Finance Corporation; and stating that conditions are such that an extension of time and a reduction of interest rates on farm mortgages are necessary to enable farm owners to readjust themselves to the economic situation now prevailing; to the Committee on Agriculture.

8382. By Mr. MEAD: Petition of International Union of Operating Engineers, favoring the installation of power plants in post offices; to the Committee on Public Buildings and Grounds.

8383. By Mr. RUDD: Petition of the Merchants' Association of New York, favoring reductions of veterans' compensation, etc.; to the Committee on World War Veterans' Legislation.

8384. By Mr. SPARKS: Petition signed by W. H. Chambers and O. G. Benda, of Halford, Kans., and 30 other farmers of Thomas County, requesting the repeal of the agricultural marketing act; to the Committee on Agriculture.

SENATE

MONDAY, JUNE 20, 1932

(Legislative day of Wednesday, June 15, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

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

The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present.

NAVAL APPROPRIATIONS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 11452) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HALE. Mr. President, I move that the Senate insist upon its amendments, agree to the conference asked for by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HALE, Mr. KEYES, Mr. BINGHAM, Mr. BROUSSARD, and Mr. TRAMMELL conferees on the part of the Senate.

SUPPLEMENTAL ESTIMATES OF APPROPRIATIONS, HOUSE OF REPRESENTATIVES, 1932 (S. DOC. NO. 114)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, without revision, supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, for the fiscal year 1932, in the sum of $16,750, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES BY COLLISION WITH NAVAL VESSELS (S. DOC. NO. 117)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation submitted by the Navy Department to pay claims for damages by collision with naval vessels, in the sum of $625.56, which have been considered and adjusted under the provisions of law and require an appropriation for their payment, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY COURT OF CLAIMS (S. DOC. NO. 115)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, in compliance with law, a list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury and require an appropriation for their payment—under the Department of Commerce, $780.50; under the Navy Department, $197,206.36; under the Treasury Department, $24,422; under the War Department, $970,740.82; in total amount, $1,193,149.68—which, with the accompaying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 118)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, schedules covering certain claims allowed by the General Accounting Office, as shown by certificates of settlement transmitted to the Treasury Department for payment, in the sum of $4,261.62, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS AGAINST THE GOVERNMENT BY DISTRICT COURTS (S. DOC. NO. 116)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by district courts, as submitted by the Attorney General through the Secretary of the Treasury—under the Department of Commerce, $1,000; under the Navy Department, $92,722.76; under the Treasury Department, $5,154.10; under the War Department, $602,850.84; in total amount, $701,727.70—which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 113)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments to pay claims for damages to privately owned property, in the sum of $4,143.88, which have been considered and adjusted under the provisions of law and require appropriations for their payment, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY THE GENERAL ACCOUNTING OFFICE (S. DOC. NO. 119)

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, in compliance with law, schedules of claims allowed by the General Accounting Office, as covered by certificates of settlement, under appropriations the balances of which have been carried to the surplus fund under the provisions of law, etc., which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS

Mr. ASHURST presented a telegram in the nature of a petition from Charles R. King, Standard Sanitary Manufacturing Co., of Tuscon, Ariz., praying for the passage of legislation to create Federal home-loan banks, to provide

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for the supervision thereof, etc., which was ordered to lie on the table.

Mr. COPELAND presented resolutions adopted at a mass meeting of citizens held under the auspices of the Franklin County branch of the New York State Economic Council, at Malone, N. Y., favoring retrenchment in governmental expenditures, Federal, State, and local, and the reducing of present Federal expenditures to the 1927 levels, which were ordered to lie on the table.

He also presented resolutions adopted by the boards of trustees of the villages of Herkimer and Ilion, and the mayors of the various cities of New York, all in the State of New York, favoring the passage of legislation providing a building program for public projects, financed by sufficient funds so to aid employment, which were ordered to lie on the table.

NATIONAL UNEMPLOYMENT SITUATION

Mr. WAGNER. Mr. President, I have a telegram from Mr. Mark T. McKee, executive director American Legion national employment commission, which I ask unanimous consent to have read at the desk for the information of the Senate.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

CHICAGO, ILL., *June 19, 1932.*

The Hon. ROBERT F. WAGNER,
United States Senator, Washington, D. C.:

During the last four months the American Legion and the American Federation of Labor, in cooperation with other organizations through the war on depression campaign, has succeeded in furnishing work for nearly 950,000 jobless, and while we will continue until the end of June to try to reach the million mark, we realize the national unemployment situation has not been bettered but is rapidly growing worse. Instead of 8,000,000 unemployed when we started our campaign, the figure is now nearer 12,000,000. The Legion posts have given their time, money, and effort unsparingly, aided by large numbers of public-spirited citizens, but we feel the limit of accomplishment has been reached, unless prompt action is taken now by the Federal Government to save the situation. The Wagner bill now pending in the Senate, with its provision for initiating a large amount of self-liquidating revenue-producing quasi-public projects, and with public-works appropriations only on such basis as the monetary conditions of the country will permit, furnishes the opportunity to again put the wheels of industry in motion and to give employment to nearly 2,000,000 jobless through its provision for the adoption of the 30-hour week. Our experience demonstrates the wisdom and absolute necessity for immediate action such as the Wagner bill provides. We must get the tide moving in the other direction or many more hundreds of thousands will be jobless. We ask no special consideration except the general welfare of all the people of the United States. We have demonstrated our good faith by attempting to secure jobs for all unemployed, not veterans alone, and we feel failure to enact such legislation now as will meet the existing desperate situation will not only destroy the effectiveness of what has been done but presages darker days for the immediate future. We urge the spirit of hope be rekindled in the breast of America's unemployed veteran and nonveteran alike by favorable action now before Congress adjourns.

MARK T. MCKEE,
Executive Director American Legion
National Employment Commission.

REPORTS OF COMMITTEES

Mr. HEBERT, from the Committee on the Judiciary, to which was referred the bill (H. R. 10587) to provide for alternate jurors in certain criminal cases, reported it without amendment.

Mr. SMOOT, from the Committee on Finance, to which was referred the bill (H. R. 927) for the relief of the estate of Franklin D. Clark, reported it without amendment and submitted a report (No. 842) thereon.

Mr. NORBECK, from the Committee on Banking and Currency, to which was referred the bill (S. 3606) to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes, reported it with amendments and submitted a report (No. 843) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4874) to grant a right of way or easement over lands of the United States within the Upper Mississippi River Wild Life and Fish Refuge to the Savanna-Sabula Bridge Co., a corporation, for the construction, maintenance, and operation of a highway between Savanna, Ill., and Sabula, Iowa, reported it without amendment and submitted a report (No. 844) thereon.

BILLS INTRODUCED

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

By Mr. BLAINE:

A bill (S. 4911) granting an increase of pension to Isabella Henry (with accompanying papers); to the Committee on Pensions.

By Mr. LEWIS:

A bill (S. 4912) to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933; to the Committee on Patents.

AMENDMENT OF THE REVENUE ACT OF 1932—TAX ON ELECTRICAL ENERGY

Mr. NORRIS submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 435) to amend the revenue act of 1932, which was ordered to lie on the table and to be printed.

ADDITIONAL COPIES OF HEARINGS ON UNEMPLOYMENT INSURANCE

Mr. HEBERT submitted the following resolution (S. Res. 247), which was referred to the Committee on Printing:

Resolved, That in accordance with paragraph 3 of section 2 of the printing act approved March 1, 1907, the Select Committee on Unemployment Insurance of the Senate be, and is hereby, empowered to have printed 960 additional copies of the hearings held before the select committee during the Seventy-first Congress on unemployment insurance.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, with amendments, in which it requested the concurrence of the Senate.

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

H. R. 8766. An act to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens; and

H. R. 12360. An act to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937.

PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, friends of Philippine independence do not desire to occupy the time of the Senate unnecessarily in a discussion of the Philippine independence bill. However, I hope the Senate will at this time pardon a brief discussion of a portion of this subject relating to the various factors for and against independence.

Mr. President, it was inevitable that when we encouraged the agricultural and industrial development of the Philippines we should at the same time increase the difficulties involved in the continuance of the islands under our control. Their possession and government, which at first were almost wholly a political problem, soon came to include economic problems of serious character. Our own agriculture and industry began to feel the effects of the development we were promoting in the Philippines. The products of the islands came to this country and competed with our own. At the same time the Philippines furnished an open market for certain American manufactures and opportunities for the investment of American capital. Those Americans who were hurt by the inflow of Philippine commodities began to seek some means of ending the competition—even if independence had to be hastened to accomplish this.

Those who were helped by their trade with the islands or by their investments there, naturally endeavored to prolong American control and government.

These private and selfish issues have greatly complicated the Philippine problem. Without criticism, express or implied, we may properly list as "selfish interests" certain groups and institutions that have their peculiar motives for advocating or opposing independence for the Filipinos. No one can justly quarrel with the representatives of such private interests for properly giving expression to their particular point of view in an honest effort to protect their rights or their welfare so far as these are involved in the fate of the Philippines.

Some of these groups and institutions are detrimental primarily because they are so thoroughly organized as to be able at times to divert public attention from the fundamental facts of our national responsibility and to center the popular mind on their particular troubles or disadvantages, thus creating confusion and indecision with respect to the main question. It is difficult, therefore, to appraise the claims of these conflicting elements, arrayed some of them for and some of them against proposals affecting the future of the islands, and to discuss the issue solely on the basis of our national promise, our national defense, and the aspirations of the Filipino people themselves. Both the advocates and the adversaries are for the most part actuated by special motives which take small account of the larger aspects of the problem.

Broadly speaking, the groups favoring independence of the islands are: (1) Three nationally organized farm organizations with State branches; (2) the Cooperative Milk Producers' Association and the National Dairy Union, nationally organized and with effective State branches; (3) the American Federation of Labor, probably the best organized of all the national factors and with efficiently managed and operated State and municipal affiliations; (4) certain fairly well organized interests in 19 beet sugar growing States and 8 cane sugar growing States; (5) an element, independent of the labor organization, favoring the exclusion of Filipinos from the United States for the same reasons that Japanese and Chinese have been excluded; (6) American investors in Cuban sugar; (7) a disorganized but somewhat assertive element in the population whose concern is that the continued free entry of Filipinos into this country may permit them to compete with our negroes in certain labor to which during many years the latter have been deemed specially adapted.

Opposing independence will be found: (1) The "Manila American"; (2) bureaucrats who fear the loss of their positions or the curtailment of our governmental activities in the islands; (3) some American manufacturers who have found in the islands a free market for their products; (4) importers of Philippine products which are not taxed under tariff laws as similar products from other countries are; and (5) Americans who have investments in the islands. It is possible, thus, to group these contending forces and also to analyze with reasonable accuracy their relative numerical and financial strength, but before I do this I shall consider the amount and the influence of American capital invested in the Philippines. The aggregate was $166,245,000 in 1930, and virtually all of it invested in the islands from 10 to 20 years ago.

For our purpose it is proper to treat the Philippines in this particular study as a foreign field, without reference to the legal interpretation of this term. And it is worthy of note that while the American investment of capital in the Philippine Islands, even under our own sovereignty, is $166,245,000, we find that the American investment in the United Kingdom is $640,892,000; in the British Empire as a whole, $5,179,945,000; in France, $471,334,000; in Germany, $1,420,957,000; in Japan, $444,639,000; in China, $175,768,000; in South America, about $3,000,000,000. In Mexico the American investment is $810,571,000.

Among the fundamental causes of American capital's lack of interest in Philippine investments are the prospect of changes in the tariff and doubts respecting the continuance of American proprietorship of the islands, both of which matters are in the hands of Congress and subject therefore to its direction. American capital, in fact, has refused to enter the Philippines on a large scale; and foreign capital, realizing that the future of the islands in the absence of a well-defined American policy is so fraught with uncertainty, is equally reluctant to assume risks there.

General Aguinaldo, who perceives and pictures the obstacle, writes:

> The present uncertainty, as I have stated, retards the economic development of the country. Capitalists have said that they do not care to make investments here in view of that uncertainty in our political status. If the uncertainty were terminated, the situation will change. Even in bolshevistic Russia, and in China with its continuous civil wars, foreign capital keeps pouring in. * * * I would prefer the opening up of world markets for our products. We have many tropical products which are in great demand, not only in the United States but also in other lands. If we could place those products in the markets of other lands besides, it would surely be to our advantage. With the possible exception of cotton and steel and machineries, we could produce the things we need locally. We do not need much for our daily living. Foodstuffs we could produce in abundance. The raw materials for the primary manufactures are here also in abundance. We could be in a position to compete in the markets of the world.
>
> The free-trade relations we now have with the United States were established by Congress. I do not remember that we have asked for this arrangement. It has been beneficial to the islands to be sure; but from the point of view of our national destiny it has deprived us of other markets and hence other chances.
>
> The result of this free-trade arrangement is as follows: Encouraged by the demand in the American market we have produced more sugar and we have also increased our production of oil and other products. But this increase is not now looked upon with favor by American agricultural interests, and we are being told to restrict our output because we are competing with American products in the United States. At the same time we are told to develop our country economically if we desire to be free. It would seem, therefore, that we are between the devil and the deep blue sea.

Let us return to the subject of the so-called "selfish interests." The three farm organizations favoring independence are the National Grange, the National Farm Bureau Federation, and the Farmers' Union. If they properly and accurately represent the opinion of the farmers of the United States, they may be said to speak for 6,297,877 Americans. But if they do not represent all the farmers, they are certainly entitled to speak for the membership of their respective organizations; that is, for 3,950,000. Furthermore, the farm value or agricultural investment represented by these American farmers is $52,747,000,000. The American investment in the agricultural industry in the Philippines, and the number of Americans engaged in farm work in the Philippines are virtually negligible. The Cooperative Milk Producers' Association and the National Dairy Union represent approximately 360,000 dairy farmers who sell $375,000,000 worth of dairy products annually. The interests of the farmer and the dairyman are essentially identical, and we may properly group these two elements together.

Closely associated with these two interests are the producers of sugar beets in the following 19 States: Ohio, Indiana, Illinois, Michigan, Minnesota, Wisconsin, Iowa, Nebraska, North Dakota, South Dakota, Kansas, Montana, Idaho, Wyoming, Colorado, Utah, New Mexico, California, and Washington, and the producers of sugarcane in South Carolina, Georgia, Florida, Alabama, Mississippi, Arkansas, Louisiana, and Texas. The sugar industry in the United States represents an investment of hundreds of millions of dollars and furnishes employment to many thousands of American citizens.

The farmer and the dairyman see in our permanent retention of the Philippine Islands a serious menace to their interests. Already faced with the problem of overproduction, the farmers and dairymen look across the Pacific and visualize the Philippines developed to the fullness of their vast agricultural possibilities, and dread the consequences which such a development would heap on American farm and dairy products. They see cheap Philippine labor working in the fields, its products transported free of duty to the United States; and they are unable to understand why their Government should on the one hand warn them to curtail production as a means of increasing prices and, on the other

hand, aid the development of Philippine agriculture through American supervision and education, and permit its products to compete with their own in the American market.

One may not in justice criticize the American farmer's foreboding at the prospect of further Philippine development and the continuance of free trade between the islands and the United States. The farm and dairy industries have not been profitable in the recent past. Struggling, as has been said, with the problem of vast acreage and overproduction, our farmers and dairymen are obliged to contribute a portion of their taxes to the building of dams and the financing of other projects for irrigating deserts and draining swamps so that larger areas of land may be devoted to agriculture, and thus to enhance the burdens which they now carry. Who shall censure them for aiding Philippine independence and the enactment of tariffs on Filipino products as two measures of protection for their own well-being?

There may be a few American farmers who contemplate with equanimity the thousands of idle farms, the numerous failures of rural banks, the fallen prices of agricultural products, and the multiplication of mortgages and the onerousness of taxes in the agrarian sections; there may be even farmers who are willing to prolong the present status of the islands without reference to their own interests, but on the whole, I think, the 6,297,877 intellectual American farmers and dairymen believe that destructive competition with the Philippines confronts them, and they are overwhelmingly in favor of divorcing the islands from American sovereignty and including them with other foreign countries against which we protect ourselves by tariffs.

Next let us consider sugar. We find that Americans have invested in Cuban sugar $544,012,000. Most of this investment is represented by stocks held throughout the United States. Selfish motives doubtless prompt these interests to seek preferential treatment in the application of American duties to their product, but it is also true that American investors in these Cuban concerns have a right to question the fairness of a policy which allows Philippine sugar to enter the United States free while it taxes Cuban sugar, which is almost as much an American commodity as it could be were it produced within our own borders.

Now comes the American Federation of Labor. This organization, representing the workers of the United States, opposed at the outset the annexation of the Philippine Islands, and in its national conventions has regularly urged independence for the islands. The Federation is at least one champion for independence whose selfish interest is tempered by devotion to the principles of freedom, self-government, and self-determination. Back in 1895 and 1896 the American Federation of Labor indorsed the struggle of the Cubans for freedom, and Samuel Gompers recommended in 1898 that it assume the same attitude toward Puerto Rico and the Philippine Islands. The recommendations of that sturdy old leader of labor were adopted and the Federation resolved against departure from our time-honored traditions and protested against "forcing our system of government upon an unwilling people." While frankly endeavoring to serve the interests of American workers by shielding them from the lower wages and inferior standards of other lands, the Federation has nevertheless steadfastly adhered to the principle that the Filipinos, if they desire freedom, have a right to be free, let the cost be what it will.

With the eyes of intelligent self-interest, however, the federation looks across the Pacific to the Philippines, where laborers work for 30 cents a day, minimum; miners for 87 cents a day; mechanics for $1.20 a day, minimum; and for a maximum wage much below that of the American worker. And the federation can find no logic to sustain the theory, either, that the products of such labor should be suffered to compete with the products of American labor, or that such low-priced labor should be permitted free entry into the United States to take the places of American workmen for hire upon which the latter could not maintain his standard of living. The American workman, therefore, represented by the American Federation of Labor, opposes the entrance of the Filipino into the United States as unfair and destructive to the American wage standard, and for the same reasons he would exclude the products of cheap Philippine labor.

The federation's fear of the evil results of the immigration of cheap Philippine labor has been realized on the Pacific coast, where already serious labor troubles have arisen from the belief that Filipinos are being imported to supplant American workmen in field and shop. No one can justly hold that the American workman, represented by the American Federation of Labor, is guilty of un-American conduct in attempting to shelter himself from the competition of cheap labor from any country whatsoever. On the contrary, this great body of workers has a right to combine pragmatism with idealism in its campaign for Philippine independence.

Another group on the side of independence are those Americans who would restrict immigration to the United States from whatever quarter. Their opposition to the free entry of Filipinos is quite consistent. They would be unfaithful to their principles if they worked to admit English, Irish, German, French, Italian, and Norwegian immigrants by quotas and yet consented that Filipinos should come here under no limitations. One may quarrel with the doctrine of these exclusionists, but granting their premises, their program in so far as it applies to the Filipinos is logical and practical. If independence for the islands will serve their purpose, they are entirely justified in favoring such course.

It is a powerful group, this. It has adherents throughout the country and has been respectfully heard by Congress on many occasions. Its efforts to exclude the Filipino were indorsed by the American Legion at its 1931 convention. The following resolution recites the Legion's views:

> Whereas the experience of California has demonstrated that Filipinos are not biologically assimilable with Caucasians in this State; intermarriage between the two races is forbidden by State law, and the presence of Filipinos in numbers has created grave economic, racial, and political problems; and
>
> Whereas our obligations to Filipinos as "wards of the Nation" can be best discharged, in their interests and in ours, by fitting them for permanent residence and management of affairs in their own country: Now, therefore, be it
>
> *Resolved*, That the American Legion in national convention assembled urge that entrance of Filipinos to continental United States be confined hereafter to those coming for temporary residence only as students and visitors.

Certain American manufacturers complain of unfair competition of Philippine-made commodities with American-made goods. Importations of manufactures from the Philippines are small compared with the total American production of similar articles, but our theory of government contemplates that a manufacturer who feels that his output produced under our American standard of wages and conditions is being jeopardized by the cheap labor and low costs of the Philippines is free to appeal to his Government for protection from such danger or damage, just as he is entitled to petition for governmental safeguards against destructive competition from other regions of the earth.

I have referred to all of these as "selfish factors" in the problem presented in the Philippines. I repeat that I so characterize them in no spirit of criticism. I have tried to make plain that they have a right to show their individual relationship to Philippine independence. I believe it is manifest that these interests form a powerful element and will exert a corresponding influence in the final solution of the Philippine problem. It is the duty of Congress, however, to preclude, so far as possible, any undue influence on the part of the private interests and to consider the question of independence solely in the light of actualities.

There are selfish factors in opposition to Philippine independence, and these, too, may rightly claim a hearing. But the difficulty for any student of the problem—and for Congress—will be to divide the honest opponents of independence from those whose selfish interests have little or no bearing on the future welfare of the United States or any material portion of our population. First and foremost of the opponents of independence is the active group of "Manila Americans." The second category of objectors

comprises those persons or manufacturers who export their commodities to the Philippines and who desire to retain their present practical monopoly of trade with the islands, which are a market for a portion of their exportable products. Normally they are entitled to desire customers to whom they can sell American goods at American prices. The question is whether the sale of these particular goods in this monopolized market is, from a purely trade standpoint, of sufficient weight to counterpoise all of the rest of America's private interests—those of the farmer, of labor, and of the American manfacturers whose products are competed with by Philippine products.

Furthermore, there must be a satisfactory answer to the question whether, in the event of Philippine independence, any barriers shall be raised in the islands which will tend to eliminate them as a market for American products. The very opposite would seem to be the logical conclusion. The Filipino, according to a number of authorities, has learned to like American products. He probably prefers them to other products obtainable at the same cost. For 30 years he has been using them largely. He has extended his purchase of them and has made his contracts with the producers of them, and there is no ground for the assumption that merely because of independence the Filipino will debar American commodities from the Philippine markets. But should a Philippine tariff operate against the same American products in the islands, it would coincide with theories of protection entertained by most of those Americans who now sell to the islands in a free market.

American textile manufacturers, whose goods are used in the islands, are themselves among the most ardent supporters of a high tariff in the United States, to protect their domestic industry against cheap foreign products. With the exception of the automotive industry and perhaps one or two others of lesser importance, the American industries having any considerable volume of trade in the Philippine Islands, including the manufacturers of textiles, steel plants, machinery and equipment plants, and so forth, are among those who demand—and receive—protective legislation against all countries but the Philippines. Besides these, there are the American manufacturers whose products are made from raw materials imported, free of duty, from the Philippines. These manufacturers foresee in independence for the Philippines the possibility of an American tariff on the importation, or a Philippine export duty on the exportation, of these basic materials. Soaps, oils, substitutes for butter, and other commodities are in the list.

Other Philippine products, such as abacá, constitute a material portion of the islands' export trade, but these are not now affected by our tariff laws. As such products, regardless of their origin, are on our free list, there is no contention that their status would be altered by independence. They do not compete with articles grown or manufactured in the United States and therefore are not subject to our tariff provisions.

We come now to a very powerful contingent of the forces ranged against Philippine independence. It is comprised of those Americans who, having investments in the Philippines, fear that upon the withdrawal of American sovereignty their property rights or their businesses may be endangered. They deem their interests safer under American control and direction than under Philippine control and direction.

It has been pointed out that the total American investment in the Philippines, according to figures compiled by the United States Department of Commerce, is $166,245,000. Of this total, $77,000,000 is represented by Philippine bonds, including those issued by the insular, the provincial, and the municipal governments, and held in the United States. It is reasonable to suppose that Congress, in any program for withdrawal of American sovereignty, would dispose of the question of protecting the investors in such bonds, as they are strictly Philippine Government bonds.

We may deplore the motives of these groups which seek to further or to frustrate independence, and declare that bigger, broader, and more fundamental principles should decide the question of independence, but these interests can not be ignored. They are part of the problem. Their influence is more likely to grow larger than less as time drifts away. Meanwhile, the Filipino, thoroughly conversant with the motives of these two elements, is fettered by them. He feels that his political future is clouded by the conflict of interests that has continued ever since the United States acquired the islands.

Moreover, this clash of American forces has resulted in humiliation to the Filipino—as, for example, when one of them urges his exclusion from the domain of the very power which governs him and claims his allegiance. He has carried his American flag loyally. He proffered his services during the World War. He did his part in the Liberty loan drives and in other patriotic undertakings. He paid his way, and he is paying his way. And yet he finds his destiny dependent in large part on the outcome of a struggle between two great selfish groups, both alien to his native land.

Free trade between the Philippines and the United States was not initiated by the Filipinos. They opposed it because they believed and declared before it was legalized that it would create exactly the situation which confronts them to-day. They felt that trade relations with the United States on such conditions would ultimately make the Philippines a mere American market place and the people of the islands just so many customers. These presentiments have been verified.

They did not desire to develop their islands with a view to the American export market. They saw in such a policy the hazards of isolation. But free trade with the United States, rightly or wrongly, has conditioned the development of the sugar industry in the islands, and the people there have adjusted and reconciled themselves to it. If, however, they had to choose between the continuance of profitable trade with the United States and the achievement of independence, I am confident they would sacrifice the former.

They are quite willing to ratify any agreement promising a solution of the problem of sugar. One suggestion is that a definite limitation be imposed on exportation of sugar to the United States and that during the period that the Filipinos believe should be allowed to them for economic readjustment following independence, the exports be restricted to their present volume. Recalling that the United States, following our acquisition of the Philippines, accorded to Spain 10 years in which to adjust commercial and economic conditions to the new order of things there, the Filipinos believe they have a right to expect the same or similar treatment in the event of our withdrawal. On their side, it is reported, they are willing, during that period of readjustment, so to limit production of sugar as to prevent it from working an undue hardship to those in the United States who have invested in the competitive products.

The Filipino people have the conviction that if the date of independence were precisely and irrevocably fixed their representatives and those of the United States could soon jointly, and amicably, evolve a plan for the adjustment of all the disagreements and difficulties incident to the cessation of our sovereignty in the islands. These islanders are aware that every day's delay tends, by that much, to maximize the problems. They fear that the growth of American investments and other commitments in the Philippines may be successfully pleaded as so many justifications for our reconsideration of the promises we have given them.

Connoted in this question of tariffs and revenues is the cost of government of the Philippines. Unfortunately, there is a popular misconception in America that the United States is spending vast sums of money in the Philippine Islands for public works and for the maintenance of government, and this inspires the false notion that were we to withdraw from the islands we should leave them bankrupt. This might be dismissed as a silly delusion if it were not a fabrication intended to deceive the American people. I compress in a sentence the truth about the cost of government in the Philippines.

Except for the maintenance of the United States Army and Navy in the islands, the salaries of the two Resident Commissioners of the Philippines, and a portion of the cost

of the Coast and Geodetic Survey in the islands, every expense for governmental operations—central, provincial, and municipal—in the Philippines, comes from the tax sources of the islands. Even an allowance of $50,000 for the expenses of the Schurman Commission, which President McKinley sent to the islands, was later repaid to the United States from the Philippine treasury. So far as the Filipinos are concerned, the cost of our military and naval establishment in the Philippines is a useless expenditure. In more than 30 years there has never been need either for the Army or Navy to put down colonial revolt, riot, or other outbreak.

Under powers given by Congress, and with but few limitations—among them, of course, the presidential and congressional vetoes—the Philippine central government and the provincial and municipal governments raise by taxation the revenues they require, formulate their own financial policies, and pay every cent of the cost. The governmental affairs of the Philippines have been and are being well managed. The administrators are almost without exception all natives.

The seriousness of these economic factors in the Philippine problem will grow with the years. The importation of Philippine products and the immigration of Philippine laborers into the United States will have to be prevented either by the taxation of the one and the exclusion of the other or else by the bestowal of independence. To treat the people and the products of the Philippines precisely as we are treating the inhabitants and commodities of foreign countries would be an unforgivable negation of our principles and a painful disregard of the rights of the Filipinos. It would be a grossly anomalous policy. It would be such a subordination of idealism to materialism that we ourselves would suffer from it.

The only alternative is the fulfillment of our promise to give the islands independence. That would be the doing of a just thing for its own sake, but it would also be mitigating some of the hardships which the present importation of products and the present immigration of workers from the Philippines are inflicting on certain of our own population. Best of all, the redemption of our pledge would be a realization of our ideals and an example of justice to the whole world.

MESSAGE FROM THE PRESIDENT—APPROVAL OF A BILL

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on June 18, 1932, the President approved and signed the act (S. 4736) to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and ordered to be placed on the calendar or referred, as indicated below:

H. R. 8766. An act to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens; to the calendar.

H. R. 12360. An act to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937; to the Committee on Public Buildings and Grounds.

"MR. HOOVER—PROPHET OF PROSPERITY"—ARTICLE FROM THE NATION

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Nation of the issue of June 15, 1932, entitled "Mr. Hoover: Prophet of Prosperity."

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

MR. HOOVER: PROPHET OF PROSPERITY

July 27, 1928, in a speech at San Francisco:

"The outlook of the world to-day is for the greatest era of commercial expansion in history."

August 11, 1928, in a speech accepting the Republican nomination:

"Unemployment in the sense of distress is widely disappearing. * * * We in America to-day are nearer to the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us. We have not yet reached the goal, but given a chance to go forward with the policies of the last eight years, and we shall soon with the help of God be within sight of the day when poverty will be banished from this Nation."

September 17, 1928, in a speech at Newark, N. J.:

"Were it not for sound governmental policies and wise leadership, employment conditions in America to-day would be similar to those existing in many other parts of the world."

October 6, 1928, in a speech at Elizabethton, Tenn:

"As never before does the keeping of our economic machine in tune depend upon wise policies in the administrative side of the Government."

October 22, 1928, in a speech at Madison Square Garden, New York City:

"A continuation of the policies of the Republican Party is fundamentally necessary to the future advancement of this progress and to the further building up of this prosperity."

November 3, 1928, in a speech at St. Louis, Mo.:

"The standard of living among our workers of our city populations is the only standard in the world which permits them to purchase all the food they can eat."

November 3, 1928, in same speech:

"These [public] works, which will provide jobs for an army of men, should, so far as practicable, be adjusted to take up the slack of unemployment if it should occur."

October 25, 1929, in a statement to the press after the stock-market crash:

"The fundamental business of the country, that is, production and distribution of commodities, is on a sound and prosperous basis."

November 15, 1929, in another statement to the press:

"Any lack of confidence in the economic future or the basic strength of business in the United States is foolish."

November 23, 1929, in a message to the governors of the several States, urging them to speed up public-building programs:

"The Federal Government will exert itself to the utmost within its own province."

December 3, 1929, in his annual message to the Congress of the United States:

"I am convinced that through these measures we have reestablished confidence. Wages should remain stable. A very large degree of industrial unemployment which would otherwise have occurred has been prevented. * * * The test of the rightfulness of our decisions must be whether we have sustained and advanced * * * prosperity."

January 21, 1930, a statement based on information from the Department of Labor:

"The tide of employment has changed in the right direction."

June 4, 1930, a statement to a group of bishops, bank presidents, manufacturers, and others, who had called on the President to urge him to act vigorously to prevent the spread of unemployment:

"Gentlemen, you have come six weeks too late."

October 2, 1930, in a speech before the American Bankers' Association, Cleveland, Ohio:

"We have had a severe shock and there has been disorganization in our economic system which has temporarily checked the march of prosperity."

February 3, 1931, in a statement to the press:

"I would no more see starvation among our countrymen than would any Senator or Congressman. I have faith in the American people that such a day will not come."

