opposing passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7364. Also, resolution of the Kiwanis Club of Charleston, opposing the passage of the bill known as the Evans bill, H. R. 5840; to the Committee on the Public Lands.

7365. Also, resolution adopted by the American Legion, Wyoming County Post, No. 106, Mullens, W. Va., requesting that Congress pay the adjusted-service certificates in full at once without deduction of any interest due on loans already made on such certificates; to the Committee on Ways and Means.

7366. Also, resolutions adopted by Groups 3 and 4 of the West Virginia Bankers Association, opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7367. Also, letter of the Emmons Hawkins Hardware Co., of Huntington, W. Va., and signed by J. L. Hawkins, vice president and treasurer, opposing as disastrous to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7368. Also, resolution passed by the Norton Safety Club, Norton, W. Va., opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7369. Also, resolution of the Winding Gulf Safety Club, with a membership of 600, Winding Gulf, W. Va., opposing the bill known as the Davis-Kelly coal bill as detrimental to the bituminous-coal industry; to the Committee on Interstate and Foreign Commerce.

7370. Also, resolution of the Covel Safety Club, Covel, W. Va., representing a membership of 150, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7371. Also, letter signed by R. E. L. Quesenberry, of Kimball, W. Va., representing 21 shop employees on the Norfolk & Western, opposing as harmful and dangerous to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7372. Also, letter signed by M. M. Harris, H. F. Brooks, and Grat Rose, of Willcoe, and representing 33 shop employees on the Norfolk & Western, opposing passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7373. Also, resolution adopted by the Whipple Safety Club, Whipple, W. Va., composed of a membership of 300, opposing as detrimental to the bituminous-coal industry the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7374. Also, resolution passed by the Prudence and Harvey Safety Club, of Harvey, W. Va., with a membership of 330, opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7375. Also, resolution adopted by the Oakwood Safety Club, of Carlisle, W. Va., with a membership of 350, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7376. Also, resolution passed by the Southwestern Virginia (Inc.), of Wytheville, Va., a regional chamber of commerce, opposing the Davis-Kelly coal control bill as interference to a free and competitive selection of suitable coals to meet the requirements of various sections of the country serving that entire section; to the Committee on Interstate and Foreign Commerce.

7377. Also, letter signed by C. H. Woods, H. W. Gillette, R. B. Muncy, J. M. Plymale, and J. C. Brown, all of Kenova, W. Va., and representing 33 shop employees of the Norfolk & Western Railroad, opposing, as interfering with the production and development of the coal industry in the territory served by that railroad, the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7378. By Mr. SMITH of West Virginia: Resolution of the Mallory Safety Club, Mallory, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7379. Also, resolution of the Landville Safety Club, Landville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7380. Also, resolution of the Accoville Safety Club, Accoville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7381. Also, resolution of the Youngstown Mines Safety Club, of Dehue, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7382. Also, resolution of the Jodie Safety Club, of Jodie, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7383. Also, resolution of the Marfrance Safety Club, of Marfrance, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7384. By Mr. WHITE: Petition of citizens of the city of Toledo, Ohio, protesting against legislation before this House to compel Sunday observance; to the Committee on Merchant Marine, and Fisheries.

SENATE

TUESDAY, MAY 3, 1932

(Legislative day of Friday, April 29, 1932)

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

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

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

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes; and

S. 3908. An act to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and their connecting and tributary waters.

The message further announced that the House had passed the bill (S. 2396) to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 24) thanking the Governor of the State of Virginia for the statues of George Washington and Robert E. Lee, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes;

H. R. 4709. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

H. R. 6688. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight;

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

H. R. 8393. An act providing for payment of $25 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

H. R. 8578. An act to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War;

H. R. 9306. An act to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended;

H. R. 10683. An act to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut;

H. R. 10829. An act relating to the naturalization of certain women born in Hawaii;

H. R. 11057. An act to amend section 129 of the Criminal Code of the United States;

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site; and

H. R. 11499. An act for restoring and maintaining the purchasing power of the dollar.

CALL OF THE ROLL

The VICE PRESIDENT. The Senator from North Dakota [Mr. FRAZIER] has the floor.

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

Mr. FRAZIER. I yield.

The VICE PRESIDENT. The clerk will call the roll.

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

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

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

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, I ask that the resignation of the Senator from Louisiana [Mr. LONG] from the following committees be accepted: Commerce, Naval Affairs, Manufactures, and Interoceanic Canals.

The VICE PRESIDENT. Without objection, the Senator from Louisiana will be excused from further attendance upon the committees named.

On request of Mr. ROBINSON of Arkansas, and by unanimous consent, it was

Ordered, That the junior Senator from Arkansas [Mrs. CARAWAY] be assigned to service upon the Committee on Commerce; that the senior Senator from North Carolina [Mr. MORRISON] be assigned to service upon the Committee on Naval Affairs; that the junior Senator from Georgia [Mr. COHEN] be assigned to service upon the Committee on Manufactures; that the senior Senator from Missouri [Mr. HAWES] be assigned to service upon the Committee on Interoceanic Canals; and that the junior Senator from North Carolina [Mr. BAILEY] be assigned to service upon the Committee on Military Affairs.

THE PRESIDENT'S 5-DAY WEEK PROPOSAL—PERSONAL EXPLANATION

Mr. ODDIE. Mr. President, this morning the Washington Herald on the first page had the following statement:

Senator ODDIE and Representatives SNELL and TILSON told President Hoover they still hope to put through his 5-day week and payless furlough plan for reducing the Federal pay roll.

An error has occurred in the making of the statement. I did not visit the White House yesterday, and, furthermore, I do not approve of the 5-day week and the payless furlough. I have repeatedly stated my objections to it on the floor of the Senate. I believe it would be disheartening and damaging to the industry of the country, and I believe we can get along better without it.

DEPARTMENT OF COMMERCE CORRESPONDENCE

Mr. McKELLAR. Mr. President, I ask to have placed in the RECORD a letter from the Secretary of Commerce, Hon. R. P. Lamont, in reference to messages concerning his department.

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

THE SECRETARY OF COMMERCE,
Washington, May 3, 1932.

Hon. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

MY DEAR MR. SENATOR: During a debate in the Senate last Saturday you asked how many letters or telegrams had been sent out by the Department of Commerce similar to the one you read into the RECORD. The question was not answered.

A search of our files shows a total of 30 in all, divided between eight States, as follows:

State	Telegram	Letter	Total
Tennessee	1		1
Louisiana	6		6
South Carolina	1	5	6
Indiana	2	4	6
North Carolina		6	6
Texas	2		2
Iowa		1	1
Wisconsin		2	2
Total	12	18	30

I can assure you that each one sent out was in reply to a message received.

Sincerely yours,

R. P. LAMONT,
Secretary of Commerce.

DUTY ON SUGAR

Mr. COPELAND. Mr. President, we have a critical condition in my State due to the trouble over the differential between raw and refined sugar. I ask that in the body of the RECORD at this point may be included the short statement which I send to the desk.

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

STATEMENT BY THE SUGAR INSTITUTE AS OF MAY 2, 1932

If imports of sugar refined in Cuba continue to increase at their present rate the sugar industries of the United States will be destroyed in 10 years. This is the contention of the domestic industries in a brief filed with the United States Tariff Commission for an increase in the duty on refined sugar. The brief emphatically states an increase in duty would not raise sugar prices to the consumer.

Exports to the United States of sugar refined in Cuba have grown from only 1,182 tons in 1925 to 320,987 tons in 1931. Exports from January 1 to March 26, 1932, were 53 per cent greater than exports during the corresponding period of 1931. "If the average rate of increase in the imports of Cuban refined sugar since 1925 is continued," the brief says, "it will take the new Cuban industry only 10 years entirely to supplant the domestic-sugar industries of the United States." These are the beet and cane producers and cane refiners.

In explaining why a higher duty would not raise the price paid for sugar by the United States consumer, the brief directs attention to the competition between the various units of each industry and the competition between the cane-refining industry and the beet-sugar industry.

Any artificial increase in price, it is held, even if such an increase were possible, would nullify by just so much the additional protection afforded by a higher duty. "What the industry asks for," the brief says, "is not a higher price for its product, but a restoration of its lost volume."

In pointing out the serious nature of the Cuban threat to United States labor and investors, the brief states that the domestic-sugar industries operate 173 mills or refineries in 24 States, pay $37,330,769 annually in salaries and wages, and purchase annually $521,582,617 worth of materials, fuel, and electric power.

Cuba's ability to supplant the product of the domestic industries, the brief states, is due partly to the fact that the present tariff, instead of affording protection to the domestic-cane refiners actually enables the Cuban refiner to bring his refined sugar into this country upon the payment of less duty than the

domestic-cane refiner must pay on the amount of Cuban raw sugar he requires to produce an equivalent amount of refined.

The brief asserts that the Cuban refiner also has the advantage of lower labor costs, lower taxes, lower land values, transportation rates to markets in this country that in many cases are lower than the domestic refiner must pay to carry his product from the refinery to those same markets.

"Since 1925," the brief says, "Cuba has built seven refineries. In all she now has nine. Eleven more are planned, awaiting only the outcome of the present petition. By employing cheap labor at one-fourth the wages of American labor, Cuban refineries," says the brief, "can entirely supplant the American industries in a few years."

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Lafayette Clubs of San Francisco, San Rafael, and Santa Rosa, Calif., favoring the passage of legislation legalizing the manufacture and sale of light wines and beer, which were referred to the Committee on Manufactures.

He also laid before the Senate a letter from Charles P. Green, of Hot Springs, S. Dak., urging an investigation of certain charges against the Administrator of Veterans' Affairs and the personnel of the Veterans' Administration, which, with the accompanying papers, was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Atascadero Woman's Club, of Atascadero, Calif., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the national executive committee of the American Turnerbund, of Pittsburgh, Pa., favoring the adoption of the 6-hour day and the 5-day week so as to diminish unemployment, and also submitting recommendations relative to unemployment relief and other matters, which was referred to the Committee on Education and Labor.

He also laid before the Senate a letter from Frank G. Cunningham, of St. Louis, Mo., in regard to relief in certain cases of life-insurance policies and the investigation of short selling in the stock market, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Philanthropy and Civics Club, of Los Angeles, Calif., favoring the passage of legislation making it a crime to advocate or promote the overthrow or destruction of the Government by force or violence, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Philanthropy and Civics Club, of Los Angeles, Calif., favoring the passage of legislation strengthening the immigration laws, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by Veterans of the Revolution Pro-Independist of the Philippines, favoring the independence of the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at Washington, D. C., by the Baltimore Archdiocesan Union of Holy Name Societies, recording their support of the President of the United States and the Congress in the efforts made to stimulate confidence in business institutions and to bring about a renewal of financial and industrial conditions that make for happiness and comfort, which was ordered to lie on the table.

Mr. CAPPER presented a memorial of sundry citizens of Graham County, Kans., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

Mr. BARBOUR presented communications in the nature of memorials from Glendora Grange, No. 168, of Como; Milltown Grange, No. 151, of Milltown; Lincoln Grange, No. 136, of Westwood; Sidney Progressive Grange, No. 215, of Sidney; Fenwick Grange, No. 20, of Harmersville; Hamilton Grange, No. 79, of Hamilton Square; Rancocas Grange, No. 131, of Burlington; Swedesboro Grange, of Swedesboro; Monmouth Grange, No. 92, of Freehold; Mickleton Grange, No. 111, of Mickleton; Saddle River Grange, No. 144, of Saddle River; Cape May Grange, No. 128, of Dias Creek; Olive Branch Grange, No. 142, of Matawan; Mount Bethel Grange, No. 201, of Mount Bethel; Lawrenceville Grange, No. 170, of Lawrenceville; Harrisonville Grange, No. 26, of Woodstown; Aura Grange, No. 122, of Aura; Adelphia Grange, No. 196, of Adelphia; Wayne Township Grange, No. 145, of Preakness; Acquackanonk Grange, No. 183, of Clifton; Columbus Grange, No. 58, of Columbus; Blue Anchor Grange, No. 166, of Blue Anchor; Mount View Grange, No. 137, of Mount View; Allenwood Grange, No. 193, of Allenwood; Centre Grove Grange, No. 57, of Millville; Williamstown Grange, No. 85, of Williamstown; New Market Grange, No. 152, of New Market; Cedarville Grange, No. 34, of Cedarville; Vernon Valley Grange, No. 134, of Vernon; Franklin Grange, of Wyckoff; and Washington Grange, No. 117, of Washington, all in the State of New Jersey, remonstrating against the imposition of additional taxes upon the automobile industry, which were referred to the Committee on Finance.

Mr. COPELAND presented a resolution of members of the North River Presbyterial Society of the State of New York, praying for action looking to protection of the reindeer in Alaska for the Esquimos, which was referred to the Committee on Territories and Insular Affairs.

He also presented a resolution of the Aeries of Southwestern Washington, Fraternal Order of Eagles, favoring the enactment of legislation providing for the establishment of Federal home loan banks, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Ca-Choo Club, of Sault Ste. Marie, Mich., requesting an investigation of the cause and prevention of hay fever, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the board of directors of the Manufacturers' Association of Syracuse, and a petition of citizens of Cazenovia, in the State of New York, praying for the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

He also presented a resolution of the Central Supply Association, of Chicago, Ill., favoring retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Yonkers, N. Y., remonstrating against reductions in salaries or curtailment of privileges of Federal employees, which was referred to the Committee on Appropriations.

He also presented a resolution of the Dryden Aggies, Chapter No. 37, Dryden High School, of Dryden, N. Y., favoring moderate reductions in appropriations and opposing curtailment of the appropriations for agricultural extension and vocational education, which was referred to the Committee on Appropriations.

He also presented a petition in the form of a resolution adopted by Fleet Reserve Association, Branch No. 26, of New York City, N. Y., and a petition of citizens of the State of New York, praying for the enactment of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates, which were referred to the Committee on Finance.

He also presented a resolution adopted by Ithaca Post, No. 221, the American Legion, of Ithaca, N. Y., remonstrating against the enactment of the so-called Patman soldiers' bonus bill, which was referred to the Committee on Finance.

He also presented resolutions adopted by Canandaigua Post, No. 256, and Ralph Baldwin Post, No. 845, the American Legion, of Canandaigua and Frankfort, N. Y., respectively, remonstrating against the passage of legislation curtailing the benefits accorded to World War veterans, which were referred to the Committee on Finance.

He also presented a memorial of sundry citizens of the State of New York remonstrating against the imposition of taxes on automobiles, motor trucks, parts, accessories, gasoline, and lubricating oil, which was referred to the Committee on Finance.

He also presented resolutions adopted by the Mercer Club, of Buffalo, N. Y., remonstrating against the imposition of taxes on the automotive industry and allied industries and favoring the manufacturers' sales tax in lieu thereof, which were referred to the Committee on Finance.

TAXES ON GRAPE JUICE AND CONCENTRATES

Mr. WAGNER presented a telegram from C. D. Champlin, of Hammondsport, N. Y., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

HAMMONDSPORT, N. Y., *April 29, 1932.*

Hon. ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.:

In considering the taxation of grape juice and concentrates may we call your attention to fact that the grape industry is practically bankrupt, and that any extreme taxation will restrict present markets. The forced use of benzoate of soda as a preservative will further curtail markets by preventing the use of grape products in the baking and allied industries. We are in a bad way and, while desirous of assuming our just share, ask that the committee give regard to our present state.

C. D. CHAMPLIN.

AMENDMENT OF THE BANKRUPTCY ACT

Mr. FLETCHER presented minutes of a special meeting of the Dade County (Fla.) Bar Association, which were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

A special meeting of the bar association was held in the circuit court room, Miami, Fla., Thursday, April 28, 1932, at 4 p. m., in pursuance of a regular call.

M. L. Mershon, president, presided, and declared that a quorum existed. He announced that the purpose of the meeting was to consider the proposed amendment to the national bankruptcy act, Senate bill No. 3866, House bill No. 9968, and called upon Herbert U. Feibelman, chairman of the bankruptcy committee, to submit a report which it had. Mr. Feibelman thereupon read the report, as follows:

"We, your standing committee on bankruptcy, beg leave to report as follows:

"There is pending before Congress an amendment to the national bankruptcy act, being Senate bill No. 3866, House bill No. 9968, known as the administration bill. Your committee has carefully read the measure; and while all of its features have not been thoroughly digested, your committee is prepared to say that such an innovation in the practice, not only in this country but elsewhere, should not be undertaken without the most thorough consideration and study.

"Many of the features of the proposed measure appear to your committee to be charged with possible difficulties and are of doubtful worth. Your committee is not prepared to approve the creation of a special bankruptcy bureau, with numerous high-priced officials answerable only to a bureau in Washington, resulting, it would seem, in a division of responsibility, which would tend to open the gateway to fraud, rather than centralize responsibility and prevent fraud.

"Your committee believes that the features of suspending the discharge of a bankrupt subject to the surveillance of nonresident officials of the new bankruptcy bureau would tend in great measure to prevent the economic recovery of failing merchants and not promote the morale of the citizenship. Your committee believes it to be the purpose of the bankruptcy act to rehabilitate the weak and strengthen those who, through circumstances beyond their control, have unfortunately failed in business. The proposed act, in its effort to apprehend the fraudulent merchant, necessarily would prevent many good citizens from starting life anew after an unfortunate failure.

"Your committee believes that the greatly increased costs through fees allowed officials of the bankruptcy court are hardly justified by the experience in this jurisdiction, where the compensation allowed such officials has been considered ample, and your committee believes that these additional burdens upon bankruptcy administration would deter rather than encourage the use of the act, and would defeat one of its main purposes—the prompt, orderly, and economic liquidation of insolvent estates. Your committee expresses full confidence in the Federal courts to administer insolvent estates under the existing bankruptcy act, as last amended, and believes that the proposed amendment was patterned more nearly in the light of the peculiar and abhorrent conditions that did obtain in certain eastern bankruptcy courts than in the light of conditions throughout the country, particularly in south Florida.

"We do not believe that the bench and bar of the Federal court, generally, has become so abject as to require the denial of responsibility under the proposed amendment; and we, therefore, recommend to the bar association the adoption of the following resolution:

"*Be it resolved by the Dade County Bar Association, in meeting regularly assembled,* That it is the sense of this organization that the proposed amendment to the national bankruptcy act, being Senate bill No. 3866 and House bill No. 9968, provides such a drastic innovation in bankruptcy administration as warrants the careful and extended study of Congress and interested persons before its adoption as law; that the added expenses of administration provided by the law, as well as other features, tend to discourage rather than encourage the use of the act, and would not only increase the cost of administration but would diminish the returns to creditors and promote fraud; that this association considers the creation of a bankruptcy bureau without assurance of added efficiency in bankruptcy administration, but with a division of responsibility rather than a centralization thereof, and with full confidence in the integrity and ability of the Federal bench and bar, this association urges that Congress permit the present law to remain until, after careful study and investigation, actual improvements in the methods of bankruptcy administration have been devised and demonstrated.

"Respectfully yours,

"HERBERT U. FEIBELMAN, *Chairman.*
"RUDOLPH ISOM.
"HOWARD W. MCCAY.
"H. H. TAYLOR.
"L. EARL CURRY."

Mr. Feibelman thereupon explained some of the major innovations in the proposed amendment, and was followed by L. Earl Curry, referee in bankruptcy, who spoke in disapproval of the pending legislation, condemned the bill as increasing the costs of bankruptcy administration and adding to the power of central government, without promise of added efficiency in bankruptcy administration. He predicted that if the bill were enacted into law the cost of administration would be increased from 30 to 50 per cent, and liquidation of insolvent estates would be greatly delayed. He stated that he knew of no referee or Federal judge who favored the plan, but all who, to his knowledge, have expressed themselves, were strongly opposed to it.

Thereupon it was regularly moved and carried that the report of the bankruptcy committee be approved, that the resolution be adopted, and that copies thereof be supplied to the press, to each member of the committees from the House and Senate having before them the pending administration bankruptcy bill, and to each Member of the House and Senate of the Florida delegation. Mr. Feibelman having announced his presence in Washington May 3, 1932, to testify before these congressional committees, it was regularly moved and carried that he be authorized to represent the Dade County Bar Association in submitting to these committees a transcript of the proceedings of this meeting, with a copy of the resolution adopted.

There being no further business, the meeting was, on motion duly made and carried, adjourned.

CHAS. A. MOREHEAD, *Secretary.*

We, M. L. Mershon, president, and Charles A. Morehead, secretary, of the Dade County Bar Association, do hereby certify that the foregoing pages numbered 1 to 3, both inclusive, constitute a true and correct transcript of the minutes of the Dade County Bar Association held in Miami, Fla., April 28, 1932, at 4 p. m.

In witness whereof we have hereunto set our hands and the official seal of this organization at Miami, Dade County, Fla., this 29th day of April, A. D. 1932.

M. L. MERSHON, *President.*

Attest:

CHAS. A. MOREHEAD, *Secretary.*

REPORTS OF COMMITTEES

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

S. 931. An act to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U. S. C., title 28, sec. 592) (Rept. No. 631);

S. 933. An act to amend section 1025 of the Revised Statutes of the United States (Rept. No. 632); and

S. 940. An act to provide against misuse of official badges, identification cards, and other insignia designed for the use of public officers (Rept. No. 633).

Mr. WAGNER, from the Committee on Foreign Relations, to which was referred the bill (S. 3375) for the relief of Wiener Bank Verein, reported it without amendment and submitted a report (No. 634) thereon.

Mr. METCALF, from the Committee on Education and Labor, to which was referred the resolution (S. Res. 186) favoring an expression on Mother's Day of our love and reverence for motherhood, reported it without amendment.

AMENDMENT OF THE NATIONAL PROHIBITION ACT—ALCOHOLIC LIQUORS

Mr. HATFIELD, from the Committee on Manufactures, to which were referred the following bills, reported them adversely and submitted an adverse report (No. 635) thereon:

S. 436. An act to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor; and

S. 2473. An act to provide for increasing the permissible alcoholic content of beer, ale, or porter to 3.2 per cent by

weight, and to provide means by which all such beer, ale, or porter shall be made of products of American farms.

Mr. METCALF submitted the views of the minority of the Committee on Manufactures to accompany the bill (S. 436) to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor, reported adversely from that committee, which were ordered to be printed as part 2 of Report No. 635.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. WAGNER:

A bill (S. 4553) for the relief of Elizabeth Millicent Trammell; to the Committee on Foreign Relations.

By Mr. SHEPPARD:

A bill (S. 4554) authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.; to the Committee on Commerce.

By Mr. NORRIS:

A bill (S. 4555) for the relief of Edwin Horton; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 4556) granting an increase of pension to Anna M. Sipple (with accompanying papers); to the Committee on Pensions.

By Mr. FRAZIER (by request):

A bill (S. 4557) to authorize the addition of certain names to the final roll of the Sac and Fox Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 4558) granting an increase of pension to Nancy Jane Albright (with accompanying papers); to the Committee on Pensions.

A bill (S. 4559) to amend sections 10 (b) and 16 of the Federal reserve act, as amended; to the Committee on Banking and Currency.

By Mr. COHEN:

A bill (S. 4560) granting an increase of pension to Paul O. Brownlee; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4561) granting a pardon to Lieut. Thomas S. Massie, Mrs. Granville Fortescue, Albert O. Jones, and E. J. Lord; to the Committee on the Judiciary.

A bill (S. 4562) for the relief of Frank J. Miller (with an accompanying paper); to the Committee on Claims.

By Mr. GLENN:

A bill (S. 4563) for the relief of Roy Beavers; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 4564) to authorize the transfer to the Department of Florida, United Spanish-American War Veterans (Inc.), of certain Federal funds now on deposit in the name of Cary A. Hardee, Governor of the State of Florida, in the Lewis State Bank, of Tallahassee, Fla., and providing for the distribution and use of such funds; to the Committee on Military Affairs.

By Mr. SMOOT:

A joint resolution (S. J. Res. 153) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

REVENUE AND TAXATION—AMENDMENT

Mr. CAREY submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was referred to the Committee on Finance and ordered to be printed, as follows:

On page 31, after line 3, insert the following:

"(w) Real estate acquired by State banks as security for loans: So much of the cost of real estate owned by a State bank or a domestic building and loan association not exempt from taxation under this title, as is charged off within the taxable year in obedience to the specific orders or general policy of the officers of the State having supervision over such bank or association. In determining gain or loss from the subsequent sale or other disposition of such real estate the adjusted basis provided in section 113 (b) shall be reduced by the amounts so charged off."

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 4709. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

H. R. 9306. An act to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended; and

H. R. 11057. An act to amend section 129 of the Criminal Code of the United States; to the Committee on the Judiciary.

H. R. 6688. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight; to the Committee on Post Offices and Post Roads.

H. R. 8393. An act providing for payment of $25 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

H. R. 8578. An act to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on Finance.

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes; and

H. R. 10683. An act to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut; to the Committee on Commerce.

H. R. 10829. An act relating to the naturalization of certain women born in Hawaii; to the Committee on Immigration.

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site; to the Committee on Public Buildings and Grounds.

H. R. 11499. An act for restoring and maintaining the purchasing power of the dollar; to the Committee on Banking and Currency.

CONSERVATION—ADDRESS BY SENATOR WAGNER

Mr. COPELAND. Mr. President, I ask that there may be inserted in the RECORD a radio address delivered by my colleague the junior Senator from New York [Mr. WAGNER] on April 23, 1932, on the subject of conservation.

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

The address is as follows:

On the 14th of March the United States Senate passed a resolution I had submitted, which reads as follows:

"Whereas under the inspiring leadership of President Cleveland it became the settled policy of this Nation to conserve its natural resources; and

"Whereas the establishment of an American conservation week will have the desired effect of bringing the American people to realize in the words of that great conservationist, President Roosevelt, that 'the conservation of our natural resources and their proper use constitute the fundamental problem which underlies almost every other problem of our national life': Therefore be it

"*Resolved by the Senate (the House of Representative concurring)*, That the President of the United States is requested to issue each year a proclamation designating the first week in April as American conservation week, and inviting the people of the United States to observe that week in schools, churches, museums, parks, and other suitable places, with ceremonies appropriate to the occasion."

That resolution is now pending in the House of Representatives. I hope it will secure the approval of the House before the end of the present session.

What prompted me to submit this resolution was the realization that we had permitted the policy of conservation to become the specialized science of the expert and the hobby of the sportsman. Conservation was losing contact with the great body of our citizens at the very time that it needed intelligent support and vigorous assistance.

Only a few months ago a committee of the United States Senate, after extensive investigation, sounded this sharp warning:

"Your committee finds convincing evidence of a rapid disappearance of wild life. The evidence supporting this conclusion

comes from every source. It is not disputed. * * * The alarm of the conservationist, sportsman, fisherman, recreationist, and hunter has never been greater than at the present period."

