the proposal that the Government construct and own the essential post-office facilities, and that the amount necessary to meet the cost of construction could be raised by a bond issue, the same as a municipality or a county raises money by a bond issue for permanent improvements. That would not mean immediately a $6,000,000 saving, but it would mean such a saving within a very few years.

Mr. McKELLAR. Mr. President, I want to say that, in my judgment, the Senator from Wisconsin has done a wonderful work in his examination of that particular matter. I have no doubt in the world, from the cursory examination I have given to the matter, that great sums have been wasted in these rental contracts. A system ought to be devised along the line the Senator suggests. The matter has not come before the committee, although I am quite sure that is one of the items on which a saving can be made, for the reason that rents are infinitely cheaper to-day than they have been in many years, everywhere except perhaps in Washington. I know that what little property I have is largely in real estate, and I doubt whether I am getting enough in the way of rents to pay the taxes on that real estate. I am quite sure that very large savings can be made by the Government in its rental of post offices.

Mr. President, I ask that there may be published at the end of my remarks the figures about which my good friend the Senator from Nevada [Mr. ODDIE] talked yesterday and put into the hands of all the newspapers of the country. I think they ought to go into the RECORD, if they have not already done so.

I want to add this very valuable comparison of payments made under ocean mail contracts.

I earnestly ask that Senators give this matter their attention. It is a matter involving at least $100,000,000 to this Government. I hope they will give it enough attention tomorrow morning so that they may be informed about the true facts.

I have taken a great deal longer than I intended. I should never have spoken this long, but under the circumstances I am quite sure the Senate will forgive me.

The matters referred to by the Senator from Tennessee were ordered to be printed in the RECORD, as follows:

EXHIBIT A

MAY 1, 1932.

Memorandum to correspondents.

For your information I am sending you a tabulation made by the Post Office Department showing, by States, the number of postal employees whom it will be necessary to dismiss in the event the Senate adheres to its recent decision and compels a 10 per cent reduction in the appropriation for the Post Office Department. It is my purpose, in the near future, to ask the Senate to reconsider this order.

The department points out that for each consolidation of two rural routes one carrier must be dismissed; in an even larger number of instances rural service would necessarily be curtailed from daily to three times a week.

In the large cities the department advises me that carrier service in the business sections would be reduced from four to two deliveries daily; in the residential districts a 10 per cent cut in appropriation would reduce deliveries from two to one each day. In many small villages carrier delivery would be dispensed with and patrons would be forced back to the old custom of getting their mail at the post office. The number of railway mail clerks to be dispensed with is also shown.

Inasmuch as the appropriations for the Treasury and Post Office Departments are combined in one bill, and both are covered by the order for a 10 per cent cut, I invite your attention to tables appearing on page 8951 of the CONGRESSIONAL RECORD of April 26.

TASKER L. ODDIE,
Chairman Subcommitte on the Treasury-Post Office Appropriation Bill.

State	Assistant postmasters	Clerks	City carriers	Village carriers	Railway postal clerks	Vehicle employees	Rural carriers	Rural routes consolidated	Rural routes reduced to triweekly service
Alabama	11	70	131	44	22	1	200	200	225
Arizona	4	23	42	1	1	------	7	7	8
Arkansas	9	53	98	19	27	------	140	140	156
California	92	565	1,050	14	51	17	98	98	111
Colorado	16	100	186	5	26	3	58	58	65
Connecticut	25	157	291	11	20	3	51	51	57
Delaware	3	18	33	10	6	1	19	19	21
District of Columbia	------	91	169	------	36	8	1	1	1
Florida	14	85	158	8	27	3	53	53	59
Georgia	22	138	256	52	60	4	279	279	316
Hawaii	2	12	22	------	------	------	------	------	------
Idaho	4	23	42	------	5	------	40	40	45
Illinois	181	1,091	2,028	77	195	48	466	466	525
Indiana	36	223	414	44	80	5	314	314	355
Iowa	32	196	365	25	75	2	389	389	438
Kansas	19	116	215	29	40	1	318	318	360
Kentucky	16	98	182	26	40	3	176	176	200
Louisiana	13	79	147	9	16	------	65	65	73
Maine	10	59	111	17	20	2	94	94	105
Maryland	20	122	227	13	21	7	74	74	84
Massachusetts	70	433	805	12	80	25	57	57	64
Michigan	55	337	626	34	45	12	310	310	349
Minnesota	41	254	471	9	90	8	304	304	343
Mississippi	7	44	81	7	14	------	176	176	200
Missouri	67	413	768	52	135	17	402	402	454
Montana	6	36	66	------	10	------	24	24	27
Nebraska	18	109	203	11	40	3	199	199	224
Nevada	1	8	15	------	1	------	1	1	1
New Hampshire	5	34	63	6	7	------	48	48	54
New Jersey	48	295	549	36	57	5	57	47	64
New Mexico	4	23	42	------	7	------	9	9	10
New York	299	1,790	3,331	44	235	73	348	348	392
North Carolina	17	102	190	17	22	1	239	239	270
North Dakota	7	41	76	2	15	------	142	142	160
Ohio	97	599	1,112	77	150	28	441	441	497
Oklahoma	17	105	195	18	11	------	220	220	249
Oregon	13	80	149	7	18	------	50	50	56
Pennsylvania	121	728	1,354	106	170	42	388	388	437
Porto Rico	1	8	15	4	------	------	------	------	------
Rhode Island	8	49	90	8	6	2	8	8	9
South Carolina	5	31	57	37	12	1	149	149	169
South Dakota	7	41	76	6	8	------	124	124	139
Tennessee	19	120	223	29	60	5	294	294	331
Texas	49	302	562	12	75	4	409	409	442
Utah	5	34	63	16	19	------	12	12	13
Vermont	4	26	48	7	9	------	64	64	72
Virginia	19	117	217	11	40	6	203	203	229
Washington	21	129	239	3	32	------	76	76	85
West Virginia	11	67	125	14	18	------	85	85	95
Wisconsin	36	221	411	19	40	4	315	315	356
Wyoming	2	15	28	------	6	------	4	4	5

EXHIBIT B

Comparison of payments made under ocean mail contracts (Title IV, merchant marine act, 1928) with the normal transportation value of the mail in fact carried

(Compiled by John Nicolson from data furnished by the Postmaster General to the U. S. Senate, in response to Senate Resolution 85 (S. Doc. No. 69), April 30, 1932)

[Based on International Postal Union rates]