May 30, 1931, in a speech at Valley Forge, Pa.:

"The American people are going through another Valley Forge at this time."

June 19, 1931, a Washington dispatch to the New York Times:

"Another thing that pleased the President was a report covering the whole country which indicated that not a single bread line was now being maintained."

September 21, 1931, in a speech before the American Legion at Detroit:

"Our economic strength is such that we would have recovered long since but for these forces from abroad. Recovery of the world now rests and awaits in no small degree upon our country, the United States of America."

October 18, 1931, in a radio speech broadcast from Fort Monroe in "behalf of the relief of the unemployed":

"No one with a spark of human sympathy can contemplate unmoved the possibilities of suffering that can crush many of our unfortunate fellow Americans if we fail them."

May 6, 1932, in a statement to the press:

"This is a serious hour, which demands that all elements of the Government and the people rise with stern courage above partisanship to meet the needs of our national life."

May 22, 1932, in a letter to the president of the American Society of Civil Engineers:

"What you and I want is to restore normal employment. I am confident if the program I have proposed to Congress is expeditiously completed and we have the cooperation of the whole community we will attain the objective for which we have been searching so long."

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program, and providing a method of financing such program, the pending question being on the amendment of Mr. ASHURST, which was to amend the House text of the bill, on page 8, line 10, after the first set of numerals, by inserting:

Florence, post office, $90,000; Holbrook, post office, $90,000.

And on page 8, line 13, by striking out the figures "$905,000" and inserting the figures "$1,085,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Arizona.

On a division the amendment was rejected.

The PRESIDING OFFICER. The bill is before the Senate and is open to amendment.

Mr. JOHNSON. Mr. President, is there an amendment pending?

The PRESIDING OFFICER. The Senate committee amendment is pending and is open to amendment.

Mr. JOHNSON. There are two or three very small amendments which I think are not inappropriate and which I believe will meet with no objection. They have been presented and are now upon the desk. They are, in line 15, page 100, after the word "empowered," to insert "(1)," and in the same line, after the word "loans," to strike out the numeral "(1)," and after the word "to," where it occurs the second time, to insert "or contracts with." The Senator from New York is familiar with the amendments.

Mr. WAGNER. Yes; I was going to say that I had similar amendments in my hand ready to offer. The amendments are simply for the purpose of perfecting the language.

The PRESIDING OFFICER. The question is on the amendments offered by the Senator from California.

The amendments were agreed to.

Mr. JOHNSON. In order to complete the text, I move, on page 100, in line 22, after the word "loans," to insert the words "or contracts."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California.

The amendment was agreed to.

Mr. ASHURST. Mr. President——

Mr. JOHNSON. I am simply completing the text by the amendments which I am offering, if the Senator will pardon me.

On page 100, in line 25, after the numeral "(2)," I move to insert "to make loans."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. JOHNSON. There are two or three other amendments of mere insertion which I propose. On page 101, line 4, after the word "loans," I move to insert "or contracts," and on the same page, line 5, after the word "loans," I move to insert the words "or contracts." I present both amendments together.

The PRESIDING OFFICER. Without objection, the amendments are agreed to.

Mr. COPELAND. Mr. President, I desire to offer an amendment, with which I think my colleague is familiar.

Mr. WALSH of Montana. Mr. President, before proceeding with the amendment of the Senator from New York I hope we may have an explanation of the significance of the amendments which have just been adopted on the motion of the Senator from California [Mr. JOHNSON]. I do not understand what the amendments mean.

Mr. JOHNSON. I did not catch the purport of the remarks made by the Senator from Montana. Will he please repeat his statement?

Mr. WALSH of Montana. I asked if we might not have an explanation of the significance of the amendments offered by the Senator from California.

Mr. JOHNSON. The amendments relate particularly to the municipality of Los Angeles and its water-power department. I have moved to insert the words "or contracts" after the word "loans" in order that the water department of Los Angeles, by virtue of its peculiar contracts, may come under the act if it were deemed appropriate subsequently that it should do so. The amendments are merely to broaden in that aspect the language.

Mr. WALSH of Montana. Is the Reconstruction Finance Corporation to be authorized and empowered to make loans or contracts?

Mr. JOHNSON. It is empowered to make loans to or to contract with.

Mr. FLETCHER. Mr. President, will the Senator specify where he proposes to insert the amendments?

Mr. JOHNSON. The first amendment is on page 100, line 15.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from New York.

The CHIEF CLERK. At the proper place in the bill it is proposed to add:

And the Reconstruction Finance Corporation is also authorized and directed to allocate and make available to the Secretary of Commerce the sum of not to exceed $1,000,000 annually for the purpose of providing credit facilities on sales of manufactured products in export markets, such facilities to be provided through the medium of reinsurance to be extended to established and existing private export-credit insurance agencies in the United States.

Mr. COPELAND. Mr. President——

Mr. COUZENS. Mr. President, will the Senator from New York yield to me?

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

Mr. COPELAND. I yield.

Mr. COUZENS. I hope the Senator will explain the purpose of the amendment.

Mr. COPELAND. I will do so.

Mr. President, this is an attempt to do on a small scale what is proposed to be done for agricultural products. There is an organization in this country which is known as the American Manufacturers' Foreign Credit Insurance Exchange. It is really the only organization in existence designed to help the American manufacturers by insuring their export credits. With the uncertainty abroad in most countries regarding foreign exchange the American bankers have become greatly handicapped, and, with restrictions in credits, are offering only limited aid to American manufacturers. The American Manufacturers' Foreign Credit Insurance Exchange is not a private corporation, but is made up of members who benefit solely by its work and by its profits, if any. They will not export without the approval of the organization. In other words, every order that they receive from abroad is first submitted to this credit exchange, this cooperative exchange, for approval. The exchange is also limited as regards credit extensions. If this organization could receive in some way temporary assistance from the Government through the unemployment relief bills, it is certain that American manufacturers would be able to hold some of the markets they now enjoy.

The plea for this amendment comes, for instance, from the General Dry Batteries Co., of Cleveland, Ohio; from the Consolidated Expanded Metal Cos., of New York; from a concern in Williamsport, Pa., doing a large export business; from the paint, varnish, and waterproofing concerns of the country; from the A. P. W. Paper Co.; from the Dunlop silk concern; from Sweet-Orr & Co.; from the Plaza Music Co.; the Lily Tulip Cup Corporation, as well as the Syracuse Washing Machine Corporation.

I have no doubt that every Senator has received similar communications.

My suggestion, Mr. President, is that this amendment be accepted and go to conference; that in conference there be determined the validity and wisdom of this amendment, and

then that there may be reported to us the final conclusion of the committee regarding it.

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

Mr. COPELAND. I yield.

Mr. COUZENS. Do I understand that the Senator wants the conferees and not the Senate to settle this question?

Mr. COPELAND. No; I want Senators to express their wishes in the matter; and if the Senator from Michigan has any views with regard to it, I should be very glad to hear them.

Mr. COUZENS. I should like to hear the amendment read again.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from New York a question?

Mr. COPELAND. Certainly.

Mr. ROBINSON of Arkansas. Has the amendment been considered by the committee?

Mr. COPELAND. Let me ask my colleague as to that.

Mr. WAGNER. No; the suggestion came in after the committee had acted.

Mr. ROBINSON of Arkansas. Has there been any report or information received from the department regarding the desirability of the amendment from the standpoint of the department?

Mr. COPELAND. No; but I may say to my esteemed leader that the reason I asked that the amendment might go to conference is that it came in at a late moment and it was not possible to get the reaction of the various departments involved. It is to be administered by the Commerce Department, and I think it is so important—and apparently all these manufacturers that do an export business consider it so because of the uncertainty of the dollar value abroad—that I believe we would make a mistake if we did not give the committee an opportunity to get a report from the department.

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

Mr. COPELAND. Yes.

Mr. ROBINSON of Arkansas. Of course, the pending bill relates primarily to the subject of unemployment.

Mr. COPELAND. This amendment relates also to the relief of unemployment, because the more our manufacturers are encouraged in their foreign market the more active they will be in their efforts to increase their sales.

Mr. ROBINSON of Arkansas. The thought of the Senator is that the provision would stimulate and promote production?

Mr. COPELAND. Exactly.

Mr. WALSH of Montana. Mr. President——

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

Mr. COPELAND. I yield.

Mr. WALSH of Montana. This amendment contemplates placing at the command of the Department of Commerce a million dollars annually.

Mr. COPELAND. Yes, sir.

Mr. WALSH of Montana. Without any limitation as to time?

Mr. COPELAND. I will inquire of my colleague what is the limitation in the bill.

Mr. WALSH of Montana. The limitation on loans by the Reconstruction Finance Corporation is two years.

Mr. WAGNER. The limitation in this case is the life of the loans. The power of the Reconstruction Finance Corporation to make loans under the law is limited to 2 years, but under this bill a loan may be made for a period of 10 years.

Mr. WALSH of Montana. I should like to ask another question of the Senator. Does this contemplate loans by the Reconstruction Finance Corporation to the organization mentioned in the amendment?

Mr. COPELAND. It permits loans to the American Foreign Credit Underwriters in order that they may go forward with their insurance activities, a thing which they are not able to do now because of the tremendous restriction of credit advanced by the banks.

Mr. WALSH of Montana. I did not understand that this was to provide for loans. I understood that this was an appropriation to the Department of Commerce simply for the purpose of promoting that sort of work. Of course, a million dollars to export trade would be a mere bagatelle.

Mr. COPELAND. It is not to finance the export trade, but to finance the insurance of credit abroad. This organization, which is a cooperative organization running through many manufacturing concerns, seeks to protect its members by a study of the credit facilities in foreign lands; and then when it is determined that those credits are acceptable credits, it undertakes to insure payment to the manufacturers of the amount of credit advanced abroad.

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

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

Mr. COPELAND. I yield.

Mr. COUZENS. I am still at a loss to understand what this million dollars is to be used for. In one place it says, "for providing credit facilities," and then in another place, "for providing reinsurance." Does not the Senator believe that this amendment ought to go over and let us see if we can frame it in better language? I am frank to say I do not know what it means.

Mr. COPELAND. I dislike to take the time of the Senate; but if the Senator things it important enough, I should like to read the letter from the American Foreign Credit Underwriters, which is a cooperative concern. Shall I do that?

Mr. COUZENS. Will not the Senator let this amendment go over for the time being in order that we may see if we can get together on it. I want to understand what this amendment is intended to do, but I do not understand now what this million dollars is to be used for.

Mr. WAGNER. It is a reinsurance proposition.

Mr. COPELAND. Let me read this letter.

Mr. FLETCHER. Mr. President, I interrupt the Senator to inquire whether it has to do with the marketing of agricultural products as well as others.

Mr. COPELAND. No. Omitting the personal part at the beginning of the letter, it reads as follows:

We represent the American Manufacturers Foreign Credit Insurance Exchange, which is a mutual, nonprofit association of American manufacturers and merchants engaged in export trade. This exchange is to-day, and has for the past 12 or 13 years, been actively functioning in the field of export credit insurance, and is now the only organization of its kind in the United States.

The exchange has been responsible for more than a quarter of a billion dollars' worth of export merchandise shipments, the credit in connection with which it has insured for its members. Additionally, it has passed on another two hundred to three hundred million dollars' worth of export shipments, in connection with which exchange members have availed themselves of its credit-checking facilities.

The exchange acts as a clearing house for its members, who centralize in it their ledger experience and credit information with foreign importers of American merchandise. Upon the basis of the records thus set up—and supplemented by information gathered directly in foreign markets by the exchange—the overseas customers of American exporters are properly classified and rated, based primarily upon their own performance record in the payment of their bills in the United States.

The ratings thus assigned are in turn used as the basis for foreign credit-insurance certificates issued by the exchange to its members, protecting those members against credit losses which they may sustain on insured accounts.

The exchange reinsures a large portion of its risks through responsible private reinsurance companies in the United States, and is thus able to safeguard itself, through this reserve of reinsurance, from any losses which are likely to be sustained in the ordinary normal run of business. Even at this time, under the abnormal conditions prevailing in our principal export markets, the exchange is insuring for the large group of American manufacturers and merchants who constitute its membership approximately $1,000,000 worth of export shipments each month and is passing on the credits pertaining to an equal amount of shipments made by manufacturers who depend upon its credit service and protective facilities.

The great majority of these American exporters would not continue to do this business but for the protection and service afforded them by the exchange.

Although, as previously stated, the exchange has reinsurance treaties with private companies in the United States, such treaties, as you can well appreciate, can hardly be made sufficiently flexible to meet the unusual credit conditions now confronting us in many of our most active export markets. Because of this we are naturally limited in the credit-insurance coverage that we are able

to extend to exchange members, and as a result there is a substantial volume of worth-while business which is perforce being declined by manufacturers in this country. A good part of this business is going to European exporters, who in many instances have for years been provided with export credit-insurance facilities by their governments. The inability of the American exporter to meet these competitive conditions, due to his lack of credit facilities, is naturally resulting in a general curtailment of export activities among manufacturers and merchants in the United States, and is a material factor contributing to the unemployment of men and machinery in this country to-day.

We believe that it is only through some agency of the Federal Government that the urgent need of additional export-credit facilities, such as above referred to, can be supplied. As you know, provision has already been made in the Wagner bill (S. 4755) for additional facilities for financing exports of agricultural products, such as wheat, cotton, wool, etc., and we have been urged by many manufacturers in our membership, and particularly those in New York State, to bring to the attention of Government officials in Washington the need for similar assistance to exporters of manufactured goods.

Senator WAGNER has already expressed his sympathy with and interest in our plan, which, briefly, provides for a fund to be provided by the Reconstruction Finance Corporation and administered through the Secretary of Commerce to be used in furnishing additional reinsurance facilities to our association.

Even a modest appropriation of, say, $1,000,000 annually would, in our opinion, be responsible for an increased export volume of $40,000,000 to $50,000,000 through the added confidence and stimulus to export effort which this appropriation would provide.

Specifically, we believe that the matter could be covered through an amendment to bill S. 4755, page 5, line 15.

That is such an amendment as I have offered.

Mr. WALSH of Montana. Mr. President——

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

Mr. COPELAND. I yield.

Mr. WALSH of Montana. I think I grasp the general idea of the amendment now.

The organization to which the Senator refers undertakes to guarantee to American exporters the bills incurred for their products by the foreign purchasers, and it reinsures with other companies, and thus the risk is divided. It is proposed here that the Secretary of Commerce engage in this reinsurance business, and that he have a million dollars for the purpose of doing so. Of course, the million dollars is to meet any possible losses that may accrue by virtue of the contracts of insurance, but in order to do that it would be necessary to set up in the Department of Commerce a reinsurance department.

Mr. COPELAND. May I answer that by reading a paragraph from this letter?

Mr. WALSH of Montana. Yes.

Mr. COPELAND (reading):

There is no reason to believe that the fund set aside by the Government would actually have to be drawn on to any considerable extent, as the exchange would continue its policy of insuring only sound and worthy credit risks, and the premiums paid by the manufacturers for this insurance should be sufficient to cover all losses sustained. Further, the operation of this plan would throw no added administrative burden upon the Department of Commerce, as the officials of that department would simply have to exercise a general supervision over the activities of the exchange in insuring export credits subject to this plan

Mr. WALSH of Montana. Yes; but they have no power now, under the law, to issue the reinsurance. The Senator would have to have an act passed authorizing the Secretary of Commerce to make contracts of that character.

Mr. COPELAND. I think this is the answer:

The Senator will recall that under the Reconstruction Finance Corporation act certain loans were to be made to railroads, provided they were recommended by the Interstate Commerce Commission. I should think that was exactly parallel with this; that no money would be advanced by the Reconstruction Finance Corporation unless the Department of Commerce, which is familiar with all these activities, should pass its approval upon it.

Mr. WALSH of Montana. That is not the proposition at all.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. COPELAND. I yield.

Mr. COUZENS. There is nothing in the bill that authorizes the Reconstruction Finance Corporation to lend to any of these private institutions, for export or otherwise, except as it applies to the Department of Agriculture. In other words, just what kind of credits would the Department of Commerce pass on to the Reconstruction Finance Corporation?

Mr. COPELAND. We have in the Department of Commerce a Bureau of Foreign and Domestic Commerce. To my mind, it is one of the most effective means we have to promote our commerce. It is a tremendously active organization, familiar with all the problems that are dealt with by this mutual cooperative institution. I think, without setting up any new machinery or having any more employees, it might readily pass judgment upon the wisdom of recommending to the Reconstruction Finance Corporation an extension of these facilities. As the president of this organization says, it is doubtful if the sum would be drawn upon to any considerable extent, because the manufacturers who take advantage of the facilities themselves pay the premiums.

Mr. COUZENS. If the Senator will yield, it seems to me this might properly come in if there were any provision in the bill authorizing the Reconstruction Finance Corporation to loan money to these private institutions; but there is no such provision. In other words, if there were a provision in the bill that the Reconstruction Finance Corporation was permitted to loan to private industry, then the Senator might properly put in this amendment, so that the Department of Commerce would pass upon the loans prior to the Reconstruction Finance Corporation making them.

Mr. COPELAND. How does the Senator interpret the provision in this bill relative to agricultural exports? I read from page 101, subdivision (b):

The Reconstruction Finance Corporation is authorized and directed to advance to the Secretary of Agriculture, in addition to the amounts allocated and made available to him by section 2 of the Reconstruction Finance Corporation act, not to exceed $40,000,000 of the amounts made available under section 2 of this act, for the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce.

I see that that is not entirely parallel; but, after all, there can be no question that with the uncertainty of credits, and with the variation in the value of the dollar as well as the standards of other countries, our manufacturers and merchants desiring to do an export business are tremendously embarrassed; and they feel—they have impressed this upon me personally—that this would be of tremendous value in encouraging exports of manufactured products.

Mr. WALSH of Montana. I dare say that something of that kind would be helpful; but I am calling attention to the fact that this is not a proposition to make any loans at all. This is a proposition that the Secretary of Commerce shall make an insurance contract by which he, for the Government, would become responsible to the domestic exporter for bills which are incurred abroad; and he simply has a fund of a million dollars with which to make insurance and take care of any losses that may ensue in connection with that insurance business. When this organization comes to him for the purpose of reinsuring, however, the Secretary of Commerce will say, "Why, I have no authority to make any contract of that kind with you."

Mr. COPELAND. Does my friend suggest any change in the language that would be employed?

Mr. WALSH of Montana. No; I do not; but I agree with the Senator from Michigan that some effort ought to be made to put the language in shape so that it would mean something.

Mr. COUZENS. I think the Senator ought to withdraw this amendment, because it really is meaningless, and it can not operate, because there is nothing to operate on in the amendment as drafted.

Mr. COPELAND. Does the Senator think that if there is merit in it, the presentation of this amendment, together with such argument as has been presented, could be given to the Department of Commerce for them to pass judgment upon? I know that the exporters regard this as necessary to the progress of export business.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. COPELAND. I yield.

Mr. COUZENS. If that is true, the exporters must have had in mind that there was going to be some provision in this bill for lending to private industry, because obviously this can not operate unless loans are made to private industry. The Senator himself says that he has in mind that the Department of Commerce will pass upon the prospective loan prior to the loan actually being made by the Reconstruction Finance Corporation.

Mr. COPELAND. No; I do not think it is quite that.

Mr. COUZENS. That is what the Senator said a while ago.

Mr. COPELAND. I do not think I expressed myself, fortunately.

The membership of this organization, the American Foreign Credit Underwriters, extends throughout the country. It is an organization the purpose of which is to insure exporters against loss incident to change or variations in exchange, and so forth. They are not able always under present conditions to reinsure, and they need aid in that direction. The Senator from Montana has hit upon that. They need assistance in this matter of reinsurance.

The matter gets back to this, in my mind, if I may be permitted to say it: I think one of the great troubles we have about the recovery of prosperity in America is due to the unwillingness of the banking institutions to cooperate. I do not think that is true of the local banks generally, but those in control, the men I call the "banksters," have so injured the credit facilities of various manufacturers and merchants of the country, and also this particular sort of organization that there is a helplessness on the part of our manufacturers which interferes with their return to normal business.

I did not work out the idea of a million dollars; this was handed to me, of course, by the organization referred to; but if it is actually true that by having a reserve of a million dollars, it could be used in case of necessity, in the event of failure of underwriting through reinsurance, I would say it was an investment well made.

I recognize what the Senator from Michigan says, that perhaps the amendment is loosely worded, and I think, perhaps, it should be perfected; but there should be some way to extend help in a case of this kind, if we are seeking to relieve unemployment in the country, not to pass out a dole but to make it possible for these manufacturers to operate in order that there may be business.

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

Mr. COPELAND. I yield.

Mr. COUZENS. In either case the amendment does not mean anything, because, as the Senator from Montana has pointed out, if it is a reinsurance problem, the Department of Commerce has no right to reinsure; and if it is for passing upon credits, then there is no authority to make the credit. So that the whole amendment is perfectly meaningless unless there is some other language put into the bill to which it may apply, and in that case the amendment ought to be voted down.

Mr. COPELAND. Would the Senator from Michigan resist the request I made a little while ago, that this amendment might be accepted by the committee, and in the meantime I will attempt to get the material which the Senator has suggested we should have?

Mr. WALSH of Montana. Mr. President, there is another feature involved in this matter, to which the Senator from Michigan has called attention. It is not unknown that there is a flat difference of opinion as to whether this bill ought to authorize loans to private enterprise; that is, to individuals engaged in competitive lines of business. I understand that an amendment will be offered which will authorize loans of that character.

Those who have been concerned in the preparation of the bill, which has now become the amendment, have steadfastly refused to introduce any provision into the bill whatever to authorize loans to private enterprise wherever the business is competitive in character, feeling that it would be quite unjust to make loans to one company or one enterprise from the Public Treasury while its rivals and competitors were obliged to rely upon their own resources to carry through their business.

Mr. COUZENS. Mr. President, I was just going to point out that the Committee on Banking and Currency gave very thorough consideration to that question, and voted 9 to 6 against including any provision to lend to private industry.

Mr. WALSH of Montana. This would not only be granting authority to lend to private enterprise but guaranteeing the insurance contracts of a private insurance company, of which, as we gather here, there are a considerable number in the United States engaged in this same business, namely, in assuring to exporters the prompt payment of obligations due them from abroad. We would loan perhaps to one company, and the other reinsurance companies would be obliged to rely upon their own resources.

Mr. JOHNSON. Mr. President——

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

Mr. COPELAND. Just a moment. Let me reply, if I may, to what the Senator from Montana has said.

I agree fully with the policy of the committee in not providing for loans to competitive enterprises. I think that is right. But the organization to which I have referred is a cooperative organization, which includes all manufacturing enterprise. We are not asked to lend money to an exporter of plows, or threshing machines, or sewing machines, or furniture. We are seeking to help that underwriting concern which is guarding the credit of manufacturers of all products. It is not to assist any one concern as against another. It is to take care of the export business of all.

Now, I yield to the Senator from California.

Mr. JOHNSON. I was going to make a suggestion to the Senator from Montana, if the Senator from New York will permit me.

The Senator from Montana states the line of demarcation between two different groups in this body as to the loans which shall be made. Coming to our desks at 11 o'clock this morning is an amendment which is presented by the Senator from New Jersey [Mr. BARBOUR] and the Senator from New Hampshire [Mr. MOSES], wherein that line is made perfectly plain. I had no opportunity to see the amendment or to read it until after the Senate convened this morning, but as I read it, it endeavors to do exactly what the Senator from Montana suggests is objectionable to those in charge of the bill, and it endeavors to do also what, in my opinion, would render the bill practically futile if it were adopted. But the amendment does represent a considerable number upon this side of the Chamber, and it provides for the lending of the money that is assumed to be loaned by the Reconstruction Finance Corporation under the measure to private, competitive organizations, corporations, and the like.

The amendment of the Senator from New York would be probably wholly appropriate under the amendment that is tendered by the Senator from New Hampshire and the Senator from New Jersey. This amendment, thus tendered, goes to the very heart of the policy which shall be pursued in the measure before us. I wanted to make the suggestion to those in charge of the bill that perhaps it would be better for us to settle that policy at the beginning of this discussion instead of at the end of the discussion, and if the Senators will turn to the amendment that has been presented at 11 o'clock this morning, intended to be proposed by the Senator from New Jersey [Mr. BARBOUR] and the Senator from New Hampshire [Mr. MOSES] they will see, as I assume to be the fact—though I have not consulted with either of the Senators mentioned—that apparently it attempts to do exactly what those in charge of this measure inhibited when they presented the measure, and if that is to be the contest in determining the policy of the Senate in regard to this bill, let us determine that policy, I suggest, in the beginning, now, and then we will know exactly where we are going.

Mr. SHORTRIDGE. I suggest that the Senator read the amendment.

Mr. JOHNSON. The Senator from New York has the floor. I thank him for having yielded to me.

Mr. COPELAND. Mr. President, I want to make just one more observation and then I shall yield the floor.

It is pointed out by these various correspondents of mine that the problem of foreign credit has been anticipated by many foreign governments, which have already set up organizations to maintain and amplify their foreign trade by supporting the exporter by government aid in foreign credit insurance. Here is a concern which does business in 70 countries of the world, and, with the uncertainty of exchange, of necessity it is impossible to have any assurance that credits are good.

It has occurred to me that it is unwise to press this amendment at the moment, but it is my intention to call the matter to the attention of the Department of Commerce and of those who have presented the matter to me, and see if we can not work out some amendment to the bill which will be acceptable to its sponsors and acceptable to the Senate.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. I have received letters similar to those mentioned by the Senator from the parties whom he has mentioned, and in these letters they referred to provisions of this bill under subdivision (b), in section 101. They seem to be of the impression that that which is provided for agricultural products should be provided for manufactured products. It seems to me, however, that the proposition which they have presented to us is broader and much larger than the provisions of this bill applying to agricultural products which are exported. I suggest to the Senator that he confine his amendment to exports of manufactured products in the same manner in which exports of agricultural products are taken care of.

Mr. COPELAND. I thank my friend the Senator from Massachusetts, and, with the consent of the Senate, I will temporarily withdraw the amendment in the hope that it may be reshaped so as to be acceptable.

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

Mr. COPELAND. I yield.

Mr. KING. Does not the Senator believe that if this amendment were accepted in spirit, or in the present form, it would lead to further raids—and I do not use that term offensively—upon this bill by private corporations, until finally we would have nothing left? I say frankly that I will not vote for this bill if it is to be for the purpose of furnishing funds out of the Public Treasury to aid private corporations and private business.

Mr. COPELAND. I say to my friend from Utah that I share his views regarding that.

If this were a proposal to encourage competitive business, I stand with the Senator from Utah; but if we are going to aid the manufacturers of the United States and assist them in general in their export business, certainly if we have the power and the will to do it, we can do something for them worth while. But in the meantime I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. BROUSSARD. Mr. President, I have an amendment to subsection (a), page 101. The amendment has been printed and is on the table, and I would like to have the clerk report it.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Louisiana.

The CHIEF CLERK. On page 101, line 13, before the period, to insert a semicolon and the following: "except that loans may be made under the provisions of this subdivision to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law heretofore enacted; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds."

Mr. BROUSSARD. Mr. President, some gentlemen representing the city of New Orleans have asked me to offer this amendment.

Mr. WAGNER. Mr. President, unless some other Senator has objection, I might say to the Senator that I see no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I offer an amendment on page 101, line 2, after the word "waterworks," to insert the word "canals." I see no reason why we should not include canals.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 101, line 2, after the word "waterworks," insert the word "canals," so as to read:

To private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, waterworks, canals, and similar projects devoted to public use and which are self-liquidating in character.

Mr. KING. Mr. President, I inquire of the Senator whether the word "canals" is to be limited to canals which are owned by the Government and by States or whether it contemplates canals constructed and owned by private persons and by individuals? We have many canals in my State which we use for irrigation purposes.

Mr. ROBINSON of Arkansas. Mr. President, these are all self-liquidating projects.

Mr. FLETCHER. Yes; navigation canals.

Mr. ROBINSON of Arkansas. The incorporation of the word "canals" at the point indicated by the Senator from Florida would be restricted by the term "self-liquidating projects," so no loans would go to canals other than those which are self-liquidating.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

Mr. COUZENS. Mr. President, I am frank to say I do not understand the amendment.

The PRESIDING OFFICER. The clerk will report the amendment for the information of the Senator from Michigan.

The legislative clerk again read the amendment.

Mr. COUZENS. Mr. President, I think the Senator from California [Mr. JOHNSON] was right in his statement a moment ago. We ought to settle this whole question of just where we are going. In other words, we should determine whether the proposal made by the Senator from Louisiana [Mr. BROUSSARD] in his amendment which was adopted a moment ago really contemplates self-liquidation.

Mr. ROBINSON of Arkansas. It does.

Mr. COUZENS. The amendment which the Senator from Louisiana proposed contemplates the collection of taxes for part payment of the loan.

Mr. ROBINSON of Arkansas. But that is different from the self-liquidating projects described in the bill. The amendment of the Senator from Florida has only a remote relation to the amendment proposed by the Senator from Louisiana, which has been agreed to. The amendment of the Senator from Florida is included in "bridges, tunnels, docks, viaducts, waterworks, canals, and similar projects devoted to public use and which are self-liquidating in character." So far as I can see, there is no occasion to discriminate against the construction of a canal which is intended to be devoted to public use and which pays for itself by reason of tolls, charges, or some other means.

Mr. COUZENS. Does the Senator from Arkansas believe we will have a definition of "self-liquidating" before we get through?

Mr. ROBINSON of Arkansas. I think a "self-liquidating" project may be explained to be one which pays for itself.

Mr. COUZENS. When?

Mr. ROBINSON of Arkansas. That is another question and a difficult one. Of course, it never pays for itself immediately; but I think the committee has fairly defined it.

Mr. FLETCHER. After all, the Reconstruction Finance Corporation should determine that matter before they make the advance.

Mr. COUZENS. For how long does the Senator contemplate they would make the loan to build the canal?

Mr. FLETCHER. Certainly within the life of the corporation.

Mr. COUZENS. If the undertaking was not self-liquidated at the time the corporation expired, what would the Senator propose to be done with the loan or the unpaid balance?

Mr. FLETCHER. That would be a question of refinancing or arranging for refinancing. If the corporation can satisfy themselves that the project will be self-liquidating within the life of the corporation, all well and good; or if they can satisfy themselves that within that time nine-tenths of it will be liquidated, they can generally infer and gather and believe that the other one-tenth can be financed outside of the corporation.

Mr. COUZENS. At this point may I ask the Senator what he had in mind should become of the portion not liquidated at the time of the expiration of the Reconstruction Finance Corporation?

Mr. FLETCHER. It would be subject to an arrangement to be made between the Reconstruction Finance Corporation and the people to whom the loan is made. There would have to be assurance of that in some form adequate to satisfy the Reconstruction Finance Corporation.

Mr. COUZENS. Does not the Senator believe that Congress ought to fix some rule applying to self-liquidating corporations to determine what shall be done at the expiration of the life of the Reconstruction Finance Corporation?

Mr. ROBINSON of Arkansas. The Congress proposes that in the bill now under consideration. As I said a moment ago, there is a definition in the bill of "self-liquidating projects," in the language on page 101 immediately following or very shortly following the language that has been amended, which reads as follows:

> For the purposes of this subdivision a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

Mr. COUZENS. At this point I desire to enter a motion to reconsider the vote by which the amendment of the Senator from Louisiana [Mr. BROUSSARD] was adopted, because the language does not provide that it shall be self-liquidating. It proposes that it shall be partially paid by the collection of taxes.