That report of the Senate committee does not exaggerate the gravity of the risk we are running.

Should we permit the various forms of wild life upon this continent to disappear, we shall be guilty of destroying one of the greatest gifts of this bountiful continent. Nothing man has yet invented compares with the power of wild nature to refresh our souls, widen our vision, restore our strength, and calm our nerves when they are shattered and frayed by the fast pace of modern business activity.

There was a time not so long ago when our cities were but tiny islands of civilization sprinkled across a continent rich in natural and untamed life. At that time we had to protect ourselves against the jungle. All that has now changed. The time has come when we must preserve a portion of the jungle and the wilderness and protect the plant and animal life that can thrive only in the wilderness, so that we may have the means of satisfying the deep-seated yearning of mankind for contact with the great out of doors.

This aspect of conservation—namely, the need of providing for ourselves and for those who come after us free and easy access to opportunities to re-create their energies—is, in my judgment, by far the most important phase of wild-life conservation. But it is by no means the only one.

There is a business aspect to conservation It is estimated that there are in the United States about 13,000,000 sportsmen who resort to the great outdoors for their recreational activities. Their expenditures for that purpose exceed $650,000,000 a year. Their purchases finance a major industry, an important branch of our national economy, which deserves to be cultivated like any other branch of the Nation's economic effort.

Furthermore, the direct contribution of the various forms of wild life by way of food and clothing exceeds $150,000,000 in value.

We know only too well that many forms of bird life and animal life have entirely or practically disappeared from the continent because conservation was only a word—not a practice. Our present problem is therefore not merely to preserve what has remained but in many cases to replenish the wastage that has occurred in the past. Our duty is to make certain that not only we but those who follow us may enjoy a fair share of the natural riches of this continent.

The scope of conservation is wide enough to embrace every natural asset, such as oil, coal, and water power, and the wild life of the forest and prairie. Conservation implies a governmental policy with respect to each of them.

The first practical expression of the policy of conservation with respect to wild life was the action of the State of Maine in 1843 in appointing a number of official game protectors. To-day every State of the Union except Mississippi has a bureau charged with the duty of conserving its fish and game resources for the benefit of the people of the State.

The Federal Government began its conservation activities by establishing the Bureau of Fisheries in 1871. To-day we have, in addition to that bureau, three more actively engaged with the practical problems of conserving wild life. They are the Bureau of Biological Survey, the National Forest Service, and the National Park Service.

For the special protection of the migratory birds we have entered into a treaty with Canada. That problem has not, however, as yet been solved. All admit that there has been a diminishing supply of migratory waterfowl. Last year the situation had to be met by the drastic curtailment of the duck season. The controversy as to cause of the shrinkage in the number of these fine birds has not yet subsided. We have a great and valuable natural asset in these migratory birds, which should be preserved. I believe we should inaugurate a thoroughgoing study of the conditions surrounding their entire circuit from the breeding areas in Alaska down to Central America. Only by the use of facts can we properly solve the problem of the migratory waterfowl.

Another conservation problem that calls for the attention of the Federal Government is that of water pollution. Many of our inland and coastal waterways have been reduced to such a condition as practically to make impossible the continuance of any forms of aquatic life within them. The problem calls for further study and for stringent regulation, to the end that commerce may be accommodated and that the natural resources of the water systems of the United States may be preserved.

All of the objectives of conservation would be furthered by a closer coordination of the activities of the principal bureaus of the Federal Government engaged in fish and game preservation. The national forests and the national parks can be more intensively utilized than they have been for game replacement. It would also be well if the State conservation offices and the Federal bureaus engaged in conservation activities were more frequently brought into contact and into cooperation. One of the immediate essentials both for the States and the Federal Government is the provision of a larger personnel for the enforcement of the many salutary laws and regulations which have already been placed upon the statute books for the protection of wild life in America.

It is apparent that conservation is not only a policy of government—not only a specialized art and science—but that it must also become a habit of citizenship. The policy of conservation will not prevail unless it finds favor and support with the great body of American sportsmen and with the citizens generally.

It is for that reason that I hail the conservationists of America who are devoted to the cause of educating the public to the ideals and purposes of conservation, namely, the perpetuity of our wild life and the most economical use of our natural resources so that it may be reasonably certain that future generations will share with us in their enjoyment. I thank you.

DEBTS AND TAXES

Mr. LOGAN. Mr. President, I ask that there may be printed in the RECORD an article by Mr. C. T. Revere appearing in the Review of Reviews for May, 1932, entitled "Our Taxes: The Bills We Pay for Politics."

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

The article is as follows:

OUR TAXES: THE BILLS WE PAY FOR POLITICS

By C. T. Revere

After the country begins to recover from the shock of seeing the United States Treasury faced by the threat of an unbalanced Budget, with its implication of a cloud upon national credit, it will be interesting to observe the public reactions, as well as the effect of those reactions upon our future policies.

In former fiscal crises the plight of an oppressed citizenry was portrayed in this burning epigram: "The power to tax is the power to destroy."

We have gone far since then, and our experience has taught us something. If we were to try to outline the present impasse, we would say: "The power to spend is the power to consume"—like a devastating fire. For in many respects the toll exacted from an energetic and resourceful people has found its vent in waste. It has gone up the economic smokestack in the form of outlays on farm relief, Shipping Board futilities, bonus payments to ex-service men, prohibition enforcement, and for other purposes, leaving no more trace upon our national landscape than a melting April snow.

Former President Coolidge, in his recent Saturday Evening Post article, Debts and Taxes, places the Nation still further under obligation to him by his exposition of this vexed problem. Surveying our flounderings from "the loopholes of retreat," his penetrating discussions and wise counsel give him the stature and dignity of the Marcus Aurelius of the American Republic.

Mr. Coolidge evidently regards some aspects of this question as rating higher in importance, if possible, than the balancing of our Budget by increased taxation. Chief among these is the mounting cost of government. The figures quoted by Mr. Coolidge are largely those prepared by the National Industrial Conference Board. It was pointed out that in 1903 the approximate total cost of government—including National, State, and local expenditures—was $1,570,000,000. That was one year less than 30 years ago.

In 1930 our governmental indebtedness—national, State, and municipal—had climbed to more than $30,000,000,000. Our taxes had mounted to $10,251,000,000. But even those levies, the most stupendous that ever faced any nation in history, fell short of what we spent, as total expenditures reached $13,058,000,000, thus implying an increased indebtedness to the extent by which expenditures exceeded taxes.

These figures are terrifying enough, but they do not tell the story as it stands to-day. As Mr. Coolidge pointed out, our tax bill of 1930, amounting to $10,251,000,000, consumed 14.4 per cent of our national income. It was about 3 per cent of our total national wealth, and as such it approached dangerously near to the proportions of a capital tax—a levy that points to the broad highway leading to progressive national collapse.

But what about 1932? Total national, State, and local taxes will far exceed the levies of two years ago. When the returns are all in, the combined tax bill—not tax collections—probably will exceed $12,000,000,000. On the other hand, our national income, all of us will agree, has shown a distressing shrinkage since the days of 1930. We are likely to find out that our tax bill of 1932 will approach 30 per cent of the Nation's income. What percentage of our diminished national wealth is represented by such a toll? It is perhaps just as well that we do not know. The mere conjecture is appalling.

These exhibits should show us that we have in the offing certain problems transcending in importance even the urgent necessity of balancing our Budget by unearthing new sources of governmental revenue. Supreme among these is the necessity for a reduction in expenditures. No nation, however energetic and resourceful, no matter how bountifully favored by natural conditions, can permanently stand such a burden.

The debt charges alone call for an impost that is staggering. One glance at the cost of State and municipal government will convince us of this. These expenses in 1930 had climbed to $9,116,000,000. Interest took $1,481,000,000, and debt reduction absorbed another $1,126,000,000. Here we have a total in excess of $2,600,000,000. In other words, in 1930 the charges for interest and debt reduction, merely overhead items, cost our States and cities over a billion more than it took to run Federal, State, and municipal Governments in 1903. This is a change that has taken place in 27 years.

All of us admit the need of meeting an emergency, and the imperative necessity of balancing the Budget when the Nation's credit is at stake. However, if one is to judge from the character of protests now coming from all sections of the country, the clear—though perhaps subconscious—conviction of the business community is that the supreme fiscal calamity would not be our failure to balance the Budget, but our success in balancing it by the levy of high taxes while sustaining the present scale of public expenditure. We might collect such taxes for one year, possibly two; but we would not carry the burden for any extended period of time.

Before we get through with problems involving revenues, outlays, appropriations, expenditures, excise duties, direct taxes, indirect taxes, sales taxes, etc., we are likely to be confronted by queries to which we never before have given practical attention.

Among the misgivings that will express themselves in interrogative form one might enumerate the following which will have to be developed into settled fiscal policies before we are through with our troubles:

1. Is not a large part of our present distress due to the tendency of our political leaders to formulate taxing policies that will lead to social and economic equalization? Inheritance and estate taxes, levies of a more onerous nature in the higher brackets of income-tax administration, may be given as examples.

2. When we look at the items that have thrown our fiscal system out of gear, do we not find that these huge outlays were made to placate politically powerful elements, and that our political leaders, in yielding to high-pressure propaganda, virtually have dipped their own hands into the Public Treasury to maintain their political existence and prestige?

3. In the last 20 years or so we have added enormously to the number of Government bureaus, many of which perform overlapping functions; and salaries have been advanced in keeping with the rising cost of living. Does the failure to dispense with superfluous agencies or to reduce the salaries of governmental employees in keeping with the lowered cost of living, mean that the country is now saddled with a bureaucracy that can scoff at the distress of the American taxpayer?

4. When we come to consider the sources of revenue, are we not likely to find that the Federal tax structure has marked elements of fundamental weakness, and that we have been relying too much upon sources of income that were uncertain and subject to dangerous and troublesome variations? The present form of administration of our income tax furnishes a case in point. Two years and more of depression have shown that we can not safely depend upon a levy obtained from such a relatively small group whose individual fortunes are subject to such appalling fluctuations.

5. If we broaden the base of our income-tax levy, will we not find at least three most salutary results ensuing therefrom: (a) A more stable source of revenue, subject to less sweeping variations; (b) a keener sense of responsibility among our citizens toward public expenditures; and (c) a consequent and most wholesome restraint upon Congress in respect to appropriations from the Public Treasury?

Undoubtedly there are many other queries that will arise in the public mind, and all should work eventually toward the development of a sounder fiscal program, less extravagance on the part of Nation, State, and city, and the formulation of taxation policies that will be more equitable and produce the minimum of unfavorable reactions upon our capital structure.

At the moment the interest of the Nation is concentrated upon the position of the United States Treasury. The formula setting forth both the misgivings and the amazement of the American people may be expressed largely as follows: What created the deficit? The answer is simple. Revenue sources broke down at a time when expenditures were exceeding all peace-time precedents.

Revenue proved to be disappointing because of the fluctuating character of its source. Only a year ago the official Treasury forecast saw a deficit in 1931 of approximately $180,000,000. It estimated that for 1932 there would be a surplus of $30,000,000, with no apprehension expressed that for 1933 the Treasury position would be anything but comfortable.

In order to show the unforeseen difficulties confronting the Treasury officials, it might be stated that the deficit for 1931 was nearly a billion dollars and that for 1932 it will be in the neighborhood of $2,150,000,000. It now appears that the estimate made a year ago of revenue from income taxes for the current fiscal year was about $1,140,000,000 more than will be obtained. This experience alone should demonstrate the fallacy of placing major reliance on a source of revenue that can dwindle with such disconcerting rapidity.

The items causing the deficit can be picked out of the second and third pages of the report of the House Ways and Means Committee on the revenue bill of 1932. Since the fiscal year 1930, when we last had a balanced Budget, there is an estimated decline in corporate and individual income taxes alone from approximately $2,200,000,000 to $850,000,000. This is a loss of $1,350,000,000. Total revenue from all sources shows a drop from $4,178,000,000 to $2,242,000,000, a decline of almost $2,000,000,000. The item of "miscellaneous receipts" shows a drop from $552,000,000 in 1930 to $265,000,000 in 1932. Most of this is explained by the current year's moratorium on foreign-debt payments.

If one is looking for extraordinary items of expense for 1932, he can find them in an extra appropriation of $200,000,000 for loans to veterans, $155,000,000 actual advances by the Federal Farm Board, a postal deficit of $195,000,000, and an item of $784,000,000 for the Veterans' Administration. This latter is in addition to the extra $200,000,000 in loans.

In connection with the allocation of the Veterans' Administration some interesting testimony was given by General Hines in the hearings on the independent offices appropriation bill.

Up to the beginning of 1932, $1,284,000,000 actually had been loaned. Only a comparatively small portion of this shows up in the budgetary estimates, for the reason that since the adjusted-service certificate act was passed, in 1924, approximately $112,000,000 had been appropriated each year to this fund. The fiscal effect has been to retire the outstanding public debt by that amount and place it in the fund in the form of Government bonds bearing interest. When the loan legislation went through, these bonds (or, rather, marketable bonds as substitutes) were sold. Thus, while this $1,200,000,000 figure did not show up either in the public debt statement or in the Budget, except as already indicated, the Treasury had to borrow that much money.

In the official statement of the Ways and Means Committee report and elsewhere, on expenses for the current fiscal year, no mention is made of withdrawals from the Treasury by the Reconstruction Finance Corporation or by the Farm Loan Board on the new $125,000,000 appropriation. The first quarterly report of the Reconstruction Finance Corporation shows that $238,000,000 of loans had been authorized up to March 31, of which $192,000,000 actually have been withdrawn from the Treasury.

Among the expenditures it is just as well to bear in mind the donation of the United States Government to the various States for road construction, included in the expenditures of the Department of Agriculture. The actual money available for this purpose during the fiscal year 1932 is around $160,000,000. The system employed in making these disbursements is interesting. It also may be confusing to the uninformed American taxpayer. For several years Congress appropriated $75,000,000 a year, and two years ago they raised the figure to $125,000,000. For the past two years the expedient has been adopted of "edging up" on future appropriations, granting in advance the money that the States might expect in future years. The actual expenditures for the current fiscal year thus approximate $160,000,000.

No business enterprise in a period of declining earnings and with an unfavorable outlook would think of following any other program than that of drastic retrenchment. There is little indication that such a course will be followed in respect to Government expenditures. Governmental economy presents our most baffling problem. There are plenty of protests against specific taxes, but there are few specific recommendations when it comes to instituting economies. The President has made a general appeal for the practice of economy, and this was met by a challenge by Congress to show where curtailment could be put into effect. The latest development has been a joint proposal for a slash amounting to $160,000,000 as a result of conferences between the Executive and House leaders.

Just why the salaries of Federal employees should be considered immune from downward revision, when practically every other element in the community has suffered radical curtailment of income, is one of the unsolved mysteries of politics. Another enigma that passes understanding is the immortality of bureaus that long since have outlived their stage of usefulness and still show no signs of disintegration.

Government could learn something from business in the matter of devising economies. Individual business would compare present with past expenses and endeavor to ferret out the items responsible for the increased outlay. The pruning knife would be applied to such increases unless it could be shown that they were productive or otherwise imperatively essential to the conduct of operations.

No better illustration of how well-managed private concerns would proceed can be furnished than to present a portion of the letter issued on April 8 by Lammot du Pont, president of E. I. du Pont de Nemours & Co. In this letter Mr. du Pont gave a tabulation, reproduced on next page, prepared from the latest annual report of the Secretary of the Treasury, comparing governmental expenditures by main subdivisions for the fiscal years 1927 and 1932.

In offering this formidable exhibit President du Pont made the following comment:

"To finance these ever-increasing disbursements, Congress is now planning huge additional taxes to be paid for out of the already shrunken income of prostrate industry and individuals.

"Taxes levied upon corporations and other producers increase the cost of their products. Higher costs lessen sales, slow down industry, increase unemployment and want; all of which drive costs still higher and further increase distress. Taxes upon individuals have a similar effect by curtailing their capacity to purchase the products of industry.

"It is lower costs and higher purchasing power which we need to-day, perhaps more than ever in our history. Why are industries and individuals, which must reduce their expenditures to meet the depressed conditions, saddled with ever-mounting taxes to cover the ever-increasing expenditures of the National Government? Why should the confidence in the financial security of the Government itself be jeopardized by extravagance? Why does not Congress balance the Budget by reduction of expenditures through efficient operation and the curtailment of non-essential services and functions?"

Washington opinion, which perhaps is too close to the scene, is decidedly cynical on the subject of Government economies. In its April issue, the National Sphere (Washington) said: "The

most pathetic thing in Washington at the moment is the movement to reduce Government expenditures. It is pathetic because it is making a loud noise and no progress. Were the matter not such an extremely serious one for the welfare of the American people, the situation would be little short of ridiculous. As it is, there is a lesson: The reduction of expenditures on projects and agencies once started is an impossibility. There is also a moral: Don't start new governmental projects or agencies."

Such cynicism is too tragic. If it has even a modicum of verity, it questions the fundamental validity of democracy. It makes a farce of Lincoln's noble panegyric at Gettysburg, and warns of our vanishing birthright—that this Republic is fast becoming a Government of the politicians, by the politicians, and for the politicians.

	1927	1932	Increase	Increase
				Per cent
Total expenditures	$3,493,600,000	$4,482,200,000	$988,600,000	28
Less interest and sinking-fund payments (statutory)	1,120,500,000	1,016,800,000	[1] 103,700,000	[1] 9
Less miscellaneous, not included in major departments	409,100,000	270,300,000	[1] 138,800,000	[1] 34
Balance which was expended by major departments, commissions, etc., as follows	1,964,000,000	3,195,100,000	1,231,100,000	63
Department of Agriculture	156,300,000	333,500,000	177,200,000	113
Agricultural marketing fund—net (Farm Board)		155,000,000	155,000,000	
Post office deficit	27,300,000	195,000,000	167,700,000	614
Treasury Department	151,600,000	312,900,000	161,300,000	106
War Department	360,800,000	483,700,000	122,900,000	34
Navy Department	318,900,000	378,900,000	60,000,000	19
Shipping Board	19,000,000	60,800,000	41,800,000	220
Department of Justice	24,800,000	53,800,000	29,000,000	117
Department of Commerce	30,900,000	54,700,000	23,800,000	77
Other independent offices and commissions	35,400,000	57,600,000	22,200,000	63
Legislative establishment	19,700,000	32,400,000	12,700,000	64
Department of Labor	9,900,000	14,100,000	4,200,000	42
Adjusted-service certificate fund	115,200,000	200,000,000	84,800,000	74
Veterans' Bureau (Veterans' Administration since 1930)	391,500,000	784,400,000	[2] 392,900,000	100
Interior Department	302,700,000	78,300,000	[1 2] 224,400,000	[1] 74
Total of major departments, commissions, etc	1,964,000,000	3,195,100,000	1,231,100,000	63

[1] Indicates decrease.

[2] Since the Bureau of Pensions was transferred from the Interior Department to the Veterans' Bureau in 1931, in order to make a fair comparison with 1927 it is necessary to combine the expenditures of the Interior Department and the Veterans' Bureau for each period, which results in an increase in expenditures in those two divisions of $168,500,000 for 1932 as compared with 1927.

TAXES AND GOVERNMENTAL EXPENDITURES

Mr. LOGAN. Mr. President, I ask permission to have printed in the RECORD an article by Isaac F. Marcosson entitled "Bills for Billions," which appeared in the Saturday Evening Post of April 30, 1932.

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

The article is as follows:

BILLS FOR BILLIONS

By Isaac F. Marcosson

Here are three statements of significance for every American citizen, whether he pays taxes or not. The first was made by the then Secretary of the Treasury Mellon before the congressional Ways and Means Committee on January 13 last, when he said:

"As pointed out in my annual report to the Congress, we closed the fiscal year with a deficit of $903,000,000. Without making allowance for increased revenues through recommended legislation, we are confronted this year with a prospective deficit of $2,123,000,000, and it is estimated that expenditures will exceed receipts by no less than $1,417,000,000 in the fiscal year 1933. This situation is due, on the one hand, to increased expenditures, and, on the other, to a precipitous decline in receipts from taxation."

The second is an extract from the report of the committee on Federal expenditures of the Chamber of Commerce of the United States, which reads:

"Governmental expenditures in the United States are now estimated to be between thirteen and fourteen billion dollars annually. Compared with the pre-war year of 1913, these expenditures have increased 330 per cent. Those of the Federal Government increased about 475 per cent, of the States about 376 per cent, and of the local units about 270 per cent. Per capita expenditures have increased about 360 per cent for the Federal Government, 285 per cent for the States, and about 200 per cent for local units."

The third is part of a pronouncement by President Hoover at the biweekly press conference at the White House on January 8. It stated:

"I wish to emphasize to the fullest extent of my ability the necessity, as a fundamental to the country, for the utmost economy of Government expenditure of all kinds. Our people must realize that Government can not live in a depression upon the scale that was possible in times of great prosperity. * * * Our first duty as a Nation is to put our Government house in order—National, State, and local. With the return of prosperity the Government can undertake constructive projects both of social character and in public improvement. We can not squander ourselves into prosperity."

In the face of the fiscal conditions just enumerated, which so vitally affect the credit of the country, the new Congress plunged at once into the business of appropriation. Between the time that the gavel fell for the first session on December 7 and the adjournment for the holidays on December 22, hundreds of measures had poured into the hopper, carrying with them recommendations for expenditures that aggregated $32,230,700,000.

This compilation, based on an estimate made by the Washington Post and incorporated into the CONGRESSIONAL RECORD, only included bills carrying more than $1,000,000 each. These recommended expenditures, which are eight times the pared-to-the-bone Budget estimates of $4,000,000,000, represent just so much money which the authors of the various bills would like to spend over and above what the Government believes is necessary to spend in these parlous times.

The procedure has naturally provoked widespread protest among business men. Its inconsistency is shown by this episode: A certain Congressman, hotfoot for a slash in the pay of all Federal employees, is earnestly advocating the construction of a fish hatchery in his district.

Before we strike the stride of this serial of spending, however, it is important to make two statements which bear directly upon the appropriation situation. The first is by a high-placed Washingtonian, intimately familiar with the state of the Nation's finances. In discussing the glut of congressional money measures with me he said:

"For nearly 10 years there was little idea of the relation between taxation and appropriation in the mind of Congress. Apparently the sky was the limit. We boomed with prosperity. The fiscal and other resources of the United States appeared to be inexhaustible. Expansion was the watchword, and economy in public expenditures a lost art. Our national legislators could proceed with a free hand. There was no comeback at home because of drastic increase in taxation. We had a surplus of $184,000,000 in 1930; one of $135,000,000 in 1929; and one of $399,000,000 in 1928.

"Now we face a gross deficit for the 3-year period 1931–1933 of approximately $4,533,000,000. The relation between taxation and appropriation becomes a very vital matter. The spread widens as excessive outlay piles up. Increased taxation becomes the only way out. It means that the gap between Government revenue and expenditures must be closed."

DIMINISHING RETURNS FROM INCOMES

The second deals with the decline in national tax revenue. Due to the economic depression, both individual and corporate incomes have greatly shrunk. Current corporation income taxes declined from $1,118,000,000 in the fiscal year 1930 to $892,000,000 in 1931, and are estimated at $550,000,000 for the current fiscal year. Individual income-tax collections fell from $1,061,000,000 in 1930 to $730,000,000 in the fiscal year 1931, and at the time I write are estimated at $370,000,000 for 1932. Miscellaneous internal-revenue collections decreased from $628,000,000 in 1930 to $569,000,000 in 1931 and to an estimated $544,000,000 in 1932. Furthermore, customs receipts dropped from $587,000,000 in the fiscal year 1930 to an estimated $419,000,000 for 1932. The new $1,096,000,000 Federal tax bill, carrying a big increase in income levy, presented on March 5, is the answer.

Let us first look at the larger suggested appropriation picture. The purposes and the well-nigh staggering sums sought for them are: General welfare, $8,201,000,000; public roads, $8,525,000,000; public works, buildings, and parks, $7,933,000,000; aids to agriculture, $1,931,000,000; all veterans, $3,685,000,000; unemployment relief, $702,000,000; increased expenditures upon Federal employees, $514,000,000; Navy, $411,200,000; irrigation and reclamation, $275,000,000; Army, $25,500,000; and aids to Indians, $28,000,000. The grand total is $32,230,700,000. Remember that these sums are in bills carrying more than $1,000,000 each. Additional measures involving expenditures increase the total by not less than $5,000,000,000 and possibly more.

We can now analyze the bills in detail, beginning with the $7,933,000,000 total for public works, buildings, and parks. No feature of congressional expenditure lends itself more readily to criticism, because it involves the problem of the advisability of immense works projects as a form of relief in times of depression.

Heading the list of bills is that of Senator LA FOLLETTE for the flotation of a $5,500,000,000 prosperity bond issue for the construction of public Federal buildings, highways, bridges, grade-crossing elimination, water supply and sewage systems, flying fields, parks and playgrounds, and schools and housing. Under the terms of the bill loans to State and local authorities are made available up to $3,750,000,000.

The three next largest appropriation bills and the sums involved are: Representative CAMPBELL's to conserve the run-off of flood waters, $750,000,000; Senator SHIPSTEAD's for the early completion of river and harbor projects—it carries a 4 per cent bond issue—$500,000,000; and the Crisp-McKellar bill authorizing construction of post-office buildings on the basis of postal receipts, $300,000,000. Other public works bills include Representative

GARBER's for the maintenance and stabilization of channels of navigable streams and the control of flood waters, $225,000,000; Senator MCKELLAR's for the construction of the Nicaragua Canal, $150,000,000; Senator NORRIS's for the operation of Muscle Shoals, $126,000,000; Representative ALLGOOD's for the construction of post-office buildings in all county seats, $60,000,000; Representative KELLY's for the purchase or construction of post-office buildings, branches, and garages, $45,000,000; and Representative LOVETTE's for flood control at Cove Creek Dam, Clinch River, Tennessee, $40,000,000. Fifteen other public-works measures for projects ranging from State parks to the erection of Spanish War memorials carry appropriations ranging from $1,000,000 to $25,000,000 each.

Linked with these proposed appropriations is another onslaught involving the same economic issue. I refer to the bills framed for irrigation and reclamation schemes which call for an aggregate of $275,000,000. Chief among them are Representative BURTNESS's measure for loans to drainage and other districts, totaling $100,000,000; Representative BUCHANAN's to establish a national reclamation policy, $100,000,000; and Representative SMITH's for storage in public-land States, $50,000,000.

A THEORY THAT WORKS IN REVERSE

These measures are projected, in the main, on the familiar theory that vast expenditures for public works will offset the adverse swings of the business cycles.

In other words, as economists put it, "spend on a far greater scale when business is depressed than when business is flourishing." On paper this reads well. In practical operation the reverse obtains. No one doubts the advisability of spending when business morale is low, but the fact to be emphasized is that the spending, or rather the objectives of the spending, must be reproductive—in other words, revenue producing.