Mail route No.	Names of line and terminal ports of routes	Date service began	Total payments under these ocean mail contracts to June 30, 1932	Commercial value of the transportation (I. P. U. rates)	Excess of contract payments over commercial value	See S. Doc. No. 69
						Page
4	Munson Line, New York and Buenos Aires	Aug. 1, 1928	$3,679,132	$239,718	$3,439,414	408
5	Export Steamship Co., New York and Mediterranean ports	Aug. 20, 1928	3,856,403	89,697	3,766,706	411
6	American-South Africa Line, New York and East African ports	Oct. 27, 1928	782,692	43,237	739,455	421
8	Grace Steamship Co., New York and Chili	Aug. 2, 1928	2,676,706	374,634	2,302,072	422
10	New York & Porto Rico Steamship Co., San Juan, P. R., and Santo Domingo	Dec. 3, 1928	132,312	12,720	119,592	425
15	Eastern Steamship Lines, Boston and Yarmouth, Nova Scotia	Aug. 16, 1928	648,432	9,246	639,186	429
16	American-Scantic Line, New York and Baltic area	Oct. 1, 1928	1,618,941	246,647	1,372,294	442
17	American-West Africa Line, New York and Capetown, South Africa	do	796,557	10,294	786,263	446
18	Atlantic & Caribbean Steam Navigation Co., New York and Maracaibo, Venezuela	Oct. 3, 1928	1,025,017	175,358	849,659	448
19	Colombian Steamship Co., New York and Colombia, South America	Apr. 2, 1930	334,182	56,050	278,132	452
20	New York & Cuba Mail Steamship Co., New York and Habana, Cuba	Oct. 6, 1928	1,461,152	99,416	1,361,736	454
21	New York and Cuba Mail Steamship Co., New York and Vera Cruz, Mexico	Oct. 4, 1928	1,153,724	28,507	1,125,217	459
22	Gulf Mail Steamship Co., New Orleans and Progreso, Mexico	June 1, 1929	48,548	4,735	43,813	463
23	Lykes Bros. Steamship Co., Galveston and San Domingo	Oct. 1, 1928	789,258	665	788,593	465
24	Oceanic Steamship Co., San Francisco and Australia	Oct. 18, 1928	1,915,625	675,951	1,239,675	470
25	Dollar Steamship Lines, San Francisco and Manila, P. I.	Oct. 12, 1928	3,517,944	410,074	3,107,870	472
26	Admiral Oriental Line, Seattle and Manila	Oct. 6, 1928	2,965,098	699,092	2,266,006	474
27	Dollar Steamship Lines, San Francisco and Ceylon	Oct. 5, 1928	3,156,770	123,344	3,033,426	476
28	States Steamship Co., Portland and Manila	Oct. 15, 1928	1,098,735	11,275	1,087,460	478
29	States Steamship Co., Portland and Dairen	Oct. 5, 1928	537,950	6,162	531,788	480
30	Oceanic & Oriental Navigation Co., Los Angeles and New Zealand	Oct. 1, 1928	480,930	12,367	468,563	481
31	Oceanic & Oriental Navigation Co., Los Angeles and Melbourne	Oct. 11, 1928	580,140	11,181	568,959	483
32	American Line Steamship Co., New York and Balboa	Apr. 1, 1929	885,280	52,353	832,927	484
33	South Atlantic Steamship Co., Savannah and Bremen	Jan. 5, 1929	917,169	75	917,094	487
34	Pacific Argentine-Brazil Line, San Francisco and Buenos Aires	------	759,036	274	758,762	490
35	Mississippi Shipping Co., New Orleans and Brazil	------	607,792	62	607,730	491
36	Tacoma-Oriental Steamship Co., Tacoma and Manila	Aug. 1, 1929	666,384	1,901	664,483	493
37	Panama Mail Steamship Co., San Francisco and Habana	July 12, 1930	443,152	1,821	441,331	495
38	Grace Steamship Co., Tacoma and Chile	July 11, 1930	238,500	329	238,171	496
39	United Fruit Co., San Francisco and Armurellas	July 3, 1930	392,860	3,248	389,612	497
40	United Fruit Co., New York, Habana, and Port Limon	(1)	(1)	(1)	(1)	7
41	United Fruit Co., New Orleans, Habana, Cristobal, Cartagena	(1)	(1)	(1)	(1)	8
42	United States Lines (canceled)	(2)	(2)	(2)	(2)	8
43	United States Lines, New York, Plymouth, and Hamburg	Mar. 4, 1931	490,248	141,421	348,827	499
44	United States Lines, New York and London	Apr. 24, 1930	1,254,906	118,763	1,136,143	500
45	Tampa-Inter Ocean, New Orleans and Spain	July 1, 1930	438,775	20	438,755	502
46	Roosevelt Steamship Co., Baltimore and Hamburg	July 1, 1931	(3)	(3)	(3)	9
47	America West Africa Line, New Orleans and West Africa	July 19, 1930	89,820	30	89,790	503
48	Oceanic & Oriental Navigation Co., San Francisco and Dairen	July 3, 1930	224,650	4,292	220,358	504
49	Oceanic & Oriental Navigation Co., San Francisco and Saigon	July 2, 1930	300,210	2,655	297,555	505
	Total		40,965,031	3,667,614	37,297,417	

[1] Subsequent to June 30, 1931. This compilation is as of June 30, 1931, and effective date of contracts is Mar. 21, 1932. The initial fleet and schedule will require annual payments of not less than $247,600 for No. 40, and not less than $245,750 for No. 41.

[2] This contract was canceled before its effective date. (S. Doc. No. 69, p. 8.)

[3] Effective date subsequent to June 30, 1931. The initial fleet and schedules will require annual payments exceeding $1,223,000.

	Steamship line	Effective date of contract	Annual payment for initial fleet and schedules will exceed—	
52	Eastern Steamship Lines: New York to Yarmouth, Nova Scotia; Boston to St. John, New Brunswick.	May 1, 1932	$300,000	9
53	American Diamond Lines: North Atlantic to North Europe.	Oct. 1, 1931	520,000	10
54	Waterman Steamship Corporation: Gulf to North Europe.	do	650,000	10
55	Gulf Pacific Mail Line: Seattle and Tampico.	do	150,000	10
56	Seatrain Lines: New Orleans to Habana.	After Jan. 1, 1932, and before Oct. 31, 1932.	120,000	11

NOTE.—First voyages all subsequent to June 30, 1931.

RECAPITULATION

I. Total payments under the contracts from the first voyages, respectively, to June 30, 1931	$40,965,031
II. Total transportation value of the mail in fact carried, computed at the rates prescribed by the International Postal Union	3,667,614
III. Excess of the payments actually made, over the commercial value of the transportation service performed	37,297,417

IV. Services since effective: Contracts for mail routes Nos. 40, 41, 46, 52, 53, 54, 55, and 56, listed above, have become effective since June 30, 1931, the date to which this compilation relates. The total annual payments thereunder, on the basis of the initial fleets and minimum schedules, will aggregate more than $3,450,000 annually, in addition to the foregoing.

NOTE.—The United States pays American vessels not having these ocean mail contracts a higher rate than the International Postal Union rates; but the excess over the International Postal Union rates is itself a subsidy, hence this comparison is made with the International Postal Union rates, for otherwise the comparison would not reveal the excess over true values.—J. N.

Mr. FLETCHER. Mr. President, I want to take a few minutes to discuss somewhat the matter of the merchant marine. I am particularly interested in that, and I do not want to see this great country of ours deprived of an adequate merchant marine to serve the country in commerce overseas, to provide for emergencies, such as we have contemplated, and, in so far as this measure affects the merchant marine, I want to submit a few observations.

I do not know that the measure really does reach the merchant marine, except indirectly. If these foreign mail contracts are laid to one side, then we will find ourselves in the position where some people who have purchased ships from the United States Shipping Board will be unable to carry on under their contracts, and will probably have to surrender those ships and get out of the business. Others who are contemplating the purchase of ships owned by the Government will not be able to carry through their efforts in that direction, and we will find the Government still operating certain ships at considerable loss.

There has been a deficit year after year on account of ship operations. This bill does not ask for any appropriations for the Fleet Corporation at all. They are asking for nothing. It does not provide for a dollar of appropriations. They have sufficient to take care of the deficit if any arises this year from the operation of ships. There is no provision here for the Shipping Board, except for their ordinary administrative expenses. So that the appropriation does not affect the Shipping Board or the Emergency Fleet Corporation.

When we come to the question of canceling the ocean mail contracts, then that will affect subsequently the disposition of ships now owned by the Government and the contracts which are now in existence.

We are in this situation: The Government of the United States now owns 357 ships. The number in actual operation to-day is 115. The number available for sale for operation is 167. The number in lay up, to be sold for scrap, is 75.

That is the situation with our shipping. Certain consolidations are proposed and are now under way, and I think they will be accomplished. When those consolidations are finished the Shipping Board will have five lines in operation, as follows:

America France Line, from New York, Philadelphia, Baltimore, and Hampton Roads to French ports.

The Gulf Lines, from the Gulf ports to the Orient, United Kingdom, and continental ports.

The American Hampton Roads Line, from Philadelphia, Baltimore, Hampton Roads, and Boston to the United Kingdom, Hamburg, and Bremen.

The American Republics Line, from Boston, New York, Philadelphia, Hampton Roads, Savannah, and Jacksonville to the east coast of South America.

The American Pioneer Line, from Boston, New York, Philadelphia, Norfolk, and Hampton Roads to Australia, the Orient, and India.

It is important for us to keep these services going, important for our trade, our commerce, and the general welfare of the country.

The effort has been for the Shipping Board to get out of this business and turn it over to private enterprise. They have sold quite a number of ships and a number of lines.

The Senator referred to the Tampa Interocean Line. The Tampa Interocean Co. was an operating company for the Shipping Board, operating a number of ships out of the Gulf to foreign countries. The business was not there. A good deal of money was spent in developing the business, and there were deficits occasioned in the operation of those ships. Finally, partly persuaded by the Shipping Board, induced by the Shipping Board, and under arrangements by reason of this ocean mail contract, this Tampa Interocean Co. was able to buy these ships and operate them at their own cost and expense.