Mr. LONG. Mr. President, I believe the Senator from Michigan would not enter the motion if he understood the situation.

Mr. COUZENS. Let me say I am not having in mind any specific project at all. I am taking the viewpoint that either this bill should provide for the lending of funds to all private industry or it should lend to self-liquidating projects within the definition just cited by the Senator from Arkansas [Mr. ROBINSON]. But the amendment just adopted on the motion of the Senator's colleague provides that a part of it is to be paid by taxation and a part of it by tolls. I wish to enter a motion to have that vote reconsidered because it is not provided in the bill that we are to rely upon taxation for any of these projects.

The PRESIDING OFFICER. The motion of the Senator from Michigan to reconsider will be entered. The question is on the amendment offered by the Senator from Florida [Mr. FLETCHER].

The amendment was agreed to.

Mr. BINGHAM. Mr. President, I notice on page 101, line 17, it is stated that "as used in this subdivision the term 'States' includes Puerto Rico." I have consulted with the junior Senator from New York [Mr. WAGNER] in charge of the bill and have been informed that it was not intended to exclude Territories. Therefore I send to the desk an amendment which will take care of this situation and permit Territories to be included. The amendment is in several parts and I ask unanimous consent that they may be considered as one amendment.

The PRESIDING OFFICER. The amendments submitted by the Senator from Connecticut will be stated.

The CHIEF CLERK. On page 101, line 17, after the words "Puerto Rico," insert "and the Territories"; on page 103, lines 18 and 19, after the words "Puerto Rico," insert the words "and the Territories"; on page 105, at the end of line 13, insert "as used in this subsection the term 'States' includes the Territory of Hawaii"; on page 108, line 6, strike out the word "continental"; and on page 109, lines 4 and 5, strike out the word "continental."

The PRESIDING OFFICER. The Senator from Connecticut asks that the amendments may be considered en bloc. Is there objection? The Chair hears none. The question is on agreeing to the amendments en bloc as offered by the Senator from Connecticut.

The amendments were agreed to.

Mr. FLETCHER. Mr. President, I am quite in accord with the amendment offered by the Senator from Connecticut, but I should like to inquire what other Territories than Hawaii are involved?

Mr. BINGHAM. The only other Territory is Alaska. The reason why the word "Alaska" was not used definitely is that in connection with roads in Alaska we make a direct proposition.

Mr. FLETCHER. That is what I understood.

Mr. ROBINSON of Arkansas. Mr. President, may I say in this connection that I have been told an effort would be made to eliminate or strike out the name "Puerto Rico" from the bill? Certainly there can be no sound argument which would justify extending the provisions of the bill to Puerto Rico and withholding them from Hawaii and Alaska.

Mr. BINGHAM. May I say to the Senator from Arkansas that Puerto Rico does not contribute at all to the revenues of the United States, whereas, as the Senator well knows, the Territory of Hawaii contributes about $10,000,000, or as much as several States put together?

Mr. ROBINSON of Arkansas. I had that in mind when I made my statement.

Mr. ASHURST. Mr. President, I rise in the interest of progress on the bill. On Saturday last I introduced an amendment proposing to authorize the Reconstruction Finance Corporation, in its discretion, to make loans to Indians on Indian Reservations and to accept as security for such loans wool produced by Indians and woolen blankets made by Indians from wool grown on Indian reservations. I now perceive that the Senate, in order to make progress respecting this bill, must first determine whether it is going to make loans to individuals. Therefore, I withdraw my amendment, because it proposes to make loans to individual Indians.

I see the inescapable logic of the suggestions made by the Senator from California [Mr. JOHNSON], the Senator from Montana [Mr. WALSH], the Senator from Michigan [Mr. COUZENS], and other Senators, that the Senate must first determine whether it is going to make loans to individuals. So I withdraw my amendment until that question shall be determined. If the Senate determines thus to do, I shall later offer my amendment.

It will be remembered that when the original Reconstruction Finance Corporation bill was before the Senate last winter I offered an amendment proposing that loans might be made to individual citizens of the United States upon good security, and I think it received 1 vote—my own. I have not changed my mind with respect to the advisability, yea, the necessity at this time of making loans to individuals who tender perfectly good and solid security, but I plead now with the Senate to settle first the question as to its policy.

Mr. HOWELL. Mr. President, I send to the desk an amendment, which I offer.

The PRESIDING OFFICER. The amendment will be reported.

The LEGISLATIVE CLERK. On page 100, line 18, after the word "corporation," insert the words "boards and commissions," and also in line 20, after the word "under," insert the word "Federal."

Mr. HOWELL. This is for the purpose of providing that where boards and commissions have been created instead of a corporation, and if created by Federal law, they shall be included in the provisions of the bill. The amendment has been approved by the Senator from New York [Mr. WAGNER].

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. BLAINE. Mr. President, I desire to offer an amendment.

Mr. WAGNER. Mr. President, I have several amendments corrective in their nature which really do not go to the subject matter of the bill.

Mr. BLAINE. My amendment is to correct the so-called Garner bill. It will take only a moment.

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin will be stated.

The LEGISLATIVE CLERK. The Senator from Wisconsin offers the following amendment: On page 65, between lines 14 and 15, insert the following:

Milwaukee Harbor, Wis., House Document 282, Seventy-second Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

IN REPLY TO SENATOR REED

Mr. LONG. Mr. President, the Senator from Wisconsin will pardon me for interfering for the moment with the consideration of his amendment, but I have been trying to get the floor for several moments.

The Senator from Pennsylvania [Mr. REED] is now here. I want to call the attention of the Senate to some remarks made here in my absence by the distinguished Senator from Pennsylvania which I can not allow to go unchallenged. On page 13010 of the RECORD of June 15, 1932, the appointment of Mr. Burguieres, of New Orleans, to be commissioner of immigration, was considered by the Senate; that is, it was reported by the committee for confirmation. Among some remarks which were passed on the floor of the Senate, the Senator from Utah [Mr. KING]—and I wish to thank him very kindly at this time—mentioned the fact that I had appeared before the committee and had objected to the confirmation of Mr. Burguieres for personal reasons and for the reason that he was obnoxious to the labor people of my State. The Senator from Pennsylvania [Mr. REED] among other remarks, and all remarks were similar, finally wound up by saying this:

Mr. REED. The Senator from Utah is one of the most scrupulous in attendance to his duties here on the floor of the Senate, and I know that he agrees with me that it is indefensible for any one of us to go away in the absence of an emergency, and to remain away for weeks at a time, and expect the business of the Senate to stagnate in his absence.

Mr. President, I was absent from the city on very important business of the State of Louisiana and, I think, business of the United States. I have not been absent except for this purpose since I have been a Member of the Senate. I understand that it hardly lies within the province of the Senator from Pennsylvania to make an attack here because I was absent at this particular time, because I am one of the sorrowing Senators who has frequently had to undergo the sad situation of seeing the Senator from Pennsylvania absent from his seat. I understand that no doubt the Senator from Pennsylvania is not well aware that there is another State besides Pennsylvania. More or less like all of us, he is somewhat inclined to be provincial in his mind and ideas, but by reason of the disaster of the Hoover administration the State of Louisiana and all other States have had to undertake great corrective measures.

We have found ourselves in the midst of a depression, with which the Senator from Pennsylvania is more acquainted than I am and the cause of which he is in more of a position to understand than I am, which necessitated taking care of 650,000 school children in the State of Louisiana. We had to impose certain taxes in that State upon some of the special interests, and I was requested by my friends and by the governor of that State to come and assist them in the preparation of legislation necessary to keep the schools open and to keep the hospitals running.

I have understood—I may be mistaken in this, and if I am I beg the Senator from Pennsylvania to correct me—that even at times when the Senate was in session the Senator from Pennsylvania himself has been absent to attend to law business. I may be wrong in that; and if I am, I want to be corrected by the Senator; but the Senator who makes this great spectacle of a Senator being absent from this body at a time when he was undertaking to assist his State has at times been absent in his own State pleading the cause or attending to the cause or working in the cause of some of his clients. So it is even worse than a case of the pot calling the kettle black for the Senator to make this statement while I was away from the Senate.

While I have the floor, Mr. President, I wish to say that I have not been able to be present here during the last two or three weeks, although I believe I was in as constant attendance on the Senate as any Senator prior to that time for a number of weeks.

I have opposed Mr. Burguieres's appointment, although it was concurred in and recommended by my colleague, because he is obnoxious to the laboring people of my State. He has a record which they have certified and which I have filed with the committee, a record which the laboring people of my State think disqualifies him absolutely from becoming commissioner of immigration in that State.

He is also obnoxious for reasons not stated and which I have not placed in the record, because I think that were I to do so, I might be held to transgress some of the rules of the Senate, as to one of which I was called to order some time ago.

I presented those objections and at the time I presented them I was told, as I think the hearing of the committee will show, that those objections were positively sufficient, or I was given the impression at the time that those objections were sufficient and that the nomination would not be reported to the Senate. That is what I was led to understand. I had every assurance when I left here that the nomination of this man was not going to be reported to the Senate and put on the calendar for confirmation. However, it seems apparently to be the policy of the Republican Party, and possibly of some of those on this side of the Chamber, that in the case of a particular position which affects laboring people more than any Federal appointment that can be made in that State, the fact that the man who is nominated for that position is, because of his unfair record, universally condemned by the laboring organizations and by all the laboring people in the State is no reason whatever why the Republican cohorts should not advocate the confirmation of the nominee and should not report his nomination to the Senate in my absence and urge his speedy confirmation.

It is getting high time that the Members of the Senate should give some attention to the laboring people of this country. Yet when a nomination comes in here affecting the men who are paying the bills under the tax system that has been put over by the Senate, the men who are bearing the burden of supporting the Government, who are suffering from economic reverses who have come here and asked the Senate not to put this man over on them in that State in the midst of the present condition of economic adversity, the Senator from Pennsylvania thinks it is a terrible and frightful thing that the nomination should not be spontaneously and immediately put over here in the Senate.

Mr. President, if on the day I appeared before the committee I had not had the impression—and the Senator from Utah, the Senator from New York, and the Senator from

West Virginia were present—and had I not been given to understand at that meeting that the committee was not going to report this nomination, there were weeks and days when I sat in this body and when I could have been called upon for any statement as to that nomination.

A few days ago it came out on the floor of the Senate, and I heard a number of gentlemen on the other side of the Chamber say—and a number of them on this side of the Chamber concurred—that a man who was a member of the President's Cabinet who was holding an important position as a Federal employee ought not to be national committeeman of his State or engage in its politics.

Mr. President, in Louisiana there are not any Republicans except the "black and tans," and the officeholders or the would-be officeholders under the Republican Party. Everybody who knows anything about the condition in the State of Louisiana knows that the real sincere Republicans of that State are the "black and tans." When they undertook to take the political organization away from the only people down there that ever have voted the Republican ticket, and when I was asked a number of years ago to assist in that movement, I declined to do so, because I thought that a man who had not been in the church had no right to come up there and take the songbook from a man who was a sincere Republican; and if they wanted to go into the Republican Party, they ought to be required to go in under the terms that were prescribed by somebody else.

Mr. Ernest Lee Jahncke, who has been a charge on that State, Mr. Jahncke, the Assistant Secretary of the Navy, I understand, has taken such serious personal offense about the treatment that has been given to this favored appointee that he desires to have put over in the Senate. Mr. Jahncke, who is Assistant Secretary of the Navy, has no right—and I say this speaking personally and as a former governor of that State—Mr. Jahncke has no right to come to the Senate and complain about the objection that has been made by the people of the State of Louisiana. I do not need to disclose that the administration of the State of Louisiana and these very laboring people have been most kind to him in a certain situation—and he knows what I am talking about. He has no right, and I say that it is an act of absolute ingratitude for Ernest Lee Jahncke, Assistant Secretary of the Navy, to try to drive this appointment through the Senate.

My colleague the senior Senator from Louisiana had a little something to say about this matter, according to the newspapers. However, the report of the CONGRESSIONAL RECORD does not confirm what was contained in the newspapers by a great deal. My colleague stated, according to the RECORD:

> I do not know that my colleague, who is now in Louisiana running the legislature, should be allowed to prevent the confirmation of a man at this session.

Well, Mr. President, it is just a question as to whose ox is gored in running the Legislature of Louisiana. Of course, if it is being run in opposition to the Long administration or the Allen administration, then it is not being run by the people, in the view of the political opposition, but as we view the matter, when it is being run by us, then it is being run in the interest of the people. That matter has been settled in Louisiana and will be settled in Louisiana. I do not care to wash the political linen of the State of Louisiana in the Senate and I do not believe that my colleague desires to wash the political affairs of the State of Louisiana in the Senate.

He states in this RECORD that he knows the nominee, has known him for a lifetime, and knows him to be a very good man of high standing. Personally, I do not know the man at all, so far as I recollect, but I do know something of his activities.

When I was telephoned a number of days ago before this nomination was sent to the Senate, I was asked then by Mr. Jahncke himself if I had any objection to Mr. Burguieres. I told him that I knew of none whatever; but before I had returned from New York, where I was telephoned to from Washington, there was on my desk a record of the man, and it was such that I could not let his nomination go by without objecting to him, not only in my own right but objecting to him on behalf of the laboring people of that State and of the area which is affected by this appointment.

Mr. President, everybody knows that we have had considerable politics in the Senate. I have never made any objection to any politician. I say that every man in the United States Senate is to some extent a politician; he would not be in the United States Senate if he were not some kind of a politician; and I have always taken the liberal view that all of us have to go back to our home States and take care of our politics; everyone has got to do it if he stays in office. We are not so fortunate as is the Senator from Pennsylvania.

I am here in my own right as a United States Senator; I am here elected by the people of that State; I have not a Vare nor a Mellon in Louisiana to help me come to the United States Senate. I have got to get the votes in my own right. The ipse dixit of a political organization can not make me Senator from the State of Louisiana; they can not meet between suns and send me and between moons send somebody else. We have 400,000 qualified voters in the State of Louisiana, and we have to take care of them. In this particular case I do not want to transgress the rules of the Senate, Mr. President, you will understand; I do not want to say anything that transgresses the rules of the Senate or to reflect upon any Member of the Senate. I would not do it for my right arm. I want to stay within the rules of the Senate. I do not want to offend the Senator from Pennsylvania.

Mr. REED. The Senator could not.

Mr. LONG. That is fine. I do not know whether the Senator means by that that he is immune or whether he "considers the source," but I will take the charitable position and assume that it is the latter.

But, Mr. President, it is very timely that we hear from the Senator from Pennsylvania on this kind of questions. I say to you, Mr. President, that every human being is a product of creation or environment, and we can not get away from it. I wonder how the Senator from Pennsylvania felt when he saw the State of Louisiana, under one of the supposed-to-be Long laws, put a tax upon electrical power in that State and require that it be absorbed and not passed on to the public. That provision went into the law, while at the same time, under the masterful guidance and help of the Senator from Pennsylvania, the United States Senate voted a tax upon power and passed it along to the people. I am wondering if in some subconscious mind, unknown to the Senator from Pennsylvania, there might not have seeped up some kind of an influence which misled him as to the purpose of my absence from the Senate.

That is not all that we had to do. I am wondering whether the Senator from Pennsylvania read in the paper that we placed a corporation franchise tax upon the corporations in the State of Louisiana, which I unsuccessfully undertook to do when I was the governor of that State and came very near being impeached as a result of it, which went over in the State senate by a vote of 30 to 8 this time.

Mr. President, all my life I have read of the big characters and geniuses of this Nation. I have in my early days sat by the spring in the corner of a rail fence and read and admired the talents of the Senator from Pennsylvania long before I ever heard of what the purpose and function of the United States Senate were in a real sensible fashion. As the news spread that we sat here in the United States Senate and voted tax after tax upon the consumers of this Nation—taxes upon automobiles, taxes upon candy, taxes upon everything that can be had, consumed, desired, or otherwise known about—I am wondering whether or not the Senator looked afar off and saw the State of Louisiana putting the taxes where they would be absorbed by the people who are able to absorb them under these distressful conditions; putting the taxes where they belong; putting the taxes upon the interests that have this country tied in a web in one solid Power Trust; and I wonder whether the Senator

might not subconsciously and unconsciously—because it would have to be that way—have allowed himself to criticize an absence entirely justified under these distressful conditions.

The Republicans have had a convention over in Chicago. Several Members of this body went to the convention over in Chicago. Several Members on the other side of the Chamber were active and prominent participants in the convention over in Chicago. I have been asked by my party to come to Chicago.

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

Mr. LONG. Yes.

Mr. COUZENS. Before the Senator gets off the question of the confirmation of an immigration official, I should like to ask the Senator if he is opposed to the confirmation of Marcel Garsaud as power commissioner, because we have been waiting practically a month for the Senator to register his views about it.

Mr. LONG. Yes, sir; I should like to discuss that matter a moment, if the Senator will permit me.

I was advised by the Senator from Michigan—I got the telegram, I believe, Thursday—that a hearing would be held on the confirmation of Mr. Marcel Garsaud as a member of the Power Commission to-day. I went to my friends and induced them to hold day and night sessions of the Louisiana Legislature in order that we might dispose of all business, so that I might be in Washington this morning to attend that hearing. Upon my arrival the Senator very kindly and courteously told me that, not having received an answer to his telegram, he had postponed the hearing until to-morrow. I made my arrangements and came here to-day, on the day that I was informed by the Senator from Michigan the hearing would be held, and the legislature wound up by holding sessions all day and almost all night in order that I might get here to-day, because, Mr. President, it was a crime against this country when they put that man, Marcel Garsaud, on the Power Commission. There never was a greater crime committed against the men, women, and children in this country than when they put Marcel Garsaud on the Power Commission. If you do not think that is the view of the people of the State of Louisiana on the subject matter, you will be convinced of that in a way that will be irrefutable within the next few months' time, if you have not already had such evidence.

I knew Marcel Garsaud down there. He was under me as the general manager of the dock board. I had already been elected to the United States Senate when he was appointed by President Hoover to the Power Commission. Why, I would a whole lot rather go to Harvey Couch, whom I know most intimately, to secure a concession or ruling against the power companies than go to Marcel Garsaud to-day. I do not even know Andrew W. Mellon, but I do know Marcel Garsaud; and I would take the chances of the people of the State of Louisiana 40 times to 1 with Andrew W. Mellon before I would take them with Marcel Garsaud. If there ever was a thimble-rigging, thumbscrew appointee of the most nefarious interests in the country, it was that man.

He was put out of his job in Louisiana, kicked out of it, because of the fact that as general manager of the dock board he had kept in existence a thimble-rigging, nefarious system of contracts with a power company, by which he took the publicly owned port of the State of Louisiana, bonded for $41,000,000, and divided it up into units—unit 1, unit 2, unit 3. He had divided the business of that port—which was one port, connected every plank and every nail with another one—up into units, so that the consumption of power down there would be insufficient for them to enjoy a consolidated power rate.

That is the gentleman who has been selected by the President of the United States to sit on the Power Commission of this country. Every job he ever had was as the result of friends of this Power Trust. Nobody that has been picked out of the State of Louisiana by this Republican administration for any job of any kind whatever has been picked except from that nefarious group that has been publicly repudiated and rebuked by the people of the State of Louisiana.

The only certificate of good character with the administration of Herbert Hoover is: You must have been publicly rebuked by the people of the State of Louisiana before you are eligible for appointment under this Republican administration. [Laughter.] That is the sacramental function. You must have been positively obnoxious to the working people of that country before you have even the right to come in at the outer door to receive an appointment at the hands of the Hoover administration.

I can only be in so many places at one time. I am not a very important man in the affairs of this Nation, and I am sure many people will agree that I am not a very important man in the affairs of the State of Louisiana; but I have taken the responsibility of seeing that 650,000 children shall be able to go to school this fall, and had I not undertaken and received the help of my friends to raise an additional sum of several millions of dollars which could not be borne by the poor people of that State, but which had to be borne by the special interests of that State, the schools in the State of Louisiana could not have run this year. The great Louisiana State University, the pride of this country, the old war school established by Gen. William Tecumseh Sherman, could not have continued its work this year except for what we had to do in the Legislature of the State of Louisiana at this time.

Now, it seems to me—and I address this particularly to the Senator from Michigan [Mr. COUZENS], although I must say that the Senator from Michigan, so far as I know, takes very little hand in politics of any kind, and I am one of his true admirers, I believe, if he has one, and I know he has thousands and probably millions—it does seem to me that at this time I should be accorded the right to attend the Democratic National Convention over in Chicago, and to attend to certain functions, without the people who wish to make protests against these appointees being denied their rights to be heard.

I have undertaken to show, and I always have, I think, shown, that spirit here in the Senate. I always have done it, so long as I have been here, and it seems to me that I should be given some little time to come here—and I will come as quickly as anyone else can return—to present the facts and figures to this committee over which the Senator from Michigan presides, and to the Senate, as a result of the appointment of Mr. Burguieres, and as a result of the reappointment of Mr. Garsaud. I believe the Senate will accord me the same rights and consideration that it accords to the distinguished Senators on the other side of this Chamber who have seen fit to go to the national convention, and there are some on this side.

I am not unmindful of the fact that I stand rather peculiarly in the Senate as regards any party backing, but I am going to stand a whole lot stronger as regards party backing a little later on. You need not be worried about that. Chickens are going to come home to roost in this country in several sections before very long. I am not a bit worried about that. [Laughter.]

I appeal to the Members who are here now whether I should not be given the right to present these facts and these matters, which have not been and could not have been thoroughly presented to the Senate and to these committees, and can not be submitted in my absence. How would any other Member of the Senate feel under the circumstances? I went before the committee several weeks before I left the Senate, and I left there with every assurance on earth that there was not any danger of that nomination being reported out by that committee—none at all—and now it is brought up here for confirmation at a time when I can not be here, and at a time, I say, when it is unfair to the laboring people of this country.

I think, Mr. President, if the committee were going to report this nomination out, instead of having given me to understand—or, rather, whether they intended to do so or not, instead of having left it so that I might have believed that what I had presented ample—they should have heard

from the laboring people of that country before sending this nomination here.

So, Mr. President, as to the remarks of the Senator from Pennsylvania, I hope that I am not in any way, in any sense, in his innermost heart, causing him any offense whatever. The Senator has a peculiar position. He has an administration to defend which is obnoxious, probably, in every corner and section of this land. I once, for a few months of my life, was prosecuting attorney by special appointment in a number of cases, and I experienced the difficulty that always they put the prosecuting attorney on trial when there is any other man to be tried. The Senator from Pennsylvania can not try the Republican Party's record in this political campaign, because I do not believe there is anybody who can stand to defend this condition of unemployment. I do not believe anybody can stand the obnoxious tax system that has been imposed upon the people of the United States, by going into every little vicinity and taxing every little product when it was not necessary to support this Government. Instead of having confined ourselves to a tax system which would have put the tax upon the people earning the money, we have gone down and put it on the people in such a way as to burden them if they are such people as consume the utter necessities of life; and so the Senator from Pennsylvania has a position which I am not going to envy in any respect.

I sympathize with the position of the Senator, and I hope and I bespeak for the Senator that he will understand and appreciate the absence of some one on State business as being nearly as important as though he might even have been absent attending to the business of some favored private client of his law practice.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Wisconsin [Mr. BLAINE] is agreed to.

Mr. WAGNER. Mr. President, I offer three amendments, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments to the amendment will be stated in their order.

The LEGISLATIVE CLERK. On page 101, line 1, after the word "construction," insert a comma and the words "replacement, or improvement."

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. On the same page, 101, line 6, after the word "such," the first time it occurs, insert the word "adequate," and on page 100, line 21, change the comma to a semicolon, and strike out all of lines 22, 23, and 24.

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. On page 101, line 8, after the period, insert:

> Such loans may be made through the purchase of securities, or otherwise, and for such purposes the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided, however*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this act, from purchasing securities having a maturity of more than 10 years.

Mr. McNARY. Mr. President, I confess my inability to hear what is being presented or read by the clerk. Is this a committee amendment, may I ask the Senator from New York?

Mr. WAGNER. No; it is an amendment which is very simple. I will explain it.

We provide in the bill that the Reconstruction Finance Corporation, in making loans to municipalities or other public agencies, may purchase bonds as the security for the loans.

Under the pending bill the Reconstruction Finance Corporation may not make a loan for a longer period than 10 years. That provision is subject to the interpretation that the Reconstruction Finance Corporation has no authority to purchase bonds having a maturity of longer than 10 years, and that would limit very much the securities which the corporation could accept as collateral security. This proposed amendment simply empowers it to buy bonds of longer maturity.

Mr. McNARY. Let me understand. To what section is the amendment directed?

Mr. WAGNER. Page 100, beginning line 8. Let the clerk read it.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 101, line 8, after the period, insert the words, "Such loans may be made through the purchase of securities, or otherwise, and for such purposes the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided, however*, That nothing here contained shall be construed to prohibit the Reconstruction Finance Corporation in carrying out the provisions of this act, from purchasing securities having a maturity of more than 10 years."

Mr. COUZENS. Mr. President, it is my understanding, although I see that the language is not in accordance with my understanding, that the Reconstruction Finance Corporation is to make loans on adequate security, but it appears from the reading of the bill that they are permitted to bid for the purchase of securities in any of these activities which it is authorized to put money into. In other words, the amendment which the Senator offers provides that it may go out and bid in the market for securities.

Mr. WAGNER. Mr. President, that refers particularly to a situation in California, although I am told there are other instances with similar limitation. This is simply to take care of a situation where bonds are issued, the money to be used for the prosecution of public projects, and the law provides that they can not be sold except as a result of bidding. If we desire to advance money for the construction of projects in States where bonds of the State or its agent can not be sold except after public bidding this amendment is necessary. The amendment is simply to take care of such a case.

Mr. COUZENS. Mr. President, I understand that that puts the ownership of the securities permanently in the Reconstruction Finance Corporation. In other words, there is no obligation from the borrower ever to pay off the securities. In other words, the only security the Reconstruction Finance Corporation has is the security which it gets in the market. In the case of all other loans, from banks and from railroads, the obligation of the maker of the loan is secured to the corporation outside of the mere deposit of securities. That is what I want to insist upon.

Mr. WAGNER. The bill provides that the Reconstruction Finance Corporation may enter into a contract with a public agency in which provision is made for the liquidation of the advance or loan, and as security for the loan these bonds are deposited, so that the Reconstruction Finance Corporation has, first, the agreement that the project is to be made self-liquidating and will pay for itself eventually; and, second, as to the bonds which it purchases, the money from which is used to prosecute the projects, the Reconstruction Finance Corporation may dispose of those bonds, if it deems it advisable, by sale before the date of maturity. I do not see the slightest difficulty about it.

Mr. COUZENS. I see a great deal of difficulty.

Mr. WAGNER. Let me say this, in addition: Even at the end of 10 years, if the loan ends, under the Reconstruction Finance Corporation act, all of the securities which are left are turned over to the Secretary of the Treasury for liquidation; so that there is ample security.

Mr. COUZENS. If I understand the amendment correctly, this puts the Reconstruction Finance Corporation into the bond and security business, by authorizing them to go out and bid for any security.

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

Mr. COUZENS. I yield.

Mr. PITTMAN. In the first place, we must recollect that the loans of municipalities are governed by the definition of a self-liquidating proposition. That is point No. 1. If

it does not come within the definition of a self-liquidating proposition, then there is no loan. If it does come within that definition, then the question is whether or not they shall enter into a contract and put up bonds as security, or whether they shall turn the bonds over. It simply happens that the charters of certain municipalities, or the constitutions of certain States, define how they may borrow money.

Mr. COUZENS. I understand that.

Mr. PITTMAN. That is, through the sale of bonds, on bids.

The relation of the corporation to the municipality would be no different if it took the bonds as security under the contract, or if it bid for them and took them in that way, providing the corporation found two things, that it was a self-liquidating project, and that, being a self-liquidating project, the returns would be sufficient to pay the bonds with interest.

Mr. COUZENS. Pay them when?

Mr. PITTMAN. Pay them when due, with interest.

Mr. COUZENS. When is it proposed they shall be due?

Mr. PITTMAN. I do not see that that is material.

Mr. COUZENS. But I want to point out the language of the amendment. The amendment absolutely puts the Reconstruction Finance Corporation into the business of bidding for loans.

Mr. PITTMAN. Not generally.

Mr. COUZENS. Certainly. The Senator himself just pointed out that these self-liquidating corporations need not be municipal, need not be State, or governmental self-liquidating corporations——

Mr. PITTMAN. Oh, yes; they must be.

Mr. COUZENS. They may be private self-liquidating corporations.

Mr. PITTMAN. Not under that section.

Mr. COUZENS. It provides:

> Such loans may be made through the purchase of securities, or otherwise, and for such purposes the Reconstruction Finance Corporation is authorized to bid for such securities.

Mr. PITTMAN. But it can not be a private corporation, because it defines right above what kind of corporations the loans may be made to.

Mr. COUZENS. But there is no obligation on the corporation which sells these securities other than to make good the final interest or principal payment of the security which the Reconstruction Finance Corporation purchases.

Mr. PITTMAN. That is absolutely true, and the Reconstruction Finance Corporation is bound by the character of project it must be, if they bid for and purchase any bonds which are not of a municipal or quasi-municipal corporation performing a public use, and the fund provided in advance to the self-liquidating character of the project that would assure that the interest on the bonds would be paid.

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

Mr. COUZENS. I yield.

Mr. KING. I want to ask the Senator from Nevada if the Senator from Michigan is not correct in assuming that private corporations are to be the beneficiaries of these loans.

Mr. PITTMAN. No, they are not; under the terms of the measure.

Mr. KING. I invite the Senator's attention to line 25, page 100, carrying over to the next page, 101, "to private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, waterworks," and so forth.

Mr. PITTMAN. Yes; but the Senator should read the rest of it, "and similar projects devoted to public use."

Mr. KING. I understand; but they are private corporations, nevertheless.

Mr. PITTMAN. But devoted to public use.

Mr. WALSH of Montana. Mr. President, I wonder that there should be any confusion about this. If the Senator from Utah will give me his attention, he will observe this language, beginning in line 13:

> That (a) the Reconstruction Finance Corporation is authorized and empowered to make loans (1) to States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public or quasi-public corporations, and public or quasi-public municipal instrumentalities.

The Reconstruction Finance Corporation may bid for the securities of those institutions, because they have no other way of making loans. They are required to make loans in that way by the statutes of the States, and perhaps by the constitutions of the States. That disposes of that.

Going on, we come to the provision for loans "to private corporations to aid in carrying out," and so forth. That is quite a different thing. That is another class of loans altogether.

Mr. ROBINSON of Arkansas. Mr. President, a very broad discretion is given the Reconstruction Finance Corporation, as follows:

> Such loans shall be made under such terms and conditions, with such security, and in such amounts and for such periods (not exceeding 10 years), as the Reconstruction Finance Corporation may prescribe.

Mr. WALSH of Montana. Mr. President, if I might continue, the Senator from Michigan calls our attention to a situation with respect to municipalities which deserves consideration. I do not conceive that these municipalities and States and other entities of that kind will be putting up any collateral. The corporation must, with respect to those, rely upon the taxing power to meet the obligations of the States and political subdivisions. Of course, bonds will be purchased and must be purchased. That is the only way in which they can borrow. Those bonds may be for any length of time. They may be for five years, or they may be for 10 years, or they may be for 25 years or 50 years. Of course, there is no limitation placed upon the purchase of these securities by the Reconstruction Finance Corporation.

If after a time they shall still retain them, as in all probability they will, it is then up to Congress to determine what disposition shall be made of them; whether they shall be held and the interest accumulated until maturity, or whether they shall be put upon the market and disposed of. There is no provision in this bill as to how eventually those securities shall be disposed of by the corporation prior to their maturity.