The launching of such a huge bond issue as is contemplated in the La Follette measure when the Treasury is hard put to raise revenue could easily have grave consequences on the national financial status. The President touched on this phase in a message to Congress on January 4, in which he said:

"The country must have confidence that the credit and stability of the Federal Government will be maintained by drastic economy in expenditure, by adequate increase in taxes, and by restriction of issues of Federal securities. The recent depreciation in prices of Government securities is a serious warning which reflects the fear of further large and unnecessary issues of such securities."

In the Budget estimates we have reached the limit of appropriation for public works. The amount spent by the Federal Government for this purpose in 1931 was nearly $437,000,000, while the authorized appropriation for the current fiscal year is $620,000,000. Expenditures for public construction in 1931 were more than $165,000,000 in excess of those of the preceding year.

PUTTING THE DOLE IN INDOLENCE

Let us next have a look at the bills involving funds for Federal aid to public roads. Six measures introduced seek a total of $8,525,000,000. Heading them is Representative HOLADAY's bill for rural post roads, other than Federal aid to highway systems, $5,000,000,000. Second comes Senator NORRIS's bill, which would set aside $3,000,000,000 for highway construction with Government money and without proportionate grants by the States. The other four are: Representative ALMON's for a Federal highway system, $300,000,000; Representative OWEN's measure to acquire toll bridges, $200,000,000; Representative LEAVITT's for roads and trails in national parks, $15,000,000; and Senator WALSH's for road building on the basis of drought conditions, $10,000,000.

For some years Washington has allocated considerable sums to the States for road construction under varying conditions, the chief of which was that the States should contribute a certain sum to the undertaking. The actual expenditure for highway purposes last year approximated $168,000,000, while the estimated expenditures for 1932 are $239,000,000. Many of the States paid their share. Under the proposed measures practically the entire new burden falls upon the Government.

Linked in purpose with all these works projects are the measures for out-and-out relief. They are: The La Follette-Costigan bill for cooperation with States to relieve unemployment, which asks for $375,000,000; Representative CELLER's special Army reserve act to relieve unemployment, demanding $227,000,000; and Representative HUDDLESTON's for the relief of the destitute, $100,000,000, making a total of $702,000,000.

The Celler bill represents a departure in relief measures. It provides that: "Immediately after the passage of this act, or as soon thereafter as the Secretary of War shall designate, men of good character, between the ages of 18 and 45 years, who are physically qualified for the duties of a soldier, but who in the present unemployment crisis are not gainfully employed, and who are not skilled in any trade or occupation, shall be permitted to enlist in the special Army reserve for active duty for a period of not to exceed one year."

The moment you touch the subject of Federal aid for the unemployed you pass the frontier between private, State, and community assistance, and the dole. Britain's costly experience with the dole has proved that national government aid to the idle fosters, in time, what becomes subsidized indolence. The dole is a drug that deadens the will to work.

In his testimony before the subcommittee of the Committee on Manufactures, of which Senator LA FOLLETTE is chairman, Walter S. Gifford, director of the President's organization on unemployment relief, stated the case against the intrusion of Federal aid in this all-important matter. Among other things, he said:

"Widespread acceptance of responsibility, community by community, county by county, and State by State, has not only worked for providing relief funds but likewise for their discriminating and effective expenditure. The principle underlying the relief activities throughout the country has been that first, if possible, the individual community would look after its own. Next, if necessary, the county would help, and then, if the county were unable to meet the needs, the State would help. It would seem that the combined efforts of communities, counties, and States can take care of the situation. Should such community and State responsibilities be lessened by Federal aid, the sincere and whole-hearted efforts of the hundreds of thousands of volunteers engaged both in raising and administering relief funds would doubtless be materially lessened. The effect of Federal aid on Federal Government credit should also be considered. If this were adversely affected, the real cure for unemployment, which is obviously the the restoration of normal business, would be retarded."

We now come to the group of bills massed under the head of general welfare. The total amount of appropriation asked in 21 measures is $8,201,500,000.

PROMOTING GENERAL WELFARE

The largest sum involved in a single measure is $5,000,000,000, which Representative LANKFORD fixes as necessary for the establishment of a department of general welfare to be headed by a secretary of welfare. As set forth in the bill, the purpose of the new department is to "aid, encourage, and promote" practically every organization in the country, whether school, lodge, farm, church, or veteran, "to secure better mental, physical, spiritual, moral, and patriotic development of the people and in order that the general welfare may be promoted and provided."

In many respects the Lankford bill is what seasoned legislators are accustomed to call a freak measure. One of its stipulations is to provide free motion-picture and radio service "in all schools, colleges, universities, churches, missions, lodges, clubs, unions, federations, public hospitals, orphans' homes, charitable organizations, community centers, patriotic organizations, and other organized gatherings." The United States Government is to pay for apparatus, service, and operation. Admission to all the shows is to be free. In addition to creating an unnecessary branch of the Government, the Lankford bill savors strongly of a paternalism hardly consistent with the American tradition.

Next in extent of appropriation is Representative CONNERY's $3,000,000,000 measure to provide old-age pensions for citizens of the United States. The minimum assistance is to be $1 a day. Here again you have an instance of the intrusion of Federal aid in the functions of a State, because many of our States make old-age provision under what is called an old age security act. It is typical of a dozen more or less kindred measures calling for unwarranted institutions ranging from the establishment of commodity quantity units to a university of the United States.

THE BONUS LOOMS LARGER

With the additional aid asked for veterans of the World War, we reach the first group of measures influenced by organization pressure. Once more the bonus looms large, this time in bigger terms than ever before.

As most people know, the so-called adjusted-service certificate issued to veterans is practically a 20-year endowment-insurance policy. The total face value of certificates was $3,426,000,000, held by 3,397,000 veterans, or an average of about $1,000 each, when the bonus agitation broke out afresh in 1931.

At that time loans on the certificates were available up to 22½ per cent of the face value. The last Congress increased the loan rate to 50 per cent. President Hoover vetoed the measure, but it was passed over his objection. It increased the immediate gross-borrowing power of certificates to $1,711,500,000.

The first of the new veterans' bills is Representative PATMAN's "to provide for the immediate payment to veterans of the face value of their adjusted certificates." It is estimated by the Veterans' Administration that the first year's outlay under this legislation would be $2,444,000,000.

A bill offered by Representative GARBER to provide dependency allowances—they would really amount to pensions—involves a cost of $269,500,000. Other World War veteran measures call for an additional expenditure of $366,000,000.

Organization pressure is also evident in the bills affecting postal employees which would add $422,000,000 to governmental expenditures. They amend pay, increase leave periods, provide for study periods in work hours, and reduce night work.

In analyzing the bills for me a Washington spokesman, peculiarly equipped to speak, made the following statement:

"Without deprecating the service or loyalty of the army of postal employees, these facts must be considered: Clerks and carriers receive $1,700 a year at the beginning, and advance at the rate of $100 per annum until they reach $2,100. Night work carries a 10 per cent increase in pay. One out of every six clerks is a special clerk receiving $2,200. They have 15 working days' vacation annually and 10 days' sick leave, which is cumulative up to six months. Postal employees have suffered no lay-off and no reduction in pay, whereas millions of Americans are out of work or receiving reduced compensation. Living costs are down 20 per cent. Moreover, the volume of postal business has fallen off one-third during the past two years. The total postal deficit for the year ending June 30, 1930, was $98,215,987; for 1931, $146,066,189; while the estimated deficit for 1932 is $200,000,000."

No legislative program is complete without farm-relief measures. The bills for assistance to agriculture mount up a total of $1,931,000,000. The largest proposed expense is in Senator BROOKHART'S measure, the purpose of which is to give the American farmer a price for his product that will equal cost of production plus a 4 per cent profit. It appropriates $1,000,000,000 to be added to the revolving fund of the Federal Farm Board and imposes authority to handle agricultural products so as to bring about this result.

WHEN THE BUDGET IS UNBALANCED

The Federal Farm Board specified in its message to Congress that it was not making recommendations for any legislation. In a statement to me James C. Stone, chairman of the board, emphasized this point, saying:

"On a number of occasions I have said that the Farm Board had not contemplated asking Congress for an increase in the $500,000,000 revolving fund created in the agricultural marketing act. We do not now contemplate asking for more money. Unless Congress should impose new obligations on it, the present revolving fund is sufficient to take care of the supplemental financing needed by cooperatives in the expansion and development of their marketing program."

You need no diagram to point out that the welfare of the country and the return of a sound prosperity demand the strictest economy. The proposed appropriations, even if approved only in part, constitute a definite menace to national fiscal stability at this time. While the bills, save in a few isolated instances, are not legislative freaks, they can only be regarded as financial follies.

The final commentary on the congressional spirit of spending is made by the man best qualified to make it. In a speech before the Economic Club of New York in December last, Ogden L. Mills, then Under Secretary and now Secretary of the Treasury, said:

"If we are called upon to finance, through borrowing, another huge deficit in 1933, and all manner of unwise and uneconomic expenditures in the meanwhile, leaving aside for the moment the general effect on the credit of the Government, our difficulties become very serious indeed.

"I do not mean to suggest that the addition of $3,000,000,000 or even $4,000,000,000 to our national debt could conceivably impair the national credit. But I do say, with all the force at my command, that any temporizing with this situation, any failure to take the steps necessary to bring our Budget into balance within a reasonable time, any misuse of the public credit would furnish evidence of lack of sound financial principles as might well result in shaken confidence and in apprehension lest these conditions prevail long enough to result in real damage. In this period of deep uncertainty the unimpaired credit of the Federal Government is the most priceless possession of the people of the United States. We assume its existence as we assume the continuance of unlimited supplies of air and sunlight. It has been established through the pursuance of sound fiscal policy in the past, and so must it now be preserved."

THE ECONOMIC AND POLITICAL SITUATION

Mr. COPELAND. Mr. President, I ask permission to have inserted in the RECORD an editorial appearing in the Advertiser, of East Aurora, N. Y., on April 28 last, written by B. J. Hatmaker, entitled "Hysteria—A Liability."

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

The editorial is as follows:

HYSTERIA—A LIABILITY

By B. J. Hatmaker

The unfolding of the drama of democracy fighting for its life against the forces inherent in the evolution in its own economic system based upon the development of the machine age is far more exciting than any imitation drama of the stage, more thrilling than any mystery story, with the dénouement of the plot still unrevealed but of vital personal significance to each of us, whatever it may be. Comedy, tragedy, pathos, and absurdity are blended in the play and an impending presidential election adds zest to the acting.

As we look back over the roaring twenties, comedy dominates. Greed, riches to be picked out of the air, something for nothing, all economic laws suspended, prosperity forever, in constantly accelerating ratio, a nation mad with the hysteria of optimism.

The curtain dropped in the autumn of 1929, and was raised upon the second act. Capital found itself deflated in the sum of some $60,000,000,000. Labor found itself losing a billion dollars a month through unemployment, wage reductions, and short-time jobs. The hysteria of tragedy swept over the country. The cold, black fog of deflation permeated every nook and corner of the country, causing the failure of banks by the hundreds, tying up available cash. The depths of this condition were reached about eight months ago.

The curtain rose on the third act with the scene in Washington. Congress was in session with no more partisan fighting proclivities than are shown by the wild denizens of the woods fleeing from a forest fire. Bill after bill, recommended by the administration, was passed with practical unanimity. There was a lull in popular hysteria.

Unemployment was not relieved, prices continued to sag, but bank failures ceased. Hoarded currency reappeared in circulation. Frozen bank credits were thawed by the financial remedies applied. Credit is now freely available for any legitimate business purpose. The famous corner has in fact been turned. The logical theory of beginning at the top to restore prosperity is beginning to show results. It has reached down to the ultimate small farmer with no credit except a crop he hopes to raise, and on that slender reed he may borrow of his Uncle Samuel for seed and fertilizer.

And unexpectedly and illogically, the country flares again with hysteria, this time expressing itself in a hundred thousand letters and telegrams a day, flooding into the offices of the Senators in Washington demanding elimination from any tax proposals affecting the writers and urging drastic reductions in governmental expenses.

Not many months ago the country hailed with approval appropriations for public works, designed to give work to idle men and aid in the restoration of prosperity. The newest attack of hysteria was induced by the realization that all these things had to be paid for, which meant new taxes. It sweeps through the Halls of Congress and over the departments and into the White House. Sane plans are in the making for effecting proper economies in public business, and a reasonably scientific tax system is being evolved in spite of the ravings which make life a burden to those in responsible places.

If the country would adjourn, Congress would be able to give it intelligent legislation!

THE TAX PROBLEM—ADDRESS BY SENATOR DAVID I. WALSH

Mr. COOLIDGE. Mr. President, I request that a speech delivered by my colleague the senior Senator from Massachusetts [Mr. WALSH], on the 2d instant, over the National Radio Forum, upon "The Tax Dilemma" be printed in the CONGRESSIONAL RECORD.

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

The present Congress has been called upon to deal with many questions, but none more vital and of greater urgency than the questions involved in the pending tax bill already passed by the House and soon to be reported by the Senate Finance Committee to the Senate.

The world-wide economic depression, the extent of which our modern world has never known, has had manifold repercussions. In our own land we have widespread unemployment, wage reductions; a fearful decline in security prices, commodity prices, and property values; stagnation of business, bankruptcies, and bank failures.

Social problems arising from unemployment, want, and suffering are exceedingly pressing, and economic and business problems, relating to trade, the banks, and the railroads, we have sought and are seeking to alleviate and to remedy. It ought to be obvious that with respect to the social and economic questions the aid which the Federal Government may extend is circumscribed. In many cases the remedies lie not with the Government but with society or with circumstances beyond the control of either.

The phase of the present situation, however, with which we treat to-night is wholly within the purview and control of the Federal Government. It is the question of governmental finances and what we popularly describe as "balancing the Budget."

At no point have the consequences of our vanished prosperity been so quickly reflected and so graphically shown as in the swift decline of the Federal tax revenues. Our Federal revenues in the main are dependent on the incomes of our citizens, the profits of our corporations, and the volume of our foreign trade, particularly the volume of our imports. Imports have steadily declined, profits vanished, and incomes slumped; hence our tax receipts have dwindled, until to-day they are approximately half what they were in normal times. Furthermore, they are still pointing downward, while governmental expenditures continue as large as ever. As with private enterprise, so with the governmental agencies, extravagance and luxuries were indulged during the recent era of prosperity.

To-day the Treasury is paying out $2 for every dollar received. That condition can not long continue. It is the road to national bankruptcy. The merchant on Main Street, who day after day paid out $2 for every dollar that came over the counter would soon be in the hands of the sheriff. Many of them are. Why is there a widespread fallacy that Government finances are immune in the matter of matching receipts and expenditures and that, unlike private business, governments may go ahead indefinitely paying their bills in I O U notes? There never was a more mistaken belief.

We do not have to accept this proposition on faith. We have only to look to Europe and see what has happened to prosperous nations whose expenditures continued to outrun their income.

When the Treasury balanced its books on June 30, 1930, it discovered a deficit for the preceding 12 months of approximately $1,000,000,000. The deficit was represented by notes, Uncle Sam's I O U's given to banks and individuals in exchange for cash, with which the Treasury paid its bills.

The Treasury started a new account at the beginning of the new fiscal year last July, just as a private merchant each year starts a new page in his ledger. We are now dealing with this new deficit. It is the largest ever incurred by any nation in peace time in the history of the world. At the moment this year's deficit stands at about two and one-half billion dollars. That means that twenty-five hundred million dollars of additional notes have

been issued by the Treasury in the past 10 months to raise cash to meet Government bills. While the expenses of the Federal Government have continued to run along at the annual rate of $4,000,000,000, the Government's revenues have now declined below $2,000,000,000, and are still declining.

This state of the Federal finances must be corrected and remedied at once if the financial integrity of the Government is to be maintained. The solvency and financial security of the Federal Government is the very foundation stone upon which the recovery of private business rests.

As yet there has been no essential loss of national credit, not because the accumulating Treasury deficit is not serious but simply because the world has been given explicit assurances from both the executive and legislative branches of the Government that steps were to be taken in the present Congress—heroic measures, if need be—to balance the Budget, to curtail Government expenses wherever possible, and to levy new taxes to raise new revenue. This is the task to which the President and Congress are giving their attention. As I said at the outset, it is the most vital, the most urgent problem before the Congress.

Leaders in both the House and Senate have been cooperating with the administration in working out a nonpartisan program. Unfortunately, the nonpartisan program of the leaders in the House was rejected, and practically a new bill was enacted on the floor of the House.

What course the Senate will take in following a nonpartisan program remains to be seen. There is apparently no rivalry between the political party leaders as to which shall receive credit or which shall be blamed for the tax bill. There is, however, a wide difference of personal opinion as to where the burdens of taxation should be placed; also, as to the particular rates which are to be levied in the taxing of incomes, inheritances, luxuries, theater and athletic game admissions, stamps, etc. Naturally, too, sectional influences and environment are a factor in the shaping of a tax bill. It is my view that Congress should approach its task in the nonpartisan and patriotic spirit with which it approached the problem of levying taxes during the World War. This does not mean that Congress should be frightened by the resentment of clamorous and selfish groups that have been selected to bear some of the substantial burdens of the increased taxes. The public, however, has the right to expect Members of Congress, regardless of differences of opinion, to proceed promptly and with determination to remove the spirit of uncertainty and apply that degree of justice and equality that a public servant is expected to apply, especially in this period of distress and emergency.

Let me now state what, in my judgment, should be the primary considerations in balancing the Government Budget. Time and the subject allotted me do not permit of the discussion of the economy side of the question of balancing the Budget in my address to-night. Suffice to say there should be almost a unanimous agreement in principle, first, that we should retrench wherever possible without jeopardy to essential Government activities and without interposing new obstacles in the pathway of business recovery; second, that the fixed charges and the fixed obligations of the Government comprise so large a proportion of our total expenditures that economies, however drastic, can not save the Treasury more than two or three hundred million dollars at most of its two to three billion dollar deficit.

Hence we must solve the question of finding ways and means of raising new revenues, which involves a revision of present taxes and the imposition of new taxes. We have no choice in the matter. There is no alternative.

In my judgment, taxes should be spread as widely and applied as lightly as possible. In framing a tax bill we should recognize and apply the principle of ability to pay, which means taxing at a higher proportionate rate those who claim the larger portion of the income and wealth of the country, yet avoiding as far as possible the placing of barriers and impediments that will discourage capital from contributing to the resuscitation of business by employing itself in business enterprise. This principle is not an easy one to apply and do exact justice to all concerned.

All are agreed that in the new bill the bulk of revenues should come from taxes on the incomes of individuals and upon the profits of corporations, as it has in the past. Under the present law single persons pay a tax upon individual incomes in excess of $1,500 per year and married persons upon incomes in excess of $3,500, subject to some additional exemptions for minor dependent children. The Treasury recommended and the House adopted a provision lowering these exemptions to $1,000 and $2,500, respectively. The Senate Finance Committee has voted to retain this lowered exemption. This is what is usually referred to as broadening the base of the income tax. This will increase tremendously the number of taxpayers, but no married person will pay a Federal tax until he has a net income of $3,000, and his tax will then be $3.25; if $4,000 net income, $30; and thereafter rapidly increasing. The net income of $10,000 will pay $295.

But in recognition of the proposition that an income tax ought to be graduated in accordance with capacity to pay and that persons of large income may justly be called upon to contribute a larger percentage of their income in the support of their Government, we have long had a surtax imposed on the large incomes. Under existing law the surtax, starting at 1 per cent and stepping upward to 20 per cent, applies to all net taxable income above $10,000. In the House tax bill the surtax starts at $6,000 and steps up to 47 per cent. The Senate committee will recommend increasing this rate on incomes above $100,000 up to 54 per cent. Even these high rates are below the war-time rates of 1918. A strenuous effort, however, is to be made on the floor of the Senate to apply these war-time rates that begin with a normal tax rate of 6 per cent, instead of 1½ as now and 3 per cent as proposed by the Senate committee, and reach a maximum of 65 per cent surtax on the highest incomes plus the normal tax of 12 per cent, making the maximum 77 per cent on the highest incomes.

Even with the sharp increase in income-tax rates, both normal and surtax, over the present law, made by the House, and still further slightly increased by the Senate, the lot of the American taxpayer of moderate means will be a happy one as compared with that of the citizen of Great Britain. Under this bill and the Senate committee proposal a married person drawing $2,000 would pay no tax, whereas a citizen of Great Britain would pay $106.25 in English money, or $80.75 if paid in American dollars. One example will suffice: On a net income of $5,000, under the House bill an American citizen would pay $37.50. Under the Senate committee proposal, $56.25. If he were a British citizen with this income his tax would be $703.33. On a $10,000 a year income the American citizen would pay $610 or $295, depending on whether the House or the Senate committee rate is adopted. A British citizen pays on this income $1,628.33. Americans with very large incomes would pay a tax much more nearly approaching the level required of the British citizen in commensurate circumstances. This is because of the high surtax rates on large incomes in both the House and Senate proposals.

Corporations at present are required to pay a Federal income tax on their net profits at the rate of 12 per cent. The Treasury recommended that this rate be increased to 13 per cent. The House bill fixed the rate at 13½ per cent. The Senate Finance Committee has voted to recommend a rate of 14 per cent, but in doing this it removes the tax on the dividends of corporations which are exempt now because the corporations pay a tax on this income before it is distributed in dividends. The House, however, has voted to tax these dividends.

The taxes levied by the Federal Government on gifts (many of them made to escape inheritance taxes) and upon estates over $50,000, passing by inheritance, have been sharply increased. They are the largest ever imposed. The question of the rates to be levied on inheritances is complicated by the fact that so many of the States have their own inheritance laws and derive varying but substantial revenues from that source. That there is an increasing sentiment that the unequal distribution of wealth can be in part relieved by heavy taxes on large inheritances is becoming generally recognized and accepted. There is another defense, more convincing and meritorious, to these big taxes on inheritances than other taxes proposed, namely, the necessities from which the Government can not escape.

Despite the sharp increases in individual income tax rates, especially on the large incomes, and despite the increases in the tax on corporate profits, and upon estates and inheritances, it has been perfectly obvious and universally conceded that the maximum which these taxes will yield will still fall far short of providing for the revenue needs of the Government. That is because incomes, large and small, have so shrunk, and corporate profits so declined that the revenue yield, even at the high rates, is correspondingly reduced. During the war profits were huge and incomes swollen and the revenue yield correspondingly large. It is a very different situation to-day.

It was to meet this gap in the revenues of the Government, which the income and profits taxes could not be made to fill, that brought the proposal of a manufacturers' excise tax, popularly and inaccurately labeled the sales tax.

A real sales tax is a tax levied on the retail price paid by the purchaser, in addition to the regular purchase price of the article. The manufacturers' excise tax is a tax (percentage of the value) levied on the producer against the wholesale value of the product. It is proposed by all who advocate this tax to exempt food and clothing from the manufacturers' excise tax, but to levy it universally against all other goods at a low rate, between 1 and 2 per cent. It admittedly would have yielded large revenues. It would have avoided the imposition of the luxury and nuisance taxes on a few industries, at relatively high rates, which seemed to be the only alternative to raise the revenue. It would have rested lightly and equitably upon all manufacturers in all lines alike.

In the present emergency, and faced with the stern necessity of finding revenues, it has seemed to me that the manufacturers' excise tax was the lesser of the evils and was greatly preferable to the special nuisance taxes to which we are now obliged to resort because of the House rejection of the manufacturers' sales tax.

The inequalities that luxury and nuisance taxes provoke also lead me to prefer a small manufacturers' sales tax spread over a large field. Let me illustrate: The candy industry claims that pastry and cake manufacturers sell large quantities of goods which compete with candy and go untaxed though candy is taxed. The chewing-gum manufacturers say that they compete with candy and that if candy goes untaxed gum should be untaxed. These various contentions, which have more or less merit, arise whenever attempts are made to pick out certain industries for a so-called luxury tax and omit other industries.

Furthermore, if footballs, baseballs, and other athletic goods are to be taxed as a luxury, why not tax expensive office furniture, tables and chairs made of expensive woods used in the homes of the well-to-do? Why not tax rugs, carpets, expensive wood paneling, hardwood floors, statuary, paintings, if we are to tax the 5-cent candy bar, the 10-cent jewelry pin, and admission to movie theaters or baseball parks? Yet none of these "luxuries" is taxed in the pending tax bill.

You will doubtless recall that the manufacturers' excise tax was recommended by the House Ways and Means Committee and supported by Democratic and Republican leaders alike but was rejected by the House after acrimonious debate in a roll call in which party lines were entirely obliterated.

I have little hope that the Senate can be induced to vote the manufacturers' excise tax back into the bill unless it receives assurances that the House will change its position.

Before leaving the subject of a choice between the manufacturers' sales tax and the nuisance and luxury taxes, let me call attention to this striking fact: Industry and business, in addition to an increased tax on their net earnings, in the pending tax bill, are to be burdened with an increased tax of 50 per cent on their postage, a new tax of over 10 per cent on their telegrams and telephones, and a new tax on their checks. The imposition of these many business nuisance taxes is, to my mind, far from being the essential prelude that business vitally needs for its recovery. The adoption of a manufacturers' sales tax of 1 per cent or 2 per cent would eliminate all these so-called nuisance taxes.

To make up for the rejection of the manufacturers' sales tax, the House hastily resorted to heavy nuisance and luxury taxes. Among these, the House bill provided for increasing the rate of letter postage from 2 cents to 3 cents. Whether the Senate will approve this proposition is an open question.

The House bill carried a considerable list of so-called and frequently miscalled luxury taxes, taxes on furs and jewelry, on motor boats and radios, sporting goods, fire arms, toilet articles, candy, chewing gum, soft drinks, and many other articles, which had proved sources of revenue in the war days. The Senate Finance Committee has proposed some changes in these items with a view to more equitable application of these taxes.

It seems certain that the new tax bill will carry high taxes on some of the popular products of our prohibition era: Brewers' wort and malt syrup, from which comes home brew; on grape concentrates and on the bottled waters so frequently called for in hotels and restaurants, accompanied by a tall glass and some ice.

An effort will probably be made on the floor of the Senate to raise as much as $350,000,000—the amount required by the authorization of the manufacture and sale of 2.75 per cent beer, with a tax upon it.

I am in sympathy with this proposal. I believe it would help to remove many of the iniquities of prohibition and lessen the untaxed income of the bootlegging profession. Unfortunately, there is little probability that this movement will succeed, because more than two-thirds of the membership of the Senate and House is still opposed to any modification of prohibition. In addition to the evils which prohibition is inflicting upon us, it is depriving us also of an enormous revenue. If the American people insist upon keeping prohibition, they must be prepared to pay the price.