A subsidy, if Senators want to call it that, a subvention, as some people more euphoniously speak of it, an ocean mail contract, enabled them to buy these ships, save the Government the cost of operating, the deficits that occurred year after year, and take care of the services at the same time. That is how that contract arose.

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

Mr. FLETCHER. I yield.

Mr. NORRIS. I presume it will be conceded that if the Government keeps in operation all of the other activities of the Post Office Department, for instance, and is unable to levy taxes sufficient to pay the expenses for these additional things, there will be some things which the Government is obligated to do which it will be impossible to do. Why would it not be all right, assuming that we can not escape from these contracts, to apply the same principle to these subsidy contracts that has been applied and permitted by us with our debtors who owe us, and declare a moratorium?

Mr. FLETCHER. Mr. President, does the Senator mean for the Government to suspend all payments under these contracts?

Mr. NORRIS. Suspend payments, just as we have agreed that other nations should suspend payments when they are due us.

Mr. FLETCHER. It is just a question of whether the Government wants to abandon the conception, which I think was a very wise one, that it was our duty to establish and maintain an adequate merchant marine to serve our commerce, or lend it this assistance. They can scrap all these ships, which are costing something.

Mr. NORRIS. It is evident, it seems to me, that the Government, with its present income, is not able to keep all of these activities going. They must either declare a moratorium, as far as the post-office activities are concerned in the country, or they must cut these payments they are making to these shipping lines. At least, it seems to me it would not be unfair to apply the same principle to these shipping concerns that our foreign debtors have applied to us, and simply say, "We have not the money. We can not raise it." Rather than to discharge employees drawing several hundred thousand dollars in salaries in the Post Office Department in our own country, and thus kill it, why not declare a moratorium on these subsidies?

Mr. FLETCHER. It would tie up these ships, and if the ships are unable to run, then of course it will be necessary to discharge a number of seamen and officers.

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

Mr. FLETCHER. I would like to hurry on; but I yield.

Mr. McKELLAR. Let me ask about the contract to which the Senator has referred. That was with a Government-owned line running out of Tampa.

Mr. FLETCHER. Yes.

Mr. McKELLAR. The operators of the line entered into a contract to buy that line at about one-sixteenth of the cost of the ships. They made that contract with the Shipping Board.

Mr. FLETCHER. I understand that.

Mr. McKELLAR. Then at the same time, after getting a tremendous subvention, or subsidy, in the price of the ships, they went before the Postmaster General and got a contract.

Mr. FLETCHER. Yes.

Mr. McKELLAR. And they got it in this way. Under the advertisement they started the line to run under the contract so quickly that no other line on the seas could bid on it except this particular line. That is what happened.

Mr. FLETCHER. How many ships were in that line?

Mr. McKELLAR. I do not remember.

Mr. FLETCHER. The Government was losing money on these ships year after year. The cost of operation far exceeded the revenue from the earnings of the ships. So the Government unloaded an unprofitable business on these purchasers. There is no doubt about that. I assume, taking all the circumstances together, that the purchasers figured and understood that they were to get a foreign mail contract. Otherwise they never would have bought the ships at all. I expect that was all understood when the trade was made. They would not otherwise have bought the ships, because they were losing money operating them for the Government, and they had to have something to offset the loss, which they conceived an ocean mail contract would provide. That is how the transaction went through. Out of $18,000,000 of contracts made throughout the country for foreign mail service this is the only contract in the Gulf.

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

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Does the Senator from Florida yield to the Senator from Nebraska?

Mr. FLETCHER. I yield.

Mr. NORRIS. Assuming now, which, of course, I do, that the Senator's figures are correct, that the figures given by the Senator from Tennessee are correct—and that is that the shipping company got the ships for one-sixteenth of their value——

Mr. FLETCHER. Oh, no; not of their value.

Mr. McKELLAR. Of their original cost.

Mr. FLETCHER. They could not sell them at all now at any figure.

Mr. NORRIS. Very well; so that the ships to a great extent were gifts, and assuming that they got enough money out of the Government to operate them and still could not make them pay and still made a financial failure of it, what excuse can be given for trying to operate them in the line at all?

Mr. FLETCHER. They are not making a financial failure at all. I did not say that. I said they would have incurred a loss year after year and month after month and day after day except for the ocean mail contracts. That enables them to even up, and they are going on and developing trade, sending our commerce to the Orient, to Africa, and to various points of the world.

Coming back now to the matter I was discussing, the America France Line made 52 voyages per year; the American Hampton Roads 58 voyages per year; the American Republics Line 44 voyages a year; Dixie Mediterranean Line, Southern States Line, American Gulf Orient Line, 205 voyages per year from the Gulf. The total of all services, the sale of which is contemplated, was 359 voyages per year.

The total out-of-pocket cost of the whole service is $5,010,456 per year. That is, the total cost, if the board continued to operate them, would be $6,669,148 per year. Continuing these lines would cost the Government $6,669,148 per annum. The total of the mail contracts for all these services and all these lines amounts to $4,175,463. In other words, there is a saving of $2,500,000 by letting the ocean mail contracts and letting these people operate the lines and relieving the Shipping Board of the cost of operation.

The question is whether we are willing to continue to burden the Government with the deficit in the cost of operating this service which could be offset by the ocean mail contracts and the Government could save over $2,000,000 a year, pay the contract, and have the service at the same time. That is the question to be considered. I do not want to see the service abandoned. I do not believe the country can afford to have the services abandoned notwithstanding exports and imports have fallen off. We have to go out for this business all over the world. We are in touch with all the nations and all the ports of the world. We must keep that up because some day we are going to extend our trade and increase our exports and imports.

Reference was made to the United Fruit Co., a rich company which has mail contracts. What is the United Fruit Co. doing? The people who get contracts are required to maintain the line and replace the ships. The United Fruit Co. is to-day building 6 magnificent ships in American yards for their service, 3 at Hampton Roads and 3 in northern yards. They are actually building those ships at costs running into millions of dollars, to be operated under our flag and engage in American commerce.

Some sport was attempted to be made about the matter of refrigeration. Refrigeration is necessary not merely for the ships but for our commerce, because they operate to Central and South American countries and carry fruit. We can not deliver fruit across the Atlantic Ocean—grapefruit, oranges, and so forth—without refrigeration.

Therefore it was specified in the plans for their ships that they should be equipped with refrigeration facilities in order to serve our trade and commerce, to do business with these people with whom we are seeking to do business. That is why the requirement is incorporated. It does not have anything to do with the mails, but in making the contract for carrying the mail we reserve the right to plan the ships, to design the ships—at least they must comply with standards laid down by the Navy and by the Shipping Board. That is one of the requirements which we exacted. We exacted the requirement that they must build the additional ships and that they must be built in American yards and operated under our flag. That is a part of the contract.

Mr. President, I ask to have inserted in the RECORD a letter from Mr. O'Connor, chairman of the Shipping Board, addressed to the Hon. EWIN L. DAVIS, a Member of the House, on April 18, 1932, and the statement to which I have referred.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

APRIL 18, 1932.

Hon. EWIN L. DAVIS,
Chairman on Merchant Marine, Radio, and Fisheries,
House of Representatives, Washington, D. C.

DEAR CHAIRMAN DAVIS: Referring to letter of April 16, 1932, regarding economies which can be effected by the Shipping Board and the Fleet Corporation, I beg to advise you that the board this morning ratified and approved the letter as delivered to you.

The board particularly desires to call your attention to an additional figure of saving which can be effected if all the lines are sold, amounting to $443,945. The board feels that the cost of mail pay first year for the Gulf lines as already calculated in Exhibit C of the April 16, 1932, letter is overstated by the figure just named, and therefore we can assure you that there will be an additional saving of $443,945 over and above that already shown in the April 16 statement.

This additional figure does not include the advantage to the Treasury of the 25 per cent down payment in cash which would accrue from the sale of the lines the first year. This cash would amount to $1,255,477.56.

To summarize: Whereas our letter of April 16 shows total savings by the board and Fleet Corporation of $2,305,240, we may go further and say that there will be in addition to that $443,945 and $1,255,477.56, making a total figure of economy through the retrenchment and sales program submitted, of $4,004,662.56.