Mr. COUZENS. That is exactly the point I desire to make. In other words, the municipality does not in any sense obligate itself to pay off the Reconstruction Finance Corporation upon the maturity of the security.

Mr. WALSH of Montana. It can not do so, because the only way it can borrow is by selling its bonds.

Mr. COUZENS. That does not necessarily follow. It is well known that States and municipalities at this very time are borrowing money for six months, or a year, or nine months——

Mr. WALSH of Montana. Anticipating revenue.

Mr. COUZENS. In anticipation of revenue, and they are obligated to pay off the securities, whether they collect their taxes or not. There is a definite due date on which they are obligated to pay off the securities, and that is what I want in this case. I want the municipalities, if they are going to get money from this corporation, to obligate themselves to pay off the corporation at a specific date.

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

Mr. COUZENS. I yield.

Mr. WAGNER. While the maturity of the bonds may be longer than the 10-year period, it may very well be that the debt will be amortized before that time, because with it will be an agreement to make this particular project self-liquidating, the charging of rents, or tolls, and those particular collections will be dedicated to the liquidation of the debt.

Mr. COUZENS. There is nothing in the measure requiring that, because the Senator says in his amendment that they may bid for them.

Mr. WAGNER. We have to repose some sort of confidence in the body which administers these funds.

Mr. JOHNSON. Mr. President, will the Senator from Michigan yield to me?

Mr. COUZENS. I yield.

Mr. JOHNSON. May I say to the Senator that it is quite true there are certain municipalities, there are certain States, which can borrow on short-term credits; but the majority of our municipalities and the majority of our States can not borrow in that fashion at all. In many States it is constitutional, and in many municipalities it is by virtue of the organic law of the municipalities. The only way they can borrow is by the disposition of bonds regularly issued under a procedure prescribed by the organic law. If it were sought to shut out those States and those cities of that character, it would shut out from the provisions of the bill most of the States of the United States and nearly all municipalities.

New York has a system of financing peculiar unto itself under which it anticipates its revenues and issues short-term credits. We can not do that in the municipalities of the West at all. We can not issue short-term credits. We can not borrow in anticipation of revenues. We can not do it by the State and we can not do it by the county and we can not do it by the municipality.

The very object of the bill is that we shall extend aid to self-liquidating projects that are under the control, the construction, the manipulation, and the like of the cities and States and the public corporations and the quasi-public corporations. When we have their credit as evidenced by the bonds duly issued under amortization limitations, as bonds only can be issued in most of our municipalities and States, we have the highest security that can be accorded to the Reconstruction Finance Corporation and an absolute certainty, in every instance with which I am familiar in the West, of the ultimate payment of the amount thus borrowed.

Mr. WAGNER. Mr. President——

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

Mr. COUZENS. I yield.

Mr. WAGNER. The Senator referred to the situation in New York. New York does not need the provision because there is sufficient elasticity in its laws that it may fix the date of the maturity of its bonds at 5 years or 10 years or 20 years; but there are communities which are absolutely bound to issue longer-term bonds. However, as the Senator so clearly stated, we would shut out half of the municipalities and States of the Union unless we make this liberalization as proposed by the amendment.

Mr. LEWIS. Mr. President——

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

Mr. COUZENS. I yield.

Mr. LEWIS. Of course, the Senator from Michigan will realize that my interest is simply a duplication and repetition of that which I have spoken upon the floor of the Senate in behalf of Chicago, but particularly for the school board of Chicago, which is a municipal corporation in itself, and for the drainage district, which is a corporation in itself.

Mr. COUZENS. Does the Senator consider the schools are self-liquidating?

Mr. LEWIS. I was coming to that. If I may be pardoned in the particular situation, I am responsible for some of the language which has been under criticism. In the city of Chicago the difficulty is not that the bonds are not good and the property wholly reliable, but is in the system of taxation, wherein there is a great deal of confusion as to whether each locality that is now making up the greater Chicago still reserves the right of taxation or whether the body, Chicago, or Cook County as a whole has a right to tax. The legislature has been summoned and has twice, I deplore, failed to reach a conclusion and has taken another recess. When the legislature shall have concluded the system by which the tax can be generally laid or specially laid, there is enough of tax funds to meet every conceivable obligation.

Chicago would then come before the board which these eminent gentlemen have been discussing and place her bonds, either the school-board bonds as such, or the general city bonds, with the contract as to the time they should be paid, that contract to have such length of time stated in it as shall give the legislature the time necessary to pass a final act as to where the tax is to be levied, by whom and when, which is now the confusion. Therefore, without such a situation as the Senator from California [Mr. JOHNSON] has accurately described as applying to his situation and likewise the Senator from New York as applying to ours, there would be no way in the world that we could get any relief. The contract made with the board will recite in it the time of the payment of the loan and reserve the right to appropriate the security for the loan in such a way as to be, under the words of the Senator from Nevada [Mr. PITTMAN] "within its discretion." It seems to me that meets the situation of the Senator from Michigan.

Mr. COUZENS. That is just what I wanted to develop. It seems to me the Senator from Illinois has the impression that the bill provides for loans to municipalities and States secured by their bonds. I find no such provision in the bill and certainly it was not the intention of the committee that loans would be made from this corporation for anything but revenue-producing activities promoted by the States.

Mr. LEWIS. That is what these are.

Mr. COUZENS. Certainly not. The school system is not self-liquidating. I understand the Senator from Illinois believes that under the provisions of the bill and under the provisions of the amendment Chicago can go to the Reconstruction Finance Corporation, ask for a loan of say $25,000,000, and put up its school bonds and other bonds as security.

Mr. LEWIS. I not only recognize it so because ours is not only a municipal organization but a commercial organization with its revenues, and those revenues are applied to the school board, and the school board uses the revenues to pay its debts. It is distinctly a business corporation.

Mr. COUZENS. The Senator construes the bill to provide that a municipality can get money under the provisions of the bill and put up its own securities for the loan.

Mr. LEWIS. It is for the use and maintenance and paying of school-teachers, the maintaining of a branch of the Government or division of the Government so necessary to the existence of the State as the school.

Mr. COUZENS. That is not the intention of the bill. It was not the intention of the Banking and Currency Committee, and there is no provision in the bill which contemplates any such thing.

Mr. LEWIS. It seems to me the Senator is without ground for such a statement.

Mr. PITTMAN. Mr. President——

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

Mr. COUZENS. I yield.

Mr. PITTMAN. Before the bill was introduced and referred to the Committee on Banking and Currency, it was considered quite carefully by the Senator from New York [Mr. WAGNER] and four other Senators, and it was determined that the language "self-liquidating projects" as applied to municipalities had a meaning. If it did not have a meaning and if it had been only the taxable power to pay the loans which was in contemplation, of course the situation would be entirely different, but we decided the power of taxation was not sufficient to guarantee the loan, and when we used the term "self-liquidating project" we meant something different from a schoolhouse or public building already constructed. We meant exactly what we said, and that is that it shall be a project which does not depend on taxation at all.

For instance, let me refer to the metropolitan water district in southern California. The metropolitan water district of California embraces the city of Los Angeles and a large territory besides, as the Senator probably knows. They are engaged in the municipal distribution of water. They charge certain fixed rates for it. They have estimated the costs of putting an aqueduct into the Boulder Canyon project and operating it for the purpose of supplying southern California with water. The costs were estimated accurately.

The revenues from the sale of water are estimated accurately. Now whether the metropolitan water district can bring that project within this proviso depends on whether or not they can show certain specific revenues that will go toward the payment of the loan, whether it be in the form of a contract loan or in payment of their bonds. That is the distinction we had in mind. I do not know whether the metropolitan water district can do that, but they will have to do it before they can get the loan.

Mr. COUZENS. The Senator from Arkansas [Mr. ROBINSON] and I had a discussion this morning as to the definition of "self-liquidating projects." After the discussion this morning the Senator from Arkansas seemed to think that it needed no further definition than is set forth in the bill. But here now we have the Senator from Illinois [Mr. LEWIS] contending that the school bonds and other bonds of the city of Chicago are self-liquidating because they secure revenue from taxation.

Mr. LEWIS. Oh, no.

Mr. COUZENS. The Senator from Illinois believes that school bonds may be put up as security with the Reconstruction Finance Corporation.

Mr. PITTMAN. That does not come within the definition of the bill at all.

Mr. LEWIS. I beg the Senator's pardon. I called attention specifically that the school board not only has bonds, but has a large real-estate ownership, which property pays rentals. Out of those rentals they liquidate their debts if they do not collect a cent of taxes or collect a dollar of their bonds.

Mr. COUZENS. But that provision does not give employment. The corporation provision here is not for the purpose of paying the debts or relieving the debts of anybody. It is for the purpose of creating work. The mere collection of rents from buildings owned by the school board of Chicago would not in any way provide work as contemplated in the bill.

Mr. LEWIS. It would pay the school-teachers who do the work of educating the youth of the city of Chicago.

Mr. COUZENS. But they are already employed. The Senator from Nevada [Mr. PITTMAN] and the Senator from New York [Mr. WAGNER] both know that such an idea is not contemplated at all in the bill.

Mr. GLENN. Mr. President——

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

Mr. COUZENS. I yield.

Mr. GLENN. I presume the Senator from Michigan would agree that in case it was to finance new buildings which the school board was to erect, it would perhaps come within the classification of "self-liquidating projects" within the meaning of the section; but to take the position that the section would include buildings already erected it seems to me is erroneous. I say to my distinguished colleague that the chances of the Chicago school-teachers under this provision are remote. It is a specific section, it seems to me, which would apply to municipal water works, for instance, and might apply to the proposed subway system in Chicago or something of that kind.

Mr. COUZENS. It would have to be something to be built in the future. It would not be anything now in existence. In other words, the whole project is for the purpose of providing new employment and not for maintaining employment already in existence, such as that of school-teachers.

Mr. LEWIS. That is why I alluded to our drainage district.

Mr. COUZENS. I understand there are no fees in that case to make it self-liquidating.

Mr. President, I want to point out another thing at this point.

Mr. WALSH of Massachusetts. Mr. President, before the Senator proceeds may we have the amendment reported again?

The PRESIDING OFFICER. The amendment of the Senator from New York will again be reported.

The legislative clerk again reported the amendment of the Senator from New York.

Mr. COUZENS. Mr. President, may I point out to the Senator from Montana [Mr. WALSH] that a while ago he said this only applies to activities above lines 21 and 22 on page 100, but I will say that in reading the amendment I believe it carries to all, including the amendments beginning on page 101. That is the point.

Mr. WAGNER. Mr. President, I will withdraw the amendment temporarily.

The PRESIDING OFFICER. The amendment of the Senator from New York is temporarily withdrawn.

Mr. COUZENS. I understand the Senator withdraws the amendment temporarily?

Mr. WAGNER. Yes; so that it may be corrected and put at the place where it should be incorporated.

Mr. COUZENS. Mr. President, while we are on this subject, I want to invite the attention of the Senate to just where we are going. A short while ago the Senate adopted the amendment proposed by the Senator from Louisiana [Mr. BROUSSARD]. I wish to draw the attention of the Senate to just what that amendment is. On page 101, line 13, before the period, it is proposed to insert a semicolon and the following:

> Except that loans may be made under the provisions of this subdivision to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law heretofore enacted; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

The Senate adopted that amendment. I contend, Mr. President, by the adoption of that amendment anything can be done of this character. There is no provision as to the amount that might be collected by tolls or charges; in fact, 1 per cent might be so collected under the provisions of the amendment and for 99 per cent reliance be placed upon taxes. My conception of this bill is that there is no provision in it—and I am not saying that there should not be one, but I am not discussing that, for the question is not now before us—and no intention that the Federal Government should rely upon taxes for the return of its investment through the Reconstruction Finance Corporation.

Mr. DILL. Mr. President, is not that a whole lot better than the provision to loan to all the public utilities in this country?

Mr. COUZENS. The Senator may be right, but I am not discussing that question. I am discussing the question of whether we are going to rely upon taxes or whether we are going to rely upon revenue. There is already a division of opinion in the Senate as to what is meant by self-liquidating corporations.

Mr. DILL. The provision as to public utilities does not even require taxes to provide for the repayment of the loans.

Mr. COUZENS. I do not want it to require taxes.

Mr. DILL. On page 100, in line 25, loans are allowed to private corporations in carrying out any of the various projects mentioned and including projects "devoted to public use."

Mr. WAGNER. Not including such projects, but only projects devoted to public use.

Mr. DILL. But certainly is not a telephone company devoted to public use? Is not a gas company devoted to public use? Is not a power company devoted to public use? Is there any public utility of this kind that can not get money under this provision? If so, I do not know of any. It is the most amazing proposition I have ever seen.

Mr. COUZENS. I may say to the Senator that these would have to be new undertakings, new projects, and what the Senator says was exactly the intention of the authors of the bill and of the Banking and Currency Committee, which reported the bill.

Mr. DILL. It proposes to allow public utilities to borrow money and spend it as they please so long as it is for public use.

Mr. PITTMAN. So long as the project is self-liquidating.

Mr. WAGNER. But, Mr. President, it must be a company which both as to its financial structure and as to its profits is under the supervision of a public regulating body.

Mr. DILL. The Senator knows that the Power Trust companies of America are under public supervision, but what does that amount to? All the telephone companies are under public supervision, but what does that amount to? The rates are kept up and have gone up all during this period of depression because of the watered stocks they have and because of the system of regulation we have.

Mr. GLENN. Mr. President, will the Senator from New York yield in order that I may ask the Senator from Michigan a question?

Mr. COUZENS. One of the Senators is absent who is interested in this matter, and I should like to suggest the absence of a quorum before we go farther into it.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

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

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

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. WAGNER. Mr. President, in view of the suggestion of the Senator from Michigan, which is well taken, I have reconstructed the amendment, and I offer it now in changed form.

The PRESIDING OFFICER. The clerk will report the amendment, as modified, to the amendment.

The LEGISLATIVE CLERK. On page 100, line 24, after the word "securities" and before the semicolon, it is proposed to insert:

Provided, however, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this act, from purchasing securities having a maturity of more than 10 years.

Mr. WAGNER. That limits that section to securities issued by public bodies, either municipalities, States, or agencies of States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York, as modified, to the amendment.

The amendment, as modified, to the amendment was agreed to.

Mr. COUZENS. Mr. President, I desire to enter a motion to reconsider the vote by which that amendment was just adopted, the motion to be taken up at the proper time when we get through with the other provisions of the bill.

Mr. WAGNER. Does the Senator refer to the amendment just adopted?

Mr. COUZENS. To the amendment just adopted.

Mr. WAGNER. Mr. President, I offer another amendment. I think the Senator from Michigan is interested in this amendment, and I want to call his attention to it. It is the so-called housing amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 100, line 24, after the word "securities" and after the semicolon, insert:

(2) To make loans to corporations formed wholly for the purpose of providing housing for families of low income, or for reconstruction of slum areas, which are regulated by State or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character.

Mr. COUZENS. Mr. President, the Banking and Currency Committee, after consideration, took out a provision somewhat of that sort. After the committee had done that, the Senator from New York and some of us got together and drafted the proposed amendments, because they are under both State and municipal authority. In other words, every act of theirs has to be approved by a governmental agency; and, in view of that, it seems to me that this is a very desirable amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York to the amendment of the committee.

The amendment to the amendment was agreed to.

AMENDMENT OF REVENUE ACT OF 1932

Mr. SMOOT. Mr. President, will the Senator from New York yield to me?

Mr. WAGNER. Yes; I yield.

Mr. SMOOT. I desire to ask unanimous consent that the bill be temporarily laid aside for the consideration of House Joint Resolution 435.

Mr. THOMAS of Oklahoma. Mr. President, before that is done, I desire to offer an amendment to this bill which will take no time and can be voted either in or out.

Mr. McNARY. Mr. President, I fail to hear what the Senator from Utah is asking.

Mr. SMOOT. Mr. President, House Joint Resolution 435 was sent over to correct provisions in the revenue bill affecting oil and gas. The wording of the act itself is such that there will be very, very little revenue collected. This is a mere correction so as to take care of the situation as it exists to-day.

Mr. DILL. Mr. President, this is going to lead to a fight, because the Senator from Nebraska [Mr. NORRIS] has an amendment regarding the tax on electricity which he proposes to offer to this joint resolution; and that means a considerable fight, I think.

Mr. SMOOT. He can offer it, of course.

Mr. DILL. It will lead to discussion here, and a lot of delay, probably.

Mr. SMOOT. I do not think it will involve any extended delay.

Mr. DILL. I just want the sponsor of the bill to know that.

Mr. WAGNER. If that is so, Mr. President, I do not think I ought to be asked to consent to laying the bill aside.

Mr. WALSH of Montana. Mr. President, I think perhaps the joint resolution ought to be read, so that we will know just what it is.

Mr. SMOOT. Mr. President, I want to say to the Senator that if this joint resolution is not passed to-day it will affect the whole structure of the revenue act as to collecting taxes upon gasoline and oil and we will lose $32,000,000. This will save the money for the Treasury.

Mr. WALSH of Montana. Let us have the joint resolution read.

Mr. McNARY. Is the Senator from Utah asking for immediate consideration?

Mr. SMOOT. Yes.

Mr. McNARY. And in the meantime he is seeking to have the unfinished business temporarily laid aside?

Mr. SMOOT. That is what I asked the Senator from New York to do.

The PRESIDING OFFICER. Is there objection to temporarily laying aside the unfinished business?

Mr. WALSH of Montana. Mr. President, reserving the right to object, I ask that the joint resolution may be read.

The PRESIDING OFFICER. The joint resolution will be read for the information of the Senate.

The joint resolution (H. J. Res. 435) to amend the revenue act of 1932 was read, as follows:

Resolved, etc., That section 617 of the revenue act of 1932 is amended by adding at the end thereof a subsection to read as follows:

"(d) There is hereby imposed on gasoline sold by the person (other than the importer thereof or a producer of gasoline)

having title to such gasoline on June 21, 1932 (if such person had title on that date to 25,000 or more gallons of gasoline), a tax of 1 cent a gallon, except that under regulations prescribed by the commissioner with the approval of the Secretary the tax shall not apply in the case of sales to a producer of gasoline."

SEC. 2. Section 601 of the revenue act of 1932 is amended by adding at the end thereof a subsection to read as follows:

"(d) There is hereby imposed upon lubricating oils sold in the United States by the person (other than the manufacturer or producer thereof) having title to such lubricating oils on June 21, 1932 (if such person had title on that date to 1,000 or more gallons of lubricating oil), a tax at the rate of 4 cents a gallon, to be paid by such person."

SEC. 3. Section 620 of the revenue act of 1932 is amended by inserting after "tube," the following: "Or lubricating oils taxable under section 601 (c) (1)."

Mr. WALSH of Montana. Mr. President, will the Senator from Utah give us a brief explanation of what this joint resolution means, and what the necessity for it is?

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. NORRIS. Has consent been given for the consideration of this joint resolution?

The PRESIDING OFFICER. It has not.

Mr. NORRIS. I do not intend myself to object to taking it up; but I desire to notify the Senator from Utah and the Chair that if it is taken up I want an opportunity to discuss it and to offer an amendment that is now on the clerk's desk. I do not want it to go through as a matter of formality.

Mr. SMOOT. I understood that, Mr. President.

Mr. WALSH of Montana. Mr. President, the Senator from Nebraska has given some consideration to this matter. Can he venture an opinion as to how long the discussion of the joint resolution will take?

Mr. NORRIS. It will take some time. I am not informed as to other Members of the Senate; but there are several, I think, who will want to be heard on it.

I will say to the Senator what the amendment is that I want to offer. In fact, I have two amendments. I do not believe one of them will take any time. There probably will be no objection to its going on, because so far there never has been any objection to it; but the one that will probably evoke some discussion is this:

I have offered an amendment by way of a new section to the joint resolution, the effect of which would be to amend the revenue act by striking out the provision that was put in the bill in conference and inserting in lieu of it the tax on electricity as it passed the Senate; so that will probably lead to some debate.

Mr. SMOOT. Mr. President, I will say to the Senator from Montana, in answer to his question, that the report which has been made on the joint resolution by the Treasury Department shows fully what it is. The report is as follows:

The joint resolution appears necessary to correct a situation that has come to our attention affecting the gasoline tax and the tax on lubricating oils. It appears that during the 15 days between the enactment of the law and its effective date a very large portion of gasoline stocks in the hands of producers will be transferred to selling and distributing companies to avoid the tax. Some of the largest producing companies have affiliated sales companies and can do this through their affiliates in the usual course of business. Other large companies, where the producing company is also the company that sells at retail, will find themselves at a serious disadvantage in competition with the companies having affiliates, unless they organize sales companies, transfer their existing stocks of gasoline, and so avoid the tax in respect to such stocks.

We are informed that the problem relates to some 60,000,000 barrels of gasoline, and that under section 617 of the revenue act, as it stands, the Treasury may lose the tax on as much as 40,000,000 barrels. This would amount to a loss of approximately $17,000,000.

Practically the same situation as outlined above appears to exist in the case of the tax imposed on lubricating oils by section 601 (c) (1) of the revenue act. The revenue looked for from the tax on lubricating oils is also threatened in another way. Upon careful study it appears likely that blenders and compounders of lubricating oils must be held to be manufacturers under the act. We are advised that there are not less than 100,000 blenders and compounders, who would consequently be permitted to buy oils for blending and compounding tax free, and there can be no doubt that there would be a great loss in revenue in being forced to collect a large part of the tax on lubricating oil from any such number of small taxpayers. The administrative difficulty of such collections is obvious. We are advised by representatives of several of the leading oil companies that through transfer of existing stocks of lubricating oil from the producer to selling affiliates, and through the evasion resulting from the ability of blenders and compounders to purchase tax free, the Treasury may lose as much as $15,000,000 of revenue that might otherwise be collected during the coming year.

To remedy the situation that exists, we submit a form of joint resolution herewith. The adoption of the proposed resolution will result in the collection of many millions of dollars which would otherwise be lost to the Treasury. It will also avoid serious discriminations within the industry which will result from the law in its present form.

In stating the Treasury's position regarding the joint resolution, it was made clear in a letter to Congressman RAINEY that the Treasury could make no recommendation which might subject the gasoline tax, the tax on lubricating oil, or any other part of the revenue act to further controversy in Congress. Accordingly we submit the matter for your consideration with the recommendation of the Treasury that it be put through if, in your judgment, this can be accomplished expeditiously.

Very truly yours,

A. A. BALLANTINE,
Acting Secretary of the Treasury.

Mr. WALSH of Montana. Mr. President, in view of the very serious nature of the joint resolution, and the prospect of the introduction of another very controversial question, we could scarcely hope to get through with this matter, it seems to me, in less than a day or two. We are making very excellent progress on the bill that is before us, and I hope we will be able to complete it to-day. In those circumstances I think I shall be obliged to object.

Mr. SMOOT. Mr. President, I beg the Senator not to object. We must get this joint resolution over to the House. It ought to be acted upon and signed to-day by the President.

Mr. WALSH of Montana. The Senator will appreciate, of course, that if we should pass this joint resolution it would be necessary that it go to the House, and quite a protracted time would be necessary in conference.

Mr. SMOOT. There is nothing in the joint resolution now which will require going to conference. Only one amendment is proposed by the Senate committee, and the House may agree to the amendment.

Mr. WALSH of Montana. It may, and it may not.

Mr. SMOOT. If it does, the joint resolution will never go to conference.

Mr. WALSH of Montana. I must object, Mr. President.

Mr. FLETCHER. Mr. President, as I understand, the revenue act goes into effect to-morrow morning.

Mr. SMOOT. To-morrow morning.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The Senator from Montana objects.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

Mr. DILL. Mr. President, on page 101, line 2, after the word "and," I move to strike out the words "similar projects."

I do that for the reason that I am satisfied that that might readily be interpreted to authorize the loaning of money to any kind of a public utility; and it seems to me that if we are going into the business of loaning money to public utilities generally, we ought to say so in direct and specific language. I do not believe the Senate wants to provide that the Reconstruction Finance Corporation shall be permitted to loan money to any public utility that may desire to construct any kind of project.

Mr. WAGNER. I have no objection to the amendment offered by the Senator from Washington.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment of the committee.

Mr. KING. Mr. President, I desire to move to strike out all of line 25, page 100, after the numeral "(2)," down to and including the word "character" on line 3, page 101.

The PRESIDING OFFICER. The Chair will state that a perfecting amendment takes precedence.

Mr. KING. I have no objection to the amendment of the Senator from Washington.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BYRNES. Mr. President, I offer a perfecting amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 101, line 13, after the word "charges," it is proposed to insert a comma and the following:

And by such other means as may be prescribed by the statutes which provide for the project.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina.

Mr. McNARY. Mr. President, I did not catch the location of that proposal.

The PRESIDING OFFICER. The amendment will be restated.

The legislative clerk restated the amendment.

Mr. McNARY. Mr. President, will the Senator from South Carolina explain the amendment briefly?

Mr. BYRNES. Mr. President, the language of the section in line 20, page 100, authorizes "aid in financing projects authorized under State or municipal law." Then on page 101, in line 13, it prescribes how the self-liquidating project shall be liquidated, and it enumerates "tolls, fees, rents," and "charges." That may or may not cover the method prescribed by the statute authorizing the project which is aided. The only purpose of this language is to make certain that if it is a self-liquidating project authorized by a statute it can be liquidated by the means provided by that statute, whether it be fees, rents, tolls, or some other word which may be contained in the statute and not contained on line 13 of page 101. If it were not authorized by the statute, it would not come under the language.

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

Mr. BYRNES. I yield.

Mr. KING. I inquire of the Senator what other source of revenue the organization or corporation contemplated would have except rents, fees, or charges?

Mr. BYRNES. I say to the Senator that the amendment is offered solely because without it there might be some doubt. With our diversity of procedure throughout the country in liquidating projects there may be some project authorized to be paid for under a State statute from fees for a while, or in some other way. If the statute should say "payments," and it should be provided that the projects be liquidated by payments being made at certain periods, this amendment would cover that, whereas if payment were not provided for by statute, the matter might not be covered. I offer the amendment simply to make the matter certain.

Mr. FLETCHER. Mr. President, I do not rise in objection to the amendment. I simply call attention to the fact that we adopted an amendment, following this very word "charges," offered by the Senator from Louisiana. The amendment now offered is to come at the same place.

The PRESIDING OFFICER. The Chair will state that the pending amendment will be inserted between the text as printed in the bill and the amendment already adopted by the Senate submitted by the Senator from Louisiana.

The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. BYRNES].

The amendment was agreed to.

Mr. BANKHEAD. Mr. President, I offer an amendment on page 101. I have submitted it to most of the sponsors of the bill, and there is no objection to it.

The PRESIDING OFFICER. The Senator from Alabama offers an amendment, which the clerk will report.

The LEGISLATIVE CLERK. On page 101, line 3, the Senator from Alabama proposes to strike out the period and to insert a semicolon and the following: "and (3) to private corporations to aid in carrying out the construction of noncompetitive projects which are self-liquidating in character."

Mr. KING. Mr. President, I would like to have an explanation. What does the Senator mean by corporations noncompetitive in character?

Mr. BANKHEAD. Corporations engaged in a noncompetitive field, such as a commercial water supply, to supply industries, and that kind of thing.

Mr. KING. As I understand it, provision is already made, in line 2, for waterworks.

Mr. BANKHEAD. That means waterworks under the control of the public, but this is to cover a case where there is no adequate supply, and there is a project to sell water to industries. It would not be a public waterworks. It might apply also to other matters, for instance, to irrigation projects. As I have said, I submitted the proposition and discussed it with the author of the substitute bill and other Senators, and there is no objection to it.

Mr. KING. Mr. President, it is obvious that the pending bill, if I understand some of the amendments which have been accepted or tendered, including the one just tendered, is to be loaded down with propositions for the funds herein provided to be used by private corporations for a multitude of enterprises. The Senator from Alabama says the amendment just offered has not met with the disapproval of the drafters of the measure, and it indicates the scope of the measure and the interpretation which is being placed upon it.

We are to build tunnels, docks, viaducts, waterworks, and, under the amendment now offered, any project noncompetitive in character. The Senator instances irrigation works, and the construction of waterworks to be used by industrial plants. If that is the interpretation to be placed upon this bill, then industries of various kinds, and in one form or another, will dip their hands into this reconstruction fund and avail themselves of loans from the Federal Treasury.

I think that subdivision 2 ought to be stricken out; and if this is the appropriate time—of course, the Senator has the right to perfect the amendment—I move to strike out subdivision 2, which would include the amendment offered by the Senator from Alabama.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BANKHEAD].

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

Mr. KING. Mr. President, I want to inquire whether the amendment offered by the Senator from Alabama has been accepted by the committee and voted into the bill. If so, I want to move to reconsider.

Mr. COUZENS. Mr. President, the amendment has not yet been adopted. I think the Senator from Alabama ought to explain it, because the particular project the Senator has in mind, as I understand it, is a gold placer-mining project in California.

Mr. BANKHEAD. That is included in it; yes; or is possible under it if the Reconstruction Finance Corporation is convinced of the feasibility of it.

Mr. DILL. Mr. President, it seems to me that it ought to name the particular kind of project, and not leave the door open to a thousand different things.

Mr. BANKHEAD. There are very few things that are noncompetitive. An industrial water supply or a private irrigation project is noncompetitive. I assumed this bill was to provide employment under self-liquidating projects.

Mr. DILL. The bill names the particular kinds of projects which can be supplied with funds. Why does not the Senator name the particular kind of project he wants covered?

Mr. BANKHEAD. I could not specify them.

Mr. McNARY. Mr. President, I again appeal to the Chair for order. I would suggest the amendment be again reported.

The PRESIDING OFFICER. The Senate will be in order, and the clerk will report the amendment.

The LEGISLATIVE CLERK. The Senator from Alabama [Mr. BANKHEAD] proposes, on page 100, line 25, to strike out the word "and," and on page 101, line 3, to strike out the period and insert a semicolon and the following: "and (3) to private corporations to aid in carrying out the construction of noncompetitive projects which are self-liquidating in character."

Mr. COUZENS. Mr. President, in view of the fact that this is public business we are doing, I think the Senator ought to give us some concrete examples of the cases intended to be covered by the amendment. The Senator from California, in connection with his amendment, described his proposal for Los Angeles, and I think the Senator from Alabama has some cases he would like to describe to us which would be covered by this amendment.

Mr. BANKHEAD. Mr. President, I explained to the Senator from Michigan what I had in mind, and for that reason he has brought it forward. I explained it to the Senator from California, and to others. I have in mind a noncompetitive project in which a citizen of my State is interested, which will employ, as he states, 3,000 men a day; and it is a question of whether he can convince the Reconstruction Finance Corporation of its feasibility, and whether or not it is a good project under the unemployment program, which I assume this bill contemplates.

I also know that in my own State there is a movement to construct an industrial water supply for the city of Birmingham. Birmingham is some 15 or 20 miles from a river. They always have a water shortage there. The Steel Corporation has had to build its own water facilities because of the insufficiency of the public water supply. There is a movement there for the construction of an industrial water supply, the water to be sold by the promoters of the plan to the industries in that section. I can imagine a number of other noncompetitive bodies where loans are not made to those in competition with each other.

The amendment has been presented in such shape that the matter is left entirely to the judgment and discretion of the Reconstruction Finance Corporation. I can not see any particular objection to going into the subject of making loans for construction work based upon the desirability of giving as much work as possible under the loans that are made. For that reason I have tendered the amendment.