The Treasury proposed, and the House and Senate committees approved, the reimposition of the war-time tax on automobiles, trucks, and auto accessories. It proposed rates of 5, 3, and 2½ per cent, respectively. The House bill carried these taxes at rates of 3, 2, and 1 per cent, and these rates have been approved by the Senate Finance Committee.

The Treasury proposed a tax of 2 cents on bank checks, estimated to produce $95,000,000 in revenue. This tax was not in the House bill. The Senate Finance Committee has recommended this tax, exempting, however, all checks under $5, thereby reducing the income to $40,000,000. This tax is substituted in the Senate bill to replace the revenues lost by the exemption of dividends from normal tax.

The Treasury proposed a tax of 1 per cent on all theater admissions over 10 cents. The House and Senate committee raised the exemption to 45 cents, which means a 5-cent tax on a 50-cent admission ticket.

There is one political issue involved in connection with the tax problem. It is the tariff issue. Democratic leaders, with few exceptions, are opposed to tariff duties. Most Republicans in the Senate favor including tariff duties.

Considerable agitation prevails throughout the country also in favor of incorporating certain tariff duties in the pending measure. Personally, I am opposed to incorporating tariff legislation in a bill designedly planned to raise internal revenue. Whatever the merits or demerits of the case for a tariff on oil, coal, copper, and lumber may be, the injection of these things into the tax bill are delaying the measure, jeopardizing it, and are opening the door to the vicious logrolling and trading which are ever accompaniment of tariff legislation.

Furthermore, foreign governments, not any too friendly at the present time because of the Hawley-Smoot tariff bill, will consider our action in levying these particular tariff duties decidedly unfriendly.

That some steps may have to be taken in the near future to adjust our tariff to the new conditions throughout the world, caused by the depreciation of the currencies in many foreign countries, may become necessary. This subject is now being studied by the Tariff Commission. If action to this end is attempted at this time, it will delay for months, if not a year or more, the passage of the tax bill. Furthermore, the net effect of the proposed tariff taxes on coal, lumber, copper, and oil would be to place further burdens on the consumers—not at all commensurate with the limited revenue which the Government might receive.

The object of the pending tax bill is to raise revenue. The object of the tariff tax proposal is to prevent imports. Those who are proposing a tax on oil, coal, copper, and lumber insist that the tax apply only to the importation of such articles. Should they agree, which, of course, they do not, that the same tax be applied to the domestic production of oil, coal, copper, and lumber, we would need to look nowhere else for revenue. The taxes that the revenue bill proposes to lay on toilet preparations, furs, candy, gum jewelry, automobiles, is a tax on the domestic producer as well as the importer.

Take the case of oil, for instance. The domestic producers have 93 per cent of the domestic market. What they are proposing to do, therefore, is to try and corral the remaining 7 per cent that is imported and consumed in this country. In 1931, we exported petroleum products of three times as great a value as our imports. The position of those advocating the oil tax, therefore, is one of seeking to monopolize the American market and to hold their own in the world markets as well. This, of course, is an impossible undertaking.

Many of the Members of the Senate who favor a tariff on copper and lumber appear to have made common cause with Senators who are fighting for the oil and coal tariffs disguised as excise taxes.

We are in the midst of that fight at the moment. The final outcome is still uncertain. In a series of roll calls within the Senate committee a week ago, the oil and coal taxes in the House bill were sustained by a narrow margin and a motion was carried to include in the bill a tax of indeterminate amount on imported copper. Motions to include tariff taxes on lumber and other wood products were rejected. In a second series of roll calls, later in the week, the coal and oil tax items were eliminated from the bill and a copper tariff tax proposal rejected by equally close votes.

This fight will be renewed when the bill comes before the Senate itself. Either in or out of the bill so determined are the proponents to use the tax bill as a vehicle for their tariff demands, that other considerations seem to be subordinate to that single objective.

In conclusion let me urge that in dealing with the tax bill Congress confine its efforts and direct its energies to raising revenues, to the revision of our tax laws, to the enactment of a new tax law as promptly as possible, instead of being drawn into a tariff battle.

To all the other adverse business factors the very pendency of the tax bill adds a still further paralyzing hand on business recovery. Our duty to the Treasury and the public is to get the revenues from the new taxes started as soon as possible. It is estimated that it makes a difference of $100,000,000 a month, every month we delay. Our duty to the country is to get the tax question settled, so that industry may know where it stands with respect to tax levies just as speedily as possible.

LEGALIZATION OF BEER

Mr. BINGHAM. Mr. President——

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

Mr. FRAZIER. I yield.

Mr. BINGHAM. Mr. President, I understand that to-day there will be submitted from the Committee on Manufactures of the Senate a majority report and the views of the minority in regard to the so-called beer bill, and in this connection I ask unanimous consent that there may be read at the desk a brief poem which ought to furnish great relief to those who are struggling over the tax bill and dreading its arrival.

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

Mr. FRAZIER. Mr. President, I have no objection to the poem being read, although I did not know what kind of a poem it was when I yielded.

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

Mr. FRAZIER. Yes; let it be read.

The VICE PRESIDENT. The Secretary will read.

The Chief Clerk read as follows:

TO CONGRESS

Beer will balance the Budget;
Beer will bring bacon and bread;
Beer will brighten the beggar;
Beer will bring him a bed;
Beer will banish the bigot;
Bereft of balance and blind;
Beer will benefit body;
Beer ever befriended mankind.

Beer will balance the Budget;
Beer will boost our best bond;
Beer will bedevil the broker
"Bear" ing us into despond;
Beer will be balm to the banker
By bringing big balances back;
Beer will belch smoke from our buildings;
Beer will mean billions in "jack."

Beer will balance the Budget;
Beer will be welcomed with glee;
Beer will help millions now idle—
Beer with a tax of cents three.
So why wait, O Congress! O Senate!
The Nation sits helpless and numb;
Tax beer and rout the bootlegger,
The bandit, kidnaper, and bum!

Better have bread for the babies;
Beef to stem misery's flood;
Better face facts than a theory;
Better have work than have blood!

—Forrest Rutherford.

Mr. ROBINSON of Arkansas. Mr. President——

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

Mr. FRAZIER. I yield.

Mr. ROBINSON of Arkansas. I merely wish to inquire who called what has just been read poetry? [Laughter.]

Mr. FRAZIER. Mr. President, in regard to the so-called poem which was just read from the desk, I desire to say that I think undoubtedly there are a great many people throughout the United States who would like to drown their troubles, but I am afraid that under a proposition such as is suggested in this poem the remedy might be worse than the disease, although the disease is bad enough, causing unemployment and many to go broke; but it is not because of the prohibition question.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the motion submitted by the Senator from Maine [Mr. HALE] to proceed to consider 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. FRAZIER. Mr. President, last night before the recess was taken I was trying to depict the present situation of the farmers throughout the Nation, who are in the hardest condition in which they have ever been. Last week before the Committee on Agriculture and Forestry of the Senate hearings were held for three consecutive days. At those hearings the leaders of the great farm organizations of this country—the Farmers' Union, the Grange, and the Farm Bureau—appeared and testified. Those great farm organizations recommended an amendment to the farm marketing act. That amendment in the form of a bill has been introduced by the chairman of the Committee on Agriculture and Forestry, the Senator from Oregon [Mr. MCNARY], and I am assured by him that this measure and other agriculture measures will be taken up at the first opportunity, just as soon as the hearings shall be printed, which I hope will be within the next few days.

Mr. President, in view of the present situation of the farmers throughout the Nation it seems to me it is absolutely necessary that this session of Congress shall not adjourn until some worth-while action shall be taken to relieve the agricultural emergency in which we find ourselves. The amendment to the farm marketing act embodied in the bill that has been introduced by the Senator from Oregon, at the request of the farm organizations, designed to stabilize the prices of farm products, will be a long step in the right direction. I also have a bill pending, which is known as Senate bill 1197, providing for refinancing the farmer. These two measures are, in my opinion—and I believe that opinion is shared by those interested in agriculture and, I am sure, by the farmers themselves—would put agriculture on a paying basis, on a business basis, and that is what is necessary at the present time.

Mr. President, I am not going to take more time. I merely wish to say in conclusion that it seems to me that Senate bill 51, a motion to take up which is pending, would be entirely out of place at this time, authorizing, as the bill does, a program for the building up of our already great Navy. The program would involve an expenditure, as was admitted by the chairman of the Committee on Naval Affairs, of from $700,000,000 to $2,000,000,000, according to the period of time within which it would be consummated. In view of the fact that the disarmament conference is in session at Geneva and that all the nations of the world have gone on record in the Kellogg peace pact to refrain from war, I believe it would be a mistake at this time to pass a measure of this kind, and I hope the motion to proceed to its consideration will be voted down.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, at least one lesson is to be learned from the devastating depression which has swept over the land with such blighting effect, and that is that industry in this country can not continue prosperous without a prosperous agriculture.

A few years ago, when industry was reveling in its heyday of prosperity and agriculture was wallowing in the slough of despond, there were many of our business leaders who fell into the delusion that industry in this country could continue to be prosperous regardless of whether agriculture prospered or not. Some were even so blinded that they said there was no farm problem; that agriculture was as prosperous as it deserved to be; that we had too many farmers anyway, and all that was necessary was to let things alone and they would work out all right.

But there were some of us who were unwilling to accept this counsel of despair, this do-nothing policy for agriculture. We warned the country of the folly of allowing agriculture to become decadent and we insisted that the welfare of industry and city workers was involved in the prosperity or decadence of agriculture as our basic industry. Congress came to recognize this situation and twice passed the McNary-Haugen bill, which sought to put agriculture within the protective system and restore it to a parity with industry; but, unfortunately, the measure was vetoed on both occasions by the President, and not enough Members of Congress sufficiently realized the gravity of the situation or the importance of that measure to pass it over the President's veto.

What happened? How did things work? Did they cure themselves as predicted by the false prophets of big business? Though deferred for a time, the day of reckoning finally came, the day when industry paid its penalty for allowing agriculture, the basic industry of this country, to become decadent. In 1929, explosion of the bubble came with stunning, paralyzing suddenness and with devastating, demoralizing effect. The stock-market debacle merely ignited the train. Prices crashed; factories closed; banks failed; investments were wiped out; farms and businesses were sold under the hammer; millions of unemployed walked the streets searching vainly for work while they and their families were hungry, ragged, destitute, and in many cases, homeless. Despair and fear were everywhere.

What had happened? The buying power of the Nation had collapsed. For 10 years the buying power of agriculture had been drying up, due to continued depression. Slowly this undermined the stability of industry. Its effects were largely concealed by the building boom which followed the war and by the speculation orgy of 1928 and 1929, which gave the country a false sense of security and prosperity. When the building boom and the speculation spree collapsed by the contraction of credits in 1929, industry took the cumulative effects of a decade of shriveling buying power with unabated force.

Mr. President, the factories are idle because the people have lost their buying power. When the ruralists of the country, constituting 44 per cent of our population, lose their buying power, it destroys the markets for the products of industry, and this in turn destroys another large block of buying power by throwing out of employment the workers in the factories which are producing commodities sold to farmers. So, when agriculture stops buying it throws millions out of work in the cities, and this in turn stops more factories and throws more people out of work, and again the buying power of the public is further reduced.

Some of our industrial and financial leaders have seen the light and are pleading that something be done to restore prosperity to agriculture. Charles E. Hearst, vice president of the American Farm Bureau Federation and president of

the Iowa Farm Bureau Federation, testifying before the Senate Agricultural Committee last week, stated that he had been asked by representatives of some of the great insurance companies to speak for them also in urging Congress to act swiftly in enacting legislation to raise the prices of farm products and restore prosperity to agriculture. They have loaned vast sums of money on the security of farm lands. The terrific slump in farm prices has forced the farmers operating these farms to the point of giving them up because of inability to pay even the interest and taxes. The insurance companies for a while took over the farms; they now have found out that it is a losing proposition to try to operate these farms under present prices. It is useless to try to sell them, because even if buyers can be found, the values of farm land have sunk so low that the properties in a great many cases would not bring enough to pay the mortgages against them. Unless relief is afforded to agriculture, the superstructure of finance and industry resting upon our agriculture is in danger of crashing to ruin.

If something is not done to relieve the situation, we have not yet seen the worst of the depression. Industry has not yet felt the full cumulative effects of the deflation. It has not yet reached the level of agriculture. Labor has not yet touched the depths of suffering from the deflation. While industry and labor have suffered severely, they have not suffered as severely as agriculture.

Agriculture thus far has suffered more from the depression than any other of our great industries. A recent study by Frederick C. Mills, published in the New Bulletin of the National Bureau of Economic Research, December 23, 1931, showed that the purchasing power of the raw products of American farms declined 24.8 per cent between July, 1929, and October, 1931, whereas the purchasing power of all other products, including processed farm products, actually increased 6 per cent during the same period. In other words, so far as prices are concerned, the purchasing power of industrial products really profited during this period at the expense of agriculture. I wish to insert in the RECORD a table from this publication showing how agriculture has been hit harder than any other great industry in the Nation.

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

The matter referred to is as follows:

Changes in purchasing power, per unit, between July, 1929, and October, 1931, selected commodity groups [1]

Number of price quotations	Commodity group	Degree of change in purchasing power—decrease (−), or increase (+)
		Per cent
140	Raw materials	−13.4
338	Manufactured goods	+6.1
163	Foods	−12.9
315	Nonfoods	+7.3
81	Products of American farms, raw	−24.8
397	All other products (including processed farm products)	+6.0
285	Producers' goods	−1.9
193	Consumers' goods	+2.8

[1] These measurements are based upon index numbers constructed by the National Bureau of Economic Research, from price quotations compiled by the U. S. Bureau of Labor Statistics. The index numbers are unweighted geometric means of relative prices.

Mr. HOWELL. Unless the buying power of agriculture is restored and the deflation halted other industries surely will be dragged down to the low estate to which agriculture has fallen. Edward A. O'Neal, president of the American Farm Bureau Federation, in a recent statement to the special subcommittee on money stabilization of the House Banking and Currency Committee, called attention to this fact and cited estimates to the effect that if other income groups have to come down to the level of agriculture it will mean reductions of 40 per cent in transporting, processing, and distributing costs; 25 to 50 per cent in doctors' and nurses' fees; 60 to 65 per cent in the dollar capitalization of industrial concerns; one-third in school-teachers' salaries; 50 per cent in wages of union labor; and so on all along the line.

Mr. President, this, indeed, is a gloomy picture that confronts us unless something is done and done quickly.

What shall be our policy? Shall we allow industry, labor, banking, and all other groups to sink to the low economic level at which agriculture now stands, or shall we raise agriculture to its proper level of equality with industry and thus raise them all to the level of prosperity which this great Nation of ours with its abundance of resources should enjoy?

Organized agriculture has already answered this question so far as it is concerned. It is not taking a selfish attitude, so far at least. It is not demanding now that all other industries be deflated to the level of agriculture. It takes a much sounder course; namely, that agriculture be brought up to the level of the others, and that all be advanced in prosperity. By way of illustration of the stand of organized agriculture, I cite a recent statement made by Edward A. O'Neal, president of the American Farm Bureau Federation, before the special subcommittee on money stabilization of the House Banking and Currency Committee.

> That is part of the picture of what will happen if the rest of this country is brought down to a level with agriculture. It is much more important that agriculture be brought up and the general level raised.

This shows the broad, constructive viewpoint of organized agriculture. It does not want to destroy its market for its produce in the cities and towns. It wants a prosperous industry, a sound banking system, and employment for labor; but unless agriculture can be brought up to equality with industry, then all other industries in this Nation ultimately must sink to the level with agriculture. Agriculture can not longer endure the existing inequality, whereby its products are worth only 50 cents on the dollar in exchange for products of industry.

Mr. President, agriculture must have equality with industry. Either we must raise agriculture to the level of industry, or we must bring industry down to the level of agriculture by erasing from the statute books the special tariff privileges of industry, the special immigration laws for labor, the price-fixing mechanism for railroads and for banks in the Federal reserve act, and all other special privileges whereby industry, commerce, and labor are given special advantages. I do not think we want that to happen. Far better to bring agriculture up to a prosperous level.

Remedy this inequality between agriculture and industry by raising farm prices and you immediately start the wheels of industry in motion and put the unemployed back to work. Restore the farm purchasing power, and you will thereby provide an enormous market here for the products of industry—paint, lumber, nails, cement, and other materials for those long-neglected farm buildings; fencing materials, trucks, tractors, silos, binders, plows, and other farm machinery to replace worn or inefficient equipment; new dresses, shoes, hats, and clothing for more than 50,000,000 people in our rural areas; radios, electric irons, new stoves, and other household conveniences which large numbers of farm women are now denied through lack of income to purchase them; and a host of luxury articles which farmers, by reason of their low incomes, are now unable to buy. The reopening of factories and the expansion of industrial production that will be made possible by this restoration of farm purchasing power will add still further purchasing power through the large number of laborers who will resume employment and become purchasers both of industrial goods and farm products. This in turn will help agriculture by increasing the demand for its products, and this again will be reflected in a further expansion of industrial activity. In other words, instead of continuing on the downward course of deflation, destruction, and despair we will start upward on the path of prosperity.

Shall we do this? If so, there is not a day we can afford to lose. Not more than 40 days of this session remain. The eyes of farmers are turned toward Congress as never before.

It is urged that effort is useless because the President will veto any measure of the character which agriculture is demanding. I do not believe this; but even so, Congress is not excused from action. Moreover, it has the power to render its policies effective notwithstanding a veto.

If we do not send to the President a constructive measure for the farmer, what are we to say to our constituents when we return home? There will be but one thing to say—"Congress has not the will to act for agriculture."

Mr. President, it is an unfortunate fact that there is no bill upon the calendar of the Senate providing constructive relief for the farmer, and yet we have been in session here more than five months. True, we have loaned him some money; we have given him some wheat; but he does not want to borrow money. He is not asking for charity. What he wants is the equality to which he is entitled. Is Congress going to act, or are we going to adjourn without doing anything for the farmer? As I have asked, are we to go home and tell him that Congress has not the will to act; that his case is hopeless; that he must look to other remedies? If so, to what can the farmer turn?

As I have stated before upon this floor, we have varied the distribution of wealth for different industries in this country through the tariff, through the price fixing of the Interstate Commerce Commission, through the price fixing of the public-service commissions throughout the country; and there are two bills now pending in Congress that propose further price fixing—price fixing for vessels in intercoastal commerce; price fixing in connection with busses; and there are those who would fix prices for trucks upon the highways. But, Mr. President, when we talk about price fixing for the farmer, directly or indirectly, we are told that it is impossible; that nothing can be done; and we are not even willing to make an experiment.

It is pointed out that we did experiment with the Farm Board. Yes; and the results are already evident. We provided $500,000,000 as a loan fund for that experiment.

But, Mr. President, in the last 10 years the postal deficit, which constitutes nothing more nor less than a subsidy, and largely to business, has amounted to more than $600,000,000. No loan about that; it is gone. What we have done for the farmer is but a drop in the bucket. As I have pointed out before on the floor of the Senate, the Farm Board did not have a chance to bring back equality for the farmer. The Farm Board was nothing but a finance corporation for the agricultural industry. We gave the Farm Board no power that an ordinary corporation that might have been provided by the farmers could not have exercised. All we did was to provide for the payment of its expenses and to afford it $500,000,000 to loan to the agricultural industry; for what purpose? For the purpose of returning equality to agriculture.

Mr. President, at that time it would have required an increase of $4,000,000,000 a year in agriculture's annual income to have brought back equality. Therefore, what we actually proposed was that the farmer should be loaned $500,000,000, and that he himself, with his training and his experience, should bring back equality to himself. What would he have accomplished had equality been reestablished? On that borrowed money he would have had to make 800 per cent annually for his industry. It was hopeless from the outset. It was not what the farmer asked. It was not what the representatives of the farmers asked. It was not what the Congress initially proposed.

Within the next 40 days are we going to consider what the farmer wants, what he needs, what is demanded to meet the situation; or are we going to adjourn about the 10th of June and go home and tell the farmer, "Congress has not the will to aid you, has not the will even to make an experiment for your benefit; it has not passed one constructive measure during the recent session that might enable you, if possible, to achieve equality with other industries"?

GIFT OF SILVER SERVICE TO MONTANA HISTORICAL SOCIETY

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1047) authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana, for preservation and exhibition, the silver service which was in use on the gunboat, No. 9, *Helena*, which were, on page 1, line 4, to strike out "deliver to the custody of" and insert "loan to," and on the same page, line 7, after "*Helena*," to insert a comma and "until such time as he may order its return to the Navy."

Mr. WALSH of Montana. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

TRANSFER OF PUBLIC LANDS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2396) to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington, which was, on page 2, line 2, to strike out all after "other" down to and including "State" in line 4 and insert "lands, public or private, of equal value and as near as may be of equal area, but if any of the said lands are exchanged with the United States such exchange shall be limited to surveyed, nonmineral, unreserved public lands of the United States within the State."

Mr. WALSH of Montana. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

STATUES OF GEORGE WASHINGTON AND ROBERT E. LEE

The PRESIDING OFFICER laid before the Senate the following concurrent resolution (H. Con. Res. 24) of the House of Representatives, which was read:

Resolved by the House of Representatives (the Senate concurring), That the thanks of this Congress be presented to the governor and through him to the people of the State of Virginia for the statues of George Washington and Robert E. Lee, whose names are so honorably identified with the history of our country; that these works of art are accepted in the name of the Nation and assigned to places in the old Hall of Representatives already set aside by Congress for the statues of eminent citizens; and that a copy of this resolution, signed by the President of the Senate and the Speaker of the House of Representatives, be transmitted to the Governor of Virginia.

Mr. GLASS. I ask that the Senate concur in the House resolution.

The concurrent resolution was considered by unanimous consent and agreed to.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the motion proposed by the Senator from Maine [Mr. HALE] that the Senate proceed to consider 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.

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

Mr. ROBINSON of Arkansas. Mr. President, I desire the attention of the Senator from Maine, but he does not appear to be in the Chamber at this moment.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

Mr. ROBINSON of Arkansas. Mr. President, the debate on the motion of the Senator from Maine has developed a state of mind on the part of Senators which I think may well be taken into consideration by the Senator submitting the motion.

Unless the Geneva conference shall reach an agreement which will make unnecessary that course I shall favor building our Navy to the standard contemplated by the London treaty. But it is the thought of many Senators that the present is an inopportune time to make the authorization carried in the bill of the Senator from Maine.

In the first place, the Geneva conference is attempting to provide for the reduction of both land and naval armaments. Events have transpired which disclose that the task of the conference is exceedingly difficult, and its efforts may not result in signal success. Whether it is prudent to anticipate the conclusions of the Geneva conference and proceed at once with the authorization of the construction program, considered apart from other related questions, will, of course, be determined by each Senator.

Early in the present year what is called an armament truce was entered into by the leading nations participating in the Geneva conference. I do not assert that to proceed now with construction as contemplated by the bill would constitute a violation of the letter of that truce; it certainly might be construed as interfering with the spirit of the arrangement.

If it were proposed to proceed promptly with the execution of the program I would not make the suggestion about to be submitted to the Senator from Maine, namely, that action on the subject be postponed for, say, a period of 30 days. Everyone here would wish to see the very heavy expense which this bill will finally entail lightened, if it is possible and practicable to do so.

The Senator from Maine has announced that there is no intention of proceeding at an early date with construction. It is entirely true that plans might be in preparation. A delay pending further developments of the Geneva conference could not impair in any sense the national defense as contemplated by the program.

What I am thinking is that the Senate may vote to proceed to the consideration of this bill, debate it indefinitely, and then reach the conclusion that the time is inopportune for the recognition of the financial obligations in the bill. This thought is given some emphasis by the financial condition of the country, as well as the prevailing business condition.

I do not see that any harm will result to the United States from a postponement of this issue for a reasonable period. I can see how it is possible that other nations who have entered into the truce referred to and who are participating in the conference mentioned might question the good faith of our proceeding now to authorize a program which shall not be immediately begun and which in any event is not expected to be carried out within a few years.

So I am suggesting to the Senator from Maine that the motion and the subject be deferred for a period of, say, 30 days.

Mr. HALE. Mr. President, the Senator from Arkansas has suggested that my motion be deferred for a period of 30 days. If the motion is deferred, would the result be that we would get a vote on the motion and on the bill before the adjournment of this session of Congress? If I were sure that could be done, I should be entirely willing to accept the suggestion of the learned Senator from Arkansas; but I do not want to lose the position that my bill now has in the Senate.

The bill has been on the calendar for nearly two months. It is a bill which is very vital to the national defense of the country. I have been trying my best during the whole of these two months to bring up the bill. The steering committee has awarded me a preferred place on its program and we have come now to the time when the bill has a chance of consideration. Unless I can have some assurance that my bill will be acted upon at this session of Congress, I do not think I should be called upon to give way now. Of course, if the Senator from Arkansas takes this attitude against bringing it up now and if Members of the Senate on his side of the Chamber follow him, as they may, in all likelihood the bill will not be taken up; but I would rather have the Senate vote on it than withdraw it now unless I may have some assurance that I will get action on it at this session of Congress.

Mr. ROBINSON of Arkansas rose.

Mr. HALE. Will the Senator wait just a moment?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HALE. The Senator spoke about the Geneva conference and what may or may not be done at that conference. No one knows what will be done. In any event this bill does not in any way interfere with what may be done at the conference. There is a special clause in the bill which reads:

> In the event of an international agreement for the further limitation of naval armament to which the United States is signatory, the President is hereby authorized and empowered to suspend, in whole or in part, the naval construction authorized by this act in order to bring the naval armament of the United States within the limitations so agreed upon.

The Senator from Arkansas has also spoken of the effect of the passage of the bill on other nations, and has said it might in some way be construed as not being in accord with the spirit of the armistice truce. This question was brought up yesterday in the Senate, and I read to the Senate a letter from the Secretary of State in which he stated in so many words that we have a perfect right under the terms of the truce to replace any of the existing vessels in our Navy. Furthermore, he stated that there was nothing in the bill that would contravene the truce in any way.

Therefore, Mr. President, much as I regret to do so, I shall have to go ahead with my motion. If the Senate votes it down, very well; but if the Senator from Arkansas can give me the assurance that I will get action on my bill, which is absolutely necessary if we are going to keep up our Navy, I am willing to accept his suggestion.

I think that on yesterday I showed the imperative need for its passage, which is that unless we pass the bill or the Vinson bill, which is before the House of Representatives, we will find ourselves next year in the same situation in which we find ourselves now. The Budget will not be able to make any recommendations for appropriations, and until it does so, and until authority for building has been granted by Congress, no appropriations can be made.

The very determined opposition which has been made to bringing up my motion, which is most unusual in the Senate—I do not recall having seen anything of the sort happen during this session of Congress—indicates that whenever we try to bring up any motion or measure to build up and keep up our Navy we are going to meet with determined opposition on the floor of the Senate.