Exhibit C of our letter of April 16, 1932, is resubmitted, showing revision in amount of mail pay for Gulf services and stating the sailings and figures of operation and mail pay as one consolidated line. You will note column headed "Total out-of-pocket cost." This figure is the amount the board would save in cash requirements were the respective lines sold, i. e., the amount inclusive of the lump-sum payments and the fleet overhead. The out-of-pocket cost does not include the non-cash items of depreciation and overhead.

Very truly yours, T. V. O'CONNOR, *Chairman.*

Financial results to Government from sale of Shipping Board Lines and award of mail contracts

Lines whose sale is contemplated	Voyages per year	Lump sum, all voyages	Merchant Fleet Corporation overhead [1]	Total out-of-pocket cost	Depreciation, 8 per cent	Interest, 3 per cent	Total cost continued Shipping Board operation	Total cost mail pay first year
America France Line (O. A. 1924)	52	$535,756	$114,916	$650,672	$115,872	$43,452	$809,996	$441,920
American Hampton Roads Line (includes Oriole & Yankee)	58	446,600	140,642	587,242	135,328	50,748	773,318	579,435
American Republics Line	44	396,000	146,909	542,909	133,384	50,019	726,312	654,108
Gulf services: Dixie Mediterranean Line, Dixie U. K. Line, Southern States Line, American Gulf Orient Line	205	2,495,000	734,613	3,229,613	821,752	308,157	4,359,522	2,500,000
Total all services, sale of which is contemplated	359	3,873,356	1,137,080	5,010,436	1,206,336	452,376	6,669,148	4,175,463
LINES WHOSE VESSELS CAN NOT BE SOLD BECAUSE THEIR MINIMUM PRICE AS FIXED BY LAW IS PROHIBITIVE								
American Pioneer Line:								
Australia	5	125,000						144,750
India	11	385,000						296,725
Orient	10	330,000						337,500
Total	26	840,000						
Excess repairs		150,000						
Total		990,000	165,910	1,155,910				778,975

[1] Estimated

Mr. ODDIE. Mr. President, on several occasions in the last two weeks I have discussed this matter somewhat in detail and I do not intend at this time to refer to it again at length. The Senator from Tennessee [Mr. MCKELLAR] has referred to a statement to which I have just given out publicity through the press, including a table showing the number of men in the Post Office Department who will have to be discharged in case the 10 per cent cut is carried into effect. The statement was by States. I asked the Post Office Department to give me the figures, and to break down the total figures into States. They have not volunteered this information. I have asked the Post Office Department to give me other information, which they have furnished, in relation to the effect of the 10 per cent cut. I have requested the Secretary of the Treasury to give me various forms of information, which has been furnished. They have not done this voluntarily.

The Senate instructed the Appropriations Committee to make a 10 per cent cut in the Treasury-Post Office appropriation bill. In making that 10 per cent cut somebody must be hurt. The Senate excluded the building program from the 10 per cent cut, and, in my opinion, acted wisely in so doing. Therefore it must fall on the balance of the bill. The 10 per cent cut must also fall on the Post Office Department appropriation. It becomes necessary under that order of the Senate to cut $80,000,000 from the Post Office appropriation. Where can this be done? The Senator from Tennessee states that it can be done by canceling the ocean mail contracts and the air mail contracts. I contend that that can not be done at this time. There are various forms of machinery provided by the Government for attending to matters of that kind, but the Appropriations Committee is not the organization to decide whether these contracts shall be cancelled or not. The canceling of the contracts means the repudiation by the Government of its definite and positive legal obligations, and I do not believe the Government is going to repudiate its contracts. If anything wrong is found in the contracts, there are ways of correcting them, and I would be in favor of righting them, of course.

Mr. President, the Post Office Department has stated plainly time and again that the only place the cut can be made is through reduction in the various services of the department. That means discharging employees. I have given out the statement to the public a number of times lately and, I hope, in a clear form. It will mean that tens of thousands of men and women will have to be discharged. I do not want to see this done, and that is the reason for my special activity in getting the question before the American people, so they can give their word that they do not want these faithful employees discharged and do not want to have the various branches of the Government service disorganized and crippled. They do not want these services to be curtailed and done away with, as they would have to be in many instances.

Mr. McKELLAR. Mr. President——

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

Mr. ODDIE. I yield.

Mr. McKELLAR. Is it not true that the Post Office Department is consolidating rural routes in every part of the country to-day? Are they not engaged in the consolidation of rural routes all over the country?

Mr. ODDIE. I understand the Post Office Department is active in trying to make consolidations and to effect economies in that line wherever possible.

Mr. McKELLAR. Is it not true that whenever they consolidate rural routes it means throwing some employee out of employment?

Mr. ODDIE. That is true; and where it is not necessary that two lines exist and where they can consolidate them without doing any harm, that will be done. But this arbitrary wholesale demand on the Post Office Department to consolidate thousands of them, as they will have to do at once if the 10 per cent cut is carried through, is working a great hardship and will seriously curtail the services which the people in our cities and towns and on the farms are receiving to-day. We can not afford to make these wholesale drastic cuts in this manner now.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

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

Mr. ODDIE. I yield.

Mr. VANDENBERG. Does the Senator think the Federal personnel should make any contribution of any nature to the deficit situation which we confront?

Mr. ODDIE. That goes to the question of wage reduction; and I do not propose to discuss that question at this time. I have not brought it into the discussion. I am discussing the question of the 10 per cent cut which the Senate has ordered in the appropriation bill.

Mr. VANDENBERG. The question in my mind is whether or not the 10 per cent cut to which the Senator addresses himself is not bound up in some degree with the economy program now being developed in the House, and whether it is possible for us to answer intelligently the Senator's ques-

tion until we know the answer to the question raised in the House.

Mr. ODDIE. There is a great deal of merit in what the Senator from Michigan has just suggested; but suppose, before the House has decided what shall be carried in the economy bill in regard to wage and salary reduction, the Senate should make an arbitrary 10 per cent cut in the bill now under discussion? Then we would have to readjust this bill with what had been done in the House economy program. I think there is a great deal in what the Senator has suggested. There should be more coordination between the House and the Senate in this matter. I think informal discussion among the leaders and those specially interested would help solve the problem. But if the Senate is to make the 10 per cent cut before the House and Senate have determined what will be carried in the economy program bill in regard to wages and salaries, I am afraid something unintelligent will result.

Mr. VANDENBERG. Can the Senator advise me whether all the Federal personnel in Washington has the benefit of a 30-day annual vacation with pay and 30 days' sick leave with pay?

Mr. ODDIE. My impression is that it does. It may be that I am wrong about it. I have not studied all the details of it.

Mr. VANDENBERG. Does the Senator think at that point there might not be some reasonable contribution which might be made to our program this year?

Mr. ODDIE. I have no doubt there might be some contributions made, but that is a matter which should be considered in connection with the economy bill.

Mr. VANDENBERG. I agree with the Senator respecting that.

Mr. ODDIE. I do not think it belongs in this particular bill.

The Senator from Virginia [Mr. GLASS] has commented on the action of the Secretary of the Treasury in regard to the Treasury appropriation bill, which is a part of the bill we are now discussing. The Secretary of the Treasury was requested to state where, in his opinion, this cut could be made with the least harm to the service. He pointed out that, in his opinion, the public-buildings program could be cut with less harm than would result from the discharge of employees; but the Senate has given its approval to the elimination of that suggestion, and I am very glad it has taken that course.

The only alternative open to the Secretary of the Treasury in that case was to state that personnel in his department must be discharged, because a large part of the appropriation goes to the payment of personnel. He stated that upwards of 6,000 employees in the Treasury Department would have to be discharged if the 10 per cent cut were made. I have pointed out where harm would come from that wholesale discharge. I have shown that the Government will lose in revenue many times the amount of the cut if it shall be made.

The Secretary of the Treasury pointed out that one method of applying the cut, if it were carried through, would be the abolishment of customs offices in the interior States and the consolidation of certain others on the seacoast. He did not offer this as a voluntary suggestion, but made it in answer to our request to point out where cuts could be made with the least harm in case they had to be made.

Mr. President, I am not going to discuss this question further at this time. It will be again brought up on the floor of the Senate. I simply want to state that I take the responsibility for having called this matter to the attention of the American people as best I could. In the first place, I called the attention of the American people to the harm that would come by eliminating under the building program from 250 to 300 public buildings which are now ready to be started in the cities of the United States. That would cause severe suffering and untold disappointment. We should not think of taking a step of that kind, and the Senate unanimously decided not to do so. The Senator from Tennessee disagrees with me, and thinks that those buildings should not be constructed at this time.