Mr. COUZENS. Mr. President, it was my understanding that the bill did not contemplate taking care of private corporations which were not under some governmental regulation or supervision. The amendment we adopted a few moments ago, whereby we permitted loans to housing corporations, provided that they must be under some municipal or State regulation, but if the amendment proposed by the Senator from Alabama is adopted there is nothing which provides for Government regulation or supervision. Therefore I hope the amendment will not be agreed to.

Mr. KING. Mr. President, I have in mind a suggestion made to me some time ago by letter in which the request was made that if the reconstruction bill or some reconstruction bill were passed funds should be furnished for the purpose of installing power plants, because of the inadequacy of the present power plants to meet the needs of the public. A number of corporations requiring considerable power for mining and other purposes have been unable to obtain the power necessary for the successful operation of their plants. It was suggested that the Government under some reconstruction plan, if private corporations were to have money, should loan money so that a power plant might be installed, a coal mine opened up in order that, by the utilization of coal, electric energy would be developed to be employed in the mining activity referred to. If the amendment of the Senator from Alabama is adopted, it would open the door to all conceivable and inconceivable projects private in character. It seems to me it would be perverting the purpose for which the bill, bad as it is or good as it is, was designed. If the amendment is adopted, or others of like character, with the prejudices which I now have against the bill, I certainly shall vote against it.

Mr. LOGAN. Mr. President, I thought the bill was bad when we started with it, but it will grow worse as Senators offer amendments. I have the utmost respect for the great leaders who have worked out this plan. I think the Democrats are to be congratulated on having during this session of Congress a leader, in the senior Senator from Arkansas [Mr. ROBINSON], who has proven that he is not only a great leader but a great statesman. He has not been swayed by everything that came along trying to divert us from the path in which we should travel.

But I can not believe that a sober, calm judgment will justify the step that we propose to take in the bill. There is one thing that I will say, however. I do not know who may be responsible for the condition in which we find the country. I do not undertake to charge it up to the Republican Party, although I rather think they are responsible. It may be it is providential and that this trouble has been visited upon us because the people did evil in the sight of the Lord when they elected the Republican ticket, and that it is sent as a judgment or punishment.

But there is one thing I do know, and that is that the Democratic Party can not be charged with the present deplorable conditions which prevail in the country. We have not had control of the Government since 1920. At that time, when we turned things over to our Republican friends, people were happy and prosperous and had their money in the banks, the factories were all running, everybody had a job, and the country was what it ought to be, or at least we thought so. Then our Republican friends tried their hands at it with the result that matters did not turn out right. As I said, I do not charge it up to them. I only say that we on this side of the Chamber are not responsible for what we have confronting us at this time.

It has been my opinion, therefore, that the Democrats have no business trying to solve the situation now. I thought it should have been left to the Republicans. I believe now that the President and his leaders should submit to us a plan that they can say will get us out of the difficulties in which they have placed us, and that as Democrats we ought to support their plan. The people elected Mr. Hoover as President and the people elected Republican Members of the Senate and of the House. They were vested with a trusteeship for the people, and they ought to serve in that capacity until the term for which they were elected has expired. They have made some effort to relieve the situation. They enacted the Smoot-Hawley tariff law, which, I think, is an abomination. But I am frank to confess that the Republicans believe in a protective tariff. The distinguished senior Senator from Utah [Mr. SMOOT], who believes in a protective tariff, has been, so I understand, like the melancholy Dane. When he is in quiet places by himself he is heard to murmur, "Why didn't it work? Oh, Lord, why didn't it work?" [Laughter.]

Well, it did not work. I am frank to confess that the Republicans are absolutely sincere in their belief that a protective tariff ought to save the country. Of course, it will not do so. I think the troubles in which we find ourselves now all grow out of the theory of a protective tariff—not the

bill that we recently passed. That was but the culmination, that was but the capstone of the entire structure that we have been building for 100 years. If we had never known of artificial stimulation of the manufacturing business, the people to-day would not be congested in centers in the East and in the North, where they must starve, so it seems. If things had developed naturally, without the artificial help of the tariff, we would have had people scattered all over the country, because manufacturing establishments would have grown up where they were necessary and the farmers of the West would not be complaining that they are broke at this time, because they would not have had to support a number of transcontinental railroads by paying freight so they could get their products to the East, where the people live. But, be that as it may, that plan, which was put into effect with so much hope, has entirely failed. We have no business anywhere now, neither domestic nor foreign.

Then another thing that was tried, which was worked out very thoroughly, I understand, was the plan to relieve the farmer. That was agreed upon by the President and his leaders and was enacted into law without the dotting of an "i" or the crossing of a "t." It was going to make the products of the farm valuable, but the result has been that wheat on the world market in the last few months has been lower than it has ever been since 50 years before Columbus discovered America. [Laughter.] That is absolutely true. Cotton is lower than it has ever been in the history of the Nation. So that plan, which was carefully worked out and put forth with so much confidence by our Republican friends, has entirely failed.

I do not propose to take up the many things which have been proposed, all of which have failed, but I can say, with the firm conviction that I am speaking the truth when I say it, that the trouble has been that the Republicans or the Republican Party as represented by those now in power follow false theories of government. The country being prosperous when it was turned over to them, happy and contented, it follows naturally that if the Government had been run as it should have been run, and correct theories of government had been applied, of course it would have continued to be a happy and prosperous country. Something has gone wrong. Somebody in trying to steer the ship of state did not know how to do it. Somebody, in attempting to pilot us over the road which would lead to prosperity, has failed to work the machine as it should be manipulated with the resulting conditions which now prevail. I do not know who are responsible.

Mr. President, I can tell you what brought the trouble upon us. It is not difficult to find the causes of our present predicament. We went crazy, as it were. Everybody was living in a spirit of enthusiasm. They were out dancing around the maypole and having a hilarious time. They spent all their money. They spent it because the big Republicans told them the conditions that prevailed would continue as long as the Republican Party was in power. They themselves believed it. They are patriotic and desire good government just as much as anybody else. They believed that conditions would prevail, such as did prevail during the prosperous years, just as long as the Republicans were kept in power. They told the people that and the people spent all their money. The first thing the people knew they did not have any money. They were in exactly the same condition then that they have usually been when a panic came along, but they did not know it.

When their money was all gone there was yet something that could be used to keep times good, so the big Republicans said, "Your money is gone, but everything is going to be all right in a few days or a few weeks, so you just buy things on credit." So every man who had a washing machine or a radio or a Frigidaire or anything else of that kind to sell sold it on the instalment plan, and the next thing the people knew their credit was all gone, and they had neither money nor credit. Well, they were ready to stop there and readjust themselves, but the Republican leaders said, "This does not mean anything; we will find exactly what we want now in a few days; it has been hovering just around the corner for a long time." [Laughter.]

In Kentucky we have a very high regard for the senior Senator from Indiana [Mr. WATSON], and he is a mighty good man, and we all like him there, but I recall that when times began to look a little bad, and I did not have any money—and my credit never has been any too good—"My dear," my wife said to me, "I want you to buy a Frigidaire." I said, "I can not; I have not the money." And she read me from a newspaper a statement of the Senator from Indiana [Mr. WATSON] saying that in just a few weeks times were going to be good, and she said to me, "You ought to go ahead and do it." So I bought it, but times did not get any better.

A little later one of my sons very foolishly wanted to buy a Ford. I told him I could not afford it, but he said, "Look, the President says that times are not going to continue as they are very long; that in less than 90 days things will be booming again." So I went to the bank, borrowed the money, and bought the Ford for him.

In a few weeks more my daughter wanted a new radio. I protested, but she produced a statement from Mr. Mellon in which he assured the people that we would be happy again and prosperous and have money in the bank in a few weeks. So I bought that. [Laughter.] That is exactly the history of the entire American people. They were induced not only to spend all their money but to exhaust all their credit upon the assurance that "everything was going to be all right."

The Republicans who gave us that assurance should not be blamed too severely; they actually believe in their party and believe that nothing can go wrong when that party is in power. The distinguished Senator from Iowa [Mr. DICKINSON], when he made his speech at the so-called Republican convention the other day, said that there was not anything wrong with the country; we were still all right; and that there never has been anything wrong with it because nothing could be wrong when the Republicans were in power. [Laughter.] Well, anyway, that is what brought the trouble on us, and now we are trying to get out of it.

I will tell you what I think we are going to do if we start the plan that is proposed in this bill. I am not opposing it; I am just telling you why I am going to vote against it. If we start this plan we are appropriating money which the taxpayers of the Nation must pay sooner or later, because we have voted that we are not going to start the printing presses, and if we are not going to do that, we have nowhere to get the money except from the taxpayers. That is the only place where we can get it. This little dab of money, compared to what we need, $1,500,000,000, would furnish, oh, sufficient money, perhaps, if all the unemployed were put to work to keep them employed for at least two weeks. It might even give them employment for a month, if it were handled very well; but that is about as far as it would go. Then it will be all gone. Winter is coming on after the summer and fall shall pass, and when we meet here again in December there will be the same call for more money to be appropriated out of the Federal Treasury; and the next time I presume we will appropriate $5,000,000,000, and then that will be gone before spring, and we will be called upon to put up still more. How long, Mr. President, can we keep it up? How long can we continue taking money out of the Treasury of the United States in the effort to give men employment?

There is nobody more greatly in sympathy with those who are in distress than am I. As a matter of fact, I am one of them; that is my natural condition, and so I have become accustomed to it. I should like to see something done for them, but this is going to be a deceptive thing, if I am any judge of the facts that I have before me.

Senators talk about loaning money to the cities! Well, nobody has ever been able to do any good for the cities so far, and almost any one of our big cities could take all the money we are proposing to appropriate in this bill, and in six months' time would want that much more. We are proposing to them that they go further in debt. We are asking the cities and the States to borrow money from the General Government. How are they going to pay it back? Most of them are already as deeply in debt as they can get.

If we have to do something, I believe we had better follow the plan that Joseph followed in Egypt. It will be remembered that he went there and interpreted the dream of Pharoah, and he saw the seven fat cattle and the seven lean cattle and the seven poor ears of corn and the seven good ears, and he saw the seven lean years. Then he did that which we can not do. He had the authority from the king, and he immediately levied a tax upon the people, and he put up stores to feed the people. When the seven lean years had come he did not give them a grain of corn; he did not give them a single thing. He said to them, "I have all the corn there is in the world here in the granaries and I have built new ones out in the field and they are all full. Bring your money and I will sell to you." And they brought their money and they bought as long as they had any money. Then he did not propose to give them anything, but he said, "Bring all your livestock and your personal property; you have no money now, and I will swap my corn for your livestock." And he did that until he got all their stock. Then when they came back to him next time he said, "I am not going to give you anything; it will not be good for you; it will ruin you; it will destroy your individuality; it will destroy your ability to stand on your own legs if I give you anything, but I will tell you what I will do, I will take your land and then I will lease it back to you and I will collect an income tax from you the rest of your lives to pay for what I am now selling to you." I do not say that we ought to go that far; we ought to relieve the people if we can; but it would be infinitely better that we do nothing at all than that we establish a precedent here which through the years to come will be around our necks like a millstone.

That, however, is what we are doing when we pass this bill. It looks all right. I know that the people can be convinced that it is a great thing to put out money among them, but it is not so much money, after all, when distributed among 120,000,000 people of the United States. I believe that there ought to be some solution of the problem, but I do not know what it is.

Mr. President, we have had panics just as bad, or almost as bad, at least, as the present one. We had one in 1837. Nobody at that time talked about appropriating money out of the Federal Treasury to feed the people or to give them work. We had another panic in 1858, one of the worst we have ever had, but there was no suggestion that money be appropriated out of the Public Treasury to provide work or to provide food. Then in 1873—and we all know about that—we had another panic. Coming down to 1893, there was another panic, but at that time there was no suggestion that money be appropriated out of the Public Treasury to care for the people. Old Grover Cleveland, although he was repudiated by his party and by nearly everybody in the Nation, I believe, was a rock in a weary land, and he turned his face like flint against any such project. We need another Cleveland or we need another Andrew Jackson in the office of President. I do not know whether we are going to get him or not, but I know that we need him.

The only difference I can see between the panics of the past and the present one is that the people were not so greatly in debt in the previous ones. They are greatly in debt at this time, but we can not pay their debts by making appropriations out of the Public Treasury. We are opening a door that we can never close. We are doing something for which our children and our grandchildren will suffer. We are not dealing with the situation with that courage with which it ought to be met. I believe that we ought to say to the people that we here can do nothing for them so far as providing money or jobs is concerned; that we can only do the best we can to relieve them of burdens that are pressing heavily upon them in the way of taxes and that we can make the Government live as economically as possible. I do not know anything more that we can say to them.

If we allow the cities and the States and others in that class or any other class to look to the Federal Government for money when they need to borrow, we destroy their initiative, we destroy their individuality, and when we destroy the individuality of the citizen we soon destroy the Nation.

I am afraid that I am entirely out of harmony with nearly all of my colleagues, but I can not see as I look into the distant future any good that is to come by what we are proposing to do. I know that we will be greatly criticized if we go home without having done something to relieve unemployment, but we ought not to teach the unemployed or allow them to believe that it is our duty to provide jobs for them. Jobs must come through private industry; jobs must come because business calls for them. I do not know how we are going to relieve them. I know that when we have had such a situation in the past the country has found some way to care for itself. It will do so again; it will certainly do so now if we get it out of the minds of the public that Congress can care for everybody in the Nation; but so long as they entertain that belief they are not going to try to solve their own difficulties.

I regret that I can not think of anything that will do them any good. I know, however, that every time we appropriate money out of the Treasury it has to be paid back by the people. I know that is so. I know that we can not start the printing presses to print money and thus pay the obligations of the Nation. It would be an easy way to settle our entire difficulties if we could do so. I know that we are appropriating an immense sum of money at this session of Congress. It will probably be the greatest sum that has ever been appropriated in peace times. I know the revenues are falling; that we will do well if we collect next year two and one-half billion dollars in revenue, while our appropriations will probably reach six and one-half billion dollars; and on top of that it is proposed that we add this other burden to the people who at some time must pay it.

I can not make up my mind that I would be justified, as much as I would desire to do so, in casting a vote that I believe would be contrary to every sound principle of government. I wish I could agree with those who believe that the plan now proposed will bring relief. I hope it may bring relief, because I think the bill is going to be passed, and I hope that benefits may flow from what we do, but my humble judgment is—and it is my deliberate judgment—that, so far as relief of unemployment is concerned, it will hardly do any good at all, and that after we have passed the bill and after the money has been distributed reports will still continue to come in showing that unemployment is increasing.

It has only been a brief time ago when some of us thought we were going to help the people by placing more money in circulation, and so Congress appropriated something over $2,000,000,000 so that the veterans could borrow on their adjusted-service certificates. They did borrow, as I understand, around $2,000,000,000. Everybody said it would make times good. They said, "It is bound to make times good." But did it? As honestly as I have ever spoken anything in my life, I say that so far as I am concerned—and I tried to observe what was going on—it did not even make a ripple. I saw not the slightest improvement in business conditions by reason of the distribution of that vast sum of money.

If we appropriate this money, the contractors will work a little longer; a few additional men will be given employment, but no great number; and then the bill is unjust because it is discriminatory.

What are you going to do with the ladies—the old ladies and the young ladies who have been working in banks and in stores and in other places—and who are now out of jobs? They can not go out and build roads and build locks and dams and post offices and things of that kind. What are you going to do with the millions of men who have worked in offices and stores and inside jobs—"white-collar" jobs, if you please? They do not know how to do anything else, and they are the most helpless people on earth when they are out of a job. They can not get any benefit at all from this bill.

So there are a few only that may be benefited; but the net result will be that those who have sponsored this legis-

lation will be in the same boat with the splendid statesman from Utah [Mr. SMOOT] when he passed his tariff bill. They will be going about in quiet places and murmuring to themselves "Well, why didn't it work? I wonder why it didn't work." It will not work, because it is unsound. It is not the way to relieve the situation.

Mr. TYDINGS. Mr. President, I am shortly going to offer an amendment to the Reconstruction Finance Corporation unemployment relief bill. I ask unanimous consent that I may have it printed in the RECORD, so that Senators may have a chance to read it if the bill is not acted upon by to-morrow.

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

Mr. TYDINGS. I also ask that the amendment may lie upon the table.

Mr. TYDINGS's amendment is as follows:

Amendment intended to be proposed by Mr. TYDINGS to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, viz: Strike out all after the enacting clause and insert in lieu thereof the following:

"That there is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury as hereinafter provided. For the purpose of providing funds to carry out the provisions of this act the Secretary of the Treasury is authorized and directed to borrow on the credit of the United States a sum not to exceed $1,500,000,000 and to issue bonds therefor to be known as emergency construction bonds in such form as he may prescribe. Such bonds shall be in denominations of not less than $50, shall mature in not less than 10 years from the date of their issue, as hereinafter provided, and shall bear interest, payable semiannually, at such rate as may be fixed by the Secretary of the Treasury, but not to exceed 4¼ per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt both as to principal and interest from all taxation (except estate and inheritance taxes and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

"(b) Such bonds shall be offered at not less than par as a popular loan under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commission shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

"(c) In issuing the said bonds for said loan the Secretary of the Treasury shall issue certificates, according to what is known as the serial annuity plan, and each series as issued shall be lettered, beginning with the letter "A," and so on down the alphabet until the entire amount of $1,500,000,000 shall have been issued, so that the entire principal shall be redeemable as follows:

"Series A, $150,000,000, 1 year from date of issue; Series B, $150,000,000, 2 years from date of issue; Series C, $150,000,000, 3 years from date of issue; Series D, $150,000,000, 4 years from date of issue; Series E, $150,000,000, 5 years from the date of issue; Series F, $150,000,000, 6 years from date of issue; Series G, $150,000,000, 7 years from date of issue; Series H, $150,000,000, 8 years from date of issue; Series I, $150,000,000, 9 years from date of issue; and Series J, $150,000,000, 10 years from date of issue.

"(d) As soon after the passage of this act as may be practicable the Secretary of the Treasury shall cause said bonds to be prepared and shall advertise them for sale in such manner as he may prescribe: *Provided, however*, That in the event all of said bonds are not sold promptly upon said offering by the Secretary of the Treasury he shall again offer the bonds remaining unsold at the next earliest practicable date and make such adjustment with the purchasers of said bonds as to interest as the difference between the date of said bonds and the time of purchase shall make necessary.

"(e) Said bond issue shall bear a date to be fixed by the Secretary of the Treasury and not longer than 60 days after the passage of this act.

"SEC. 2. (a) Notwithstanding the provisions and limitations of the national prohibition act, as amended and supplemented, it shall hereafter be lawful to manufacture, sell, transport, furnish, and possess without obtaining permits therefor (except such permits as may be required under the internal revenue laws or regulations made pursuant thereto), beer or other similar fermented liquor containing 2.75 per cent or less of alcohol by weight, but no such beer or other liquor may be sold, transported, or furnished except in bottles of pint or half-pint capacity. The provisions and limitations of section 37 of Title II of such act, as amended and supplemented, shall apply to the manufacture of such beer or other similar liquor; except that where there is developed in such manufacture beer or other similar fermented liquor containing more than 2.75 per cent of alcohol by weight, such liquor may be withdrawn from the factory or otherwise disposed of upon the reduction of the alcoholic content thereof to 2.75 per cent by weight, or less.

"(b) There shall be levied, collected, and paid on all beer and other similar fermented liquor containing one-half of 1 per cent by volume, or more, of alcohol, brewed or manufactured and hereafter sold, or removed for consumption or sale, within the United States, by whatever name such liquor may be called, in lieu of all other internal-revenue taxes imposed thereon, a tax at the rate of 24 cents per gallon, to be collected under the provisions of existing law; except that (1) such tax shall be paid by means of stamps to be affixed to each bottle and canceled or destroyed under rules and regulations prescribed by the Secretary of the Treasury; and (2) the provisions of existing law prohibiting the bottling of fermented liquors on brewery premises shall not apply to beer or other similar fermented liquor manufactured under the provisions of this section.

"SEC. 3. All taxes levied in the preceding section shall be paid into the Treasury of the United States, and the first $150,000,000 per annum so received, plus an amount equal to such interest as may be due on the bond issue hereinbefore referred to, shall be kept in a special fund for the purpose of the payment of interest due and of redeeming said bonds in accordance with said serial plan hereinbefore provided, and any amount over and above the amount required for said redemption and interest shall be paid into the Treasury of the United States as miscellaneous receipts.

"SEC. 4. (a) The emergency construction fund shall be used for the purpose of providing for the emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931. The following amounts are hereby appropriated from such fund: To the Treasury Department, $33,949,950; to the Veterans' Administration, $20,232,000; to the Inland Waterways Corporation, $815,000; to the Office of Public Buildings and Public Parks, $1,250,000; to the State Department, $1,453,520; to the Navy Department, $25,109,000; to the municipal government of the District of Columbia, $3,535,400; for the construction of roads, bridges, and tunnels, $1,000,000,000; for rivers and harbors improvements and flood-control projects, $300,000,000; for reforestation, $10,000,000; and for planting of trees along improved highways, $5,000,000. All amounts available for highways, bridges, and tunnels shall be apportioned by the Secretary of Agriculture among the several States in the manner provided by section 21 of the Federal highway act, as amended, and shall be available for expenditure on highway projects approved by the Secretary of Agriculture in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of such act, except that no part of such amounts apportioned to any State need be matched by the State.

"(b) The amounts so appropriated shall, so far as practicable, be expended on authorized construction projects covered by the report of the Federal Employment Stabilization Board transmitted to the Senate January 25, 1932, pursuant to Senate Resolution No. 127, Seventy-second Congress, first session, agreed to January 7, 1932, and shall be made available at such times and in such amounts as may be necessary to complete such projects at the earliest practicable date. In the event that an appropriation has theretofore been made for any such project the amount thereof shall be covered into the Treasury as miscellaneous receipts. All amounts appropriated for reforestation and for planting trees along improved highways shall be expended under the supervision of the Chief of the Forestry Service.

"SEC. 5. In the employment of labor in connection with any project provided for in this act, preference shall be given to ex-service men with dependents.

"SEC. 6. This act may be cited as the 'emergency construction act of 1932.'

"Amend the title so as to read: 'An act to provide for the emergency construction of certain public works.'"

REPEAL OF EIGHTEENTH AMENDMENT

Mr. BORAH obtained the floor.

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

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. 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	Capper	Fletcher	Hull
Bankhead	Caraway	Frazier	Johnson
Barbour	Carey	George	Jones
Barkley	Cohen	Glass	Kean
Bingham	Connally	Glenn	Kendrick
Black	Coolidge	Goldsborough	King
Blaine	Copeland	Gore	La Follette
Borah	Costigan	Hale	Lewis
Bratton	Couzens	Harrison	Logan
Brookhart	Dale	Hastings	Long
Broussard	Davis	Hawes	McGill
Bulkley	Dickinson	Hayden	McKellar
Bulow	Dill	Hebert	McNary
Byrnes	Fess	Howell	Metcalf

Morrison	Reed	Steiwer	Wagner
Moses	Robinson, Ark.	Stephens	Walcott
Neely	Robinson, Ind.	Thomas, Idaho	Walsh, Mass.
Norbeck	Schall	Thomas, Okla.	Walsh, Mont.
Norris	Sheppard	Townsend	Watson
Oddie	Shipstead	Trammell	Wheeler
Patterson	Shortridge	Tydings	White
Pittman	Smoot	Vandenberg	

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

Mr. BORAH. Mr. President, I desire to submit some observations relative to the plank in the platform adopted at Chicago which deals with the eighteenth amendment. I had intended to refer to some other declarations found in the platform, but upon reflection it seems unnecessary to do so.

It is clear to me that the Republican campaign will not be fought around or upon the singular document which came from that convention. Long before the strenuous October days arrive, the realities of the campaign, the persistent questioning of the voters, the increasing demands of the situation, will cause this platform to be shoved aside as wholly inadequate and wholly unresponsive to the necessities and demands of the people. No one will carry this document before a people weary with nearly three years of economic disaster and still fighting a losing fight against constantly increasing taxes, mounting debts, and falling prices. The platforms upon which the campaign will be fought will not come out of Chicago or out of conventions. They will be written out yonder in the open, with millions of voters looking on and making unmistakable suggestions—written in the light of inexorable realities which of themselves will instruct us in wisdom and inspire us with courage.

Therefore, without questioning anybody's sincerity or challenging anybody's patriotism or stopping to analyze the platform itself, I choose to leave aside a document which, with the exception of one plank, fell dead at the feet of the American people, eliciting scarcely a favorable comment from the party press, and arousing not the slightest concern or attention from the public generally.

The plank to which I propose to address my remarks today particularly is that which deals with the eighteenth amendment.

In discussing this plank, it is important to understand the views of personnel of the convention itself.

It is perfectly clear to anyone who has made an investigation that a great majority of the members of that convention were for repeal of the eighteenth amendment—for naked repeal. Something like 500 voted for repeal, and when we take out the 204 delegates who came from Democratic States—that is, States which will send no electors to the Electoral College for a Republican President, States which will send no Republican Representatives or Senators here to shape legislation or proposed amendments to the Constitution—when we remove those from the list, we have an overwhelming majority for repeal of the eighteenth amendment. Of the Republican States there was a clear majority for repeal without any conditions attached.

In addition to that, there were three hundred and some-odd Federal officials in the convention, and many of those must be counted as having voted as they did, not because of their convictions, but because of what they deemed necessary as a matter of political expediency.

In saying that I do not wish to be understood as being unnecessarily harsh. What I desire to be understood as saying is that there were those who were willing to yield their views as to how the eighteenth amendment should be dealt with in order to formulate a platform which would best serve the party during the coming campaign.

As an illustration of that, the two gentlemen who had most to do with shaping this particular plank in the platform were two members of the Cabinet, both of whom, I have understood, were for repeal. Mr. Brown, the Postmaster General, as I understand, has been an advocate of repeal. Mr. Mills, the Secretary of the Treasury, who perhaps had more to do with it than anyone else, has been for years an advocate of repeal of the eighteenth amendment.

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

Mr. BORAH. I prefer not to be interrupted unless I have said something which the Senator wishes to correct.

Mr. FESS. I think the Senator does not want to say that Mr. Brown has been for repeal. He has been opposed to it.

Mr. BORAH. Mr. President, I will leave that with the Senator. I had a talk with Mr. Brown a month ago. I do not wish to urge my view, and I withdraw my statement if the Senator says I am mistaken.

Mr. FESS. Does the Senator say that Mr. Brown was in favor of repeal?

Mr. BORAH. Yes. If the Senator says that is not so, I will withdraw Mr. Brown's name.

Mr. FESS. He has stated all along to me that repeal would mean chaos, and that he was against it.

Mr. BORAH. I will show in a few minutes that Mr. Brown was for repeal in the convention, by showing that the platform is a repeal platform. I will permit the matter to stand solely on his attitude toward repeal as it is revealed by the platform. I do not feel that there is any doubt about the position of Mr. Mills. Mr. Mills declared in 1926 that the eighteenth amendment was a thing of scorn and contempt to millions of patriotic Americans, and that its remaining in the Constitution was not a matter about which there could be any compromise.

Mr. Mills, who had most to do with the shaping of this plank in the platform, as I am informed, as well as being a very prominent factor with reference to other matters, has, as I understand, been in favor of repeal of the eighteenth amendment. So I say that when we take those who voted for the repeal of the eighteenth amendment, and subtract, then, those who do not represent Republican States, and take those who supported the plank whom we know to be in favor of repeal, it must be clear to anyone that the convention was overwhelmingly for the repeal of the eighteenth amendment. That is a fact which we must accept as a fact. If the voice heard in that convention was the true Republican voice, if the convention spoke the sentiments of the Republican Party, then the Republican Party is for the repeal of the eighteenth amendment.

The question then arises, if that is true, Why did they not declare for open, naked repeal of the eighteenth amendment? In my opinion it is perfectly clear and perfectly just to say that many of those who voted for the plank as it was adopted, as it finally became a part of the platform, did so to a large extent as a matter of sheer political expediency. It was deemed unwise in this campaign to declare openly for repeal, notwithstanding the fact that many who voted for the plank believed in that proposition. It was not thought that it was wise, as party maneuvering, to declare openly for taking the eighteenth amendment out of the Constitution. The plank was written in this vague, contradictory way not because those who wrote it were incompetent to express themselves, but because they were seeking to please two classes of voters. As a result we have a plank which has been condemned the country over for insincerity, for contradictory and unworkable pledges.

I call attention to that for the reason that no one should misunderstand the situation for a moment; that if the convention expressed the view of the Republican Party, the party is for the repeal of the eighteenth amendment, and just as soon as the campaign is over, the reasons for placing that plank in the platform will have disappeared, and the party, in my judgment, will stand unmistakably for the repeal of the eighteenth amendment.

Mr. President, I contend that this platform has one definite proposition in it, and that is the repeal of the eighteenth amendment. It may be vague, obscure, and contradictory with reference to other matters, but the proposition of the repeal of the eighteenth amendment is unmistakably incorporated in that platform.

First, the eighteenth amendment prohibits the manufacture, sale, and transportation of intoxicating liquors throughout the United States. The proposed substitute would permit the manufacture and sale and transportation of liquor throughout the United States. The heart of the eighteenth amendment is the prohibition of the manufacture and sale

of intoxicating liquor. The heart of the substitute is permitting the manufacture and sale of intoxicating liquor. Therefore I say that if the program were workable and could be carried out as it is incorporated in the plank of the platform, it would nevertheless result in the complete repeal of the eighteenth amendment. Repeal is the basis upon which the whole program in the plank rests.

Secondly, the eighteenth amendment prohibits action upon the part of a State; in other words, the eighteenth amendment declares a national policy, by which all the States are bound. The substitute would permit 48 different systems in the United States, if the States desired it. The eighteenth amendment having taken away from the States the power to declare their own policy, the substitute would restore to the States the power to declare their own policy. So, having permitted the sale and manufacture of intoxicating liquor, and having referred the matter back to the States to deal with it as they see fit, there would be absolutely nothing left of the eighteenth amendment. If you permit the manufacture and sale, which the substitute would permit, if you allow the States to determine each its own policy, as the substitute would, the eighteenth amendment is as effectively repealed as if an amendment to the Constitution were proposed as follows, "the eighteenth amendment is hereby repealed."

Third, the eighteenth amendment establishes a uniform, unified policy with reference to prohibition throughout the United States. The substitute, so called, would permit each State to have its own system, its own plan, and its own policy. I ask, What is there left of the eighteenth amendment after you permit the manufacture and sale of intoxicating liquor throughout the United States, after you permit each State to have its own policy, after you break up the national policy and divide it into as many policies as there are States which may desire to announce policies? I say, interpret it as you may, the very basic principle of the eighteenth amendment would be removed, and removed by the substitute proposed in the platform. I say, therefore, Mr. President, that there can be no doubt that this platform is for the repeal of the eighteenth amendment. It never could have gone through the convention if it had not been.

There are only two planks in this platform which need to be read. The rest of it is a statement of propositions which nobody will dispute, which in all probability the Democrats will incorporate in their own platform at Chicago.

> We, therefore, believe that the people should have an opportunity to pass upon a proposed amendment, the provision of which, while retaining in the Federal Government the power to preserve the gains already made in dealing with the evils inherent in the liquor traffic, shall allow States to deal with the problem as their citizens may determine.

There is nothing left of the eighteenth amendment after that happens. The affirmative principle of it is gone. It is unworkable, except upon the basis of repeal and the doing away with the eighteenth amendment.