Mr. SHIPSTEAD. Mr. President——

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

Mr. HALE. I yield.

Mr. SHIPSTEAD. I would like to ask the Senator from Maine, in view of the fact that we are taxing the taxpayers of the United States $750,000,000 this year for foreign governments, and in view of present economic conditions in the United States, if he thinks we can afford to build a navy involving such an enormous expenditure this year?

Mr. HALE. I will reply to the Senator by asking him if, in view of the world situation, he thinks we can afford to give up our Navy? This bill is not principally for the purpose of adding to our Navy by building new ships that do not replace ships which we have now. It is principally to replace ships which we now have and which are wearing out and becoming obsolete.

Mr. SHIPSTEAD. It is principally to carry out the program outlined by the naval conference at London, and

will, as I understand it, involve an expenditure of over $1,000,000,000.

Mr. HALE. Yes; but there were no definite figures given.

Mr. SHIPSTEAD. The figures that were given out at the time by the Navy Department were in excess of $1,000,000,000, as I understood them. I voted against that treaty myself because of the fact that it put the blessing of the Congress of the United States upon a large naval program for every country in the world.

Mr. HALE. But in the treaty of London and in the treaty of Washington a ratio was agreed upon among the various nations which took part. The understanding of the Congress and of the people of the United States when that ratio was determined upon was that we were going to live up to it. We have not lived up to it. While we have let our Navy drift behind other countries have kept theirs up, so we find ourselves now far below the ratio figures that were adopted in the treaty. I maintain that is not a proper situation into which we should permit the United States to drift.

Mr. SHIPSTEAD. In view of the fact that we ratified that treaty, the logical step is for the Government of the United States, if we can afford it, to build up our Navy to the naval strength which the Treaty of London agreed was a proper limitation.

Mr. HALE. I quite agree with the Senator, and that is what I am trying to bring about.

Mr. SHIPSTEAD. If I had voted for the treaty I would vote for this bill.

Mr. HALE. Mr. President, can the Senator from Arkansas give me any assurance that I will get action on my bill at this session of Congress?

Mr. ROBINSON of Arkansas. Mr. President, I was trying to assist the Senator from Maine. I am not able to give him assurance that the Senate would vote on the bill. I am pointing out to the Senator the fact that I am in sympathy with building up to the standard of the London Treaty unless that standard is reduced by a subsequent treaty; that I think if he forces the issue now he is going to lose, and that there is no such emergency with respect to this program as makes it imperative that the bill be voted on immediately.

Of course I could not bind the Senate to vote on either the motion or the bill itself. The Senator well understands that. My thought is that during the course of the next 30 days events may transpire which will reflect further light on the necessity of proceeding with the program.

The Senator has said it is necessary to pass the bill right now or during this session in order to secure recognition in the Budget for next year. The Senator well knows that there is another session of Congress to be held this fall. The Senator well knows that a deficiency appropriation may be estimated for and sent to the Congress at any time after an authorization is made. Many Senators who sympathize with the purpose to maintain a Navy in due and fair proportions to other navies feel that no wholesome end will be accomplished by passing the bill at this juncture, and they do not care to be committed to opposing the program of construction which the bill contemplates, provided that program is not modified.

It has been said by others that owing to the state of the Treasury and to the demand for emergency appropriations, only some of which have been authorized and others of which probably will be authorized, the Congress might very well defer action until it knows whether the Geneva conference is going to accomplish anything substantial in the way of reducing armament.

Mr. HALE. Mr. President——

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

Mr. ROBINSON of Arkansas. Certainly.

Mr. HALE. I take it whatever the Geneva conference accomplishes, the Senator would not want to have this country tie itself up to any weakening of the ratios already established with Great Britain, Japan, France, and Italy in the Washington treaty. Am I not correct?

Mr. ROBINSON of Arkansas. Certainly; but it does not follow that adherence to the ratio implies or makes unavoidable the execution of the plan in the treaty heretofore agreed to. If there is anything in the suggestion that world conditions will prompt other nations to coordinate their efforts with a view to reducing the burdens of militarism, I do not care to take a course which might embarrass those efforts. I do not express an opinion as to prospects for the success of the Geneva conference.

If I thought the question of national defense were really involved here, I would waive the consideration which I am urging upon the Senator from Maine. He has referred to what we may do on this side. I was prompted to make this suggestion by a number of Senators who feel about it as I do. I hope the Senate will not take up the bill, debate it for a week, and then reject it, as I must say to the Senator I think is probable, from the discussion that has proceeded here, and the considerations that will prompt its rejection, in the main, are not related to questions of national defense or the adequacy of the Navy. They are related to the subject pertaining to the conference at Geneva and the efforts there to reduce the standard of armament and to the truce into which this Government entered.

I said in the beginning that there was no intention to assert that to go forward with this program would be a violation of that truce; but, after all, I am wondering what an armament truce means if it implies that this Government is entirely free to observe the truce and at the same time commit itself to appropriations approximating $1,000,000,000 for naval construction.

Mr. HALE. Mr. President, under the terms of the truce to which the Senator from Arkansas refers any country party to the truce has the right of replacement. This was not our original idea; it was not the original Italian idea; but the other countries in their acceptance of the truce made that express reservation. It was acting on that reservation that the Secretary of State took the matter up with the Army and the Navy and got their approval of the truce before it was finally agreed to by this Government. Furthermore——

Mr. BORAH. Mr. President——

Mr. HALE. The Senator will excuse me for a moment. Furthermore, Mr. President, as I pointed out yesterday, two of the countries parties to the truce have already started building replacements.

Mr. BORAH. Mr. President——

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

Mr. HALE. Yes; I yield.

Mr. BORAH. Mr. President, I think, under all the circumstances, the Senator from Maine is entitled sometime during this session to test his bill on its merits. So far as I am concerned, whatever my views might be as to the merits of the bill I should not stand in opposition to the Senator having a right to be heard upon it and having a vote upon it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I will yield to the Senator from Arkansas in just a moment. However, I would prefer to debate this bill after the Geneva conference is through. So far as any doubts that I have to express are concerned, I would prefer to express them after the Geneva conference is through.

Mr. HALE. Does the Senator from Idaho have any idea when the Geneva conference will get through?

Mr. BORAH. I have an idea; but, of course, I do not know.

Mr. HALE. Will it be this year, or this decade, or when will it be?

Mr. BORAH. The Geneva conference is about through now, in my opinion; but I would prefer to discuss the bill after it is realized that the Geneva conference, whether through or not, is not going to accomplish anything along the lines in which I am interested. For that reason, I should prefer that the consideration of the bill be deferred, and although I am opposed to taking it up at this time, I shall not interpose any objection to the Senator from Maine having his bill taken up at the end of 30 days.

Mr. HALE. Mr. President, I am impressed, of course, by the attitude taken by these older and more distinguished Senators in this body, and if I could act with them I should like to do so. I am wondering, however, if it would not be possible to enter into an agreement by unanimous consent to take up the bill at a later period, possibly after 30 days, and agree to have a vote within a certain time thereafter?

Mr. ROBINSON of Arkansas. Mr. President, I thought I made clear in suggesting the postponement of the motion that while no assurance could be given the Senator from Maine on my part that a vote would be had, for reasons that are perfectly clear—having no authority to bind the Senate—I have no objection to proceeding to the consideration of the bill. I did not myself propose a time for a vote, because it was clear to my own mind that such an agreement could not be secured at this time.

Mr. McNARY. Mr. President, I do not want to take the able Senator off his feet.

Mr. ROBINSON of Arkansas. I have concluded what I had to say.

Mr. McNARY. I listened to the Senator's proposal. Of course, in order to make this bill a special order for some time during the session of Congress, would require a unanimous-consent agreement. I think we all agree that Congress will probably be in session on the 3d day of June, but that we shall adjourn by the 12th of June.

Mr. ROBINSON of Arkansas. In the language of the Senator from Maine, if the Senator from Oregon can give me some assurance to that effect I shall be both astonished and gratified.

Mr. McNARY. I was merely suggesting to the Senator from Arkansas whether it would be possible to come to an agreement to vote on the bill or to make it a special order for June 2.

Mr. BORAH. We should have to have an agreement to take the bill up at some time.

Mr. McNARY. I was suggesting the possibility at this time of entering into an agreement—and I am assuming that June 2 might be agreeable all around—to make the bill a special order for that day.

Mr. BORAH. So far as I am concerned, I would agree that the bill be taken up on a certain day.

Mr. HALE. Mr. President, the Senator from Idaho has said that he thought I was entitled to a vote on my measure.

Mr. BORAH. The Senator knows that I do not filibuster.

Mr. HALE. I know that.

Mr. BORAH. But if we take the bill up on a certain day, I should like to have a reasonable time in which to discuss it; that is all. I do not know that I should want 10 minutes; possibly I should not, I do not know, but I might. The trouble is that if we consent to vote upon a certain day we do not know whether or not the bill will be laid before the Senate prior to that time.

Mr. HALE. Mr. President, what I should like to do would be to secure unanimous consent to make the bill a special order for a certain date and then agree that so much time shall be taken for its consideration before a final vote.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Illinois?

Mr. HALE. I yield.

Mr. LEWIS. Mr. President, I do not desire my silence to imply that I agree to the theory of disposing of this bill either by avoiding its consideration now or defeating it by a vote in the future. I do not agree with many of my colleagues on this side, able and eminent as I know them to be, nor eminent Senators on the other side as to the question particularly at stake, that is, in assuming that the conference at Geneva will reach any conclusion that should divert the United States of America from taking whatever course its natural sense of defense and preservation would indicate to the agents of the people sitting as Members of Congress.

I wish to say that if the Geneva conference is hoped for to work out any solution or conclusion which would gratify the desire of those who look for disarmament or limitation of armaments, nothing would bring that action more quickly than the observation that the United States has proceeded to consider its part of the treaty at once and proceeded to meet the displacement of ships so far as it is privileged to do and has given indication that, if it is not duly provided in the Geneva conference that protection inures to this Government along the lines of a convention consistent with the interests of America, the United States will proceed for itself.

The very action here in considering the bill, based on the theory that it is in compliance with the conventions of the past, will do much to bring to a focus the present convention, that seems to be playing with the fate of politics, as it ejects and rejects the propositions of the distinguished Secretary of State, if the public press be correct. In such an atmosphere nothing would more stimulate it to a sincere action and to a definite end as the entry now of the Senate upon the consideration of this bill, provided that we are complying with the convention and neither play with its purpose nor postpone its consideration.

Therefore for myself I heartily favor either course, the entering upon the consideration of the bill now that we may prove what its object is, or, second, the reaching of some agreement that will give us opportunity to present to the country the views of the Senate upon its national defense and its righteous position in the international relations of the world——

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Oklahoma?

Mr. HALE. I yield.

Mr. THOMAS of Oklahoma. I desire the floor in my own right as soon as I can get it.

Mr. HALE. Mr. President, I should like to put a request for unanimous consent. I ask unanimous consent that the Senate set this bill as a special order for June 3, and that thereafter the bill shall come to a vote within two days' time.

The VICE PRESIDENT. Is there objection?

Mr. KING. Mr. President, if the Senator from Maine, who is so ardently pressing the consideration of the bill, which I think ought not to be taken up at this time because of the reaction and the repercussions, which would be disastrous, I think, to the proper consideration of the problems of the Geneva conference, would separate his proposition, I am not so sure but I would not assent to it.

If, however, he intends to couple with the request that the Senate take up the bill on a certain day the further request that the discussion shall be limited to one or two days, I am opposed to that. If the Senator will ask unanimous consent to proceed to the consideration of the bill or to make it a special order at some date early in June, speaking for myself only I shall not object.

Mr. HALE. Mr. President, I am afraid if we simply agree to take up the bill on June 3, that date being so near the possible end of the session, the same tactics would be adopted at that time that are now being employed against my motion to take up the bill, and it would be a very easy matter to carry the bill over and take no action whatever.

Mr. BORAH. Mr. President——

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

Mr. HALE. I yield.

Mr. BORAH. Would it be agreeable to the Senator to take the bill up at a certain day and agree that there shall be a vote on it before adjournment?

Mr. HALE. Yes; I would agree to that.

Mr. McNARY. Mr. President, in view of the statement made by the Senator from Idaho [Mr. BORAH], I should like to suggest a unanimous-consent agreement that the bill now under consideration be made a special order of the Senate for June 2 and be kept before the Senate thereafter until a final vote is reached. Such an agreement will impose no limitation of time in the consideration of the measure but will assure a vote after a full hearing.

Mr. DILL. Mr. President, I would not want to agree to that proposal, because the date would be so near the prob-

able end of the session that other legislation of extreme importance that should be enacted might be crowded out.

The VICE PRESIDENT. The Senator from Washington objects to the request of the Senator from Oregon. Is there objection to the request of the Senator from Maine?

Mr. HALE. Mr. President, it seems to me that the suggestion of the Senator from Idaho would be entirely fair, that the bill be made a special order for June 3, and that final action be taken on the bill before the close of the session. I should be entirely willing to accept that. The bill then would not have to be before the Senate between those dates unless the Senate saw fit to consider it.

Mr. DILL. Do I understand that the Senator proposes to have a vote on the bill on that day?

Mr. HALE. Oh, no!

Mr. DILL. Then, it might keep us in session all summer.

Mr. BORAH. Mr. President, the Senator from Washington knows perfectly well that it would be impossible to keep a concurrent resolution for adjournment from being passed this summer. This seems to me to be a fair proposition, because it does not necessarily keep the bill before the Senate continuously. Other matters may be taken up. It is simply an agreement that we shall have a vote before the Senate adjourns.

Mr. ROBINSON of Arkansas. I think that should be satisfactory to everyone.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, may the proposed agreement be stated specifically again?

The VICE PRESIDENT. The proposed unanimous-consent agreement will be stated.

The legislative clerk read as follows:

Ordered by unanimous consent, That the bill (S. 51) be made a special order for Friday, June 3, 1932, and that final action be taken on the bill before the adjournment of the present session of Congress.

The VICE PRESIDENT. Is there objection?

Mr. DILL. Mr. President, would not that require a quorum?

Mr. JONES. Mr. President, do I understand that that would not interfere with the consideration of appropriation bills?

The VICE PRESIDENT. The Chair does not think a request of this kind requires a quorum, because it does not fix a specific day for a vote.

Mr. DILL. It seems to me it is a matter for which there ought to be a quorum here. Senators who have been very much interested in this matter did not know it was coming up. I think there ought to be a quorum; and I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

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

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

Mr. JONES. Mr. President, I desire to make a parliamentary inquiry. If this agreement should be entered into, but we should desire to take up an appropriation bill, and it should be necessary to take it up by motion, would such a motion be out of order?

The VICE PRESIDENT. The motion would not be out of order, inasmuch as the agreement does not provide that the bill shall be kept continuously before the Senate, and the appropriation bill could be taken up by a majority vote.

Mr. JONES. This agreement would not interfere with it?

The VICE PRESIDENT. It would not interfere with it if a majority of the Senate should vote to take up the other measure.

Mr. McNARY. Mr. President, after the proposition is stated, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The proposed unanimous-consent agreement will be stated.

The legislative clerk read as follows:

Ordered by unanimous consent, That the bill (S. 51) be made a special order for Friday, June 3, 1932, and that final action be taken on the bill before the adjournment of the present session of Congress.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. Should the Senate accept the unanimous-consent agreement, would unanimous consent be required to adjourn the session of the Senate?

The VICE PRESIDENT. The Senate, by a majority vote, could agree to a concurrent resolution for a final adjournment of the two Houses; but, under the agreement, the Chair believes that Senate bill 51 would have to be submitted to a vote before the adjournment of the Senate was had.

Mr. COUZENS. Mr. President, I do not see why the unanimous-consent agreement can not be agreed to without the last section, with respect to passing the bill before the adjournment of this session of Congress.

Mr. ROBINSON of Arkansas. There is no agreement to pass it. There is an agreement to vote on it.

Mr. COUZENS. I should like to have the last section of the proposed unanimous-consent agreement read.

The VICE PRESIDENT. Let it be read.

The legislative clerk read as follows:

And that final action be taken on the bill before the adjournment of the present session of Congress.

Mr. COUZENS. If that means what it says, we are going to stay here until we take final action on the bill, and that is what I object to.

Mr. McNARY. Mr. President, the question I propounded was this: Suppose it was the desire of Congress to adjourn, seeing the futility of attempting to reach a final vote. Would it require unanimous consent, or can the Congress at any time adjourn by two-thirds vote, irrespective of the language of the unanimous-consent agreement?

The VICE PRESIDENT. In the judgment of the Chair, an adjournment of the two Houses can be brought about by a majority vote of the Senate and a majority vote of the House.

Mr. COUZENS. The agreement is misleading, then.

Mr. NORRIS. Mr. President, I have great respect for the opinion of the Chair; but it seems to me perfectly plain that if we agree to this unanimous-consent proposal we must finally dispose of this bill, unless we change the agreement by unanimous consent, before we adjourn without day, and that it would be impossible for the Senate to adjourn except by unanimous consent.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt the Senator?

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

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. If the agreement should be entered into, clearly, to my mind, the two Houses could adopt a concurrent resolution, say, to adjourn on the 12th of June. The effect of this agreement is to require a vote on the bill prior to adjournment.

The VICE PRESIDENT. That is what the Chair stated.

Mr. ROBINSON of Arkansas. But the adjournment would be brought about by exactly the same process that is customary. In other words, if we voted to adjourn on the 4th

of June we would have to vote on this bill either on the 3d after it was taken up or on the 4th before adjourning. Of course, that is just by way of illustration.

Mr. COUZENS. Mr. President, if the Senator will yield, I should like to ask how a vote would be forced if some Senator had the floor and would not surrender it before the time of adjournment.

Mr. ROBINSON of Arkansas. The Chair would hold, before declaring the Senate adjourned, that the Senate had obligated itself to vote; and before putting the adjournment resolution into execution he would put the question.

Mr. COUZENS. How would he take off the floor a Senator who was occupying it up to the time of adjournment?

Mr. ROBINSON of Arkansas. He would hold that further discussion was out of order; that the unanimous-consent agreement precluded further discussion.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. If this unanimous-consent agreement is entered into, and the House passes a concurrent resolution saying that the House will adjourn on the 10th of June, for example, at 12 o'clock, and the concurrent resolution comes over here and we pass it, and we have not yet voted on this bill, and I get the floor just before 12 o'clock and hold it, and the hour of 12 o'clock arrives—the time fixed for adjournment under the concurrent resolution—what would be the decision of the Chair?

The VICE PRESIDENT. The Chair would hold that the Senator could be taken from the floor by the point being made, and a vote taken on the bill.

Mr. ROBINSON of Arkansas. That is right.

Mr. FESS. And adjournment would be enforced by virtue of the preceding vote on the concurrent resolution? I think that is correct.

Mr. NORRIS. Mr. President, in the case the Senator puts, suppose we had agreed with the House to a concurrent resolution that we would adjourn at 3 o'clock p. m. on a certain day, and the Senator had the floor at that time. At 3 o'clock the Chair, if it was in order for him to do so, would announce that the Senate was adjourned without date; and if the Senator had the floor he could keep it until 3 o'clock.

What the Chair would have to do, if he complied with this unanimous-consent agreement, would be, at some time before 3 o'clock that he judged would be long enough, to call for a vote on the bill; and there might be a dozen amendments offered, and roll calls held. I do not see how it could be determined.

Mr. PITTMAN. Mr. President——

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

Mr. NORRIS. I do.

Mr. PITTMAN. I am inclined to agree with the Senator from Nebraska that a Senator can not be taken off the floor by an agreement to vote on something at an indefinite hour. But would it not meet the proposition if we should agree that if this matter had not been voted on prior thereto, one hour before the time set for adjournment we should vote on it?

Mr. NORRIS. Even that might get us into a predicament where it would be physically impossible to carry out the agreement, it seems to me.

I do not understand why Senators who are in favor of this bill want to compel the Senate to vote on it before a certain time if the Senate does not want to. If there were to be no proposition for adjournment, we could carry this agreement out, of course; at a certain time we could commence to vote, and keep on until we got through. But why fix any time?

Mr. HALE. Mr. President——

Mr. NORRIS. We have not had a vote in the Senate as to whether we want to take the bill up or not. Suppose a majority of the Senate does not want to take it up; under this we might have to do it any way. It would give to the bill a preferential status, it seems to me, to which it has not been shown to be entitled.

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

Mr. NORRIS. I yield.

Mr. HALE. The Senator was not in the Chamber, I believe, when the Senator from Arkansas asked me to postpone my motion for a period of 30 days.

Mr. NORRIS. I was here, and heard what was said. Suppose the Senator did want to lay it aside for 30 days; why not do so?

Mr. HALE. I replied to the Senator from Arkansas that I would be very glad to do so, if I knew I could get action on the bill at this session of the Congress.

Mr. NORRIS. I do not understand why the Senator has to know in advance that he is to have action on it at this session of Congress. There may be enough Senators to prevent that.

Mr. HALE. I was trying to comply with the wishes of Senators.

Mr. NORRIS. I realize that. Personally, I am opposed to taking any action on the bill at this session of Congress, and I dislike to bind myself so that I will have to. If I agree to this unanimous consent, I will have foreclosed myself, and can not help myself.

Mr. President, unless the unanimous-consent proposal is modified by striking out the last clause, I shall have to object to it.

The VICE PRESIDENT. Is there objection?

Mr. HALE. Mr. President, I can not agree to that.

The VICE PRESIDENT. Objection is made, and the question is on the motion of the Senator from Maine.

Mr. NORRIS. I am willing, if the Senator will change his unanimous-consent request, to agree to take the bill up at the time suggested. I will not go any farther than that.

Mr. HALE. I do not think I can agree to that.

Mr. THOMAS of Oklahoma. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. What is the matter pending before the Senate?

The VICE PRESIDENT. The question is on the motion of the Senator from Maine to proceed to the consideration of Senate bill 51.

Mr. THOMAS of Oklahoma. Mr. President, I note that this bill—Senate bill 51—has preference, as the same is contained in a letter from the chairman of the committee on order of business of date April 25. I note in the first paragraph of the letter the following:

> At a meeting to-day of the committee on order of business it was decided, in response to numerous requests, that S. 4412 should be given early consideration because of its emergency nature. The committee therefore respectfully amends its recommendations of April 2 in this one particular and suggests that the following bills be made the unfinished business in the following order:
>
> Calendar No. 298. S. 51. A bill to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. President, I have before me Senate bill 51, and I want to ask the distinguished chairman of the Committee on Naval Affairs just what this bill proposes to do, if anything, or to have done?

Mr. HALE. Senate bill 51?

Mr. THOMAS of Oklahoma. Yes.

Mr. HALE. I think I have explained that. The purpose of the bill is to authorize the President to build the Navy up to the limits of the Washington and London treaties.

Mr. THOMAS of Oklahoma. I will ask the question again: How many ships does the bill propose to authorize to be constructed?

Mr. HALE. Enough ships to bring the Navy up to the limits of the Washington and London treaties.

Mr. THOMAS of Oklahoma. How many would that be?

Mr. HALE. That would depend entirely upon when action should be taken. If we were going to build up to the limits of the treaty in four years, a certain number of ships would have to be built. If we were going to build the Navy up within 10 years, after a lot of other ships have become over age, it would mean more ships.

Mr. THOMAS of Oklahoma. What does the Senator hope to accomplish under this bill, if the bill shall be enacted?

Mr. HALE. I hope to get the authorization to build up so that when our ships become over age they can be replaced.

Mr. THOMAS of Oklahoma. I am trying to find out how many ships the Senator thinks would have to be built.

Mr. HALE. I say it depends on when we reach the limits defined by the treaty.

Mr. THOMAS of Oklahoma. How much money would it take to build this indefinite number of ships the Senator hopes to have built under this bill?

Mr. HALE. Mr. President, I have already explained these matters to the Senate. It would depend entirely on when it was done. If we built up to the limits of the treaties by the close of the year 1936, it would cost about $786,000,000. If we did not build up to the limits of the treaties until 1942, it would cost about $980,000,000. If we did not build up for 20 years, by which time the whole Navy would have to be replaced, and it would cost just under $2,000,000,000.

Mr. THOMAS of Oklahoma. Mr. President, in the committee report I find this significant paragraph:

> We believe it is imperative that the United States authorize a building program at this time and thus give notice to the world that we intend to maintain the ratios established by the Washington and London treaties.

We have now spent two days debating whether or not we will take up this bill, and yet do not know how many ships it will be necessary to build.

Mr. HALE. I can give the Senator the exact number of ships we will have to build.

Mr. THOMAS of Oklahoma. I have asked that question two or three times, and I will be very glad to yield for an answer.

Mr. HALE. If we do not build up for 20 years, we will have to build 200 ships, which would mean the whole Navy. If we build up by the end of 1936, we will have to build 118 ships. If we do not build up until 1942, it would mean 140 ships.

Mr. THOMAS of Oklahoma. Then we have spent two days in deciding, or trying to decide, whether or not we will enact legislation authorizing the construction of 150 to 180 ships, at a cost of something like $750,000,000 to $1,000,000,000. Is that a fair statement of the proposition?

Mr. HALE. The Senator does not take into consideration the fact that to replace our present Navy, whether we add the few ships to bring us up to treaty strength or not, will cost very nearly $2,000,000,000. If we do not build ships, the Navy will simply go on the rocks. There is very little under the provisions of this bill that we would not have to do just to keep up the Navy that we have now.

Mr. THOMAS of Oklahoma. Mr. President, I have no desire to delay the suggested legislation. I did not object to the unanimous-consent agreement being made for its future consideration.

Mr. HALE. That is all I ask.

Mr. THOMAS of Oklahoma. But apparently the Senate is not willing at this time to take up this bill for further consideration; and until those who are managing the affairs of the Senate can get together and come to some agreement I make this motion: That the Senate proceed to consider Order of Business 604, the same being Senate bill 4412, introduced by the junior Senator from Virginia [Mr. GLASS], a bill to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The VICE PRESIDENT. That motion is not in order while another motion is pending.

Mr. THOMAS of Oklahoma. Mr. President, I offer my motion as a substitute for the pending motion.

The VICE PRESIDENT. The pending motion is not amendable. The question is on the motion of the Senator from Maine. Does the Senator from Oklahoma want to debate that?