Mr. McKELLAR. Mr. President——

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

Mr. ODDIE. I yield.

Mr. McKELLAR. The Secretary of the Treasury also disagrees with the Senator.

Mr. ODDIE. I will admit that he does.

Mr. McKELLAR. The Senator will remember his testimony to the effect that he did not think the department could very well spend $108,000,000 on public buildings next year; that he thought $14,000,000 could easily be cut off the building-program appropriation without hurting that program in the least; and that as much as $25,000,000 might be cut off, as I remember his testimony. I think I am right.

Mr. ODDIE. Mr. President, some days ago I referred to the letter from the Secretary of the Treasury, which I placed in the RECORD, in which he stated that if a 10 per cent cut were made in the whole bill the building program for 1932 and 1933 would have to be indefinitely postponed. I am relying on his statement on that point. He feels that a cut can be made in that program, but I disagree with him in that respect. I feel that too much harm will be done to American industry and American labor to permit a thing of that kind to be done.

Mr. President, I will not discuss this matter further. The Senator from Tennessee referred to my remarks over the radio on this question on Saturday night as those I have given to the press regarding the number of post-office employees who will have to be discharged in case the 10 per cent cut is made. They are different statements. To clear the matter up I ask to have my radio address printed in the RECORD.

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

The address is as follows:

We in Congress are providing for the appropriation of money with which to run the Government of the United States during the next fiscal year. The need for economy is great. We are all well aware of it and doing our utmost to bring it about. But we also are burdened with the duty of seeing to it that the essential functions of government are discharged with efficiency. We can not permit ballyhoo and hysteria to take the place of sound judgment and thoughtful action.

The several appropriation bills to provide funds for operating the great departments of government must, under the Constitution, originate in the House of Representatives. The House bills are based on estimates made up in the first place by the various bureaus. These estimates are then revised and reviewed by the several Cabinet officers, and finally scrutinized and revised by the Budget Bureau. This process requires months of work, study, and conferences. The final estimates, as approved by the Director of the Budget, then form the basis on which Congress builds each appropriation bill. The work on these bills in Congress begins with the House Committee on Appropriations, whose duty it is to translate the Budget into the form of appropriation bills, and start them on their journey on the road to become laws.

The work of the departments in estimating their needs for this year has been conducted with economy as the paramount objective. This, under strict instructions from the administration. The Cabinet officers cut down the estimates of the bureau chiefs. The very efficient and merciless Director of the Budget, Colonel Roop, in his turn, pared down the Cabinet officers' estimates to the very bone before approving them for presentation to the House. These Budget estimates were then considered carefully and further reduced by subcommittees of the House. The findings of the subcommittees were approved by the full Committee on Appropriations. The finished bills were then debated at length on the floor, and passed by the House with such amendments or specific reductions as the House determined advisable, and are now appearing in the Senate for action by that body.

The Interior Department bill came to the Senate first, after having gone through these stages. It carried $50,000,000 in round figures. When it reached the Senate it was referred to a subcommittee which held hearings, gave it due consideration, and reported it to the full committee, which in turn reported it to the Senate with recommendations.

And then came the most astounding action! Following the leadership of Senator McKELLAR, of Tennessee, a majority of the Senate, without a moment's consideration of the report and recommendations of the committee, with no thought of the months of work and study given to the preparation of that bill, abruptly sent it back to the committee with the arbitrary order to reduce

it a flat 10 per cent below whatever sum it carried as it came over from the House.

The Department of State, Justice, Commerce, and Labor bill met the same fate.

And then came over to the Senate from the House the Treasury and Post Office appropriation bill carrying $1,100,000,000, the largest of all the appropriation bills. It was referred to the subcommittee of which I am chairman. We determined it was a waste of time to report the bill based on the Budget recommendations if our work was to be cut as had been the other bills. We therefore sought instructions from the Senate in advance. Some of us took the floor and endeavored to convince our colleagues of the folly of such a method of working out the Government finances. But we were defeated by a vote of 37 to 31. Our task then became one of cutting from the House appropriation bill $110,000,000, whether we could do it sensibly or not.

We called before us Secretary of the Treasury Mills and Postmaster General Brown, "whose departments were affected by the proposed reductions," to get their views as to how we could best carry out the orders of the Senate. After hearing these two Cabinet officers I have become convinced it can not be done unless vital activities of the Government, such as the mail service, collection of customs, and income taxes, etc., are to be crippled or entirely paralyzed. It is my conclusion that this method of managing our Government's finances is not such as the people of this country expect us to use, and I have determined to ask the Senate to reconsider its order. I believe our responsibilities as legislators are too great to permit this appropriation bill committed to our care to be torn down by unthinking, unreasonable hysteria.

Let me remind you that when the Senate first proposed a 10 per cent cut in the Treasury-Post Office bill, the Secretary of the Treasury informed our committee that if such a cut was made it would mean the indefinite postponement of construction of between 250 and 300 public buildings authorized by the last Congress, some in every State. This information spread over the country. Senators began to hear from home. Interested labor that had looked forward to work on these buildings protested against having these vast contracts withdrawn from the market. So the Senate revised its instructions, and our committee was told to apply the 10 per cent cut to all appropriations save that for public buildings.

That you may better understand the problem that now confronts our committee and the Senate, let me cite a few illustrations of what necessarily will happen if the Senate's order stands—for the Senate still insists on cutting 10 per cent out of the remaining $146,000,000 in the Treasury Department bill. This cut, amounting to over $14,000,000, must be borne by the various bureaus of the Treasury Department which include the Bureau of Internal Revenue. Secretary Mills informed us that this cut could be made only by the wholesale dismissal of deputy collectors and internal-revenue agents in every State and district. Measured by past efficiency, he demonstrated that through the dismissal of this army of tax experts the Government would lose not less than $95,000,000 in income taxes.

Our committee can not see the economy of saving $14,000,000 if such a saving means the ultimate loss of $95,000,000. But such is one of the consequences of this blind 10 per cent order.

No branch of the Government service is closer to the people than the Post Office. It serves every city, town, and hamlet; it reaches into the most remote rural districts. The most costly of all departments, because its benefits are the most widespread, the Post Office Department, has on its pay roll the major portion of all Government employees.

As the Post Office bill came from the House it carried $805,500,000. A 10 per cent cut would be more than $80,000,000. Seventy-one per cent of the Post Office appropriation goes for the payment of salaries and wages. The Postmaster General informs us that the proposed reduction in the Post Office appropriation would compel him to take from the Government pay rolls and add to the list of unemployed no less than 40,000 letter carriers, mail clerks, rural carriers, and other handlers of the mail. Every State, every city, every rural community would feel the effects.

To-day the business man in the large city is accustomed to having four deliveries of mail a day at his office. Under the 10 per cent cut ordered by a majority of the Senate the Postmaster General has told the committee that the business man will have to be content with only two deliveries daily, and where the mails are delivered twice daily in residential districts of the large cities, the Senate order, if persisted in, would mean but a single delivery daily. In the smaller towns and villages that have grown proud of their carrier delivery there must be a step back; the villager would be obliged, as in past ages, to go to the post office for his mail, for Senate economy would mean the discharge of every village carrier, and the village carrier would find himself jobless.

And in the rural districts the effects would be even more disastrous. In those regions where rural free delivery has been built up to a daily service; where the farmer gets his "city paper" almost as promptly as the city reader, carrier service must of necessity be cut to triweekly. Nine thousand rural-delivery routes would be so affected, to say nothing of 8,000 additional rural routes that would have to be consolidated, two into one, which would mean not only a slowing down of deliveries but the discharge of 4,000 rural carriers.

Secretary Mills tells us that if the Customs Service must take its 10 per cent cut, he must close every port of entry in the inland States and must close the majority of ports along our coasts and borders, or consolidate the smaller with the larger ports. Each office closed and each consolidation means dispensing with the services of experienced men and women trained in the collection of Federal revenue; it means the discharge of clerks and other employees. Each office closed affords just one more loophole through which may be smuggled drugs and narcotics and one more loophole through which may be smuggled cheap alien labor to compete with American labor.