> Subject always to the power of the Federal Government to protect those States where prohibition may exist and safeguard our citizens everywhere from the return of the saloon.

Those two propositions I will come to in a few moments.

My first contention, therefore, is that the plank provides for absolute repeal of the eighteenth amendment. If that is not true, if it is contended that technically the eighteenth amendment is not to be repealed, then what is to happen?

Mr. John J. Raskob some time ago proposed what is known as the "Raskob plan." Under that plan the eighteenth amendment was to remain, but each State was to vote itself out from under the eighteenth amendment when it saw fit to do so. The only alternative to the proposition which I have been urging, that this plank provides for the repeal of the eighteenth amendment, would be that technically the eighteenth amendment should remain, and under the Raskob system each State could vote itself out when it saw fit to do so.

I do not think that is the construction which any Republican would contend should be placed upon the platform. I do not think it is the fair construction to be placed upon the platform, but I do contend that it is the only alternative to absolute repeal of the eighteenth amendment.

To my mind, the Raskob plan, or this plan, if it incorporates the Raskob plan, is nothing but legalized secession. It would destroy the uniformity of the Constitution throughout the United States. It would permit us to have a Constitution applying to one part of the country and not applying to another. It is a constitutional monstrosity, and I can not believe that anybody intended that the eighteenth amendment should remain, but that the States should vote themselves out from under the Constitution of the United States whenever they saw fit to do so. But that is the only alternative in my judgment.

Mr. President, now we come to the other proposition, which is very important; that is, the protection of the dry States contemplated, if there are to be dry States. It is my opinion; yes, it is my conviction that the eighteenth amendment would never have been proposed, much less ratified by the States, had it not been for the open, brazen, persistent, corrupt defiance of the laws of the dry States by the liquor interests outside of the dry States. When the eighteenth amendment was adopted, we had 33 States which had prohibition in some form. The people in those States had determined for themselves how they should deal with the matter. They had passed their laws, in many instances by popular vote; they had determined their policies and enacted laws in pursuance of those policies. But were those laws respected? Was the popular will respected? Was the principle of home rule respected? Was State control respected? No.

These States were invaded, the laws evaded and broken up, their officials corrupted by the liquor interests outside of the dry States. The very heart of the fight for prohibition was for the protection of the dry States. For 40 years the fight had gone on for protection of the dry States and 40 years the liquor interests had fought against home rule. The question is, What does the platform assure us in regard to that? The platform provides:

> Subject always to the power of the Federal Government to protect those States where prohibition may exist.

The questions are, What does that mean? How are the States to be protected? I am informed—I may be in error, but it came from a member of the committee—that the view of the committee was that when the eighteenth amendment was out of the way the Webb-Kenyon Act would come back into operation, and that under the Webb-Kenyon Act the States would have sufficient protection to protect them against the invasion of the liquor interests outside of the States. It is subject to that construction. I do not know whether that is the construction which will ultimately be placed upon it or not.

The Webb-Kenyon Act is, in my judgment, very slight protection, indeed, to the dry States. In the first place, the Webb-Kenyon Act was declared unconstitutional by the Attorney General of the United States. It was vetoed by the President of the United States because it was believed to be unconstitutional. Mr. Root declared that it was unconstitutional. Senator George Sutherland, now a member of the Supreme Court of the United States, declared it was unconstitutional. The Supreme Court finally held that it was constitutional, but by a divided court. If we are relegated to protection under the Webb-Kenyon Act, we have an act of Congress subject to repeal at any time, of doubtful constitutionality, and ineffective at its best. The Supreme Court decided, in effect, that while one could not ship liquor into the States under the Webb-Kenyon Act, it could be shipped across a State; and it never gets across. So, as a practical proposition, aside from the doubtful constitutionality of it, it is a slender reed, indeed, and little hope may be entertained if the dry States are to be turned over to the tender mercies of the liquor interests, protected by no other instrumentality than the Webb-Kenyon law.

Of course, Mr. President, the advocates of repeal—and I doubt not that will be the argument in this campaign—contend that carrying out this plank would be restoring local self-government, that we would be turning the question back to the people in the individual States. What I desire to say is that we have never had local self-government, we

have never had home rule, we have never had State control, with reference to the liquor problem, except in name. The most successful and the most persistent foe of these vital principles of government have been those who were engaged in the liquor business. They have at all times trampled upon and disregarded those principles when they came in contact or in conflict with their interests. The very forces, the very influences which are now talking to us about the restoration of local self-government were the influences which were breaking down those principles of government.

Mr. President, when it is said that they will protect the States, they are under obligation to the people of the United States to say how, they are under obligation to be specific, they are under obligation to state definitely in order to enable the American people to know whether we are going to be thrown back on the old system where the other States are powerless to protect themselves against the raids of outside interests in the liquor traffic. There is nothing here but a generality which may be construed into nothing and I venture to say that the American people will not be satisfied until they have something specific as to how the dry States are to be protected. When we get to something specific, it will be found to be the most difficult thing in the world to provide for.

Mr. President, let us consider for a moment the clause with reference to the saloon. What does this plank in the platform say?

> But subject always to the power of the Federal Government to protect those States where prohibition may exist and safeguard our citizens everywhere from the return of the saloon and attendant abuses.

Now, what will be the situation when we start in to protect the people against the saloon? In the first place, we will have restored liquor to the position of a commodity which may be legally sold. The sale of intoxicating liquor is provided for in the substitute. I ask, How are we going to control the method and mode of sale after we once concede that the sale may take place? There is not sufficient power or influence in the Government of the United States to control the method by which men shall dispose of it once we grant them the legal right to dispose of it. We could not put enough men into New York City or Chicago to control the method of drinking it or where they could drink it or how they could drink it after we make it legal that it can be sold. It is all right in theory; it would be utterly impracticable in practice. After months of effort to devise some plan by which to prevent the return of the saloon, my judgment is that once the States are given the right to manufacture and sell, the National Government will be utterly powerless to control the method of sale.

Not only that, Mr. President, we have not only made it legal but we have turned it over to the States. The States may dispose of it in the manner which best suits the citizens of the State. Having permitted liquor to be sold, having established the legal right to sell it, and having turned it over to the States, how can the National Government control the method in which it shall be sold? In the first place, no one could draw an amendment to the Constitution which upon paper would do so. In the second place, if we had it upon paper, we never could execute it. Once we restore liquor to the avenues of legal trade that men may manufacture it, that they may sell it, that they may transport it, then the National Government has surrendered its power to control it. There is only one way to control it after that, and that is by the people of the respective States.

Of course all are opposed to the saloon. This institution, with its record of crime and disorder, has no defender. The enemy of good government and of clean politics, the rendezvous for every crime with which society has to contend, the nursery of those stupid, slimy vices which degrade and destroy the souls of men, it is by common condemnation rejected by both those who stand for and those who stand against the eighteenth amendment. Any plan to be proposed to the American people for the control of the liquor traffic should, in the interest of good government and of good citizenship, close every avenue against its return to American life. It would be a betrayal of the manhood and womanhood of our country to leave a chance, the slightest chance, for its return. But I ask again, Where are the specifications? How are we going to do it? How will we execute the will of the National Government? Once the sale is admitted there is no possible way by which the National Government can control the method, manner, and place of its being sold.

What is a saloon? A saloon, in legal contemplation, is a place where intoxicating liquors are retailed and drunk. The State might say, "This place where we have authorized liquor to be sold and drunk is not a saloon." The National Government would say, "We think it is a saloon." Then the State might modify its position to some extent and the National Government would be powerless. The place where it was retailed and where it was to be drunk would still be a saloon for all practical purposes. If we admit the selling, we must admit that they have a right to have a place where it is to be sold and drunk.

Mr. President, I come to the last paragraph in the platform:

> Such an amendment should be promptly submitted to the States by Congress.

"Such an amendment"—what amendment? An amendment which retains all the virtues of the eighteenth amendment? An amendment which discards all the vices of the eighteenth amendment? An amendment which protects all the benefits of the eighteenth amendment? An amendment which discards all the evils of the eighteenth amendment? Will somebody draw that amendment? Will somebody suggest a rule or a principle by which it can be drawn? Are there 10 men who would agree upon the benefits and the losses under the eighteenth amendment? It is a generality. It may have its place in the campaign, but when you and I, Mr. President, come to formulate that amendment here it will be utterly no guide whatever.

> Submitted promptly to the States by the Congress to be acted upon by State conventions called for the sole purpose in accordance with the provisions of Article V of the Constitution and adequately safeguarded so as to be truly representative.

What is to be safeguarded? These conventions? Can the National Government safeguard these conventions? Has the National Government a word in the world to say about these conventions? We may say that such an amendment shall be ratified by conventions, but after we have said that ratification shall be by legislature or by convention, then the State controls absolutely the set-up and the machinery by which the convention is to be called and the delegates selected. It has been said that this was designed to insure a more equitable distribution of delegates from the rural part of the country and the urban part of the country. I do not know what the purpose was, but I venture to say that it is utterly beyond the power of the National Government to have anything whatever to do with the organization and the machinery of the convention which are to ratify this amendment.

Now, Mr. President, just a word about the proposal that such an amendment should be promptly submitted to the States by Congress. Speaking for myself, Mr. President, whether I shall vote for resubmission at all or not, when I shall vote for it, how I shall vote, or what substitute I shall require, I reserve absolutely for myself. I do not think that any self-respecting Senator would permit a political convention to tell him how he should amend the Constitution of the United States, an instrument under which not partisans are to live but 120,000,000 people, regardless of parties, are to live. How I shall vote and under what circumstances I shall vote belongs exclusively to me under my oath, and I openly and avowedly reject this provision of the platform and say now that I shall not be bound by it for a single moment. I shall treat it as it deserves to be treated, as an offensive effort to bind a Senator wherein he must be bound alone by his own oath, his own judgment, his own conscience.

Mr. President, I think the most striking feature of this plank is the proposition that we can not detect from any reading or any study of it where the Republican Party

stands on this question. We can not detect whether it thinks the eighteenth amendment was wise or unwise. We can not detect whether it thinks the people would be benefited or injured by its repeal. We can not determine any guide whatever from it for the American people in voting in this campaign. It is thrown out, and there is no suggestion as to whether it was wise to have it or unwise to have it, whether it would be wise to keep it or wise to let it go. This proposition, look at it as we may, engages the hearts and minds of 120,000,000 people. If the Republican Party assumes jurisdiction to undertake to speak upon the question, it should have thrown out a guide to the people of the United States as to what they should do in the coming campaign.

Mr. President, it is now proposed that we again legalize the sale of intoxicating liquor. It is proposed that this great evil shall be made a thing of profit, that out of it men shall gather wealth. That means, as it always has meant, that the home, the family, the education of the child, the physical and moral welfare of the community must contend against the combined appetite for drink and the appetite for gain. One shudders to look upon the poverty, the misery, the broken lives, and ruined homes in that unspeakable hell where man is permitted to commercialize for profit the most insatiable habit with which human frailty has to contend.

In the light of this proposal and in contemplation of all that the proposal means, I ask: What is the program for the future? I ask that those who propose such a program be specific, definite, certain. What restraints are to be drawn about those who shall go forth to make profits out of this business? I insist upon details.

Mr. President, there is a piece of political history far back in the annals of this country which seems to me worthy of our attention just now. It will be remembered that the Democratic Party and the Whig Party, after debating slavery from day to day, from year to year, and from decade to decade, came to the conclusion they would settle it all by resolutions in a political convention. In the language of Stephen A. Douglas, they were not to care whether slavery was voted up or voted down. Both parties met in Baltimore and the platforms were practically identical on the slavery question. They both declared that the slavery question had been settled, that there was no longer occasion to agitate it, and that loyal party members should cease to agitate it. They even went so far—and in this respect the Chicago convention seems to follow them again—as to indicate that those who went contrary to the party platform would be disloyal to the party. When Douglas went home from Baltimore he is said to have declared that he never again would make a speech upon the slavery question—and bless his brave soul, he never made any other kind as long as he lived.

Immediately after this position was taken by the two parties, things began to change politically in the United States, a political revolution started on its way. The great leader of the Whig Party, Mr. Webster, broken-hearted and disappointed, went down to Marshfield to die. The Whig Party soon perished out of sheer political cowardice—of moral inanition. The Democratic Party in a few years went into retirement, bankrupt in principles and in leadership, and it remained in retirement for 40 years. Shortly thereafter there came out of the prairies of Illinois onto the political arena a strange figure who declared that it did make a difference whether slavery was voted up or voted down, who declared that there was a moral purpose in the people of the United States, which could not be killed by resolutions in a political convention. In other words, no question was ever settled until it was settled right.

In conclusion, it is my judgment that you can not settle this question by adopting resolutions in a political convention. You can not stop agitation. The people will decide this question regardless of party and party lines. There are a vast number of people in the United States who do care, and care deeply, about this question. It will have to go back to the people and the people will find a way to determine it without the aid or guidance of political platforms.

Mr. HASTINGS obtained the floor.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Illinois?

Mr. HASTINGS. For what purpose?

Mr. LEWIS. I desire to address the Senate. I do not desire to ask the Senator a question. Did the Senator take the floor for the purpose of addressing the Senate?

Mr. HASTINGS. Mr. President, I desire to make a few observations in reply to the address of the Senator from Idaho [Mr. BORAH]. I have listened with great interest to the observations of the Senator from Idaho upon this one plank in the platform of the Republican Party. I am greatly disappointed that he or anybody else should have any doubt as to what it means. I expected, of course, some person on the Democratic side and some Democrats in the country to state that it was difficult to understand, but I felt sure that at least the Senator from Idaho would know exactly what was meant by it.

Mr. President, all of us are interested in this question and have been so for many years. The eighteenth amendment and the subject of repealing it, I have insisted for several years, ought not to be a partisan political question, but ought to be decided by the people of the country. I have maintained that if the amendment was to be taken out of the Constitution, it ought to be taken out by the same method by which it was put into the Constitution. I still insist, notwithstanding this platform, that it ought not to be a partisan question except upon one condition—I can conceive of it being a partisan question if it be insisted, on the one hand, that there be a straight repeal of the eighteenth amendment, and, on the other hand, that there be a modification of the eighteenth amendment. In other words, a clear repeal of the eighteenth amendment means that the Federal Government gives up all effort to control the subject; a modification such as is proposed in this platform contemplates that the Federal Government shall still have some control of the subject. Those two questions might very well be political questions if one of the great parties should take one side and one the other; but I say that the Republican Party in its platform positively and definitely places itself on the side of being against the repeal and leaves the Federal Government in a position where it will by some method undertake to control the liquor traffic. That is vastly different from a straight repeal of the eighteenth amendment.

I do not think the majority of the convention was in favor of a repeal at all. I think the Senator from Idaho is not correct when he says that Secretary Mills was for repeal. It may be that he will be able to go back and find——

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Idaho?

Mr. HASTINGS. I yield.

Mr. BORAH. I did not say that Mr. Mills was for repeal in the convention; I said that he was for this other proposition; but that he had, as I understand, been in favor of repeal for six years.

Mr. HASTINGS. And I think it may be said that many people have changed their minds with respect to this subject with every week-end, perhaps. It is a question on which people change their minds very quickly, and what one has said at one time may not be what he thinks a few days later [laughter]; but I insist that by this platform, whether it be perfectly clear or not, the Republican Party endeavored to do one of two things in particular. It endeavored to prevent the subject being remitted to the States without any control left in the hands of the Federal Government. That I submit could be easily done by an amendment which would specifically provide what constitutes a saloon, if you please. The object of the particular plank in the platform was to give to the States absolute control of the subject, except on one condition, namely, that a State should not be authorized to open and conduct a saloon within its borders.

I realize, of course, that the Senator is correct in saying that it would be difficult for the Federal Government to go to the State of New York and to say that no saloon shall be opened in that State; I agree with that contention; but we would not have to go that far. I think it must now be

admitted that it is impossible for the Federal Government to fully carry out the provisions of the existing Federal statute and the eighteenth amendment with respect to the sale of intoxicating liquor in the city of New York or in any other great city. But there is this difference with respect to it: If there be an amendment to the Federal Constitution which permits the State of New York to manufacture and sell intoxicating liquor but provides that it shall not be permitted to sell except in sealed packages, the contents not to be drunk on the premises—which would be my definition of a saloon—then I say if the State of New York should undertake to authorize any person in the city of New York or elsewhere in the State of New York to sell contrary to that amendment to the Constitution, the Federal Government could by injunction prevent the sale by any such method. Of course, I do not mean that it could not be done secretly, but I mean that such an amendment to the Federal Constitution would make impossible the sale legally in the State of New York of any intoxicating liquors by the saloon method.

Now, I say also that if the Republican Party and the Democratic Party combined—and anything definite which may be done has undoubtedly got to be done by a combination of the two—through the Federal Government can so hold onto this subject as to prevent the sale through the saloon method in any State of this Union, I say that that alone warrants us in going to the trouble of amending the Constitution.

I do not want to be understood as saying that I am personally for modifying the eighteenth amendment at all. I propose, as does the Senator from Idaho, to wait my turn, and, when that proposal shall come to the Senate seriously, to consider it and to say what shall be done with it; but I have no objection, and I am perfectly willing that the Republican Party shall stand as being willing to submit—what? Not the repeal of the eighteenth amendment, but to submit a modified amendment which it may be believed by the American people or by three-fourths of the people of the Nation to be an improvement over that which we now have.

What the Republican Party has undertaken to do by this plan—and that is all we are undertaking to do, and it is being done by the Republican Party, as it will be done by the Democratic Party because of public opinion—is to make an effort to improve the present condition. It is a thing I suppose which the parties are obliged to consider, notwithstanding the fact that I think no amendment to the Federal Constitution has ever been proposed by either of the great political parties of this Nation as a partisan question. It has always been done in some other way. As I have said before, this amendment can not be changed; it can not be repealed; it can not be modified without the aid and the assistance of the very people who urged that the eighteenth amendment be adopted and are responsible for putting it into effect; but it seems to me, with conditions as they now are, it will be perfectly possible to convince the people who helped put the eighteenth amendment over that, after all, in view of the conditions, in view of the impossibility of enforcing the present law, it may be possible to frame some other amendment that will give to the States which insist upon selling liquor legally or illegally an opportunity to do as they please, provided they shall not sell through the saloon method, and at the same time improve conditions there and everywhere.

I do not think the conclusion can be drawn from this platform that all the Republican Party expects to do is to maintain on the statute books the Webb-Kenyon Act in order to protect the dry States. It does not say that at all. What it intends to do is to do what it can to protect the dry States. I admit that it will be difficult, of course; it will be difficult if not almost impossible; but it is impossible now, and being impossible now, if we can construct some other plan, if we can adopt some other amendment which will improve conditions, why should we not have an opportunity, and why should the people complain when the Republican Party has answered this great demand that some effort be made to improve the conditions?

That, Mr. President, I think is a sufficient answer to what the distinguished Senator from Idaho has said in the way of criticism of the platform.

Mr. BORAH. Mr. President, will the Senator permit me to ask him a question?

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Idaho?

Mr. HASTINGS. I yield.

Mr. BORAH. The Senator will agree with me, will he not, when a proposed substitute permits the manufacture, sale, and transportation of liquor throughout the Nation that it is a repeal of the eighteenth amendment?

Mr. HASTINGS. If it did just that and nothing more, that would be true, of course.

Mr. BORAH. Even if we went so far as to preclude the return of the saloon, still if we admitted the manufacture and sale in some way, however it might be sold, that would be a repeal of the eighteenth amendment, because now it can not be sold at all, under the eighteenth amendment.

Mr. HASTINGS. It is not a repeal of the eighteenth amendment if there be left in it any of the things that the eighteenth amendment has in it.

Mr. BORAH. But the platform plank has not left in anything that the eighteenth amendment has in it. All the eighteenth amendment has in it is the prohibition of the manufacture, sale, and transportation of liquor in the United States.

Mr. HASTINGS. That is true.

Mr. BORAH. If by a substitute there is permitted the manufacture, sale, and transportation of liquor in the United States that is a repeal, is it not?

Mr. HASTINGS. I do not propose to do any such thing, and the Republican Party does not make any such proposal. The Republican Party proposes that where a State and where the citizens of a State insist that they want to do so they may manufacture, transport, and sell in that State, provided they do not do it by the saloon method.

Mr. BORAH. Exactly; and that by itself is a repeal of the eighteenth amendment, because now no State can do that thing.

Mr. HASTINGS. To that extent, of course.

Mr. BORAH. The Senator misunderstands my question. I say that the eighteenth amendment prohibits the manufacture and sale without regard to how intoxicating liquor may be sold.

Mr. HASTINGS. That is true.

Mr. BORAH. Then, if it be desired to sell intoxicating liquors, even if it is not permitted to sell them anywhere except in a house, that is a repeal of the eighteenth amendment, is it not?

Mr. HASTINGS. So far as it affects that particular State. [Laughter.]

Mr. BORAH. But when we adopt an amendment to the Constitution of the United States as a substitute for the eighteenth amendment which permits any State to have any system it wants, that is a repeal of the eighteenth amendment, is it not?

Mr. HASTINGS. No. If it were a repeal of the eighteenth amendment I would not go to the trouble to do anything except to say "repeal." If it is necessary for me to do something else other than the short method, that is not repeal. It is very different from repeal, is it not?

Mr. BORAH. No; but the Senator is not doing anything else which is prohibited by the Constitution. The Senator is only proposing to say that liquor shall not be sold in a saloon.

Mr. HASTINGS. That is very different from what the conditions were before the eighteenth amendment was adopted.

Mr. BORAH. Yes, it is different; but if it is permitted to be sold anywhere in any way, in parlors or anywhere else, that is a repeal of the eighteenth amendment.

Mr. HASTINGS. It is a modification. I can not say that it is a repeal, and surely the Senator from Idaho does not insist that it is a repeal.

Mr. BORAH. Oh, yes, I do.

Mr. HASTINGS. It is a modification.

Mr. BORAH. No; it is not a modification. [Laughter.] It is not a modification, if the able Senator will permit me to say so, for the reason that the sole thing in the eighteenth amendment is the prohibition of the manufacture, sale, and transportation. Now, what the Senator proposes to do is to permit all those things to be done, to manufacture liquor, to sell it, and to transport it—it is proposed to permit all those things to be done. True, the Senator says that the sale shall not take place in a saloon, but it may take place in what are called "parlors," such as they have in Canada—and it would be hard for one to know the difference between such a parlor and a saloon. He says that it may not be sold in a saloon, but still it may be sold. That is a repeal of the eighteenth amendment, because the eighteenth amendment says it may never be sold under any circumstances.

Mr. HASTINGS. I do not quite understand the Senator.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Illinois?

Mr. LEWIS. I thought the Senator had concluded. I desire to address the Senate.

Mr. HASTINGS. I will be through in just a moment.

Mr. COUZENS. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Michigan?

Mr. HASTINGS. Yes; I will be glad to answer the Senator if I can.

Mr. COUZENS. Does the Senator subscribe to that part of the party platform which refers to party government and in the concluding paragraph says?—

> We earnestly request that Republicans through the Union demand that their representatives in the Congress pledge themselves to these principles, to the end that the insidious influences of party disintegration may not undermine the very foundations of the Republic.

I was rather astonished to see two of my colleagues on the Republican side already breaking that party pledge. [Laughter.]

Mr. HASTINGS. Mr. President, I might say, in answer to the question of the Senator, that I sat in the resolutions committee from 5 o'clock in the afternoon until 7.30 the next morning, and I would not have an opportunity here to answer all the questions that might be asked me as to what occurred during that time. Therefore, I do not think I care to answer the Senator's question.

Mr. COUZENS. Then, the Senator does not care to answer whether he subscribes to that part of the platform?

Mr. HASTINGS. I subscribe to the Republican platform always, regardless of what it says. [Laughter.]

Mr. COUZENS. I am sorry.

Mr. BORAH. Mr. President, may I ask the Senator a question?

Mr. HASTINGS. I yield.

Mr. BORAH. I believe the Senator and I will agree upon one proposition. In the last sentence of the last paragraph of this platform it says, speaking of the conventions—

> And adequately safeguarded so as to be truly representative.

Does the Senator agree with me that the States alone may determine how these conventions may be organized and the delegates selected?

Mr. HASTINGS. I do.

Mr. President, in that connection I will say that I think this method that the people of the country seem to think is so important now, in order that they may ascertain whether or not the States approve of the proposal for an amendment to the Federal Constitution—namely, that it shall be done by conventions—is a perfectly new proposal; and they have an entirely false idea about what is necessary before that method shall bring about the necessary amendment. My own judgment is that in order to set up a convention method there must be legislative action on the part of the States; and I do not see why the persons who propose an amendment to the Federal Constitution should insist that it shall be done in a way that is new to the history of the Nation. We know only one plan; that is, by a joint resolution passed by two-thirds of the Congress and approved by three-fourths of the legislatures of the States; but the popular idea during the last several years is that it shall be done through conventions.

I argued against that. I think that is a wrong way to do it; but the majority of the delegates believed that was the proper way to do it. I think it is wrong because I think the proponents of the amendment will have greater difficulty in getting it done. In the first place, it is necessary for them to go before their legislatures to set up the necessary machinery; and if the legislatures be controlled by persons who do not want the Federal amendment made, it is perfectly possible for them to prevent any machinery at all being set up, and thereby perfectly possible to prevent any conventions being called. It is insisted upon the other side that the Congress may do that, and may set up all this machinery. I do not believe it is possible to do it in that way.

Now, Mr. President, just one other thing.

Mr. MORRISON. Mr. President——

The PRESIDING OFFICER (Mr. CAREY in the chair). Does the Senator from Delaware yield to the Senator from North Carolina?

Mr. HASTINGS. I do.

Mr. MORRISON. Under the platform of the Republican Party adopted at Chicago, the amendment to be submitted could provide for the sale of whisky by private parties, could it not? It would not be confined to sale by the State, but might allow, in the State so desiring, sale by private contract?

Mr. HASTINGS. The platform distinctly provides that it may be done in the way in which the people of that State want it done, except that it shall not be done by the saloon method.

Mr. MORRISON. I ask the Senator if he realizes that that goes far beyond the late candidate for President of the Democratic Party, Governor Smith, as announced by him as his personal platform, and that your party trounced him throughout this country for favoring it. He said that he would never favor the submission of an amendment which would allow the sale of whisky by any private agency.

Mr. HASTINGS. I may say to the Senator, in reply, that when this platform was being framed it was not done with the idea that Governor Smith was to run on that particular platform. [Laughter.]

Mr. MORRISON. I understand that; but you did understand, did you not, that the man who beat Smith four years ago, upon a drier platform of his own than Smith advocated, was going to run on it now; and that he was elected President of the United States largely because the President now, the Republican candidate then, and the Republican Party stirred this country and took from the Democratic Party millions of votes for Mr. Hoover because he opposed even an amendment that allowed the States, as States, to put up dispensaries and sell whisky?

Mr. HASTINGS. I am in favor of pretty nearly any kind of a Republican platform that will make certain that we can carry North Carolina for the Republican ticket. [Laughter.]

Mr. MORRISON. And that is exactly what you did. Now the President who carried it is running upon a worse liquor platform than Al Smith, as they call him, ran upon.

Would the Senator mind my reading into the RECORD—it is very brief—Governor Smith's utterance? It will take but a minute.

Mr. HASTINGS. I think I do not care to have that done. I do not want to mix up my speech with Governor Smith's [laughter], if the Senator will be good enough to let me finish.

The PRESIDENT pro tempore. The Senator from Delaware declines to yield further.

Mr. MORRISON. I did not understand that he declined to yield further, but to yield for that purpose.

Mr. HASTINGS. What else does the Senator want to ask me?

Mr. MORRISON. I just wanted to ask the Senator this question——

Mr. HASTINGS. I hope the Senator is not undertaking to embarrass me in any way.

Mr. MORRISON. To embarrass the Senator? I am quite sure that I could not do that. [Laughter.] I am trying to embarrass his party for having carried my State on a dry platform four years ago, and now repudiating it under the same leadership, and wanting to carry it next time with a wetter platform than Governor Smith's personal platform, upon which he ran for President.

Mr. HASTINGS. Mr. President, if the Senator embarrasses my party, he embarrasses me.

I was about to conclude. I wanted to say something with respect to the complaint that the platform is not specific.

I think it will be conceded that upon this kind of a question—which, after all, must be left to the Congress, and upon which two-thirds of the Congress must agree—it would not be a wise thing for a party platform to undertake to give particular and specific proposals. I think there are great principles involved, and all that could be expected would be that those principles should be established by the party. I repeat that the Republican Party established the principle that it is perfectly willing to submit to the people the question whether or not the eighteenth amendment shall be so modified as to permit the people in particular States to control the liquor traffic, subject, however, to the exception that they shall not do it by the saloon method.

There is a principle involved in that. There may be on the part of the Democrats the proposal of a straight repeal of the eighteenth amendment. If there be, there is a principle established. It will not be necessary to go into specific questions as to how it shall be done or what shall be done. It would be a great mistake to do that. When the Republican Party goes forth showing the principle adopted, it is all that could be expected in a political platform.

Mr. LEWIS. Mr. President, this debate at this particular time touches me in a manner that I confess is rather personal.

I helped prepare—indeed, to write—the platform of the Democracy of the State of Illinois almost three years ago, laying down the theory of returning to the States the right by legislation to direct what shall be any regulations touching food, drink, church, or schools, to the extent that the law should attempt to dominate either of these.

I now remind the Senate that the distinguished Senator from Idaho [Mr. BORAH] in his manner, quite unparalleled in its efficiency and eloquence, all throughout this Nation did much with his great weight and power to make possible the election of the present President of the United States, favoring national prohibition and opposed the Democracy upon the theory that the Democracy represented repeal of the eighteenth amendment, this being designated by the Senator as nullification. The distinguished Senator was able to convince the State of North Carolina, the State of Tennessee, and similar localities of doubtful politics by his dominant eloquence and power that the present gentleman, now President, was for the eighteenth amendment in its complete fulfillment, also that we, who at the time were opposing the application of it in the oppressive method and corrupt manner in which it was being inaugurated and enforced, were nullifiers of the Constitution.

These States in which the Senator held forth in such power elected the President by following the direction of Senator BORAH.

I should like to ask my able friend from Idaho, since he then supported the candidate who is now President Hoover on the theory that he was the supporter of the eighteenth amendment and opposed the Democratic candidate on the ground that he was a nullifier of the Constitution, how stands he now? Since he has discovered that the platform of the Republican Party now works the nullification of the Constitution and disposes of the eighteenth amendment and practically removes the Federal Constitution from the people by surrendering it to the States, I ask my able friend the Senator from Idaho will he now support President Hoover as the advocate of the eighteenth amendment or does he support him as the nullifier of the Constitution?

Mr. BORAH. Is the Senator putting that question to me?

Mr. LEWIS. I should be pleased to have such response as the Senator cares to give me.

Mr. BORAH. I understood that the Senator asked whether I would support the President of the United States on this platform.

Mr. LEWIS. I did.

Mr. BORAH. I will not.

Mr. LEWIS. The answer is specific; but what one would be expected from so eminent a statesman and from the millions of others who will follow him?

Now, Mr. President, the question which breaks upon me is, knowing my eminent friend from Idaho to be very capable in anticipation and in the philosophy of politics in his party, does he expect the President to change, by any expression of his own, what he will propose as the real meaning of this platform in its assault on the Constitution and by this shift allure the Senator from Idaho to his support?