Mr. THOMAS of Oklahoma. Mr. President, the question before the Senate is a proposal to consider S. 51, a bill relating to the construction of ships. I do not agree with the committee which arranged this order of business. There is a situation in this country that is unprecedented. Our banking system has collapsed. Not only has the country banking system collapsed, but the Federal reserve system has likewise collapsed. I am not blaming either the national or the several State banking systems for such collapse. The banks are being condemned for the condition before us, and the charge is made that they are not cooperating because they will not lend money. I do not join in this criticism of the banks. The banks have money, but I ask, Mr. President, what is there in the country on which the banks could safely lend their money? There is no longer much security that is good for loans, save Liberty bonds and gold. Liberty bonds are selling at a premium. There is no reason why anybody should borrow money on Liberty bonds. Farm lands, city property, livestock, commodities, and even corporate and industrial properties have ceased to have loan values. With the present conditions confronting the country, with eight or nine million unemployed, with cities in need of money to pay the salaries of their officials, with the teachers and policemen and State and county officials without money, here we are spending two days debating whether or not we will take up a bill to authorize the construction of 150 to 180 ships to cost $750,000,000 to a billion dollars.

Mr. President, a few days ago the papers carried the statement that the barometer of national business, the stock market, has already taken its ninth downward swing. We have had panics before, we have had depressions before, but this is the first panic or depression in this country when the downward swings have numbered more than five. Already there have been four downward swings in excess of any panic this Nation has ever experienced.

There is pending upon the calendar and next in order the bill which was the subject of my motion, which motion was just held out of order, and that bill has to do with the banking situation. I make the statement again that the banking system as it was intended to operate has failed, not because of what the banks are not doing but because of conditions in the country. The people who need money can not get it; those who can get it do not want it.

I am not blaming the national banks; I am not blaming the State banks. It is not their money they have in their vaults. Perhaps some of it is theirs, but only a meager, small portion. The capital stock is the property of the stockholders; the surplus is theirs, but the balance of the moneys the banks have on deposit is not theirs. It belongs to their depositors. The banks are nothing more than the trustees for those depositors. Those of our fellow countrymen who are condemning and criticizing the country banks for not making loans are doing them an injustice. The country banks are not in control of the economic policy of the Republic. The Federal reserve system is, and I am coming to that system in a moment.

I want to differentiate between the State and the national banks on the one side and the Federal reserve system on the other. I am not condemning the national banks, neither am I condemning the State banks of the Nation. They are not to blame for the laws that are passed or for the laws that are not passed. They are not to blame for the economic conditions which confront the country. The Federal reserve system may be blamed for those things, but certainly not the national banks and not the State banks of the Nation. The country banks are being blamed for not loaning money.

The statement is made in the public press and upon the floor of the Senate that the banks' vaults are full and running over with money, and then some people can not understand why it is that the banks with these large sums of money—deposited money though it is—are unwilling to make loans to the people who need and who want loans. The people who need and want the money have no way to get it. They have no collateral that is acceptable as a basis of safe loaning. I am not blaming the banks, the trustees of the people's money, for not making loans upon collateral that has no loanable value.

What have we to-day in this Nation that has value? Farm lands have no loanable value. They have not sufficient

value to pay the taxes, much less the interest. City property has no loanable value. Manufacturing plants have no such value. Railroads have no such value. But two things have acknowledged value, one of which is gold and the other Government bonds. Those who have gold do not need to borrow. Those who have Government bonds do not need to borrow. They can sell most of their Government bonds to-day at above par. Until something is done to place value back of the commodities and back of the property, the banks can not make safe loans.

Mr. President, the Constitution of the United States, in section 7 of Article I, provides that the Congress shall have the power "to coin money" and to "regulate the value thereof." There is no power that can coin money save the Congress. The responsibility rests upon the Congress and the Congress can not escape the responsibility and the duty of coining money and of regulating the value of money.

Yesterday the House of Representatives passed a bill in an effort to exercise this power of regulating the value of money. At this time I invite attention to H. R. 11499. It is very short. It is now before the Senate. I send a copy of the bill to the desk and ask that it be read in my time.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar, as follows:

Be it enacted, etc., That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

Mr. THOMAS of Oklahoma. Mr. President, that bill was passed by the House of Representatives on yesterday by a vote of almost 5 to 1, there being 289 votes for it and 60 votes against it; so a bill directing the Federal reserve system to regulate the value of money was passed by one branch of the Congress on yesterday and the bill is now pending before this body, having been referred to the Banking and Currency Committee.

During the past few weeks the question of the value or the buying power of the dollar has been discussed not only in Washington but in every part of the country. The American dollar has become the standard of value not only in the United States but in all parts of the world. Gold alone is not the standard. It is the American dollar that is the standard. It is the standard here. It is the standard in Europe. It is the standard every place where values are measured. During the past few weeks the country has come to a general conviction that the buying power of the dollar is too high. When the dollar buys 3 bushels of wheat, it buys too much wheat. The dollar, when it buys 5 bushels of corn, buys too much corn. When the dollar buys 15 to 18 pounds of cotton, it buys too much cotton. The country has realized that the buying power of the dollar is too high. I think now I am safe in saying that the demand of the country is to have the buying power of the dollar brought down, and to the extent that the buying power of the dollar is brought down the selling price of commodities will be raised.

That was the purpose of the bill passed by the House on yesterday to direct the Federal Reserve Board to take steps to bring down the high buying power of the dollar, thereby raising the value of agricultural commodities, thereby raising the value of land, thereby raising the value of city property, and thereby reinvesting the public of the country with some buying power. Inasmuch as this bill will be the subject of much discussion, I ask unanimous consent to have printed in connection with my remarks the committee report submitted by Mr. GOLDSBOROUGH in support of his bill.

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

The report is as follows:

[House Report No. 1103, Seventy-second Congress, first session]

RESTORING AND MAINTAINING THE PURCHASING POWER OF THE DOLLAR

Mr. GOLDSBOROUGH, from the Committee on Banking and Currency, submitted the following report (to accompany H. R. 11499):

The Committee on Banking and Currency, to whom was referred the bill (H. R. 11499) to amend the Federal reserve act by adding at the end thereof a new section, and for other purposes, having considered the same, report favorably thereon with recommendation that the bill do pass without amendment.

Within the scope of a committee report it is not possible to discuss in detail the technical economic principles involved in H. R. 11499, but it is possible to determine the anticipated workings of the action of the principle if it is crystalized into legislation.

The bill has two features—an emergency feature and a permanent feature. The emergency feature contemplates a rise in the general commodity price level to the average existing between 1921 and 1929, inclusive, and the substantial maintenance of that price level.

As to the emergency feature, all authorities agree, first, that is is impossible for the debts of the country to be paid at the present price level, and that unless the price level is raised the business of the country is headed for inevitable bankruptcy; and, second, that the present price level is unjust to debtors.

Speaking roughly, but with substantial accuracy, the dollar will purchase about $1.60 more of commodities than in the 1921–1929 period, and about $1.56 more of commodities than it would purchase between the period of 1918–1931 and the first quarter of 1932, inclusive. It would purchase now what it would have taken $1.25 to purchase about a year ago, which means that the producer—that is, the debtor—is being confronted with an ever-increasing burden. His debts, principal and interest, remain fixed. The commodities he sells and which would have purchased a given number of dollars when he borrowed them have decreased in their purchasing power.

To go one step farther, unemployment is constantly increasing, because on a constantly declining market business can't go on. It is impossible to produce below the cost of production.

The Committee on Banking and Currency, after a most painstaking and careful investigation by a subcommittee, reached two conclusions: First, that the average price level from 1921 to 1929 would reestablish substantial justice, between debtor and creditor; and, second, that a rise to the price level of 1921–1929 would make lower standards of living unnecessary, would justify salaries and wages at the predepression level; in short, would make unnecessary the process of painful economic readjustment which will have to be consummated if the price level is not raised.

The committee also reached the conclusion that unless the price level were raised substantially to the point above indicated the burden of debt would not only seriously hamper production and destroy the producing class as now constituted but that the creditor class, being unable to collect their fixed obligations, would also go down in the crash.

Then the question arose as to what could be done.

The Federal reserve system under the leadership of Benjamin Strong, former governor of the Federal Reserve Bank of New York, measurably stabilized for several years the price level by open-market operations and by adjustment of the rediscount rates of the Federal reserve banks. The Federal reserve system has been accumulating gold at the average rate of $200,000,000 a year for about six years and is now in a much stronger position than it was at the time of the open-market operations just referred to.

It is in a position to put into the market $4,000,000,000 in Federal reserve notes and still maintain its 40 per cent reserve requirements. By utilizing its power to lower reserve requirements of the Federal reserve banks the system could put into the market nearly $9,000,000,000 of Federal reserve notes. Either sum, if the country knew that because of a congressional mandate the Federal reserve system was going to raise the price level to the point indicated, would be much more than sufficient to raise it, because as soon as the country understood what the policy of the Federal reserve system, as provided by law, was, confidence among banks and business men would be restored, bank loans would expand, the retailer would buy from the wholesaler, the wholesaler would buy from the manufacturer, the manufacturer from the producer of raw materials, and the masses of the people would find employment, so that through buying of securities by the Federal reserve banks and through the restoration of confidence as above indicated the normal business activity of the country would very speedily be reestablished.

Even more important than its emergency feature the committee deems the stabilizing feature of the bill. It would be the duty of the Federal reserve system under the bill, if enacted into legislation, to control the credit and currency of the country in a manner to satisfy the legitimate needs of business, and prevent unwholesome and unjustified expansion. If unjustified and unwholesome expansion were controlled, periods of inflation and depression would also be controlled, because periods of deflation and depression always follow periods of unwholesome overexpansion and speculation.

In conformity with section 2a of Rule XIII of the House, there is herewith printed the proposed new section (sec. 31) to be added as an amendment to the Federal reserve act:

"'SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency.'

"SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

"SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed."

Mr. THOMAS of Oklahoma. Mr. President, this morning's Washington Herald on the front page contained a news story, under the name of Arthur Hachten, which gives a very definite, concise, and illuminating interpretation of the purposes of the Goldsborough bill and what is intended to be accomplished by it. I ask unanimous consent that the article may be printed in the RECORD at this point in connection with my remarks.

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

The article is as follows:

[From the Washington Herald, Tuesday, May 3, 1932]

HOUSE VOTES TO STABILIZE BUYING POWER OF THE DOLLAR—GOLDSBOROUGH "REFLATION" BILL PASSED BY 229 TO 59 VOTE; AIMED TO INCREASE PRICES—G. O. P. SPLIT BY MEASURE—PLAN IS MANDATE TO FEDERAL RESERVE TO USE FORCES FOR RESTORING 1921–1929 LEVEL

By Arthur Hachten

Designed to raise commodity prices and restore prosperity, the House yesterday passed the so-called Goldsborough "reflation" bill by a roll-call vote of 289 to 59. It now goes to the Senate.

Moving for speedy action, Speaker GARNER permitted the bill to come up under suspension of the usual procedure. Debate was limited to an hour and a half on the bill, which has been before Congress in varying form for 10 years.

MANDATE TO RESERVE

Congress lays down a mandate in the bill to the Federal Reserve Board to use its board powers to stabilize the purchasing power of the dollar and restore commodities to the average price level for the years 1921 to 1929.

The policy of the United States is declared to be that the board and Secretary of the Treasury shall restore the price level and maintain it through control of the volume of credit and currency.

Democrats voted almost solidly for the bill, but the Republican ranks were split with most of the old guard Republicans voting "no."

In adopting the bill the House was believed to have embarked upon a policy of credit control likely to be far-reaching in its consequences, should the Federal Reserve Board press to the limit the powers it has to carry it out.

During debate on the measure several speakers contended the board already had embarked on a "reflation" policy, having started buying Government bonds in the open market, with a view to increasing the credit resources of banks and thereby encourage them to be more liberal in their loans to business.

DOUBLE PURPOSE

Representative T. ALAN GOLDSBOROUGH, Democrat, of Maryland, sponsor of the bill, said it has the double purpose of restoring commodity prices and to maintain that normal price level once it is attained.

Devices at command of the board to stabilize the purchasing power of the dollar and lift commodity prices were said to include the authority to buy Government bonds in the open market and through adjustment of the Federal reserve rediscount rate.

These same devices can be used to maintain a general price level. Bonds would be sold and the rediscount rate increased when normality has been attained, it was explained by GOLDSBOROUGH and other Banking and Currency Committee members.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I observed in the press this morning that there was criticism passed upon the bill because it was not given consideration by the Treasury and that the Secretary of the Treasury was not invited before the committee to present his views. Can the Senator tell us whether the Treasury did pass upon the bill?

Mr. THOMAS of Oklahoma. The bill has not been considered by this body. It has been considered only by the other House of the Congress.

Mr. COPELAND. I referred to that other body.

Mr. THOMAS of Oklahoma. As to whether the Secretary of the Treasury was invited to testify in relation to the merits of the bill, I am not advised.

Mr. COPELAND. The criticism which I saw was that he was not invited to be heard and the intimation of the argument was that he was in disapproval of the bill. I was hopeful that the Senator might perhaps pass judgment upon the attitude of the Secretary of the Treasury.

Mr. THOMAS of Oklahoma. That brings up the question and causes me to advert to another proposition, and it is an answer to the question submitted by the distinguished Senator from New York.

The Federal Reserve Board made reply to the bill in this way. They said, "We are now doing the exact thing that the Goldsborough bill seeks to direct us to do." The Goldsborough bill seeks to direct the Federal Reserve Board to stabilize the buying power of the dollar at a lower level. The Federal Reserve Board answers, "We are now doing that identical thing." Therefore the Federal Reserve Board said, and I presume it was the opinion of Mr. Mills, though I can not speak for him, that inasmuch as the Federal Reserve Board is now busy in the program of doing the same thing that the Goldsborough bill seeks to direct to have done, there is no occasion for the passage of the Goldsborough bill.

It is an accepted principle of economics that when a commodity is plentiful it is cheap. When a commodity is scarce it is high. That applies to wheat. When wheat is plentiful it is cheap. It is plentiful now. Wheat is selling for 30 cents a bushel to the farmer. When corn is plentiful it is cheap. When cotton is scarce it is high. When cotton is plentiful cotton is cheap. Now, we have millions of bales of surplus cotton, and cotton is selling at 5 cents a pound. The purpose of the Goldsborough bill is to direct the Federal reserve system as the agent of the Congress, the Congress having the power to coin money and regulate its value, to do the thing suggested in the bill, and that is to reduce the value of the dollar and to regulate the value by bringing its value down.

The Federal Reserve Board suggest and try to tell the country that they are now engaged in that identical program, that they are bringing down the buying power of the dollar. What is the result of their program? In the first place, how is their program operating? How do they propose to make money scarce or how do they propose to make money dear? When money is scarce it is dear. When it is plentiful it is cheap. I have only to remind the Senate that in 1920, when we had the largest amount of circulation this Nation ever saw—$6,500,000,000—dollars were plentiful, dollars were cheap. At that time when there was this great volume of money in circulation wheat was selling at $2.50 a bushel, livestock in proportion, cotton at 38 to 40 cents a pound. When money was plentiful, commodity prices were high; but now, when money is scarce, money is high and commodities are cheap.

The Federal Reserve Board, following that economic principle of making money plentiful to make it cheap and making it scarce to make it high, are now proposing to make money more plentiful. They tell the country "If we make money plentiful and put more dollars into circulation, money will be cheaper." Every week the Federal Reserve Board issues a statement advising the country of its operations, but apparently the country does not understand that statement. The country thinks, evidently, that the Federal Reserve Board is now engaged in a program of making money more plentiful, actually placing money in circulation.

But that is not the case. It is true that the Federal Reserve Board is buying bonds and paying for those bonds with Federal reserve money. They started out about three or four weeks ago buying bonds at the rate of $25,000,000 per week, buying Liberty bonds and Treasury issues of Government bonds. When the Federal Reserve Board buys a bond, say, for $1,000 and pays for it with Federal reserve money, thereby a thousand dollars of new money goes into circulation. For two or three weeks the Federal Reserve Board pursued this policy of buying bonds at the rate of $25,000,000 a week, but it was found that that was not fast enough. Although they were placing $25,000,000 in circulation each week, as soon as the banks got the money thus

placed in circulation—and it all goes to the banks—the banks were bundling the money up and sending it back to the Federal reserve system and paying off their loans.

During the month of March the Federal reserve banks bought a very large amount of bonds, and during this month the total amount of money in circulation decreased $147,000,000. At the identical time the Federal reserve system was boasting to the world that it was engaged in a program of the expansion of the currency and credit, it was taking out of circulation $147,000,000. The rule is that when a dollar of money is taken out of circulation, there are taken out $10 of credit. So, when they took out of circulation in the month of March $147,000,000 of money, they also destroyed during that same month $1,500,000,000 of credit, the credit being based upon the money at the ratio of 10 to 1.

Week before last the Federal reserve banks bought $93,000,000 of bonds. The Federal reserve banks under the direction of the Federal Reserve Board took $93,000,000 worth of new crisp Federal reserve notes from their vaults and purchased $93,000,000 of bonds. During that same week the member banks which sold the bonds took the money which they received from the Federal reserve banks and sent it back to the Federal reserve banks to apply upon their indebtedness. Week before last the member banks paid back $91,000,000.

I want to repeat that statement. Week before last the Federal reserve banks bought $93,000,000 of bonds, paying $93,000,000 in money for them, and the member banks that received the money sent it right back to the Federal reserve banks to the extent of $91,000,000. So the net result of that week's transaction was $2,000,000 added to the circulation. In March they had taken out $147,000,000; and two weeks ago, in one week, they put $2,000,000 into circulation.

During the week, which closed on the 27th of April, the Federal reserve banks bought $113,000,000 of bonds, paying for those bonds $113,000,000 of new crisp Federal reserve notes. One would naturally think that this money would go into circulation. Did it go into circulation? No. Their records show that last week the banks paid back to the Federal reserve system on their loans $27,000,000 more than had been paid out for the purchase of bonds.

Mr. President, at this rate how long will we have to go until we will have our currency sufficiently expanded to help the country?

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Then, the contention of the Senator is founded on the fact he has stated to us that the claim that the Federal reserve system is doing exactly what the bill under discussion is intended to bring about is not true?

Mr. THOMAS of Oklahoma. It is absolutely not true. At this point I submit my proof of the statement just made. I hold in my hand a statement from the Treasury Department, dated December 31, 1931. It is Form No. 10283, Department Public Debt Service. On this sheet I find that on December 31, 1931, there was in circulation $5,646,772,888. On the 27th of April—just last week—the Federal Reserve Board issued a statement showing that at that time they had in circulation $5,398,000,000. Subtract the amount of money in circulation last Thursday from the amount of money in circulation on the first day of this year, and we find a difference of $248,000,000. In other words, during the time the Federal Reserve Board has been advertising to the country that it has been taking steps to expand the currency and to expand credit, it has actually taken out of circulation $248,000,000.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Could they take refuge in the claim that the banks have not cooperated with their efforts? The Senator has stated that the banks when they receive this currency from the Federal reserve system take it back to the Federal reserve banks in order to redeem their notes.

Mr. THOMAS of Oklahoma. Mr. President, that charge has been made upon this floor. The distinguished junior Senator from Virginia [Mr. GLASS], in the discussion of the Glass-Steagall bill, made the statement that the banks were not cooperating with the administration and with the Federal reserve system in making money available to the people of the country; but, Mr. President, I opened my remarks with the statement that the banks could not pass this money on to the public for this reason: The folk who have security to pledge for loans do not want and do not need loans, while the millions who need and want money have no security to pledge in order to get money, and this money not being the property of banks—they are merely trustees for the sums on deposit—the banks are not justified, in my judgment, in making loans, for the reason that there is little property left, save gold and Government bonds, that has admitted value.

Mr. COPELAND. Mr. President, if the Senator will permit me further, does it not go back, however, to the question of what is the function of a bank? I am told—and I see the criticism very frequently in print as well as in my correspondence—that even legitimate business concerns are not permitted at this time to get any money from the banks. The banks are priding themselves that they are 85 per cent liquid. If that is the case, and there are actually legitimate requests for loans, it seems as if the criticism were well founded that the banks are not cooperating. I speak of this merely to throw out the suggestion to the Senator, because I am anxious to have his reaction to it and an answer to it if there is one.

Mr. THOMAS of Oklahoma. Of course, I am not prepared to say that the banks are making no loans. The banks are making some loans, but they are not performing the functions which they were organized and are presumed to perform. They are not refusing loans because of any fault of theirs. The conditions are not such as to justify the banks in making loans. If the banks were making loans, what excuse would there have been for this Congress to have created a supernational bank and to have given that supernational bank $2,000,000,000 and set it up in business down on Pennsylvania Avenue to make loans to banks themselves?

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. If the Senator will permit me, suppose there were a lot more money made available, what would be its fate? Would it not find its way back into the Federal reserve bank unless there were some definite means of putting it into circulation?

Mr. THOMAS of Oklahoma. I will answer that question, Mr. President, by following through a suggestion I made a moment ago. At the present time the Federal reserve system is authorizing and having the Federal reserve banks buy around $100,000,000 of bonds a week. The records show that these bonds are largely held by the banks or by corporations which own banks, or by individuals which own the banks, so that when the Federal reserve system buys bonds, the money is not scattered broadcast, but such money goes immediately into the vaults of the banks. When the member bank gets this money, what does it do with it? It immediately sends this money back to the Federal reserve system and liquidates its notes. That is what the banks are doing now.

How much more will have to be put into circulation in order to bring the banks to the point where they will have no more loans to liquidate? The national banks and other member banks of the Federal reserve system at this time owe the Federal reserve system about $600,000,000. So if this procedure is followed, the Federal reserve system must buy at least $600,000,000 more of Government bonds before the banks will stop sending money back in liquidation of

their loans. So if the Federal reserve system goes ahead with its program for six more weeks, and buys a hundred million dollars of bonds each week, and the banks which receive this money send it back to pay off their loans, at the end of six weeks' time the various national banks of the country will have liquidated their loans with the Federal reserve system. However, that is not all the banks owe.

Many of the banks of the West do not borrow from the Federal reserve system; many of the banks when they need money do not send to the Federal reserve bank and ask for loans; but they send to a correspondent bank in some large city and borrow from the correspondent bank. So they must first pay off their loans to the Federal reserve system, and then, secondly, perhaps, they will pay off their loans to their corresponding banks. How much the banks of the Nation owe their correspondent banks I do not know; the Comptroller of the Currency knows, but I have not that information.

So the present plan of the Federal reserve system in making money plentiful through the purchase of bonds is not working, Mr. President, and it can not work within any reasonable length of time.

If there is any question about the statements I am making, as I proceed I will be very glad to yield. I may not be able to answer them, but perhaps I can.

I make the statement that our banking system has failed us; I make the further statement that the Federal reserve system has failed us. I call attention to how many banking systems there are right here in the city of Washington loaning money to-day. We have first the Federal reserve system; that is a congressional system; that is No. 1. Then we have the superbank, the Reconstruction Finance Corporation, with $2,000,000,000 of capital, which is making loans. So there are two Government banks in the city to-day making loans. Then we have the Farm Board. The Farm Board has $500,000,000 for making loans to cooperatives. So there are now three national banking organizations making loans in this city. Then we have the Department of Agriculture making loans from Government funds to the farmers of the country. We have the Federal land bank in this city making loans. We just recently gave that institution $125,000,000 of additional capital. Then we have the Shipping Board making loans to the shipping interests. So there are six national or Federal banking systems in this city controlled—or they should be controlled—by the Government, and created assuredly by Congress, making loans. The banks would not lend the people money, which fact made it necessary to create these several institutions.

The report from my State shows that 28 loans have been made by the Reconstruction Finance Corporation to banks. The banks are not making loans, although many of them have ample funds. Why are they not making loans? As stated there is nothing safe for them to loan money on.

There was a time when individuals could go to the banks and sign notes, and their standing and ability for repayment and stability in the community were such that they could get loans. They can not do that to-day. There may be exceptions, but that is the rule. There was a time when you could take property and pledge it as collateral and get money. That is not being done to-day, and the reason is there is no property that is making money, and when property is not making money it is not a good risk as collateral, and it makes no difference what the intrinsic value of the property is.

Take the Pennsylvania Railroad, or the Santa Fe, or the Frisco, or the Rock Island; if they are not making money, their obligations are not considered absolutely safe. Banks would not loan them money; and they had to come to Washington, to a specially created bank, the Reconstruction Finance Corporation, to borrow money to pay their obligations to the banks.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. It seems to me there must be a further step. After the banks have paid their obligations to the Federal reserve system, and then have money to pay their loans from their correspondent banks through the country, the Senator has not yet shown us how the money is to be put in circulation after it gets back to the local banks. That is the thing that troubles me. We can have all the money in the world, but it does not do us any good, because we can not eat it. How are we going to get it into the hands of the people?

Mr. THOMAS of Oklahoma. Mr. President, that brings me to another phase of this question.

When this Congress convened in December I took occasion in my feeble way to try to express some convictions upon this identical question. Before the holidays I made the statement that we had a stringency of money in circulation, too little money in circulation, that the dollar was too high, that commodity prices were too low, and that the only way the dollar could be brought down in its buying power and the only way commodity prices could be increased was to make the dollar more plentiful, thereby making it cheaper. I took occasion more than once to try to express these convictions, but I found that when I undertook to discuss the money question, the Chamber immediately was vacated. I knew I was making no progress. I gained a very decided impression that financial legislation was not written in the Congress, with all deference to my distinguished friend from Virginia [Mr. GLASS]. I gained a conviction that financial legislation and financial policies were not formulated in Washington, but that they were formulated somewhere else.

Acting upon that conviction, I sought out the place from whence such legislation originates. I went to New York City, the great city so well represented in this body by the two distinguished Senators from that great State.

I had often heard of Wall Street. In the west, Wall Street is very largely a myth. We have heard about Wall Street. We have heard about its control of New York City and the State of New York. We have likewise heard of its control of the Federal Government here at Washington. Having heard so much of this short, crooked street that starts at the river and ends at the graveyard, I went down in the caverns of that area. I had heard that there were some individuals on that street who knew a lot about money. I fortunately had facilities to meet those gentlemen. I will not mention the names of the private parties, but I will mention the names of the public officials.

I went first to the Federal reserve bank in Wall Street. The highest-paid official in the Federal reserve system is the governor of the Federal reserve bank in New York City, Governor Harrison. Governor Harrison receives a salary of $50,000 per year. He has a banking institution which is the last word in banking architecture. The vault of the Federal reserve bank in New York, so I was advised, extends 80 feet into the solid rock. In that vault underneath the Federal reserve bank they now have something like $3,000,000,000 of gold impounded. There is nothing to be suggested in the way of improvement of that gigantic, expensive banking structure known as the Federal reserve bank in New York City.

I conferred with Governor Harrison. I conferred with the agent of the Federal reserve bank, Mr. Case. I was glad to confer with the economist of the Federal reserve bank in New York, Doctor Burgess.