No arbitrary cut made by the Senate since it went on its economy spree more clearly demonstrates the unwisdom of percentage slashes than the cut in the appropriation for Hoover Dam.

The Interior Department, in preparing its estimates, asked for $12,000,000 to carry on work on this great dam enterprise for the next fiscal year. The Budget, looking for opportunities to save, reduced this figure to $10,000,000, and when the bill was presented to the Senate it carried only $8,000,000, the figure the House approved. When the Senate ordered a 10 per cent slash in the Interior Department bill, Hoover Dam took a 20 per cent cut, and as the bill went to the President it carried $6,000,000, just half the amount held necessary by the department to continue work at the pace set by the contractor. Five million dollars in interest per year will be lost if the work is delayed. The cut in this appropriation, if allowed to stand, necessarily will slow down progress on the work; it will mean dismissal of half the 4,000 men now employed there from every State in the Union, 40 per cent of whom are ex-service men, and, like every other arbitrary economy forced by the Senate, will add to the army of the unemployed.

Last year the aggregate appropriation for the Treasury and Post Office Departments was $1,104,586,000. This year this was reduced by the Budget Bureau to $1,082,575,000, and the House of Representatives made further reductions, bringing the total down to $1,059,898,563. In other words, if the Senate should accept the House bill as it stands, the appropriations carried by the Treasury-Post Office bill would be $44,688,327 below what was appropriated a year ago.

Out of the large number of striking illustrations that might be given I have selected a few which should convince the American people that these indiscriminate 10 per cent cuts in the appropriation bills are unwise and uneconomic in the extreme, and will result in irreparable damage to the American people and to American industry generally. The conscientious effort of the Senate to curtail governmental expenditures in the midst of this period of depression has on later investigation been shown to be a most damaging and costly experiment. I feel confident that on further study the Senate will desire to reconsider this matter and rescind its action. American industry, with that in other parts of the world, is suffering from economic distress. There is much destructive pessimism in the air. Our people have been affected by it almost to the point of hysteria. This period of depression will end. We should enact constructive legislation that will encourage our people, relieve this period of distress in so far as possible, and expedite the return to normal prosperity. We have heard too much of this destructive pessimism. Let us start now to instill into the economic thought of our country a new spirit of constructive optimism and start the wheels of industry turning again.

Mr. VANDENBERG. Mr. President, I want to offer a casual observation, supplementing the remarks of the able Senator from Nevada. I cordially agree with him that it would be unconscionable for any general disruption of the Federal service to be precipitated at this time by a wholesale dismissal of Federal employees in any branch of the public service, but, Mr. President, it seems to me that, sooner or later, we must frankly confront the question whether or not the Federal personnel must not make a fair contribution to a temporary answer to our difficulties. The best way to assure that it is fair is to discuss it as a reality and avoid arbitrary extremes. This is what I have in mind, bearing upon the proposition that sooner or later some reasonable formula must be discovered.

In one issue of one newspaper from my home State of Michigan to-day I find several illuminating news articles. I find one from the State capital indicating that the entire State personnel in Michigan has undergone a 10 to 15 per cent salary cut. I find that the entire teaching staff of the public schools of Grand Rapids has met in a spirit of high service and voluntarily proposed, on its own behalf, the acceptance of a temporary 15 per cent cut in compensation for the current year. I find that, after the city manager of Grand Rapids called together the other civic employees of that municipality and made a presentation to them of the condition in which the municipal treasury finds itself, they, patriotically and with a fervor suggestive of the old-time war devotion, agreed voluntarily to accept a certain degree of temporary contributory cut in this emergency. I might add that another newspaper clipping of the same day indicates that in the city of Detroit municipal employees are soon to receive their first pay checks since April 1, and that there is serious discussion of a temporary 50 per cent reduc-

tion of pay checks during the months of May and June, or a 100 per cent reduction in June. I take it that these conditions in the public service are typical across the country.

It seems to me if that is the tax situation in the State of Michigan, which is one of the largest taxpayers to the Federal Government, it is unavoidably necessary, sooner or later, for us frankly to inquire whether the Federal employee is the only governmental employee in the United States who shall be completely immune to all types of temporary contribution in working out this situation. I think the Federal employees are just as patriotic as are the State employees and the municipal employees. I think that all in the world they want to protect themselves against is inequity and unfairness, prejudice, and discrimination in the treatment which they receive. They ought to be protected upon all of these scores. None of their hard-earned rights should be permanently jeopardized. But, sooner or later, if the Government is going frankly to confront the personnel situation, it must face it in some such terms as are now pending in various forms before the House of Representatives in connection with the so-called economy program bill. Some method must be provided by which some legitimate degree of relief shall be contributed by every factor involved in the Federal situation; and we may as well realize that sooner or later this must be done. It is bitter business; but it is less bitter if done on a reasonable scale which does not precipitate additional wholesale unemployment.

Let my position be wholly plain. I believe in the maintenance of wages. I believe in the maintenance of jobs. I am not discussing a raid on either. I oppose such raids. I am speaking only of what temporary readjustments may be necessary in connection with these public expenditures. I am saying that these readjustments are no more to be wholly avoided in the Federal service than in State and municipal services. Therefore I am suggesting that we all, including the Federal employees themselves, should face these realities in a candid study of what may be best for all concerned, so that whatever temporary readjustments may occur shall not spell wide and needless disaster. I am agreeing that there should be no arbitrary and unreasoning action. I am saying that the best way to defeat this latter hazard will be to have in hand a rational formula. Instead of intrenching in extreme positions at either end of the equation, our need is for quest of a meeting of minds upon middle ground.

Mr. ODDIE. Mr. President, I believe that we are facing this problem in the wrong manner. Distress is over the country; unemployment is widespread; the wheels of industry have been slowed down. We want the wheels of industry to start turning again. I believe that if the Government shall insist on the cutting down of governmental activities and the wholesale discharge of employees and the cutting of Government wages and salaries, it will have a discouraging and damaging effect on industries generally throughout the country. I do not think we should do it. We should not set such an example.

Mr. President, we are robbing the foundation of our governmental structure to add to the superstructure. I do not think it is the right thing to do; I think we should take the opposite view. The wheels of industry will start again in this country with a little optimism and encouragement here and there. One of the first cities to feel the benefits of an improvement in conditions will be Detroit, in the great State of Michigan, which is, to a very large extent, the home of the automobile industry.

I for one will continue to preach optimism and to decry Federal cuts in pay and the discharge of Federal employees. I think the example of such action will be damaging and wrong, and I hope—and feel confident—that we can get through without it.

NAVAL BUILDING PROGRAM

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine that the Senate proceed to the consideration of Senate bill No. 51.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Maine [Mr. HALE].

Mr. FRAZIER. Mr. President, Senate bill 51 is an important measure; and it seems to me it should not be voted on at this hour, when there is such a small attendance. The Chair has just announced that there are 86 Senators present, but it will be observed that very few of them remained in the Chamber after answering to their names. I think I can speak until 5 o'clock, or a little later, if necessary, but I am not particular about doing it. I should like to see a vote on this question go over until to-morrow.

Mr. McNARY. Mr. President, I think the Senator had better go forward with his statement until 5 o'clock. At that hour we will determine whether we will stay in session longer or take a recess.

Mr. FRAZIER. Mr. President, Senate bill 51 is an authorization bill. It is rather indefinite. No one seems to know just what it means. It may mean the ultimate expenditure of anywhere from about $100,000,000 to $2,000,000,000, according to the chairman of the Naval Affairs Committee.

During recent months, and, in fact, for several years, a great deal has been said about disarmament, about cutting down naval armaments, about cutting down naval expenditures and Army expenditures. At the League of Nations meeting last September this disarmament proposition was discussed and an urgent appeal was made to bring about at least one year of truce in the building of armaments. That proposition was put up to the various nations. President Hoover, of the United States, was one of the first to accept the proposition of an armament truce. It is claimed that by the 16th of last November some 50 nations had agreed upon the truce. They agreed to refrain from any measures involving an increase in their armaments.

While Senate bill 51 carries no direct appropriation, and probably no appropriation will be asked for this year, I submit that it is a measure involving an increase in armaments. I believe it is contrary to the truce that has been agreed upon by the great nations of the world. It is contrary to the sentiments of the United States as they have been expressed at the various armament conferences.