Since my eminent friend from Idaho says he will not support the President on this platform, I ask, then, what position will my eminent friend take to the whole Republican Party and to its issue? For if on this he can not find, according to his conscience, as a supporter of the Constitution, the right within himself for the justification of the support of the President on this provision, are there any other provisions in this platform upon which he can support him as a Republican?

And now, Mr. President, I demand the consideration of the thought before my eminent friend and his colleagues, I submit to the country the theory with a query: If the President of the United States four years ago could submit to the American people a doctrine upon which he could secure his election by the representation of being the supporter of one phase of the Constitution, and now, four years afterward, consent to its being decimated, strangled, defamed, and destroyed, what are the American people to hope for in any promise for the future? What other provision in this platform has any security to the American mind that it likewise will not be surrendered, defaced, and defamed at any time, whenever the political opportunity suggests success, by adopting any method of trick or deception that the eminent Senator from Idaho is compelled both to decry and to condemn here as a Republican who had been so long a supporter of the President?

Mr. President, the trouble with the present day in the United States is that these eminent gentlemen who are called Republican leaders have put upon this Nation the curse of such hypocrisy, and the general pollution by their deceit of their promises from one point to another. Through these devices they allure the American public at one time, and deceive them at another. Behold that in every promise of relief of the miseries and persecutions of our humble people until the American public have gotten to a point now where they feel there is no trust to be placed in public officials anywhere. They have no hope to repose in an administration in Washington. They regard the President as a shifty politician, gliding from place to place to wherever he is ordered by the combination that is his commander. In the language of present-day sports, every run is entered upon to land him upon a base. The President is both the actor and victim of the machinists of malefaction in Republican politics.

Mr. President, this question of prohibition takes on something different from the mere matter of differences between eminent gentlemen of the Republican Party as to the matter of whisky as a mere intoxicating drink. That is but one phase. This I submit, if the great American public can be deceived by the trick of the convention in a platform of such mazes and confusions that eminent scholars of the Constitution, and great leaders of the party, such as the distinguished Senator from Idaho, can not make from it any kind of meaning to submit to the American public,

The phraseology involves such strategy of confusion and such mixture of deception that it is impossible for an American to know whether the issue is a question of the State against the Constitution or the Constitution against the State. Or is it one where the inquiring citizen shall take his consolation in beverage?

Mr. President, the great question of this day is, Will any of the political parties be faithful to the people of the United States in their need—in answer to their call? Will the Congress come to the rescue of their condition of agony and distress? Will we give give them remedy for the wrongs they are enduring? Sirs, they cry out. Will they continue to be baffled and tricked by those who call themselves Republicans on the one hand, constitutionalists on the other? Have we come to the point that we confess that we are willing to be subdued by the forms of deception and the hypocrisy which have been practiced for four years upon this country? For let it not be forgotten, every theory the President of the United States put forth in the beginning as being the principle upon which he stood then has from time to time been abandoned or denounced. Then his eminent leaders on the floor here have found it agreeable to glide from place to place in seeking some refuge or some excuse in the matters of the proposed relief of the great people who are in distress and misery. Sirs, listen to the cry of those who are seeking to be rescued from hunger, who are shuddering upon the public streets in degrading hunger. Their hands are held out for charity, they are held up as mendicants in the richest country in the world, because of the combinations and confusions practiced by the Republican master statesmen indorsed by the White House, all shown in their method by the eminent Senator from Idaho, who has just spoken upon one phase of this great national wrong upon the country and the land of our home. Deception, hypocrisy, and treason to the trust of the people.

Mr. President, whether the Democratic Party shall take one position or another as to the matter of prohibition does not concern me very much at this moment. I may be pardoned for saying that I was the first in the United States to open this fight on the present basis of platform proposal. It was my fight on the principle in the State of Illinois in the spring of 1930. I am complimented by the correspondence of the Hon. Dwight Morrow, of New Jersey, who, as candidate of his party, sent to me for a copy of my platform. He took the platform as written for Illinois, together with an explanation and addresses, as his direct platform for New Jersey for the Republicans, and without the change of even the punctuation. I think I am complimented by the adoption of the doctrine for New Jersey, and in the result of victory there I find vindication.

Now, I wish to say this: I proclaim now that I defy the Republican Party to execute the purpose that is clearly before my eyes. I defy the Democratic Party to try the same trick and be successful. That is, to bring the mere matter of whisky before the American public in the national election and to engage its whole attention. Sirs, the question of what is called prohibition or antiprohibition as now jutted in the Republican platform is for the purpose of disguising the real position they occupy upon the questions of the day on which rest the fate and lives of millions of helpless sufferers and which now hold in the balance the destiny of the Republic.

I want something more than that these great political parties shall open this war in the sham contest. I deny the privilege of the single and sole question of a little more or less to drink. We shall not confuse the citizens with the idea at this time that the great question before the world and America is, Which shall dominate in matters of temperance or public morals, the State or the Nation? Not by my consent will this trick on the part of these Republican masters, or those of the Democracy that my eminent friend from Idaho described—whether led by Chairman Raskob or any other man—succeed without my protest. I will present my position in protest now.

The great question of to-day, sir, is to relieve this land of the miseries under which it endures; it is to give food to the hungry, to give shelter to the homeless, it is to give employment to the unemployed, to give hope to those who are hopeless. To give some future promise to the Republic that will raise it to the respect of its citizens; that will lift it before the world to the place it once occupied in admiration and praise, while we restore it to that respect which it did enjoy before a present administration of trickery and trumpery removed it from its elevation. Behold it now before the world, the sneer and scorn; at home its own people weep over its fate as something helpless in its relief and shameful in its practices.

Therefore, Mr. President, I insist that while it may be true that the platform of the Republicans literally complies with the scriptural malediction, "A covenant with death and a league with hell," we Democrats still have hope that in the other convention that will soon follow there will be expression that will make promise and give assurance to the great mass of our countrymen that they will not be deserted in their condition of helplessness, and they will not be left to wander throughout the United States of America in the tears of their agony, in the pains of their misfortune.

We, the Democracy, propose to America that this essential thrust on the part of our honorable opponents called the prohibition plank for the purpose is inserted to divert the mind of the public from the artfulness of political crime put upon America, in which her money has been stolen from her banks and her depositors and investors through insidious trickery of the financiers; added to this infamy is employment denied to industries by the manipulation of the monopolists of commerce.

The independence of the citizen has been denied him by the powerful persecutors who, with sinister power, have persecuted him to his helplessness. Senators, the time has come when it shall be known now that there are those in both political parties who, while working out this problem upon the basis of a just morality and a rightful consideration of local self-government, will demand that the parties go forward to the country and say fairly and justly what is their intention as to the relief of the misery the country is enduring. They shall state what steps they will take to remove the hardships from America. They must reveal what refuge they will afford for the rescue of the United States from the dishonor under which she now rests. They must answer by what method relief will be assured to those who to-day are cherishing the dream that somewhere amidst America will be found the American heart that can restore them again to their independence as men and their faith in their country.

The hour is ripe now when the citizens of America shall know who are their friends. The hour is ripe when our countrymen will know to whom they can turn for rescue, and the day demands that if the Republic is to be rescued from the contempt of the world and restored to the confidence of its mankind there shall be some truth and honor put forth in the platforms of the Republican Party, of the Democratic Party, and of those who call themselves political parties looking to the restoration of honor to the Government and justice to the citizens. Here in this revelation we will have the fulfillment of the true meaning of the Constitution—equality and justice. Sirs, American manhood calls out that there be truth before mankind written by these masters of a great Republic—in both platforms of the political parties—and these shall be held responsible by those who are the true citizens of the country, guided by their conscience under God.

Mr. HARRISON. Mr. President, as a document of some historic value in the coming campaign and in the future, I ask unanimous consent to have inserted in the RECORD an interview given by Dr. Nicholas Murray Butler on the plank of the Republican Party touching prohibition.

The PRESIDENT pro tempore. Is there objection?

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

[From the New York Times, June 19, 1932]

DOCTOR BUTLER'S CALL TO REPUDIATE HOOVER'S DRY-WET PLANK

(The following copyrighted interview with Dr. Nicholas Murray Butler, president of Columbia University, by Forrest Davis, appeared yesterday in the World-Telegram.)

Dr. Nicholas Murray Butler, fresh from the defeat by White House patronage of the repeal movement at Chicago, predicted to-day that the Republican Party will "go over the dam" in November unless State conventions in wet, industrialized New England and the Middle Atlantic States repudiate the wet-dry prohibition plank.

Granted such official disavowals—unprecedented in the history of the Grand Old Party—President Hoover may, in the opinion of the sage of Morningside Heights, convinced repealist, liberal, and internationalist, have a sporting chance of reelection. Otherwise not.

Moreover, Doctor Butler intends to lead actively a crusade calculated to bring about repudiation by States.

In one of his rare interviews Doctor Butler to-day recapitulated for the World-Telegram his views on the Chicago convention, the repeal fight, the caliber of presidential candidates, and the autumnal political prospects generally. Temperately, yet in graphic, colloquial idioms, now sitting at his desk and now energetically pacing the floor of the book-lined library in the Columbia University president's mansion at 60 Morningside Drive, Doctor Butler exhaustively analyzed the situation.

He regards the prohibition plank—"every word of which was passed upon by the President"—as a "political blunder of the first magnitude." It committed the Republican Party, as Doctor Butler sees it, to "indirect acceptance and indorsement of nation-wide prohibition under Federal control."

The administration steam roller, piloted by Ogden L. Mills, Secretary of the Treasury, and a host of Federal officeholders, provided the "most shocking" exhibition of patronage control of a convention since 1872, when Ulysses S. Grant won his second nomination, according to the veteran educator.

Doctor Butler sternly condemned the use of the patronage whip to steer the convention, 700 of whose delegates, he contends, were for repeal, into indorsement of a plank which he terms the "worst proposal," with one exception, ever offered to remedy the liquor-reform dilemma.

"I was told," he said, "that 6 Cabinet members were at the convention, that 37 of the 97 delegates from New York and upward of 400 of the convention's membership were officeholders.

"This is repugnant to Republican traditions. In 1904 Roosevelt declared against the election of Federal officeholders as delegates. And in 1924, in February, Mr. Coolidge gave a statement to the press deploring the sending of postmasters and other officeholders to the convention which nominated him. But this year the postmasters actually were whipped up by the Post Office Department, as we saw by that scandalous incident in Missouri."

He referred to a bald appeal uttered in behalf of Mr. Hoover's candidacy by an Assistant Postmaster General at a convention of postmasters in Missouri.

Doctor Butler reviewed the process by means of which the administration leaders switched delegates and delegations from repeal to the Hoover plank. His plank, embodied in the Bingham minority report, would have won had the convention "been let alone."

"We had 610 assured votes on Monday night," he said. "Estimates that we could muster 700 votes were made. In any event, we had a majority. And then the administration leaders, taking orders from Washington, got busy. They knew we had them beaten; that the convention, if uninfluenced by the White House, would go for repeal.

"They made inroads in Pennsylvania and Ohio and some in Massachusetts. They were successful in southern delegations, where the delegates are readily reached by patronage considerations. Mississippi's delegation held out, but elsewhere they changed votes materially. In effect, they said: 'We expect to be in power, dispensing patronage for another four years. What jobs can these repeal fellows hand you?' It worked.

"I saw an interesting analysis in a Cleveland newspaper, which showed that, eliminating the southern delegations, we had a majority. One of the most gratifying incidents was the fact that we had 5 of the 13 votes from Maine, the pioneer prohibition State."

The New York delegation voted on Tuesday night 4 to 1 for repeal. Doctor Butler believes that proportion represents the Republican line-up in this State. However, the delegates voting for the administration plank included Secretary Mills, Secretary of State Henry L. Stimson, Assistant Secretary of the Treasury Seymour Lowman, and other officeholders—some sincerely wet.

Doctor Butler suspects that millions of nominal Republicans are prepared to desert the Hoover ticket on the prohibition issue.

"I have been deluged, at Chicago and since I reached home, with telegrams from all over the country, from men and women alike, the general tenor of which is: 'We're through. No matter what the Democrats can do, it can't possibly be as bad as what the Republicans have done.'"

Declining to specify his own intentions in November, Doctor Butler did not close the door on a personal bolt to the Democratic nominee provided the prohibition plank of that party is honest.

The Democrats, he observed, have a virtual monopoly of presidential timber. It is their duty to submerge "private" feuds and nominate their wisest man.

Alfred E. Smith is "the best public servant this country has produced since Theodore Roosevelt—broad-gauged, honest, and highly capable." Owen D. Young is "a natural-born statesman, with a broad, calm, unprejudiced vision." Newton D. Baker, with a "wide political experience in Ohio and Washington, has a very fine mind and a very great gift of speech and appeal." Gov. Albert C. Ritchie is "a cultivated gentleman and a scholar." Melvin A. Traylor, Chicago banker, "has a fine position in Chicago and his native State, Kentucky, and has an international point of view." Senator CORDELL HULL, of Tennessee, is an able leader whose recent speeches on the tariff recalled the "great debating days in the Senate."

A wealth of material he finds in the Democratic party and a dearth in his own. He and the venerable Elihu Root discussed that point a couple of years ago.

"What has happened to our party?" Mr. Root, in a speculative humor, inquired. "Twenty-five years ago we had all the talent. Now the Democrats have it all."

He did not refer to Gov. Franklin D. Roosevelt, leading Democratic candidate in point of pledged delegates. He refused to discuss the governor when the omission was pointed out.

"Franklin and I are friends; his father and mother and my father and mother were friends. He is the governor of our State and I prefer not to discuss him in this category," said Doctor Butler.

"The great trouble," he said, "is that the Democrats have an almost incredible habit of running their train off the track just as it gets near the station.

"I should hope that, with this crisis in the history of the world, they will realize that this is no time to be playing the ordinary political game and they will give us a man of outstanding character and outstanding intelligence. The American people are entitled to the best they have, and the party leaders ought to sink minor and small considerations to that end."

Doctor Butler dealt severely with the Republican prohibition plank, which he asserted he would not accept "under any circumstances, as it offends all my principles and violates every tradition of the Republican party."

The plank, he said, was "sired by Muddlehead out of Cowardice."

"Instead of having got out of the prohibition muddle we are deeper in than ever. The only redeeming feature is that there is no possible chance of it being adopted by the people."

He took the plank up section by section.

"With the exception of the plank the Secretary of Agriculture took to the Missouri State convention, this is the worst proposal yet made by anybody," he said. "It starts out with a perfectly banal pledge for law enforcement.

"That means, if it means anything, an indorsement of 'lawless law enforcement.' The language is that of the New York Court of Appeals. It means an indorsement of what Holmes called this 'dirty business' in the notorious wire-tapping case.

"Then we are told that inasmuch as the repeal question divides people, it should not be a partisan question. How about slavery, how about the tariff, woman suffrage, the gold standard, and all the other controversial issues which historically we have fought over?

"In section 8, which is the nub, the plank denies the people the one thing they wanted most, a chance to vote on repeal.

"For the first time in history and in violation of every Republican tradition the party is put in the position of accepting Federal prohibition. We didn't do that in 1928. We are assured that there have been 'gains' under prohibition, that the eighteenth amendment is a 'step forward.' And we have indirect acceptance and indorsement of nation-wide prohibition under Federal control.

"But the plank does not stop there. It goes a step further and passes over the concurrent jurisdiction clause which the Supreme Court has largely nullified. It would send the Federal Government into States, whether prohibition or antiprohibition, to protect the citizens, presumably from themselves."

"That," said Doctor Butler with great emphasis, "is a new grant of Federal power in terms so vague and indefinite that they might lead to anything."

He illustrated his point, raising the hypothetical case of a dispute over the definition of the word "saloon."

"What is a saloon? Is it a Raines's law hotel, a pharmacy, a restaurant? Suppose a State says it isn't any of these things. Suppose the Federal Government makes a contrary definition."

"The Government then would say, 'We are going to protect you in Chicago, New Orleans, and Milwaukee against your inability to tell what a saloon is.'"

However, Doctor Butler found another source of consolation in his doubt that anyone could write a constitutional amendment embodying the plank's terms.

"I shall await the phrasing of that amendment with pleasure," he said.

"The trouble with the prohibitionists and those who shy away from repeal is that they are so wrapped up in thoughts about liquor that they can not see that the real question is one of government.

"What they set out to accomplish at Chicago was to prevent a vote by the people on repeal. They accomplished it. The only mention of the word 'repeal' in the plank is in that part where they deny the people the right to vote on it."

Doctor Butler, continuing his candid comments on the proceedings in Chicago, asserted he had been told that the plank was written by Mr. Mills, Ray Benjamin, of San Francisco, known as Mr. Hoover's "Colonel House"; E. A. Van Valkenberg, of Philadelphia, and Charles F. Scott, of Iola, Kans.

"But every word was passed by the White House," he added.

Doctor Butler's only hopeful outlook is that the State conventions in New York, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, Maryland, and elsewhere will repudiate the national convention's prohibition utterance this fall. That would be revolutionary, he conceded, but he hopes to see it brought about. He is cutting short his annual visit abroad, on which he sails next Tuesday, in order to return within a month for the fight.

He had hoped, he disclosed, that the Republican and Democratic conventions would adopt similar repeal planks. "In that case," he said, "the repealists would have gone to Congress and asked forthwith for legislation enabling the States to call conventions at which the people might express their will on one issue only—whether to retain or delete the eighteenth amendment from the Constitution.

"We might then have got at this business next year. The Republican action slows us up materially."

He denies that any further sanction, constitutional or statutory, is needed to empower the Federal Government to deal with the liquor problem.

"The eighteenth amendment anesthetized all the Federal and State laws passed theretofore," he said, "but when the anesthesia is withdrawn from the patient he will have 31 States with their own prohibitory laws. We will have the Webb-Kenyon Act, or can have it within 30 minutes, affecting interstate shipments into dry territory; we will have all the decisions of the courts protecting dry areas from liquor invasion. We do not need another amendment to grant powers already in full force and effect."

Doctor Butler views the unwillingness of the White House and congressional leaders to tap legalized wine and beer as a source of revenue with sentiments approaching disgust.

"Here is Congress," he said, "looking all over for money and with the greatest difficulty finding $980,000,000 in excise and nuisance taxes when they could collect, by the lowest estimate, $1,500,000,000 in beverage revenues from the 17 wet States.

"It just beats my understanding; and especially in view of the fact that the national convention, unhampered, was for repeal.

"There would be a tax cheerfully paid."

Doctor Butler sees as an added worry to the Republican campaign managers a disposition on the part of the people this year "to turn out whoever is in."

"Because of that," he said, "a great many gentlemen in the Senate and the House also will be strewing the ground with their remains this fall."

Doctor Butler, who heartily disputes the notion that this country and the world will recover automatically from the depresssion, believes the reason the paramount economic issues were not ventilated at Chicago is that the convention was "nonplussed by the gravity and magnitude of the country's plight."

Secondly, he said, the delegates had "no penetrating analysis of the situation to guide them."

The educator is called abroad each summer by the demands of his duties as head of the Carnegie Peace Foundation. He goes reluctantly this year, regretting the absence of his devoted friends, former Foreign Minister Stresemann and Foreign Minister Briand.

WAR VETERANS' TERM INSURANCE

Mr. GEORGE. Mr. President, out of order I submit a report (No. 845) on the bill (H. R. 8173) to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination, and I ask unanimous consent for the immediate consideration of the bill. I may say for the information of the Senate that the bill, which has passed the House and which has the unanimous approval of the Finance Committee, simply extends the time for the further extension of the 5-year level premium life insurance policies issued by the Government to the veterans, for another like period of five years, upon the payment, of course, of the premium at the attained age and without examination. It also permits a reinstatement of the 5-year term insurance held by a veteran which has lapsed if the lapse occurred within five months of the passage of this bill.

Mr. ROBINSON of Arkansas. Mr. President, I believe the Senator stated that the report is unanimous?

Mr. GEORGE. It is a unanimous report.

Mr. WALSH of Massachusetts. Mr. President, is this the House bill, may I ask the Senator from Georgia?

Mr. GEORGE. Yes; it is.

Mr. WALSH of Massachusetts. There have been several similar bills considered by the Finance Committee, and I hope the bill will be favorably acted upon.

Mr. McKELLAR. Mr. President, may I ask the Senator from Georgia if this is the so-called Cooper bill?

Mr. GEORGE. Yes; it was introduced by Representative COOPER of Tennessee.

Mr. McKELLAR. I have no objection, but am very much in favor of the bill.

Mr. CONNALLY. Mr. President, I understand this measure which the Senator wants to take up relates to World War veterans' insurance?

Mr. GEORGE. Yes.

Mr. CONNALLY. I hope the Senator is able to get the bill favorably considered.

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

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

Be it enacted, etc., That the first paragraph of section 301 of the World War veterans' act, 1924, as amended (U. S. C., Supp. V, title 38, sec. 512), is hereby amended by adding the following proviso at the end thereof: "*Provided further*, That at the expiration of the 5-year period a 5-year level premium term policy may be renewed for a second 5-year period at the premium rate for the attained age without medical examination; and in case the 5-year period of any such policy has expired prior to and within five months of the date of the enactment of this amendatory proviso and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions upon payment of the back premiums within five months after such date of enactment; and the Administrator of Veterans' Affairs shall cause notice to be mailed to the holder of any such policy of the provisions of this amendatory proviso."

Mr. GEORGE. Mr. President, I ask that the report of the committee, which incorporates the House committee report, may be printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The report is as follows:

Mr. GEORGE, from the Committee on Finance, submitted the following report (No. 845), to accompany H. R. 8173:

The Committee on Finance, to whom was referred the bill (H. R. 8173) to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination, having considered the same, report thereon with the recommendation that the bill do pass.

Following is a copy of the report to the House of Representatives by the Committee on World War Veterans' Legislation:

[House Report No. 1144, Seventy-second Congress, first session]

AMEND THE WORLD WAR VETERANS' ACT, 1924, AS AMENDED

Mr. COOPER of Tennessee, from the Committee on World War Veterans' Legislation, submitted the following report (to accompany H. R. 8173):

The Committee on World War Veterans' Legislation, to which was referred the bill (H. R. 8173) to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period, without medical examination, having had the same under consideration, report it back to the House and recommend that the bill do pass.

This bill proposes an amendment to the first paragraph of section 301 of the World War veterans' act, as amended, by adding thereto a proviso that at the expiration of the 5-year period for the 5-year convertible term contract of insurance, such policies may be renewed for a second 5-year period at the premium rate for the attained age without medical examination. Provision is also made that in case the 5-year period of any such policy has expired prior to the date of the enactment of this amendment, and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions, upon the payment of back premiums within four months after such date of enactment.

The legal authority for the issuance of the 5-year level premium term policies is found in section 301 of the World War veterans' act, 1924, as amended June 2, 1926, and May 29, 1928 (title 38, U. S. Code Annot., sec. 512).

Under the present law the 5-year term policy must be converted to a higher-premium policy at the expiration of that term. While the veteran who is in good health and can pass a medical examination may obtain a new 5-year term policy under section 310, World War veterans' act, 1924, as amended, the veteran who is disabled faces forfeiture of his policy.

The average age of the veteran in July, 1932, when most of these 5-year term policies must be converted, will be 41 years.

The monthly premium upon the 5-year term policy at that age is $0.87 per $1,000, so that for the average-sized policy of $6,800 the premium is $5.91 a month, or $71 a year. The lowest issued policy to which the 5-year term policy may be converted is the ordinary life policy. For the ordinary life policy at the age of 41 the premium per $1,000 is $2.09, or $14.21 a month on the average policy of $6,800. That means that the ordinary life policy will cost $171 a year, or exactly $100 a year more than the 5-year term policy at the same age. There are approximately 97,000 veterans affected by this bill, and this is an extremely serious matter for them, because so many are unemployed and unable, perhaps, to make their premium payments. They will be unable to carry their insurance unless they can have this extension of five years and thus will be forced to drop their insurance and so deprive their families of the protection, or will be compelled to materially reduce the amount of insurance they are able to purchase at a higher premium rate, which will in turn, greatly diminish the amount of protection which they should give their families.

The information furnished by the Veterans' Administration indicates that the expiration time on these policies is as follows: January 1, 1932, 600; February 1, 1932, 630; March 1, 1932, 1,220; April 1, 1932, 3,200; May 1, 1932, 6,100; June 1, 1932, 19,700; and July 1, 1932, 55,500.

It is understood that no renewal of a 5-year term policy which has expired will be granted where permanent and total disability has intervened between date of expiration and renewal.

In compliance with clause 2a of Rule XIII there is herewith printed the preceding section of the existing law in roman type and the proposed amendatory provisions in italics:

SEC. 301. Except as provided in the second paragraph of this section, not later than July 2, 1927, all term yearly renewable insurance held by persons who were in the military service after April 6, 1917, shall be converted, without medical examination, into such form or forms of insurance as may be prescribed by regulations and as the insured may request. Regulations shall provide for the right to convert into ordinary life, 20 payment life, endowment maturing at age 62, 5-year level premium term, and into other usual forms of insurance, and for reconversion of any such policies to a higher premium rate or, upon proof of good health satisfactory to the director, to a lower premium rate, in accordance with regulations to be issued by the director, and shall prescribe the time and method of payment of the premiums thereon, but payments of premiums in advance shall not be required for periods of more than one month each, and may be deducted from the pay or deposit of the insured or be otherwise made at his election: *Provided*, That no reconversion shall be made to the 5-year level premium form of policy.

All yearly renewable term insurance shall cease on July 2, 1927, except when death or total permanent disability shall have occurred before July 2, 1927: *Provided, however*, That the director may by regulation extend the time for the continuing of yearly renewable term insurance and the conversion thereof in any case where on July 2, 1927, conversion of such yearly renewable term insurance is impracticable or impossible due to the mental condition or disappearance of the insured.

In case where an insured whose yearly renewable term insurance has matured by reason of total permanent disability is found and declared to be no longer permanently and totally disabled, and where the insured is required under regulations to renew payment of premiums on said term insurance, and where this contingency is extended beyond the period during which said yearly renewable term insurance otherwise must be converted, there shall be given such insured an additional period of two years from the date on which he is required to renew payment of premiums in which to reinstate or convert said term insurance as hereinbefore provided: *Provided*, That where the time for conversion has been extended under the second paragraph of this section because of the mental condition or disappearance of the insured, there shall be allowed to the insured an additional period of two years from the date on which he recovers from his mental disability or reappears in which to convert.

The insurance, except as provided herein, shall be payable in 240 equal monthly installments: *Provided*, That when the amount of an individual monthly payment is less than $5, such amount may in the discretion of the director be allowed to accumulate without interest and be disbursed annually. Provisions for maturity at certain ages, for continuous installments during the life of the insured or beneficiaries, or both, for refund of premiums, cash, loan, paid-up and extended values, dividends from gains and savings, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable, may be provided for in the contract of insurance, or from time to time by regulations. All calculations shall be based upon the American Experience Table of Mortality and interest at 3½ per cent per annum, except that no deduction shall be made for continuous installments during the life of the insured in case his total and permanent disability continues more than 240 months. Subject to regulations, the insured shall at all times have the right to change the beneficiary or beneficiaries without the consent of such beneficiary or beneficiaries, but only within the classes herein provided.

If no beneficiary be designated by the insured as beneficiary for converted insurance granted under the provisions of Article IV of the war risk insurance act, or Title III of this act, either in his lifetime or by his last will and testament, or if the designated beneficiary does not survive the insured, then there shall be paid to the estate of the insured the present value of the remaining unpaid monthly installments; or if the designated beneficiary survives the insured and dies before receiving all of the installments of converted insurance payable and applicable, then there shall be paid to the estate of such beneficiary the present value of the remaining unpaid monthly installments: *Provided*, That no payments shall be made to any estate which under the laws of the residence of the insured or the beneficiary, as the case may be, would escheat, but same shall escheat to the United States and be credited to the United States Government life-insurance fund.

The bureau may make provision in the contract for converted insurance for optional settlements, to be selected by the insured, whereby such insurance may be made payable either in one sum or in installments for 36 months or more. The bureau may also include in said contract a provision authorizing the beneficiary to elect to receive payment of the insurance in installments for 36 months or more, but only if the insured has not exercised the right of election as hereinbefore provided; and even though the insured may have exercised his right of election the said contract may authorize the beneficiary to elect to receive such insurance in installments spread over a greater period of time than that selected by the insured. This section, as amended, shall be deemed to be in effect as of June 7, 1924: *Provided further, That at the expiration of the 5-year period a 5-year level premium term policy may be renewed for a second 5-year period at the premium rate for the attained age without medical examination; and in case the 5-year period of any such policy has expired prior to the date of the enactment of this amendatory proviso and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions upon payment of the back premiums within four months after such date of enactment; and the Administrator of Veterans' Affairs shall cause notice to be mailed to the holder of any such policy of the provisions of this amendatory proviso.*

FORMER SENATOR FRANCE AND THE REPUBLICAN CONVENTION

Mr. WHEELER. Mr. President, I send to the desk an editorial from the Baltimore Sun entitled "The Double Outrage" and ask that it be inserted in the RECORD. Likewise, I send to the desk, to be inserted in the RECORD after the editorial, the nominating speech for Calvin Coolidge which former Senator France tried to deliver at the Hoover Republican National Convention at Chicago, June 16, 1932, had he not been ejected and arrested when he tried to deliver it. I ask that the editorial and the speech be inserted in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial is as follows:

[From the Baltimore Sun, June 18, 1932]

THE DOUBLE OUTRAGE

Lest we be charged with a natural partisanship in behalf of our Doctor France in the altercation between him and Chairman SNELL at the Republican National Convention, we quote from the New York Times its correspondent's version of the affair:

"Doctor France was visibly declaiming, but there was an uproar on the floor and no one could hear him. It appeared, however, that he told Mr. SNELL that he had come to withdraw his name as a candidate. Mr. SNELL told him that he was not a delegate and had no standing in the convention except as a candidate. When he explained that he wanted to place Mr. Coolidge in nomination and stampede the convention, they called in the police."

As Doctor France explained and could have proved to the chairman, he held the proxy of the national committeeman from Maryland and of a delegate from Oregon and had, therefore, a perfect right to address the convention in behalf of Oregon, which still had the floor. He was far more in order than was Mr. SNELL later in the proceedings when he recognized himself, though out of turn, in order to turn down a nomination for Vice President. Doctor France was treated with rudeness and denied his plain right to speak. It was a steam-roller performance well in the 1912 tradition, and the victim comes out better than his ejectors.

And why was Doctor France subjected to this unnecessary and unjustifiable humiliation? Because he told the chairman of a Republican convention that he intended to nominate Calvin Coolidge. Since when has it become a breach of order and a justification of rough measures to mention in a Republican convention the name of Calvin Coolidge? What ground is there for the belief that it is more absurd to nominate Calvin Coolidge than to nominate Herbert Hoover? Very well; Chairman BERTRAND H. SNELL has his brusque victory. But let the 16th day of June stand blackened forever in Republican hearts as the day upon which it could be written in a great newspaper: "When he explained that he wanted to place Mr. Coolidge in nomination, they called the police."

As for our doctor, it may assuage his indignation to know that the rough constabulary hands laid upon his resisting arms were impious hands which threw down an icon and ended an epoch.

ADDRESS OF FORMER SENATOR FRANCE NOMINATING CALVIN COOLIDGE

Mr. Chairman, delegates, ladies, and gentlemen, I am grateful to the people of the State of Oregon, to the delegates from that State, and to my friend who has offered my name in nomination. I am grateful for their support of those principles of republicanism which we all so truly love. Oregon, one of the three beautiful, dutiful, and loyal queens of the Pacific, from my heart I greet you; I thank you. I love you for your beauty and fidelity.