From that point I went to the two largest banking institutions of New York City, each of them a $2,000,000,000 concern. I met the men who manage and run those banks. I met their attorneys and I met their economists. I have no complaint regarding my reception there. The men who dominate and control and manage the financial affairs of America conceded that the dollar was too high. They agreed that the dollar must be reduced in buying power. They agreed that the country can not continue to live on 5-cent cotton, 30-cent wheat, 17-cent corn, livestock in proportion, with 8,000,000 people unemployed, taxes not being paid, interest in default, and bonds in default. They agreed to those policies, and agreed that the dollar would have to be reduced in buying power.

Then the question was, What means can be taken to accomplish and effectuate this desirable end?

These bankers in New York understand the situation. They know that the dollar must be decreased in buying power, and they know that the only way to increase commodity prices is to bring down the buying power of the dollar. They claim they have a plan by which that can be done. They said their plan was to have the Federal reserve system begin buying bonds, taking new money from the vaults of the Federal reserve system, exchanging it with the holders of bonds, letting the money get out in the hands of the folks who now hold bonds, and bringing the bonds in from the country and placing them in the Federal reserve vaults.

At that time they were putting out only $25,000,000 a week. They admitted that that was not fast enough. They were making no progress with their program; and about that time the hearings started to be held in the House of Representatives, before the Ways and Means Committee, in favor of the so-called bonus bill.

When the hearings started on that bill it was laid down as a condition precedent that unless the proponents of the so-called bonus bill could convince the Ways and Means Committee and the Congress that the payment of this money would be of as much benefit to the people of the country who are not soldiers as to the soldiers themselves the bill should fail. Those hearings have progressed now for three weeks. They were closed at 12.30 to-day. In this three weeks' time the Federal Reserve Board, realizing the demand that is being made for a cheaper dollar and a higher price for commodities, have increased the number of bonds they are buying per week from $25,000,000 to $113,000,000, as I said, last week. But last week, while they bought $113,000,000 of bonds, that $113,000,000 and $27,000,000 more was paid back to the system and canceled. So, as a result of the policy of the banking system of New York, as a result of the policy of the Federal Reserve Bank of New York, and as a result of the policy of the Federal Reserve Board in Washington of buying bonds, money in circulation is actually becoming scarcer rather than more plentiful.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. FLETCHER. I should like to ask the Senator if the process that he mentions of banks using the proceeds of bonds to pay off their obligations has not a limit to it. Is not the time coming when the banks will settle their obligations, and there will be money which can not be used in that way?

Mr. THOMAS of Oklahoma. I stated a moment ago that if the Federal Reserve Board will keep on buying bonds for six more weeks at the present rate, and pay out six hundred millions more of Federal reserve notes, and buy that many more bonds, the banks will have enough money to liquidate their loans to the Federal reserve system, but it will take $600,000,000 to do it. When that time comes, however, if conditions are no better, and the board still keeps on buying bonds and paying for them with money, the banks will take the money and pay their private obligations to their correspondents. I am advised that the banks have a very large amount of money borrowed from correspondent banks, not Federal reserve banks themselves. So, under the present plan, it will take at least six weeks; and if they follow out the policy of paying their correspondents' loans, no one knows how long it is going to take to liquidate the banks' indebtedness to other banks.

But I began my statement, Mr. President, with the assertion that the Federal reserve's plan and policy of making money more plentiful, and thereby making it cheaper, has failed. Last week they did not put out enough money to meet the money coming back by $27,000,000. I do not know how many bonds they are going to buy this week, but I will venture the assertion that whatever they buy this week, perhaps $100,000,000, the banks in turn will pay back to the system $100,000,000 of their loans. The banks are paying back now more than the bond sales amount to, because the Reconstruction Finance Corporation is loaning the banks money, and when a bank borrows from the Reconstruction Finance Corporation it turns right around and sends the money to the Federal reserve bank to liquidate its loans.

Mr. President, this whole thing came up, as I said a moment ago, over the so-called bonus bill for the payment of the balance due on the adjusted-service certificates. Many of the bankers contend that the soldier should not be paid any more. Many bankers contend that a great mistake was made when the bill was passed to pay the soldiers anything, that they had not earned anything, that they did not deserve anything, and that they should not be paid anything. With that view I most emphatically disagree. But I was surprised to find some banks taking that attitude, and not alone is that attitude confined to the banks, it is entertained by others of our citizens, who contend that Congress made a mistake in passing the first so-called bonus bill, that they made a mistake last year in proposing to authorize loans to the extent of one-half of the amount of the certificates, and they cite, to prove that a mistake was made, the fact that the billion dollars that was loaned by the Government last year to the soldiers did not help business conditions.

Mr. President, in some sections of the country that billion dollars did some good. I know of sections where the money loaned to the soldiers was the means of saving the economic lives of communities, and saving banks and other institutions of the country. But last year, when we loaned the veterans money, we loaned them credit money. Not a single dollar of real money from the Federal reserve system was loaned a single soldier in the Nation. There is just as much difference between money—gold, silver, and paper, the kind with which we pay for a railroad ticket—and this credit money as there is between day and night.

The banks of New York do not object to the Government issuing bonds and selling those bonds to the people, and then taking the money received from the sale of the bonds and spending it. They do not object to that policy. They favor that policy. Such a policy puts no extra money into circulation. The United States Government could issue $10,000,000,000 worth of bonds to-day, sell those bonds to-morrow to the people, and that process would not increase the circulation a single red copper. It would increase the number of bonds. It would give the Government more money. But the circulation of gold, silver, and paper, the thing that controls, would not thereby be increased a single penny.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Suppose the bonus were paid and the money given to the soldiers; would not that money very speedily return to the banks, then be absorbed there with the rest of the useless money which is now on deposit? I am asking the question, as the Senator will know, because I want to know the answer.

Mr. THOMAS of Oklahoma. One of the bills pending in the House, and upon which hearings have been held for three weeks and more, provides for the payment of the balance due on these certificates, and one of the bills proposes that the Government print Treasury notes, exactly as was done during the Civil War to finance the war on behalf of the North.

Another bill proposes that the Government issue 2 per cent bonds, but instead of selling those bonds to the people, have the Treasury Department deposit those bonds directly with the Federal reserve banks; then direct the Federal reserve banks to transfer the bonds to the Federal reserve agents as the agents of the Government; then further direct the Federal reserve agents to pay for those bonds with Federal reserve money, either Federal reserve notes or Federal reserve bank notes. When that is done we have not sold the bonds; the public does not own the bonds. The bonds have been issued, but they have been placed directly in the hands of the Federal reserve bank, and thereby those bonds become the basis of money.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I have not been here the last few minutes during the delivery of the Senator's address. As a matter of fact, what is the objection to issuing legal tender direct? Why is it necessary to have any bonds if the Government will issue legal tender?

Mr. THOMAS of Oklahoma. Mr. President, I have no objection to that system. The system worked so well that in the sixties the Government authorized the issuance of $40,000,000 or $50,000,000 of greenbacks. They worked so well and did such a good service that the Congress authorized the issuance of more of the greenbacks, and the first thing the country knew there were four or five hundred million dollars of Treasury notes in circulation, greenbacks, with no bonds back of them, with no gold back of them, with no silver back of them, nothing back of them but the credit of the United States of America, at that time threatened with division. No wonder that in the early days of the life of those greenbacks they did sink below the value of gold. They got down to 30 or 40 cents, based upon gold. But when the war was over, when the two great sections of this country came back together, those greenbacks began to climb, and it was not long before the greenback was just as good as the gold itself.

Mr. LONG. Have we not in the United States, still, the same legal tender?

Mr. THOMAS of Oklahoma. Mr. President, those greenbacks are so good that although they were issued back in the sixties we have them with us still. They are so good that we have in circulation to-day more than $356,000,000 of greenbacks, and I have never heard of anyone who objected to taking the greenback in payment of any obligation due him.

What is back of those greenbacks to-day? There is gold to the amount of $156,000,000 back of the $350,000,000 worth of greenbacks. But that gold, in addition to being back of the greenbacks, is likewise back of the 1890 Treasury notes. They have dollar-for-dollar silver back of them and they have part of this $156,000,000 of gold back of them. So, Mr. President, the greenbacks issued back in the sixties have been kept in circulation until to-day, and there is no plan to-day to retire a single dollar of circulating greenbacks.

There is objection now to the policy of issuing additional greenbacks. Every time somebody suggests that we issue additional greenbacks, exactly as we did back in the sixties, the objection is raised, "That kind of money is fiat money."

When those greenbacks were issued we had little gold, were almost a divided country; but now, with half the gold in the world, and being the strongest and richest and most powerful country on earth, the contention is still made that if we issue some greenbacks those greenbacks will be fiat money.

Mr. President, I am not one of those who are urging the issuance of more greenbacks. The bill I am standing sponsor for proposes to follow the plan of existing law. When we wanted to resume specie payment, in the seventies, Congress passed a law providing for the issuance of 2 per cent consols. A consol is a United States bond drawing 2 per cent interest and given the circulation privilege. National banks can get possession of such bonds and send same to the Treasury and have issued against them national-bank notes to the full amount of the bond, less 5 per cent, and that 5 per cent is held in the Treasury as a redemption fund. So the national-bank notes Senators have in their pockets, issued by their banks back home, are not based upon gold. The national-bank money is based upon United States 2 per cent bonds, and there may not be a single penny's worth of gold back of the $700,000,000 worth of national-bank notes. Under the law they are backed by only 2 per cent bonds and 5 per cent redemption funds, which can be in lawful money. It can be in greenbacks.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I think the Senator had not quite answered my question before he turned to reply to the Senator from Louisiana.

Mr. THOMAS of Oklahoma. I was about to follow that up.

Mr. COPELAND. So that the RECORD may have the question clearly, may I repeat it?

Mr. THOMAS of Oklahoma. Certainly.

Mr. COPELAND. My question was, What assurance have we that the two billion paid to the veterans would not suffer the same fate, and perhaps speedily, that has been suffered by other money, that the money would find its way quickly into the banks through the merchants who might sell goods to the veterans, in the many ways that money would be spent, and ultimately go back to the banks? Then would it not be absorbed by the banks and lost in the same way that the funds of the banks are now more or less useless to the country?

Mr. THOMAS of Oklahoma. I was trying to explain, just before I came to that portion of the answer, how it was proposed to raise the money, through the issuance of 2 per cent bonds, depositing those bonds in the Federal reserve banks, issuing against those bonds Federal reserve bank notes, as can now be done, under existing law, and it takes no amendment whatever to accomplish the purpose, except an authorization and a determination so to do.

After the bonds are issued and the money is made available, then the Veterans' Administration is directed, under all the proposed bills, to take the money thus secured, adjusting with the several veterans of the Nation, 4,000,000 of them, scattered in every State, in every city, and in every county.

The Veterans' Administration may take applications from these soldier boys, receive their certificates, and adjust with them. Some have borrowed 50 per cent upon their certificates, and are obligated to pay some interest. The Veterans' Administration would adjust those matters, and find, for instance, that John Doe, of New York City, is entitled to $350. The boys who have not made loans on the certificates would submit their certificates and be entitled to receive the full amount. But, of course, that is a detail.

When the money is paid to the soldiers it is new money; it is real money, not credit. It is in no sense credit, because it has been issued by some Federal reserve bank. When a Federal reserve bank issues this new money that much new money goes immediately into circulation. It is not deposit money. It is not credit money, and that is why the banks object. If we should issue bonds and sell them to the people and get the money from the people to pay the soldiers, the banks would not object so much. But when we propose to put a few extra dollars into circulation, to increase the circulation, to bring down the buying power of the dollar—and all admit that the proposed action would do that—then the banks rebel and say we are tinkering with the currency.

Mr. President, if the bill passes the House of Representatives and comes to this body, it will be before the Senate for consideration. I am referring to the so-called bonus bill, which proposes to pay the veterans of the United States the amount due them on the face of their certificates. If that is done under the plan proposed, new money to the extent of the payments will be issued, and to that extent the circulation will be thereby increased. The veterans will secure the money and will either spend the money or deposit it. If they invest it that is spending it. They may buy something that they want. It is their money. I shall not criticize them in any way as to the method in which they expend their money. The record shows they did not squander the money they received last year. I think the record is 3 per cent of the money Congress loaned the veterans last year was spent for what was held to be nonessentials; in other words, by some claimed to be wasted.

But the veterans will take the money and spend it. They will invest it or they will deposit it. If they spend it they will pay their grocery bills. Some of them will have a square meal for the first time, perhaps, in months. Some, perhaps,

will have a decent suit of clothes or garments for the first time in months, though, perhaps, limited to a pair of overalls. It is true they will spend the money. They will make a payment on a home, perhaps, or, perchance, they will deposit the money like others might do who have occupations at this time. But all the time the money is in circulation. It is outside of the Treasury.

The distinguished Senator from New York suggests that the local banks may take this money and send it back to the Federal reserve system in payment of their obligations. Perhaps that would happen, but that would only take $600,000,000 of the more than $2,000,000,000. If that should happen and the banks should continue that policy, there would still be more than $1,500,000,000 of that money remaining in circulation. The banks would not send it to the Federal reserve system, because they would not owe it. They might send it there for deposit, but it would still be in circulation. They could get it at any time they needed it.

Those who oppose the payment make the statement that if the money is placed in circulation the dollar will be driven down and destroyed, and commodity prices will be raised out of all proportion to value. Well, Mr. President, would that policy be abhorrent to the millions of people of the United States if it enabled them to get double the present price for their wheat? They would then only be getting 60 cents a bushel for their wheat. If we doubled the price of corn, they would then be getting only 40 cents a bushel for their corn. If we doubled the price of cotton, they would then only be getting 10 cents a pound for their cotton. Would that be abhorrent to the 30,000,000 farmers of the Nation?

It is claimed that such a plan would break down the buying power of the dollar and raise commodity prices. That is the purpose of the legislation. That was the announced purpose of the Federal Reserve Board in buying $100,000,000 of bonds each week, but their policy to date has failed.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I am sure I speak the truth when I say that if the Senate were convinced that the things would happen which the Senator says would follow the payment of the bonus, I believe every Member would vote for the bill. Certainly, for my part, I should be happy to do so. In 1924 I submitted an amendment to the then pending bill proposing to pay the bonus in full and to make full adjustment. I think I succeeded in getting 35 or 36 votes for it in the Senate. Of course, conditions were different then. We had then prosperity in the country instead of the depression of the moment. On that account, because of changed economic conditions, those of us who have this kindly feeling toward the veterans must be able to produce all the proof possible that the benefits suggested by the Senator would actually follow the payment.

This is my fear, and I voice it in order that it may be swept aside. I fear that if we were to issue the money—that is, issue the bonds and pay the bonus according to the plan which the Senator proposes—we would put into circulation $2,000,000,000, which would be used as the Senator suggests, but without a recovery of activity, of business generally. The fate of those $2,000,000,000 would be merely to return to the banks. Even if they have paid their notes at the Federal reserve bank, and perhaps paid their obligations to correspondent banks, they would still be in possession of the money. There would be no demand for its use for manufacturing purposes, for the operation of factories, and for other purposes of industry, and consequently it would go back into the banks and would be a dead thing, all without any recovery of business generally and without having served as anything more—and I say this not in any spirit of comparison but simply to bring out the answer—than a dole for the time being. This would happen unless, by some magic, which I hope the Senator may summon, there would be, through the circulation of $2,000,000,000, a recovery of business, a restoration of agriculture and of the prosperity which the Senator mentions. But it is upon the shoulders of the Senator that the responsibility rests to tell us how the mere circulation for a short period of time of $2,000,000,000 of new money would start us on our way toward recovery. Have I made the question clear?

Mr. THOMAS of Oklahoma. Entirely so. The Senator places the responsibility upon my shoulders.

Mr. COPELAND. That was not fair.

Mr. THOMAS of Oklahoma. My shoulders are not broader than the shoulders of the distinguished Senator from New York.

Mr. COPELAND. I should have said upon our shoulders. I want to join in this movement, but I want all the argument possible in order that I may go back to New York and answer these questions which come from Oklahoma and Missouri and other parts of the country.

Mr. THOMAS of Oklahoma. Mr. President, if the money were issued and paid out to the veterans we can all vision what would happen. They will begin to buy clothing. They will begin to buy shoes. They will begin to buy meat. They will begin to buy flour. They will begin to buy the things that they do not have and have not had perhaps for months. When they begin to buy shoes and clothing they will soon deplete the stocks on the shelves of the stores in their communities. As the orders come in for shoes and clothing and the shelves begin to look rather bare, the merchants will immediately place orders to restock those shelves. Those orders go to the wholesale houses. Such orders will come from stores all over the United States. Every wholesale house in the country will immediately be flooded with orders for more shoes, more hats, more overalls, and all over the country the shelves of the wholesale houses will become depleted, and the wholesale houses will begin to telephone and wire orders to the factories, "Make us some shoes. Make us some hats. Make us some clothing."

The demand will finally reach the factory that produces meats, which is the farmer. The demand will finally reach the factories which produce bread, and that is the farmer. The demand will finally reach the factories which produce things the veterans want. That will stimulate the business of the local merchant. It will stimulate the business of the wholesaler. It will stimulate the business of the factory. It will make business for the railroads. The railroads have no chance to revive until and unless they get more tonnage to haul and more passengers to carry. If the time does not soon come when the tonnage of the railroads has increased, their hard times will continue and very shortly the United States will find on its hands these webs of railroad lines covering the entire country.

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

The PRESIDING OFFICER. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I see that, of course, but exactly the same thing would happen, would it not——

Mr. THOMAS of Oklahoma. Let me go ahead with my answer, and then the Senator perhaps can ask another question.

Mr. COPELAND. Very well.

Mr. THOMAS of Oklahoma. Mr. President, what plan is now before the Congress or the country submitted by the administration, by the banks, or by the best brains of the Nation to help out in this situation save the one which the veterans have suggested? The bond-buying plan was submitted, and I have shown that the bond-buying plan has failed. Since the bond-buying plan has been initiated the Federal Reserve Board has bought $400,000,000 of bonds, and now we have $248,000,000 less money in circulation than we had when they started to buy the bonds. The plan being followed by the Federal reserve system to make money more plentiful is actually making money scarcer. Since the first of the year a quarter of a billion of dollars of money has

been withdrawn from circulation and canceled. The bankers' plan failed and there is no other plan proposed.

The distinguished Senator from New York suggests that the plan of placing $2,000,000,000 in circulation among 4,000,000 people will not work, because the boys will let the money get back into the banks.

Mr. COPELAND. O Mr. President, I am sure the Senator does not wish to misquote me.

Mr. THOMAS of Oklahoma. I will withdraw the statement, because it is not accurate. He suggests a doubt that the plan will work.

Mr. COPELAND. A doubt held by many that the plan might not work.

Mr. THOMAS of Oklahoma. The two plans are identical in purpose. The plan of the veterans of putting $2,000,000,000 in circulation to increase the money supply and the plan of the Federal reserve system to put money in circulation through the buying of bonds are identical. The end to be attained is identical. More money, plentiful money, cheap money means high commodity prices. That is the plan of the veterans. The plan of the Federal reserve system has failed. It has not worked. It will not work.

I submit a question to the distinguished Senator from New York: Under the plan of buying bonds, how long will we have to wait until we will have more money in circulation?

Mr. COPELAND. Mr. President, I think the soldiers are entitled to have this adjustment at the earliest possible moment. I have held to that view for years. But if we are going to use the economic argument it is incumbent upon us to show how the plan of paying the soldiers' bonus would help the country, any more than to issue $2,000,000,000 of money to give to people who are now in distress and starving throughout the country, to the 8,000,000 people who are out of work. If we are going to accomplish all these things by the payment of the soldiers' bonus, why might we not accomplish twice as much by paying it to them and also taking care of those who are in hunger and distress in the cities and on the farms throughout the country? That is the thing I have in mind.

Mr. THOMAS of Oklahoma. I shall not argue against the latter suggestion of the distinguished Senator from New York. It may come to that, Mr. President. At this point, in answer to the Senator's suggested if not actual question, I ask unanimous consent to have printed in the RECORD a news story appearing in the Washington Herald of May 1—last Sunday. The news story is entitled—

Hoover agrees United States must aid cities, States—but President can't determine whether to admit it now or after election, advisers say.

This news story is by Carlisle Bargeron, copyright 1932, by the Washington Herald. I ask unanimous consent to have it appear in the RECORD in my remarks at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

HOOVER AGREES UNITED STATES MUST AID CITIES, STATES—BUT PRESIDENT CAN'T DETERMINE WHETHER TO ADMIT IT NOW OR AFTER ELECTION, ADVISERS SAY

By Carlisle Bargeron

President Hoover has been virtually convinced there must be some form of Federal unemployment relief, but he can't determine whether he should wait until after the elections.

Some of his closest advisers have told him it is foolhardy to expect that municipalities and States can continue to take care of their distressed situations without Federal assistance. These governmental units, he has been convinced, have come to the limit of their endurance.

The President is understood to accept the representations made to him and reluctantly to agree that sooner or later it will be necessary for some such system as the issuance of bonds by the States and municipalities guaranteed by the Federal Government, and probably floated through the medium of the Federal reserve banks. It would, it is agreed, be a form of inflation more direct than the present operations under the Reconstruction Corporation and Glass-Steagall Acts.

INFLATION DELAYED

The inflation under these latter measures is yet to have its effect, because the banks have used it to pay off their obligations to the reserve banks instead of easing credit.

Unemployed relief as proposed, it is agreed, would be a more direct inflation in that the beginning would be at the bottom of the economic structure instead of at the top, thus differing from previous relief measures.

While it is understood the President fully believes Federal unemployment relief is inevitable, the understanding is that he is reluctant to sponsor it because of the feared political effect. He took a determined stand against the dole at the outset of these troublesome times, and there are those of his advisers now who say that were he to countenance Federal assistance to the unemployed he would be criticised for back-tracking and giving ground on his professed principles.

MUST DO SOMETHING

Yet there is the conviction among some of his advisers that something must be done, that the municipalities and States have come to the end of their rope and that, principles or no principles, people can not be permitted to starve. The issuance by these municipalities and States of bonds guaranteed by the Federal Government, it is contended, would be far different from the original dole proposal.

Strangely enough, there is no indication that in this dilemma Mr. Hoover has given any consideration to the proposed $5,000,000,000 building program, to be taken care of by a Federal bond issue. Such a bond issue would, of course, be no different from municipal or State issues guaranteed by the Federal Government. Both would have the Federal Government behind them, and would ultimately, if not immediately, find their way into the Federal reserve system and form the basis of new currency.

Those who have found Mr. Hoover reluctant to take what is considered the inevitable step until after the elections are insisting that politically he had better admit that he originally was wrong and act now.

Mr. THOMAS of Oklahoma. Mr. President, if, under the veterans' plan, money is issued and placed in circulation it will do the identical thing which the Federal reserve system is now apparently trying to accomplish. It says it is trying to bring about an expansion of the currency by placing money in circulation. Everyone who opposes the issuance of this $2,000,000,000 makes the statement, as an argument against it, that if we issue $2,000,000,000 in new money it will drive us from the gold standard. What does that mean? It means that money will become so plentiful, will become so cheap—and when money becomes plentiful and cheap that means that commodity prices will go up in proportion—that paper money will leave the gold; there will be a difference between the value of gold and the value of paper. That is what it means to leave the gold standard. As long as paper money circulates on a parity with gold we are still on the gold standard if we want to be. We can voluntarily leave the gold standard by legislation, but if we do not care to do that, we will still be on the gold standard until such time as the paper dollar is not worth a gold dollar. When they separate, then paper is at a discount; it is at a disparity with gold.

Mr. President, the bankers who oppose this plan charge it will drive us off the gold standard and that it will make money so plentiful and so cheap that the paper dollar will not be worth as much as the gold dollar. Well, admit for the sake of the argument that that might happen, that destroys the argument of the Senator from New York.

Mr. President, if the bankers' plan of bringing back prosperity will bring results, no one can foretell how long we must wait. We must assuredly wait until the Federal reserve banks buy $600,000,000 more of bonds, and then wait still further until the member banks that get the money see fit to loan it. When will that be, Mr. President? It will not be soon, because the bankers' plan does not put a single dollar in circulation among the millions of the people of the country; and until the millions of our people have some money with which to buy the things they need, the necessities of life—food, clothing, shoes, and articles of that character—times can not improve.

There is no time possible in the near future when the bankers' plan can put money into the hands of the millions of people of the country. The soldiers' plan will do that very quickly. It will distribute $2,400,000,000 immediately among 4,000,000 veterans located throughout the United States. If the bankers' plan is good, if it will make money more plentiful eventually, then why is not the veterans' plan much better, because it will do the same thing immediately.

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

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I am with the Senator 100 per cent when he talks about the bankers. I think he has been entirely too considerate of them. I am not referring now to the ordinary bankers, those at the head of small banks or those who operate the banks with which we ordinarily come in contact, but I do think that the oligarchy of bankers, the invisible government back of the banks, the men I call the "banksters," will never solve the problem. In my opinion, everything they do makes the situation worse. So I am with the Senator when he says we can not wait for them to solve the problem. They are well enough off as they are; and because of the policies which they impose upon the country and their unwillingness to lend funds to individuals and to States and municipalities, in order to enable them to carry on works of mercy, if we wait for them to solve the problem it never will be solved. That is my judgment.

Mr. THOMAS of Oklahoma. Mr. President, I will not take issue with the statement made by the distinguished Senator from New York. His statement was that if we wait for the "banksters"—that is a newly coined word, "banksters"—to solve this problem, it will never be solved. I join in the opinion just expressed by my distinguished colleague from New York.

Mr. President, I could suggest, I think, a more appropriate term than "bankster." I think I should suggest "banketeer" as being a more appropriate designation of the identical people that the distinguished Senator from New York has in mind.

Mr. President, we hear much in these days about international banks and international bankers. I do not know of any international bankers that we have in this country, although I hear the term mentioned frequently. We do have a great number of international bond salesmen who parade under the pretense of being international bankers; and the sooner the people of the country understand that these international bankers are nothing more than international bond salesmen and the sooner they understand that these "banksters" or "banketeers" that are now in control of this Government are not going to solve the problem in behalf of the one hundred and twenty-odd million people of this Republic, perhaps the quicker the Congress will give some time to consideration of the effect of the control of money upon the business of the country.

The bankers' plan will not work; the "banksters" have no plan to suggest; the "banketeers" have no plan, and neither have the international bond salesmen a plan to submit save the cancellation of the debts due this country by foreign nations.

The only plan that is before the Congress is the veterans' plan. It is admitted that it will do the work. The money can be provided under existing law. It does not require a single amendment to existing law in order to get the money. Bonds can be issued under the old law authorizing consols. The law says the Federal reserve banks may now buy the outstanding consols; they can buy the consols and deposit them in the Federal reserve bank, and issue currency against them. They can do it to-day. Then, if Congress authorizes the creation of more consols and directs the Federal reserve system to acquire and assimilate the consols and issue money against them, we will have the same kind of money that we now have, namely, Federal reserve bank notes backed up by 2 per cent bonds; and they, in turn, backed by the credit of the richest and the strongest Government of the earth. There is no other available plan.