It seems to me this is a mighty poor time to ask for the passage of a measure of this kind, authorizing appropriations for building a pair of battleships, when at the present time we have our delegates at a world conference looking toward disarmament. I am at a loss to know whether Senate bill 51 means what it says or whether it is just a bluff to try to demonstrate to the world, and particularly to the disarmament conference meeting across the Atlantic at this time, that we really do not want disarmament; that we want to keep up our present naval force and, if anything, to increase it. Certainly, if we meant what we have said in the past, we should not pass at this time a measure like Senate bill 51.

The chairman of the Naval Affairs Committee stated, as I remember, that there are about 200 vessels in the United States Navy at the present time; that their life is 20 years; and that we should keep repairing and building all the time in order to keep up our allotment under the London treaty. It will take about $100,000,000 per year for 20 years, or $2,000,000,000 for the total of 20 years, the life of a battleship.

I do not believe that an expenditure of that kind can be justified. With many million men out of employment, with farmers throughout the United States either broke or going broke, with business men, bankers, and other business interests either broke or going broke, I can not for the life of me see how the Senate or the Congress of the United States can justify a favorable vote upon Senate bill 51.

Mr. President, the condition of the American farmer has been going from bad to worse since 1920, when the deflation was brought on by the Federal Reserve Board, which may be termed a semi-Government organization or institution. The farmers were the first to be hit by the deflation. Both the values of their land and the prices of their farm products went down until they were deflated by billions of dollars. As I say, their condition has been going from bad to worse during all the years since 1920.

The purchasing power of the farmer has been lost. In fact, at the present time the average farmer of the United States has no purchasing power; he has no money with which to buy even the necessities of life.

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

Mr. FRAZIER. I yield.

Mr. LEWIS. Knowing that the Senator from North Dakota has been a constant advocate of the interests of the farmer, and is one looking to the protection of agriculture, I ask the Senator whether he will explain to me, or tell me where I can get the benefit of the information, in what way the Federal Reserve Board acted by which he feels it operated against the farmer, and what was the manner of its operation, that I really may learn it from him? I would like to know what it was they did, and how they operated against the farmer, to produce the effect the learned Senator seems to feel their action has had.

Mr. FRAZIER. Back in 1920 it seemed to be the general attitude of the business interests throughout the Nation that there was too large a circulation of money, that there was too much inflation, so called. Inasmuch as the Federal Reserve Board regulated the amount of currency and the credit of the United States, they were called upon, apparently, to reduce the inflation, and a secret meeting was held by the Federal Reserve Board, I think in May, 1920, and certain actions of the Federal Reserve Board were not made known to the public, among which was an agreement to start in on a deflation program, calling in the loans which had been made, and especially the farm loans.

Some of the big institutions of the country apparently got wind of this proposed deflation. I believe one of the great institutions of the city of Chicago, in the State which the Senator represents, was one to take advantage of that advance information, and floated bonds, as I recall, at 8 per cent for some of the packing companies, so that they might have a supply of money on hand sufficient to enable them to carry on their business, even though it cost them 8 per cent, in order to carry them over what was supposed to be coming, this deflation which was to be started soon after that by the action of the Federal Reserve Board.

The Federal Reserve Board did call in loans. In my State, which is almost purely an agricultural State, farm loans were called. It was impossible for farmers to pay their loans, at least to pay them in full. The bankers insisted that they must have the money, or that they would start foreclosure proceedings, because the little banker in North Dakota was pressed by the larger banker in Minneapolis, and St. Paul, and Chicago, and on farther east, and the members of the Federal reserve system were pressed by the Federal reserve banks with which they were connected. So the deflation started.

The result was that the prices of land went down, the prices of farm products went down, and from 1920 to this day the farmer has never known prosperity in the United States.

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

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. I may say to the Senator from Illinois that out of the crop of 1920, Senators will recall that the market for farm products broke in the fall of 1920 and in the year 1921. Information was given to the country that farm prices broke because of a lack of a market, because of overproduction, and because of a lack of exports. But if Senators will look into the report of the Department of Commerce on agricultural exports they will find that, of the 18 major agricultural products, we exported more out of that crop of 1920 than we had ever done in the history of the United States, even during the war. We never had such a market. The calling of loans forced dumping by farmers of agricultural products on the market, and broke the prices.

If anyone got any benefit out of that, it must have been the taxpayers of Europe, who were able to buy food cheaper than they would have been able to buy it if that action by the Federal Reserve Board and the member banks had not been taken. It has been suggested that that was done in order to give Europe food so cheap that after they had bought food they would have something left to pay the interest on loans which they owed here. Certainly the result of the action was to break the agricultural communities of the United States, a condition from which they never to this day have recovered. Even during the so-called period of paper prosperity, up until 1929, agriculture kept losing its income, until by 1929 it had lost 40 per cent of the income it had in 1920. That is the information given in the reports of the Agricultural Department and of the Department of Commerce.

Mr. FRAZIER. Mr. President, I thank the Senator for his remarks.

The deflation, which started in 1920, brought down the prices of farm products, and at the present time, in fact, during the past couple of years, the farmers have been selling their products, practically every product they produce, at prices below the cost of production. No business can succeed under such a system. It makes no difference whether it is agriculture, the International Harvester Co., or the banking business, or any other industry or business, it can not succeed when selling its products at prices below the cost of production.

That is one trouble with our Post Office Department. The discussion this afternoon brought out the fact that some twenty-five or thirty million dollars has been given to the shipping interests, practically amounting to subsidies, and charged to the deficit of the Post Office Department. Of course, the Post Office Department can not make a fair showing under a situation of that kind. If the United States Congress wants to give a subsidy to the shipping interests, all well and good; let them do it as a subsidy and not pass the buck to the Post Office Department.

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

Mr. FRAZIER. I yield.

Mr. FLETCHER. My understanding is that the Post Office Department keeps that account with reference to foreign mail contracts and subventions separate from the other expenditures of the department. I do not think that item enters into the question of the deficit, because they keep that separate from the ordinary expenditures of the department.

Mr. FRAZIER. Mr. President, does not the amount that is lost in these contracts enter into the deficit?

Mr. FLETCHER. It does not. That is kept entirely separate from the ordinary expenses of the department, I think. Of course, it shows on the books, but it is separate from the other expenditures.

Mr. FRAZIER. I can not see how they can possibly keep it from showing in the deficit of the Post Office Department.

Mr. FLETCHER. I think it should not figure in the deficit charged against the Post Office receipts and expenditures as a Post Office Department. It is shown, it appears, but it does not enter into what they call their deficit, I think.

Mr. McNARY. Mr. President, will the Senator from North Dakota yield so that we may have an executive session?

Mr. FRAZIER. I yield.

EXECUTIVE SESSION

Mr. McNARY. 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 PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate messages from the President of the United States submitting a nomination in the Diplomatic and Foreign Service and an international protocol, which were referred to the Committee on Foreign Relations.

(For nomination this day received, see the end of Senate proceedings.)

REPORT OF THE POST OFFICE COMMITTEE

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

TREATIES

The Chief Clerk proceeded to read Executive F (72d Cong., 1st sess.), a treaty of establishment and sojourn with Turkey.

Mr. McNARY. Mr. President, the chairman of the Committee on Foreign Relations, the Senator from Idaho [Mr. BORAH], is absent for the moment, and I ask that the treaty may be temporarily passed over.

The PRESIDING OFFICER. The treaty will be passed over.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

IN THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Marine Corps.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

Mr. McNARY. Mr. President, a few days ago when the treaty with Turkey was reached, the junior Senator from Utah [Mr. KING] said he wanted to be present when that matter was acted upon, and the Senator from Idaho agreed that the matter might go over. In the absence of both those Senators, I ask that the Senate resume legislative session.

The Senate resumed legislative session.

INVESTMENTS IN FLORIDA REAL ESTATE

Mr. TRAMMELL. Mr. President, in the issue of April 29 of the Herald, of South Jacksonville, Fla., appears a very interesting editorial by Judge John W. Dodge touching upon the stock-exchange manipulations and suggesting the wisdom of investing in Florida real estate. I ask that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, and it is as follows:

THE HITOPADESA

By Judge John W. Dodge

FORTITUDE IN DISASTER

This striking sentence, most needed in our present condition of affairs, I recently read in the Hitopadesa of India, as one of the wisdom words of the book of good counsel:

"In disaster, dismay is a coward's quality; let us rather rely on fortitude, and devise some remedy."