Mr. President, we have heard much about the bonus in connection with this bill. These "banksters" or these "banketeers" are complaining that the veterans are to be given a bonus. Well, Mr. President, since this discussion commenced only two or three months ago the bankers of the country have already received a bonus. The discussions in the Congress have made it possible for the banks of the country, the corporations of the country, the wealthy individuals of the country who hold Liberty bonds and Treasury bonds to receive a bonus as the direct result of this suggested legislation. When the "banksters" saw that the veterans had some chance to pass their bill, they immediately got up a competing plan. Their competing plan was to place money in circulation through the buying of outstanding Liberty bonds. When that plan was inaugurated Liberty bonds were not worth par. I have here a clipping from the New York Times of Sunday, which shows that since the first of the year Liberty bonds and Treasury notes have been as low as the figures I will now read: One issue, 94.2; another issue, 97.22; another issue, 98.8; another issue, 98.30; another issue, 100.1; another issue, 94; another issue, 89.16; another issue, 87.20; another issue, 87.24; another issue, 88.1; another issue, 83; another issue, 83.3.

When the Federal reserve system decided to put into existence the competing plan to make money more plentiful—and their plan was to buy bonds and pay money for those bonds—these bonds were being discounted as low as 82. Then when the Federal reserve system decided to use the powers that they had, to use the money that they had in their vaults to buy these bonds, the bonds began to rise; and, Mr. President, these bonds in the hands of the wealthy people of the United States, in the hands of corporations, in the hands of banks, and in the hands of whomsoever may have held them, have gone up as a result of the demand for such bonds by the Federal reserve system, until to-day these bonds are selling at par, and some are above par.

The bond that was as low as 94.2 has gone up 7 points, the bond that was as low as 97 has gone up 5 points, the bond that was 98 has gone up 4 points, the bond that was 100 has gone up 6 points, the bond that was 94 has gone up 9 points, the bond that was 89 has gone up 12 points, the bond that was 87 has gone up 12 points, another bond that was 87 has gone up 12 points, the bond that was 83 has gone up 13 points, the bond that was 82 has gone up 13 points. So the policy adopted by the Federal reserve system has already produced a bonus to those who hold Government bonds of from 3 to 13 per cent—$3 to $13 on every $100 worth of bonds these fortunate people may have held. So, Mr. President, instead of this bill being a bonus bill to pay the soldiers, it has already been a bonus bill to pay the men, the corporations, and the banks that happen to be so fortunate as to hold Liberty bonds and Treasury bonds.

Mr. LEWIS. Mr. President——

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

Mr. THOMAS of Oklahoma. I yield.

Mr. LEWIS. Will the Senator from Oklahoma allow me to suggest to him what occurs to me to be a very great dilemma, which I think explains why there is not more money for the ordinary citizen as the result of the purchase of bonds by the Federal reserve banks? When the Federal reserve proceeds to buy bonds it must buy them from those who have been able to purchase them and possess them. The money obtained from those who have sold their bonds is not distributed among those who may have need for a dollar or two; but probably more Liberty bonds are bought, because as they begin rising in the market the suggestion comes that they are a good investment. So, unless I am in error, far from the buying of these bonds adding to the circulation, it merely gives another opportunity for speculation upon the part of those who hold Liberty bonds.

Mr. THOMAS of Oklahoma. I thank the Senator for his suggestion. It is very illuminating in connection with the remarks I myself was trying to make.

Mr. LEWIS. I am delighted that the view of the Senator conforms with mine.

Mr. THOMAS of Oklahoma. Mr. President, when the Federal Reserve Board stops buying Liberty bonds and other Government issues what will happen? They will go down in price again. Here they are, with one issue selling for 106.4, another issue selling for 106.13, another issue selling for 102.26. When the Federal reserve system gets the bonds that it wants, and stops buying bonds, there will be no

market for bonds then, or virtually none. There will be practically no one to purchase bonds under the present system. Then these bonds will fall; and the Federal reserve banking system, now having more than a billion dollars of bonds in its vaults, will perhaps have $2,000,000,000 of bonds in its vaults purchased above par. When they start to sell these bonds they must sell them to the public. They must take what they can get for them. The market will control. So the Federal reserve system is in for a gigantic loss through the purchase of bonds above their value, and then, later on, being forced to sell them for what it can get for them.

So, Mr. President, instead of this matter being a bonus bill for 4,000,000 veterans, it has already been a bonus bill for holders of bonds. Perhaps that is not to be wondered at, however. Every financial bill that has been passed by this Congress has been a bondholder's bill. I have reference to the moratorium. I have reference to the Reconstruction Finance Corporation act. I have reference to the $125,000,000 voted to the Federal land banks. I have reference to the Glass-Steagall bill. Every one of those measures was dictated and passed for the interest of the fortunate few who have their wealth in fixed investments.

Mr. President, I do not care at this time to take more of the time of the Senate. The Goldsborough stabilization bill is now before the Banking and Currency Committee. I trust that it will be reported promptly by that committee and considered by the Senate. But even if that bill should pass, it is nothing more than an instruction. It would have no more effect than a concurrent resolution. While it may direct the Federal reserve system to cheapen the dollar, yet there is no power we can exercise that can make them cheapen the dollar. They claim that they are cheapening the dollar now; but while they claim that they are cheapening the dollar, the stocks upon the exchanges are going lower and lower, and the commodities on the commodity exchanges are going lower and lower, until yesterday—I can not speak about to-day—the stocks upon the markets and the commodities upon the exchanges were the lowest ever. That is easily explained, because the Federal reserve system has taken out of circulation a quarter of a billion dollars since the first of the year, when they are trying to have the country believe that they are placing money in circulation.

Mr. President, if the House of Representatives passes the so-called bonus bill and sends it to this body, that bill, if it follows precedent, will go to the Finance Committee. I am hopeful that the House will pass the bill and send it to this body, and give the veterans a chance to have a hearing before the Finance Committee before this session adjourns.

Mr. President, the opponents of this legislation admit all that the proponents claim. When the proponents of the bonus bill claim that it will cheapen money, they admit, it, but they say it will cheapen it too much. When those who support the legislation claim that it will reduce debts, the opponents say, "Yes; it will reduce them too much." When the proponents of the legislation claim that it will make money more plentiful, easier to get, the opponents say, "Yes; it will make money so cheap and so plentiful that it will be worthless."

Mr. President, in my section of the country, where one-half the farms are now under foreclosure, where city property is not having its taxes paid, where thousands and tens of thousands of unemployed have no jobs because no one who has work to do has money with which to hire the labor, where bonds are in default, when taxes are not being paid, our citizens are not being scared or alarmed at the threat of too much money, or too much Federal reserve money, or too much national-bank money, or too much greenback money being placed in circulation.

AMENDMENT OF ACT TO REGULATE NAVIGATION ON THE GREAT LAKES

The PRESIDING OFFICER (Mr. HATFIELD in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 3908) to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and Their Connecting and Tributary Waters, which were, on page 1, to strike out lines 3 to 7, inclusive, and insert "That the first two paragraphs of rule 3 under the heading 'Lights' in the first section of the act entitled 'An act to regulate navigation on the Great Lakes and their connecting and tributary waters,' approved February 8, 1895 (U. S. C., title 33, sec. 252), are amended to read as follows"; and to amend the title so as to read: "An act to amend the act entitled 'An act to regulate navigation on the Great Lakes and their connecting and tributary waters,' approved February 8, 1895."

Mr. JOHNSON. I move that the amendments be acceded to by the Senate.

The motion was agreed to.

CALL OF THE ROLL

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

COMMITTEE SERVICE—PERSONAL EXPLANATION

Mr. LONG. Mr. President, I shall take but a moment or two of the time of the Senate.

Following the convening of the Senate to-day the committees which had been assigned to me, and from which I resigned some days ago, were reassigned, and I think it well for me to state that I shall expect the Democratic caucus at the proper time to make proper assignments on committees of the Senate, with the caucus understanding exactly my position as I have expressed it.

I undertook to secure the attendance of the senior Senator from Arkansas [Mr. ROBINSON], but he could not be reached. I tried to get the floor this morning, and I hesitate to say anything now about the Senator from Arkansas in his absence. However, I feel that I owe it to the Senator from Arkansas to reciprocate the very kind compliments he paid my sundry qualifications the other day by stating that I know him to be a man of great standing in our section of the country, in proof of which I send to the desk and ask the clerk to read an extract from Martindale's Legal Directory, so that it will appear in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read.

The Chief Clerk read as follows:

[Extracts from Martindale's Legal Directory, 1930]

ROBINSON, HOUSE & MOSES

J. T. R., '72 '94 a v l g U. S. Sen.; J. W. H., jr., '86 '11 a v l g; C. H. M., '87 '10 a v l g.

Associates: Harry E. Meek, W. H. Holmes, J. F. McClerkin, Raymond Roddy, Frank Bird.

Attorneys for Arkansas Power & Light Co.; Louisiana Power & Light Co.; Mississippi Power & Light Co.; Southern Power & Light Co.; Southern Ice & Utilities Co.; Little Rock Gas & Fuel Co.; Southwest Dairies Products Co.; Southwest Ice & Cold Storage Co.; Southwest Joint Stock Land Bank; Pioneer Reserve Life Insurance Co.; Southwest Telephone; Graysonia, Nashville & Ashdown Railway; Louisiana & Arkansas Railway Co.; Hollenberg Music Co.; Arkansas Portland Cement Co.; Terminal Warehouse Co.; the Texas Co.; Twin City Bank; Guaranty Savings & Loan Co.; the Gus Blass Co.; Kempner Realty Co.; American Building & Loan Association; Boyle-Farrell Land Co.; Cox Cash Stores Co.; Equitable Surety Co.; Associated Employers Liability Co.; Columbian

Mutual Life; Southern Surety Co.; Marion Hotel; Lafayette Hotel; Capital Hotel; Merchants Transfer & Storage Co.; Arkansas Transfer Co.; Union Bond & Mortgage Co.; Southern Securities Co.; Southern Mutual Savings Co.; Southern Investors (Inc.); Smith Arkansas Traveller Co.; City Delivery Co.; H. L. Doherty & Co.; Chas. E. Gibson & Sons (Inc.); American Surety Co.; Ocean Insurance Co.

NAVAL BUILDING PROGRAM

The VICE PRESIDENT. The question is on agreeing to the motion of the senior Senator from Maine [Mr. HALE], that the Senate proceed to the consideration of Senate bill 51.

Mr. NORRIS. On that motion I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY], and in his absence, not knowing how he would vote, I withhold my vote.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I am informed that that Senator would vote as I intend to vote, and therefore I am at liberty to vote. I vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I do not know how he would vote on the pending motion, and therefore withhold my vote. If at liberty to vote, I would vote "yea."

Mr. FRAZIER (when Mr. NYE's name was called). My colleague the senior Senator from North Dakota [Mr. NYE] is necessarily absent. On this question he is paired with the junior Senator from Connecticut [Mr. WALCOTT]. If my colleague [Mr. NYE] were present, he would vote "nay." I understand the junior Senator from Connecticut [Mr. WALCOTT] would vote "yea."

Mr. REED (when his name was called). I have a general pair with the Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the Senator from Missouri [Mr. PATTERSON], and vote "yea."

The roll call was concluded.

Mr. McKELLAR (after having voted in the negative). I have already voted, but I understand that my pair, the Senator from Delaware [Mr. TOWNSEND], is not present and has not voted. Therefore I transfer my pair with that Senator to the junior Senator from Tennessee [Mr. HULL] and allow my vote to stand.

Mr. JONES. I have a general pair with the Senator from Virginia [Mr. SWANSON]. I transfer that pair to the junior Senator from Wyoming [Mr. CAREY] and vote "yea."

Mr. NORRIS. The senior Senator from Iowa [Mr. BROOKHART] is paired with the senior Senator from Mississippi [Mr. HARRISON]. If the senior Senator from Iowa were present, he would vote "nay." I understand the senior Senator from Mississippi would vote "yea."

Mr. HAYDEN. My colleague, the senior Senator from Arizona [Mr. ASHURST], is necessarily absent on official business. If present, he would vote "yea."

Mr. FESS. I wish to announce the following general pairs:

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from North Carolina [Mr. BAILEY]; and

The Senator from Colorado [Mr. WATERMAN] with the Senator from Alabama [Mr. BLACK].

Mr. SHEPPARD. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Arizona [Mr. ASHURST], the Senator from Oklahoma [Mr. THOMAS], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Tennessee [Mr. HULL], and the Senator from Florida [Mr. TRAMMELL].

The result was announced—yeas 46, nays 25, as follows:

YEAS—46

Austin	Bulkley	Copeland	Fletcher
Barbour	Byrnes	Dale	Glass
Bingham	Caraway	Davis	Glenn
Broussard	Cohen	Fess	Goldsborough
Hale	Kendrick	Reed	Tydings
Hastings	Keyes	Robinson, Ind.	Vandenberg
Hatfield	Lewis	Schall	Wagner
Hawes	Long	Sheppard	Walsh, Mass.
Hayden	McNary	Shortridge	Watson
Johnson	Metcalf	Smith	White
Jones	Moses	Smoot	
Kean	Oddie	Steiwer	

NAYS—25

Bankhead	Costigan	King	Pittman
Blaine	Couzens	La Follette	Shipstead
Borah	Cutting	Logan	Stephens
Bratton	Dill	McGill	Walsh, Mont.
Bulow	Frazier	McKellar	
Capper	Gore	Neely	
Connally	Howell	Norris	

NOT VOTING—25

Ashurst	Dickinson	Nye	Trammell
Bailey	George	Patterson	Walcott
Barkley	Harrison	Robinson, Ark.	Waterman
Black	Hebert	Swanson	Wheeler
Brookhart	Hull	Thomas, Idaho	
Carey	Morrison	Thomas, Okla.	
Coolidge	Norbeck	Townsend	

So Mr. HALE's motion was agreed to; and the Senate proceeded to consider the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaty, which had been reported from the Committee on Naval Affairs with an amendment.

APPROPRIATIONS FOR TREASURY AND POST OFFICE DEPARTMENTS

Mr. BINGHAM. Mr. President, the other day I voted in favor of Senate Resolution 197 directing the Committee on Appropriations to make a 10 per cent reduction in the Treasury and Post Office Departments appropriation bill. Evidence has accumulated to the effect that there is danger in that move if carried out as directed by the Senate, that there may be serious disruption in both departments and the dismissal of many mail carriers and many customhouse and revenue employees. Therefore I ask unanimous consent at this time to introduce a resolution, that it may be read at the desk and lie over under the rule.

The VICE PRESIDENT. Without objection, the resolution will be read for the information of the Senate.

The resolution (S. Res. 206) was read, as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations, in its consideration of the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, with a view to making the 10 per cent reductions referred to in Senate Resolution 197, should not reduce the appropriations for the Postal and Customs Services to a point where such services would be seriously disrupted.

The VICE PRESIDENT. Is there objection to the request of the Senator from Connecticut?

Mr. McKELLAR. Mr. President, I suppose the Senator has a right to introduce the resolution.

The VICE PRESIDENT. Not at this time without unanimous consent.

Mr. McKELLAR. I have no objection to its introduction, but I have very serious objection to its consideration.

The VICE PRESIDENT. Without objection the resolution will be received, printed, and lie on the table.

EXECUTIVE SESSION

Mr. McNARY. Mr. President, the Senator from Idaho [Mr. BORAH] has expressed a desire for an executive session at this time. 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.

REPORTS FROM COMMITTEE ON POST OFFICES

The VICE PRESIDENT. Reports of committees are in order.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The VICE PRESIDENT. The nominations will be placed on the calendar. If there are no further reports of committees, the calendar is in order.

TREATY WITH TURKEY

The Senate as in Committee of the Whole proceeded to consider Executive F (72d Cong., 1st sess.), a treaty of establishment and sojourn signed by the plenipotentiaries of the United States and the Republic of Turkey at Ankara on October 28, 1931, which was read as follows:

To the Senate of the United States:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a treaty of establishment and sojourn signed by the plenipotentiaries of the United States and the Republic of Turkey at Ankara on October 28, 1931.

HERBERT HOOVER.

THE WHITE HOUSE, *February 25, 1932.*

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a treaty of establishment and sojourn between the United States and the Republic of Turkey, signed at Ankara on October 28, 1931.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,
Washington, February 24, 1932.

The United States of America and the Republic of Turkey, being desirous of prescribing, in accordance with modern international law, the conditions under which the nationals and corporations of each of the High Contracting Parties may settle and carry on business in the territory of the other Party, and with a view to regulating accordingly questions relating to jurisdiction and fiscal charges, have decided to conclude a treaty for that purpose and have appointed their plenipotentiaries:

THE PRESIDENT OF THE UNITED STATES OF AMERICA:

Joseph C. Grew, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Turkish Republic; and

THE PRESIDENT OF THE TURKISH REPUBLIC:

Zekâi Bey, Minister for National Defence

who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following provisions:

ARTICLE 1

With reference to the conditions of establishment and sojourn which shall be applicable to the nationals and corporations of either country in the territories of the other, as well as to fiscal charges and judicial competence, the United States of America will accord to Turkey and Turkey will accord to the United States of America the same treatment in all cases as that which is accorded or shall be accorded to the most favored third country.

Nothing contained in this treaty shall be construed to affect existing statutes and regulations of either country in relation to the immigration of aliens or the right of either country to enact such statutes.

ARTICLE 2

The present Treaty shall be ratified and the ratifications thereof shall be exchanged at Washington as soon as possible.

It shall take effect at the instant of the exchange of ratifications and shall remain in effect for three years. After this date it shall remain in effect until the expiration of twelve months from the date on which notice of its termination shall have been given by either High Constracting Party to the other.

IN WITNESS WHEREOF the plenipotentiaries have signed the present Treaty and have affixed their seals thereto.

Done in duplicate in the English and Turkish languages at Ankara this 28the day of October nineteen hundred and thirty one.

JOSEPH C. GREW
ZEKÂI

Mr. BORAH. Mr. President, this is a treaty with Turkey, to which reference was made during the last executive session, and to which the Senator from Utah [Mr. KING] called attention and asked to have passed over. I understand at the present time the Senator from Utah has no further objection to offer in regard to the treaty.

Mr. KING. I have no objection to its consideration.

The VICE PRESIDENT. If there be no amendment to be proposed, the treaty will be reported to the Senate.

The treaty was reported to the Senate without amendment.

The VICE PRESIDENT. The question is on the resolution of ratification, which will be read.

The resolution of ratification was read, as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive F, Seventy-second Congress, first session, a treaty of establishment and sojourn with Turkey, signed at Ankara on October 28, 1931.

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McNARY. I ask that the nominations of postmasters be confirmed en bloc.

Mr. NORRIS. Mr. President, there is one nomination which I ask may be passed over. I have reference to Order of Business No. 4197, the nomination of Earnest E. Correll to be postmaster at Hebron, Nebr.

The VICE PRESIDENT. That nomination will be passed over, and, without objection, the other nominations of postmasters are confirmed en bloc. That completes the calendar.

The Senate resumed legislative session.

ADJOURNMENT

Mr. McNARY. I move that the Senate adjourn, the adjournment being until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock and 15 minutes p. m.) adjourned until to-morrow, Wednesday, May 4, 1932, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 3 (legislative day of April 29), 1932

POSTMASTERS

IDAHO

Amanda O. Holmes, Plummer.

INDIANA

Samuel I. Parker, Howe.
Paul R. Reece, Spiceland.
James C. Stott, Westport.

LOUISIANA

John A. Moody, Cotton Valley.
Lillian P. Gross, Lake Providence.

MARYLAND

Fred W. Kubler, Cordova.
Richard M. Canady, Fort Washington.

NORTH DAKOTA

Jessie L. Kinsey, Beach.
Marie Siverts, Dodge.

OHIO

Jerome H. C. Goodhart, Brewster.
Hugh M. Hay, Coshocton.
Edwin H. Garver, Navarre.
Henrietta Bennett, Tippecanoe City.

OKLAHOMA

Roy Patton, Ames.
Albert B. Deselms, Edmond.

Hubbard Ross, Fort Gibson.
Chester P. Keil, Fort Towson.
Thomas H. Gillentine, Hollis.
Isaac W. Linton, Jones.
William H. Jones, Kiefer.
John H. Durnil, Picher.
Leslie C. Mendenhall, Seiling.
Louis G. Scott, Stroud.
Howard E. Sowle, Vici.
Fred Godard, Wellston.

PENNSYLVANIA

Bennett H. Light, Avon.
John M. Kotch, Beaver Meadows.
Laura M. Peacock, Houston.
Isaiah M. Stauffer, Millersville.
Abram M. Lichty, Paradise.
Cleo W. Callaway, Shawnee on Delaware.
William A. Bailey, Southwest.

WISCONSIN

Henry F. Roehrig, Arpin.
John C. Chapple, Ashland.
George Ketz, Clayton.
Beatrice Ring, Osseo.
Charles E. Sage, Wild Rose.

WYOMING

Frank Breitenstein, Parco.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 3, 1932

The House met at 12 o'clock noon.

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

Almighty God, in this sacred quietness dedicated to Thee as our Heavenly Father we would say: "Holy, holy, holy." Thou alone hath the first and lasting claim to our deepest reverence. Thou canst inspire us with the existence of moral power in our breasts. It does not inhere in things external but in the eternal truth that comes from Thee and has to do with our divine natures. Permit nothing, blessed Father, to weaken this quality of soul which belongs to our immortal beings, but make it forever fresh in whom it dwells. Above all things, quicken with an ambition that reaches to the highest pinnacle of statesmanship. Such an exaltation will lead us to remember things for the sake of our country, which we love. O make us really great with nobleness by enduing us with a great affection that shall be sovereign, expelling all pride, all sensitiveness, and all of self. Amen.

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

PRESENTATION OF BUST OF WASHINGTON

Mr. NELSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. NELSON of Wisconsin. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert an address which I delivered at Madison, Wis., on July 17, 1931, at the presentation of a bust of George Washington to the State of Wisconsin; also the speech of acceptance on behalf of the State of Wisconsin by His Excellency Gov. Philip F. La Follette:

ADDRESS OF HON. JOHN M. NELSON, OF WISCONSIN, AT THE PRESENTATION OF A BUST OF GEORGE WASHINGTON TO THE STATE OF WISCONSIN

Governor La Follette, for the purpose of directing your attention to the coming George Washington bicenntenial celebration, I have the honor of presenting to you a bust of the man and statesman whom it is the Nation's will to commemorate. This memorial gift is presented to you by the national commission composed of the President and representative men and women of our country as a token of the confident expectation that at the proper time you will lead the citizenship of this great Commonwealth in the patriotic appreciation of the life and character of the Father of our Country.

It was the hope of the Congress of the United States that by pointing out and inculcating the essential principles that molded and formed his splendid life and noble character, imperishable standards of conduct, this commemoration of the two hundredth anniversary of his birth might be productive of inestimable public good.

During the coming year, from the 22d day of February to our Thanksgiving Day, the limits of the festivities set by Congress, many pilgrimages will be made to his earthly shrine on the beautiful banks of the Potomac. The celebration, however, is not to be localized; it is to be nation-wide. From the great cities to the smallest hamlets the American people will extol the life and services of one whose name symbolizes that which is noblest in our national history.

This celebration is not only fitting and timely, it is also necessary. Were Washington with us to-day, what deplorable and disheartening national evils he would witness, to his great grief—evils that disrupt our homes, deteriorate our schools, destroy our faith in God, disturb our national prosperity, and endanger our peace at home while entangling us in wars abroad. Washington knew that history consists of a chain of causes and effects, and therefore would have realized that the problems that vex and perplex us to-day are the inevitable results of the violation of the principles which he made the guiding forces of his own life and which he commended earnestly to his countrymen in his Farewell Address.

While Washington was in every way a human being with all the inherent infirmities of our race of mankind, he nevertheless became a standard or pattern that we would do well to point out for the emulation of his fellow men. We may very profitably urge the study of the material and spiritual factors that united to make him the man he was. The abstract study of principles calls for the highest type of the trained mind. Only very few can attain to such high degree of mental efficiency. But we can all study with profit the principles of George Washington as we find them exemplified in his long career and illustrious character.

No matter in what institution we study him, be it in his home, at school, as a member of his church, in his business, or as a citizen and statesman of his country, we find him steadily adhering to principles which he clothed with deeds and words that speak eloquently to the world for all time.

May I first remind you of his beautiful home life, the primary institution for development of human character? Here we see him carefully fostered by human factors in an atmosphere of love. His father was the first of these human agencies. He laid the foundation of the code of rightful living for the boy, but died when George was only 11 years old. Becoming thus early the head of the family brought him to realize his individuality and responsibility.

But it was chiefly his mother, Mary Ball Washington, and later his wife, Martha Custis Washington, who laid the foundation in love for his successful career. His mother from the shelves of her own library took books of wise maxims and precepts and read them to her child, explaining the deep principles they expressed with illustrations from nature, history, and Holy Writ until he had grasped the essence of their rich and profound truths. At her knee and by her side in the atmosphere of a mother's love were thus sown as seeds or implanted the eternal principles that mold life and condition success. To his mother's influence he testified in these words, "All I am I owe to my mother."

His wife's influence began when he was 27 and continued to his death. No visitor at Mount Vernon can fail to be impressed with an atmosphere filled with the fragrance of love between Washington, the husband; Martha, his wife; and his adopted children—it still seems to linger there. In this long and happy home life was thus instilled the principle that made him the human criterion he was of a lover par excellence of country and mankind. What is patriotism but love of country? What is love of country but love of fellow men? Can there be love of country unless there first appears in the human heart this spiritual essence called love, and where can it come into being better than in the homes of America, at a mother's knee, subsequently to be nourished and cherished in the family life and companionship with wife and children?

It may be most pertinent to this celebration to inquire, Can we feel that our country is our homeland where there is no true feeling of home life? Can a tree blossom and bear fruit without roots? And is it not true that before there can be genuine citizenship there must first be true manhood and womanhood? Therefore, before we consider Washington, the statesman, let us point out Washington, the man, the model son, and exemplary husband. Let us drive home the truth that if we are to save our country we must first preserve our homes.

Let me next point out to you another institution that helped form our first President—that of his schooling or educational development. Here his mind was brought into contact with truth. A teacher, we know, is the usual human factor, and a process called education—the mental operation, the drawing out and discipling of the mental faculties of the human soul by direct contact with science or knowledge—the sum total of developed, organized, and systematized truth.

It must be remembered that Washington lived when Harvard and Yale were in their infancy and State universities like Wisconsin not yet established. In his day men of means sent their sons to European schools of higher learning. Because of his father's death his mother could not afford this, so he was denied the advantages given to his older stepbrothers. He did, however,