What we need most of all at present is men of fortitude. There are facts which startle and dismay us. Rich we thought we were yesterday; poor we think we are to-day.

America bought listed Wall Street stocks in 1929 at fabulous prices. A recent circular of a reputable stock and bond house of New York recently said:

"The following companies which paid not less than $5 annual rate in 1929 (as indicated in each case) now pay nothing: American Car & Foundry ($6); American Locomotive ($8); Anaconda ($7); Baltimore & Ohio ($7); Bethlehem Steel ($6); J. I. Case ($6); Chicago & North Western ($5); Chicago, Rock Island & Pacific ($7); Chile Copper ($5); Illinois Central ($7); International Silver ($8); Kansas City Southern ($5); Kennecott Copper ($5); National Supply ($7); National Surety ($5); New York Central ($8); New York, Chicago & St. Louis ($6); New York, New Haven & Hartford ($6); Pere Marquette ($8); Porto Rican-American Tobacco "A" ($7); Prairie Pipe ($5); Real Silk Hosiery ($5); St. Louis & San Francisco ($8); Southern Pacific ($6); Southern Railway ($8); Standard Investing ($6); United States Industrial Alcohol ($6); United States Realty & Improvement ($5); Utah Copper ($15); Warren Bros. ($9); and Youngstown Sheet & Tube ($5)."

They further said: "If any moral is to be drawn from these data, it is the wisdom of investing 'close to the property.'"

Disaster has dismayed those who purchased such Wall Street stocks.

A smart man knows when to take a profit, but he is indeed a much smarter man who has the fortitude and bravery to take a loss, to forget it, and to profit by past experience.

The remedy to repair losses is to invest "close to the property"—to know what you are buying; to see the thing bought; to own it yourself. Relying upon others who have proven false in their opinions and judgments of value, who advised Wall Street manipulated stocks and bonds, is inviting further disaster.

Florida real-estate values are now low, sound, and have never declined as have Wall Street stocks and bonds. Put your money where you control it—not where others manipulate your investment. Exercise intelligent fortitude in disaster.

REPORT OF THE FEDERAL FARM LOAN BOARD

The PRESIDING OFFICER laid before the Senate a letter from the Secretary of the Treasury, transmitting the fifteenth annual report of the Federal Farm Loan Board, covering operations during the calendar year 1931, which, with the accompanying report and data, was referred to the Committee on Banking and Currency.

DEPRECIATION OF FOREIGN-CURRENCY VALUES (S. DOC. NO. 90)

The PRESIDING OFFICER laid before the Senate a letter from the Acting Chairman of the United States Tariff Commission, transmitting, in partial response to Senate Resolution 156, certain preliminary data for immediate use of the Senate in relation to depreciated currencies and international trade thereunder, which, with the accompanying papers, was referred to the Committee on Finance and ordered to be printed.

RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 4 o'clock and 57 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, May 3, 1932, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 2 (legislative day of April 29), 1932

SECRETARY IN THE DIPLOMATIC SERVICE

Erle R. Dickover, of California, now a Foreign Service officer of class 3 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 2 (legislative day of April 29), 1932

PROMOTIONS IN THE NAVY

To be captain

Robert A. White.

To be commanders

Carleton H. Wright.
Herman E. Fischer.
Thomas L. Gatch.

To be lieutenant commanders

Cyril T. Simard.
Henry A. Stuart.

To be lieutenants

Kenneth P. Hartman.
Murr E. Arnold.
Claude F. Sullivan.
Robert R. Buck.
David E. Roth.
William G. Pogue.

To be lieutenants (junior grade)

Robert W. Wood.
William D. Thomas.

To be paymaster

John N. Harriman.

To be passed assistant paymaster

Reed T. Roberts.

MARINE CORPS

To be majors

Leo D. Hermle.
Lemuel C. Shepherd, jr.

To be captains

Harry E. Leland.
William E. Quaster.

To be first lieutenants

Frank P. Pyzick.
Roy M. Gulick.
Charles G. Wadbrook.

POSTMASTERS

ARKANSAS

Ernest R. Wynn, Bald Knob.

UTAH

Boyd J. Barnard, Bingham Canyon.
Mattie S. Larsen, Castle Dale.
Harris B. Simonsen, Helper.
William S. Anderson, Moroni.
Hans P. Ipson, Panguitch.
John O. Anderson, Salina.

WASHINGTON

Roy E. Edwards, Ritzville.

WEST VIRGINIA

George E. Hurd, Richwood.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 2, 1932

The House met at 12 o'clock noon.

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

Almighty God, Thou hast always had witnesses among the children of men and Thou wilt be with them unto the end. We praise Thee that through all the long, weary centuries they have not been left alone. O come in fuller measure into the lives that Thou hast created and make us a greater reflection of Thy reason and wisdom. We need Thy guidance along the road in which Thou art the way, the truth, and the life. Our Father and our God, enable us to more thoroughly realize that the way problems are settled here is the way they will be debated on the stage of the whole world. Guard and direct us in our conclusions. Deliver us from serious misunderstandings and from every limitation that gropes and let us all make room for self-sacrifice and most earnest cooperation. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Saturday, April 30, 1932, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9349. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 4313. An act to prevent the successive disagreement of two juries, impaneled to try a criminal case in the Territory of Hawaii, from operating as an acquittal of the accused or from permitting the discharge of the accused from custody.

PART PLAYED BY THE HOUSE OF REPRESENTATIVES IN TREATY MAKING

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to extend my remarks by printing a speech I delivered before the American Society of International Law Saturday evening last on the part played by the House in treaty making.

The SPEAKER. Is there objection?

There was no objection.

Mr. LINTHICUM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by myself at the annual dinner of the American Society of International Law, Saturday, April 30, 1932:

Ladies and gentlemen of the American Society of International Law, in accepting your invitation to address you this evening on the subject of the share of the Committee on Foreign Affairs of the House of Representatives in the treaty-making power of the Government of the United States, I find it necessary at once to go back to fundamental law as the basis for discussion.

You recall, of course, the constitutional[1] provision that the President "shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur"; also[2] that the "Constitution, and the laws of the United States which shall be made in pursuance thereof, and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land."

A cursory reading of the Constitution may seem to indicate that the House of Representatives has no share in the process of making treaties for the United States. The actual working of government, however, is but faintly foreshadowed by the letter of the Constitution, and the ramifications of treaties are many and intricate. The inseparable relation between treaties and constitutionally specified functions of the House of Representatives quickly become evident.

In actual practice, accordingly, the influence of the House of Representatives in the matter of maintaining international relations through treaties has always been one of real significance. It has also been one of increasing significance—doubtless due, in the first place, to the ever-increasing extent and complexity of that part of the law of our land which is comprised of treaties and perhaps, also, not unconnected with the fact that democracy has grown apace in this country and that the House of Representatives is the principal exponent of democracy in the governmental system of the United States.

The Committee on Foreign Affairs is, of course, merely the principal agency of the House of Representatives in dealing with treaty questions. A discussion of its influence upon treaty making is consequently not to be differentiated from a discussion of the influence of the House itself. I should not, however, overlook the fact that this influence of the House actually results in part from functions and activities that it exercises through other committees; though, of course, questions that obviously and patently pertain to treaties are referred to the Committee on Foreign Affairs.

In undertaking to recount some of the more important of the functions of the House of Representatives which affect treaty making, there should be mentioned first the immense importance of absolute good faith on its part in order that the provisions of treaties may be given force and effect. It is common for treaties to provide for the payment of money. Under the practice of our Government,[3] the Secretary of the Treasury pays out money only when authorized to do so by statute law enacted by Congress. Accordingly, in order to give effect to this kind, as to certain other classes of treaties, the Congress, including the House of Representatives, passes acts or joint resolutions.

I am happy to say that, so far as I have ever heard, there has been no instance in which the House of Representatives has failed to take action when such action was necessary in order to fulfill the treaty obligations of the country.

In addition to the positive activity of the House thus exercised in order to give effect to certain treaties, it is essential that the

[1] Art. II, sec. 2, second paragraph.
[2] Art. VI, second paragraph.
[3] In this connection, note Constitution Art. I, sec. 9, seventh paragraph, "No money shall be drawn from the Treasury but in consequence of appropriations made by law."