I ask your indulgence. Pause! Deliberate! Take time! Do not be precipitate! Shall the days of this convention be limited to the conventional number when such vast issues lie within your hands? You sit here, clothed by your sovereign States with authority, trustees of the sacred heritage, arbiters and guardians of future destiny.

I wish that I possessed the power to portray to you the panorama of the profound events which have brought us to this fateful hour. Then I might make you see that these days of your deliberation are pregnant with supreme significance for all future time. Then I would be able to give expression to the immortal truths of the Eternal God of this Republic, those truths so deeply, so sacredly enshrined in every beating heart of this convention. Then I would have power to uplift you above that cynicism and hopelessness born of the feeling that in these vital hours you must be bound by some dead and decayed traditions of conventional political action.

"Beware lest any man spoil you through philosophy and vain deceit, after the traditions of men, after the rudiments of the world," and not after the living truth which is your holy heritage and sacred trust.

BIRTH OF PARTY

Here upon the free soil of Illinois, under the overshadowing power of the spirit with which Jefferson and Washington were imbued, the Republican Party was conceived, formed, and brought forth for the emancipation and elevation of men. Here the inspired Lincoln breathed into that party the living spirit of his own great soul, made it under him the conservator of the Republic, and created it the progressive political instrumentality through which this Republic was to be full high advanced to the forefront of the nations, the first in wealth, power, and spiritual influence, as the exemplar before the world of the transcendent excellency of the institutions of ordered liberty.

THREE CONVENTIONS

Three great political conventions must live forever in American history. The convention of 1776, which adopted the immortal Declaration of Independence. This declaration, repudiating the ancient and oppressive heresy of the divine right of kings, laid the foundations of moral government, dedicated to the proposition that all men are endowed by their Creator with the right of self-sovereignty, life, and liberty; that men must be the sovereigns over, not subjects under, government. This was the convention of the liberators.

At the Constitutional Convention of 1787 Washington, Madison, and the founding fathers reared the fabric of this moral Government, which in its form and substance conforms to the moral government of God. This was the convention of the creators.

In this city on May 16, 1860, there met the third momentous convention of our history. The convention of the conservators of the Republic.

Although the Republican convention of 1860 was that of a party in its pristine youth, yet even then was to be found blindness, cynicism. On the night of May 17, Horace Greeley telegraphed the Tribune:

"That the opposition to Governor Seward can not concentrate on any other candidate and that he will be nominated."

Giddings, of Ohio, offered an amendment to incorporate in the resolutions a phrase from the Declaration of Independence. But the immortal words of liberty were voted down. One said, "I believe in the Ten Commandments, but I do not want them in a political platform." And Giddings, with broken heart, left the convention hall. There were some pussyfoot Republicans even then.

But the hand of God was there. He removed the veil from the eyes of that convention, gave it vision, rebaptized it in "the fountain whose waters spring close to the blood of the Revolution," and reconsecrated it with a sublime courage for the truth.

George William Curtis sprang to his feet, and in a burst of inspired eloquence, renewed the plea of Giddings for the words of the declaration. They were adopted. A long period of compromise, confusion, and chaos had been ended. Lincoln had found the way by the stars of eternal truth and those delegates and the Nation had hearkened to his call to rededication and renewed obedience, and the Republic was saved from dishonor and disruption.

Thus the great crises in our national life have summoned to leadership men with faith in the moral order and power to persuade the people to a return to obedience of its laws; leaders with names recorded in the glorious annals of the Republic, and enshrined within every American heart.

INSTRUMENT OF PRECISION

Since the time when Jefferson wrote, the fathers of the Constitution wrought, and Washington delivered his Message of Farewell, government by experiment, by the method of trial and error, was no longer necessary or to be tolerated. Government by king's opinion and superman's superior wisdom must henceforth give way before government by the precision of law and the revealed reason of the moral order, incorporated in the form and substance of an institution of human government. The instruments of precision, chart, compass, sextant, and stars were discovered. Henceforth depression, peril, disaster, the wreckage of States, must not be charged to fate or accident, but to the disobedience, ignorance, blindness, stupidity, incompetence, or corruption of statesmanship.

Washington, in contemplation of universal law, in his message of farewell, had clearly pointed out the proper application of these moral principles of our Government to our domestic concerns, and formulated a foreign policy which proclaimed the necessity for an "exalted justice and benevolence" in the intercourse of nations. Well aware of the fact that this new form of moral government founded upon justice and reason, would excite the jealousy and animosity of European empires founded upon the law of coercion, Washington warned against the "insidious wiles of foreign influence" and Monroe enunciated the doctrine that the old system of empire could not be permitted to gain a foothold in the Western Hemisphere.

We may not hope to equal these great men in their ability to expound and eloquence to defend these principles, but we may each one of us emulate these men in fidelity of obedience.

To-day we face a crisis as grave as that in which Jefferson wrote, Washington wrought, and Lincoln, with matchless logic and eloquence, persuaded the people to return to the ancient faith.

CONVENTION OF RESTORERS

We are here assembled in what may be the fourth momentous convention of the Republic. As the first convention was that of the liberators, the second that of the creators, the third that of the conservators, so this convention may be remembered, if it shall be the will of God, as the convention of restoration. The convention which ended an era of repudiation. The convention of the restorers of the Republic.

VALIDITY OF PRINCIPLE

We may return to the principles of the fathers and find a solution for every problem. This is no time to discuss issues or to attempt to trace the course of disobedience of principles which has involved the present disaster. This is no time to point out the application of the principles of the Republic to the problems of the present. A great expounder of the American system of government declared: "There is no problem of human government which was not either solved or put in process of solution by the principles enunciated in the Declaration of Independence." It was in this faith that Lincoln cried out at Lewiston.

Any citizen of America who will deeply and reverently study the Declaration of Independence, the original Constitution, the Farewell Message of Washington, Interpretative Words of Lincoln; who will become imbued with their spirit and swear, for life or death, absolute fidelity to their every truth, is fitted to be President of the United States and meet in a masterful manner the responsibilities of that exalted office.

No superman, no superb intellect, no unsupported opinion can find the proper way in this world turmoil, or at any time, without recourse to the faith of the inspired fathers. Listen to the ringing golden words of Lincoln, let his living spirit speak again. He said at Lewiston:

"Now, my countrymen, if you have been taught doctrines conflicting with the great landmarks of the Declaration of Independence, if you have been inclined to believe that all men are not created equal in those inalienable rights enumerated by our chart of liberty, let me entreat you to come back. Return to the fountain whose waters spring close by the blood of the Revolution. Think nothing of me—take no thought for the political fate of any man—but come back to the truths. I charge you to drop every paltry and insignificant thought for any man's success. It is nothing. I am nothing. Judge Douglas is nothing. But do not destroy that immortal emblem of humanity—the Declaration of American Independence."

CONFESSION

How shall we meet the difficult campaign before us? Shall we point with pride to our fidelity to the principles of the Republic and declare that we did the best we could under the circumstances and that conditions might have been worse under other leadership, but that we had discovered that the principles of the declaration of the fathers of the Constitution, of the Farewell Message of Washington, of the truths reaffirmed by Lincoln were not adequate to meet the situation? The people of America, if you so declare, will ridicule and repudiate you. Or, shall we confess our failure to defend the faith, and then reaffirm, reaccept, readopt, and promise to reapply the infallible truths, and promise a restoration of the Republic, a reconciliation, a rehabilitation of a discordant, divided, and bankrupt world?

DESTROYERS OF THE REPUBLIC!

I must speak a word to the delegates from certain States. Delegates from New Jersey, delegates from Pennsylvania, delegates from West Virginia, delegates from Illinois, delegates from Nebraska, delegates from North Dakota, delegates from Oregon; will you join the destroyers or will you be defenders and restorers of the Republic? To-day we have, because of cowardice, incompetence, corruption, and disobedience of principles, two governments upon American soil. The visible, imperishable, righteous Republic of the United States and the repudiators, the grafters, crooks, kidnapers, and stick-up men who make up the powerful invisible republic of racketeers and crime. The republic of the racketeers is in revolt against the republic of righteousness.

It has always been so. Reaction breeds revolution; autocracy hatches anarchy.

The issue before this convention is lawlessness; disobedience by high officials in foreign and domestic policy of the principles of righteous American action; disobedience of spiritual Americanism by the abuse of Federal patronage; disobedience of the laws of efficiency, economy, and decency by bureaucratic graft, waste, and incompetence; disobedience of the laws of the States and of the Federal statutes.

I am a Republican, not from convenience or ambition, but from conviction and devotion. I am a member of the Republican organization. I am chairman of the Republican State central committee of Cecil County in the State of Maryland. As a Republican I entered the Republican presidential preference primaries in your States. I had faith in the laws of your States which constituted those primaries. I had faith that the organization Republicans who might be delegates to this convention would feel bound by the decision of the Republicans who voted in those primary elections. By the laws of rectitude and honor, which bind one Republican to another and all of us into one great party, by the laws which maintain the integrity of our institutions of the States you are bound to obey the directions of the Republican voters of your several States.

Are you to be blinded by dishonorable tradition, dazzled by the artificial light and glory shed from the newly created throne? Have they thrown into your eyes the dust of lust for power and office, and dimmed your vision? Are you still a bit indoctrinated with the imported, imperial heresy of the divine right of rulers, and the folly of the superman, self-advertised at public expense? Are you to be seduced from the purity of your Republicanism by promises of place and power never to be fulfilled? May God grant you vision to see that when you vote for these, your public servants, who have assumed the rôle of masters, in violation of the will of a sovereign people, in disobedience of the laws of your sovereign States, you have joined the despoilers and repudiators of the Republic. And you place upon this convention and our candidates the stain of dishonor.

So long as America lives no man can be elected President of the United States who seeks to reach that office by paths of evasion, cowardice, compromise, corruption, or dishonor.

If the 19 delegates pledged by law to my opponent should come to me and say, "We have carefully polled this convention and we find that with our 19 votes you can be nominated to the presidency. Will you accept our votes?" I should certanly answer, "No, I shall not join the despoilers of the Republic; my work is to cleanse and restore it."

But let us turn from the contemplation of those possibilities of dishonor and defeat and let me point you the way to rectitude, hope, restoration, victory.

A MIRACLE

Let us suppose a miracle: Suppose I should now be interrupted by a sudden commotion! A man rushes to the platform and cries: "A miracle! Gen. George Washington has just alighted from his coach and is about to enter the convention hall!" Or, suppose one should shout: "Abraham Lincoln, gaunt, bowed, sad of countenance, with tall silk hat and long frock coat, carrying his ancient carpet bag, is approaching the auditorium! Lincoln has come back from the dead!"

Can any doubt that, if either of these should enter this convention, he would be the nominee of the Republican Party? Would there be any danger of the Republican Party writing a platform not in conformity with the principles of the Republic? Would there then be any avoidance or evasion of vital issues? Would office holders and office seekers then control? Quick as a wave of the electric ether, the news of the miracle would be flashed to the remotest quarters of the Republic. Men bowed beneath burdens of anxiety, grief, despair, would spring up and shout with joy and gratitude: "We are saved! The Republic will be restored! God has sent Washington! We shall escape dictatorship and disaster," or "The living Lincoln will deliver us!"

But one objects: "This is impossible! These men are dead! They can not save us!" But I answer this objection with the truth. There are no dead. All men are immortal. But those are twice immortal, of heaven and earth, who live in the immortality of words of living eloquence uttered by them in defense of principles of everlasting righteousness. These are the "Sceptered sovereigns, who still rule our spirits from their urns."

They live in the imperishable principles which they expounded, explained, applied. They builded discordant colonies into an invincible nation. They met successfully the jealousy of European powers. They maintained America's neutrality and dignity amidst the storm and conflict of Napoleon's imperial wars. They rehabilitated a bankrupt colonial treasury and defeated an empire on the fields of battle. They found their course amidst the black storms of civil war and built a divided republic into an indestructible union. They were tried as we have never been. Trial upon trial came to them that the truths which they expounded might be proven for all time to be infallible for every critical emergency.

If it were flashed over the world that Washington or Lincoln would be the next President, the panic would end. Quietness and confidence would be our strength. The flame of hope would be lighted in every breast. Commodity prices would advance. Security prices would be enhanced. The wheels of industry would begin to turn. The unemployed would be called to productive work. Why would confidence come? Because the mind of the American people, the common mind of mankind, with deep, infallible intuition, knows full well that, since 1914, the policies of human government have not conformed to the laws of the moral government of God.

The American people sense that there has been, at many times and in devious directions, flagrant violations of the moral law which is the form and substance of this imperishable Republic of which Washington, under God, was the creator, and Lincoln, his disciple, the conservator.

We may not have the mortal Washington or Lincoln for our President, but we may have perpetually an administration of their spirits through men faithful and obedient to their immortal words.

I yield to no man, living or dead, in fidelity to these principles. No man can charge that I ever compromised in my obedience to them. In the records of the Congress is written the story of my struggle, sometimes a single-handed fight, against the dictatorial power of Woodrow Wilson and his coworkers; I need not name them here. They subverted the Republic. They were the builders of the bureaucracy, the perpetrators of autocracy, the repudiators of the covenant.

I began this fight for the restoration of the Republic alone. I stand here almost alone, yet supported by 1,120,000 voters in 9 States who have instructed 231 delegates to vote for me. I call you to make this convention the convention of restoration, and I shall show you the way. I ask no consideration for myself or for the political fate of any man, as Lincoln cried: "It is nothing! I am nothing! Judge Douglas is nothing!" but do not destroy the covenant.

I offered my leadership because no other would lead. I said that I would seize the flag and lead the charge of the shock troops up the slope. I realized that probably another would place the ensign upon the battlements. I knew that I might fall before I reached the objective. After these months of prodigious labor and nameless sacrifice I see the need of a leader with name illustrious, rather than an obscure one like my own, to stem the sluggish drift toward disastrous mistake and destructive defeat.

I arise to call that illustrious name, a name known to all Americans, enshrined in every American heart, and blessed by countless millions of mankind. Need I recount his history, written as it is in the annals of peaceful, abundant, and prosperous years? I need not give you the story of a life so known that by every fireside mothers tell their sons the patient steps of this strong, silent, godly American, round by round, fidelity upon fidelity, industry upon industry, until he reached the topmost of distinguished fame.

There is but one argument that can be raised against his nomination, and that is that again he might not choose to run. They may arise when I yield the floor and try to deceive you by stating he would decline.

This faithful follower of Washington would be as unwilling to leave his peaceful home as was Washington to leave the charm and peace of Mount Vernon for the field of battle and strife of public service. But the unwilling Washington responded to the country's call.

I know this man whose name I name. He will accept because not glory, not fame, not advantage call, but because his country's need cries out to him. The millions of unemployed, miserable, bankrupt call him. The greatest emergency of history and the greatest opportunity compel. He is of patriot blood. He is of the lineage of the minutemen of Massachusetts. He is of the immortals of Bunker Hill, Lexington, and Concord. The Nation calls, the millions of mankind in desperate need call upon him for deliverance.

We summon him to his duty, to his destiny, to the glory of having his name live with those three greatest immortals of the Republic, for our children's children, and all future generations will repeat with reverence—Thomas Jefferson was the liberator, George Washington the creator, Abraham Lincoln the conservator, and Calvin Coolidge the restorer of the Republic. I nominate Calvin Coolidge of Massachusetts.

OIL INVESTIGATION

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD a short editorial which appeared in the Wheeling (W. Va.) Register, of June 15, 1932, entitled "One Profitable Inquiry."

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial is as follows:

ONE PROFITABLE INQUIRY

The Nye committee in the Senate, following up the original oil scandals inquiry, has certainly proved to be a profitable institution from the taxpayers' standpoint. As a result of that committee's work, the United States Treasury has collected over $3,000,000 from H. M. Blackmer for evaded income tax, another $60,000 for contempt of court, and more than $600,000 from him and other principals of the Continental Trading Corporation for corporate income taxes. Another million and more has been collected from unnamed individuals whose incomes were discovered during the major investigation. Additional income taxes amounting to one and a quarter million are to be collected from two more men and the estate of a third man involved in the oil matter.

The full beauty of this $7,000,000 gain to the Treasury is appreciated when one learns that the investigation has cost only $25,000.

BONUS LEGISLATION

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD six telegrams and a letter with reference to the veterans' bonus legislation which was recently rejected in the Senate.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The telegrams and letter are as follows:

WHEELING, W. VA., *June 11, 1932.*

Senator M. M. NEELY:

Our 600 employees strongly oppose passage of bonus bill and are reluctant to believe rumor current in Wheeling that your support is pledged to it. We believe passage means disastrous economic consequences and urge you listen to the respectable responsible majority rather than the disreputable, irresponsible, minority.

M. MARSH & SONS.

WHEELING, W. VA., *June 10, 1932.*

Senator M. M. NEELY,

United States Senate, Washington, D. C.:

The officers and employees of Ohio Valley Drug Co. and of Clarksburg Drug Co., including several ex-service men who served in France, are absolutely opposed to further bonus legislation at this time. We believe it will paralyze industry and debase our currency. We confidently expect you to vote against it.

BEN EXLEY, *President.*

PARKERSBURG, W. VA., *June 15, 1932.*

Senator M. M. NEELY,

Senate Office Building, Washington, D. C.:

We protest passage bonus bill by Senate, feeling it will only add to present serious conditions confronting our company.

THE PARKERSBURG IRON & STEEL CO.

PARKERSBURG, W. VA., *June 15, 1932.*

Senator M. M. NEELY,

Senate Office Building, Washington:

As a citizen and taxpayer I protest the passage of the bonus bill under consideration should present conditions continue aggravated by this additional bill.

A. A. MERRITT.

WHEELING, W. VA., *June 11, 1392.*

Hon. MATTHEW M. NEELY,

United States Senate:

If you would avoid calamities feared in Fairmont bankers' speech, support other means than bonus bill to save the situation. Its passage at this time most unwise.

JOSEPH R. NAYLOR.

WHEELING, W. VA., *June 11, 1932.*

Hon. MATTHEW M. NEELY,

United States Senate:

Hope you will not be carried away by mass coercion. Bonus bill at this time would be most unwise.

GEORGE J. ROGERS.

WHEELING, W. VA., *June 15, 1932.*

Hon. Senator M. M. NEELEY,

Washington, D. C.

DEAR SENATOR: We note from the press that you will cast your vote for the bonus bill when it comes before the Senate. We would like to point out our unalterable opposition to this pending measure.

In our opinion this measure is of more importance to the national welfare than any other single measure on which the lawmaking bodies are called upon to legislate. We have always been a Democrat, but if, for instance, the Republican Party should have an antibonus plank in its platform and the Democratic Party would have a probonus plank in its platform, we would most certainly vote Republican. That is how strongly we feel on this proposition. It is hard for us to see how a legislator can consistently be an advocate of a balanced Budget on the one end and of a bonus payment to-day when there are no means available for the collection of the moneys involved in a bonus payment. Or if they are available, the incidental taxes would fall with such crushing weight on property owners and business houses, etc., that a great many of them could not survive much longer. The crippled man fares better under a lightened load.

We don't wish to impute to you any snap judgment on this question, but we do believe this, that 95 per cent or more of the people in this State that have it within their power to help in the return of the prosperity we are all seeking feel the same as we do on the bonus question.

The best way to have a genuine prosperity is not via the spending of money donated. The prosperity that counts in a substantial way is the prosperity that grows from gradual and continuing profits and earned wages. I am sure the last several years have seen a universal adjusted compensation amongst all the business houses and coworkers throughout our State. To get back on our feet we must save, effect economies wherever possible, including adjusted compensation for labor, to bring it down to the low general price level.

These are our sentiments.

Yours very truly,

MARK H. KENNEDY.

INVESTIGATIONS BY TARIFF COMMISSION

Mr. COSTIGAN. Mr. President, I send to the desk six Senate resolutions favorably reported from the Committee on Finance, directing the Tariff Commission to make certain investigations. I ask unanimous consent for their immediate consideration.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Colorado?

Mr. SMOOT. Mr. President, what is the report?

The PRESIDENT pro tempore. The Senator from Colorado stated the report to be in the form of resolutions from the Finance Committee making certain requests upon the Tariff Commission for information under the tariff act of 1930. Is there objection?

Mr. McNARY. Let the resolutions be reported.

The PRESIDENT pro tempore. The first of the resolutions will be reported for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 242), as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic article and of any like or similar foreign articles: Plate glass, dutiable under and as provided for in paragraph 222 (a) of such act.

The PRESIDENT pro tempore. The Chair understood the Senator from Colorado to say there were six of the resolutions.

Mr. COSTIGAN. There are—the one just read and five others.

Mr. SMOOT. The committee not only reported this one, but reported five others, and they were all reported favorably.

The PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

The PRESIDENT pro tempore. The clerk will report the next resolution submitted by the Senator from Colorado.

The Chief Clerk read the resolution (S. Res. 243), as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Linseed or flaxseed oil, and combinations and mixtures in chief value of such oil, dutiable under the provisions of paragraph 53 of such act.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Colorado whether these applications indicate a desire for increases in the rates imposed, or reductions?

Mr. COSTIGAN. Answering the learned Senator from Arkansas, it is my understanding that in the case of each of the articles specified, except Senate Resolution 246, which is not a rate-changing investigation, the imports have been decreasing and the inference is, though the question is open, that the duties may need to be readjusted downward.

Mr. ROBINSON of Arkansas. The imports have increased.

Mr. COSTIGAN. Imports are reported to have been decreasing.

Mr. ROBINSON of Arkansas. Very well. Then I have no objection to the consideration of the resolution.

The resolution was considered by unanimous consent and agreed to.

Mr. ROBINSON of Arkansas. I suggest that the Secretary merely read the article to be investigated. We all understand the formalities.

The PRESIDENT pro tempore. The Chair was just about to suggest that that procedure be adopted.

The Chair feels justified in submitting the remaining resolutions en bloc.

Mr. KING. Mr. President, I should like to make an inquiry of the Senator with respect to the resolutions. My recollection is that in the tariff hearings when we had the Smoot-Hawley tariff bill under consideration the evidence showed that the duties imposed under the preceding law were almost an embargo with respect to a number of these commodities. I ask the Senator whether since the passage of that act there has been a reduction in the imports of the commodities referred to in these several resolutions?

Mr. COSTIGAN. I regret to say that I am unable to advise the Senator from Utah as to the exact changes since these items were considered by the Senate. However, it is my understanding that as to the items specified in each suggested rate-changing investigation under section 336 imports have been declining. If so, the facts may indicate the necessity for a readjustment in accordance with the standard laid down in section 336.

Mr. KING. Notwithstanding the depression in a number of countries in Europe and the lower wages by reason of the depression, the Senator's understanding is that the imports have been less than they formerly were?

Mr. COSTIGAN. That is my understanding.

Mr. SMOOT. Mr. President, perhaps we had better put it in this way: Notwithstanding the depression here and in the world, there has been a decrease in the imports of all commodities compared with those of 1930. I think these articles are on exactly the same footing. There is no harm, I will say to the Senator, in having the Tariff Commission make the investigation, but one item can not be selected, and it be said as to it alone that importations have decreased, because that is true both of commodities on the free list and of those on which duties are imposed.

The PRESIDENT pro tempore. Without objection, the resolutions will be considered and be regarded as having been agreed to en bloc.

The resolutions agreed to are as follows:

Senate Resolution 241

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Gloves, made wholly or in chief value of leather, dutiable under paragraph 1532 (a) of such act.

Senate Resolution 244

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cast-iron pipe of every description, and cast-iron fittings for cast-iron pipe, dutiable under the provisions of paragraph 327 of such act.

Senate Resolution 245

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cocoa, chocolate, and cocoa butter dutiable under subdivisions (a), (b), and (c) of paragraph 777 of such act.

Senate Resolution 246

Resolved, That the United States Tariff Commission is hereby directed, under section 332 (g) of the tariff act of 1930, to investigate, and to reply thereon to the Senate as soon as practicable, with respect to the articles classified in paragraphs 354 to 358, inclusive, of such act (1) whether the facts as to imports, production, exports, wholesale prices, and such costs or other statistically measurable factors as are available, indicate the necessity of a readjustment of the duties on any of these articles; and (2) whether any of the duties specified in such paragraphs have resulted in the practical exclusion of imports of any such article.

WAGES OF LABORERS AND MECHANICS ON PUBLIC BUILDINGS—CONFERENCE REPORT

Mr. METCALF. I send to the desk a conference report which has passed the House, and ask for its immediate consideration.

The report was read and considered, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3847) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to S. 3847, and agree to the same with amendments as follows:

Page 1, line 10, strike out "the Canal Zone."

Page 1, line 11, strike out "or Territories."

Page 2, lines 1, 2, strike out "the Canal Zone."

Page 2, line 3, strike out "or Territories."

Page 2, line 6, strike out the comma after the word "States" and insert in lieu thereof the word "or."

Page 2, line 7, strike out ", or the Panama Canal."

Page 2, lines 15, 16, strike out ", or the District of Columbia, respectively."

Page 3, lines 8, 9, strike out "or the Commissioners of the District of Columbia, respectively."

Page 3, lines 11, 12, strike out "or the Commissioners of the District of Columbia, respectively."

Page 3, lines 13, 14, strike out "or the District of Columbia, respectively."

Page 3, line 16, strike out "or the District of Columbia, respectively."

Page 3, lines 21, 22, strike out "or said commissioners, respectively."

Page 4, line 1, strike out ", if the contract be with the United States, or to the credit of the District of Columbia if the contract be with the District of Columbia."

And the House agree to the same.

JESSE H. METCALF,
WALLACE H. WHITE, JR.,
ROYAL S. COPELAND,
Managers on the part of the Senate.

WILLIAM P. CONNERY, JR.,
R. A. GREEN,
ROBERT RAMSPECK,
RICHARD J. WELCH,
W. F. KOPP,
Managers on the part of the House.

Mr. ROBINSON of Arkansas. Does the conference report represent a complete agreement?

Mr. METCALF. It does.

Mr. ROBINSON of Arkansas. The adoption of the report will pass the bill?

Mr. METCALF. It will.

The report was agreed to.

PRINTING OF FEDERAL LAWS RELATING TO VETERANS

The PRESIDENT pro tempore, laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 29) authorizing the printing and distribution of copies of the Federal laws relating to the veterans of various wars.

Mr. SHIPSTEAD. I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. SHIPSTEAD, Mr. MOSES, and Mr. FLETCHER conferees on the part of the Senate.

NOMINATION OF ERNEST A. BURGUIERES

Mr. WHEELER obtained the floor.

Mr. LONG. Mr. President, will the Senator from Montana yield to me a moment?

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield.

Mr. LONG. I desire to leave the city and I wish to ask unanimous consent that the appointment of Mr. Burguieres

may go over and may not be considered in executive session to-day. I desire to ask that unanimous consent in order that I may leave the city.

The PRESIDENT pro tempore. As in executive session and out of order——

Mr. ROBINSON of Arkansas. I think the Senator from Louisiana should suggest the absence of a quorum before making the request.

Mr. LONG. I thought all the Senators who were interested were present.

Mr. SMOOT. I do not see the senior Senator from Louisiana in the Chamber. Has he any objection to the request of his colleague?

Mr. LONG. I have discussed the matter and I was advised by the Senator from Utah [Mr. KING] that he thought my request would be all right.

Mr. McNARY. May we have the request stated?

The PRESIDENT pro tempore. The Senator from Louisiana, out of order and as in executive session, asks unanimous consent that the consideration of the confirmation of Mr. Burguieres as commissioner of immigration at the port of New Orleans shall not be considered at the executive session to be held this day. Is there objection?

Mr. BROUSSARD. I object.

The PRESIDENT pro tempore. Objection is made.

The Senator from Montana [Mr. WHEELER] is recognized.

Mr. WHEELER. Mr. President, I want——

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

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Utah?

Mr. WHEELER. I yield.

Mr. KING. Mr. President, I have no right to appeal to my friend the senior Senator from Louisiana [Mr. BROUSSARD], but I think, in view of all the circumstances under which the nomination was reported, and the fact that the junior Senator from Louisiana is compelled to leave the city to-day, the request which he has made should be granted. Of course, it is a matter for the senior Senator from Louisiana himself to decide.

Mr. BROUSSARD. I made a request of the Senator from Utah the other day which he did not grant me.

Mr. KING. I did not grant the request because I thought —and I esteem my friend very highly—the request ought not to have been granted.

Mr. BROUSSARD. I have not changed my mind at all.

Mr. KING. And I think now the request which the Senator's colleague makes should be granted, but, of course, the Senator is in a position to refuse.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

Mr. WHEELER. Mr. President, I want to call the attention of the Senate to page 100 of the bill, and I desire to move to strike out on line——

The PRESIDENT pro tempore. There is an amendment now pending.

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

The PRESIDENT pro tempore. The Senator from Oregon will state his parliamentary inquiry.

Mr. McNARY. Is not the pending amendment that offered by the Senator from Alabama [Mr. BANKHEAD]?

The PRESIDENT pro tempore. The amendment is that offered by the Senator from Alabama.

Mr. WHEELER. I understand that, but I think there will be no objection to my amendment. I hope I may offer the amendment, because I am anxious to get away in a very few moments. So I ask unanimous consent that I may offer this amendment now, and I wish to invite the attention of the author of the bill [Mr. WAGNER] to it. The amendment is on page 100, in line 18, to strike out the words "or quasi-public," and likewise at the end of line 18, page 100, to strike out the words "or quasi-public."

I will say to the Senate that the term "quasi-public" as defined by the courts of the land includes public utilities of all kinds and character; and if that provision were left in the bill, it would give the Reconstruction Finance Corporation authority, under the language of the bill, to buy even stocks and bonds of public utilities. I understand from the Senator from New York that that was not the intention of the authors of the bill. I have talked to other members of the committee who have told me that that was not their understanding.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Montana can be considered only by unanimous consent, which will necessitate first setting aside temporarily the amendment offered by the Senator from Alabama.

Mr. BANKHEAD. Mr. President, I will dispose of the necessity for that proceeding. Pending the settlement or adoption of some policy by the Senate on the subject of the character of loans to be made under this bill, I will withdraw temporarily my amendment.

The PRESIDENT pro tempore. The amendment is withdrawn. The Senator from Montana offers the amendment which he has stated.

Mr. WAGNER. Mr. President, I was about to state that the committee and the authors of this bill did not intend the words "quasi-public corporations" to include public utilities, and, if there is any apprehension that it may be interpreted to include public utilities, I am sure that the other members of the committee who drafted this bill, as well as myself, have no objection to the proposed amendment.

Mr. WHEELER. I will say to the Senator that Ruling Case Law, Volume 30, lays down the general rule as follows:

> Quasi-public corporations: There is a large class of private corporations which on account of special franchises conferred on them owe a duty to the public which they may be compelled to perform. This class of corporations is known in common parlance as public-service corporations, and in legal phraseology as quasi-public corporations, or corporations affected with a public interest.

Then there are cited numerous cases from courts in various sections of the country. I am quite certain that that interpretation would be put upon it by the courts, although that was not the intention of the committee. For that reason I ask that the words to which I have referred may be stricken out.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Montana [Mr. WHEELER].

The amendment was agreed to.

Mr. HAYDEN. Mr. President, in the preparation of this bill the committee took the substance of the emergency highway legislation heretofore considered by the Senate and included it in the measure. The text is included in the bill as reported to the Senate. When the emergency highway bill was before the Senate, the Senator from Ohio [Mr. BULKLEY] offered two amendments which were merely to clarify the text. He has had them printed, and in his behalf I offer them now and ask for their consideration.

The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will state the amendments.

The CHIEF CLERK. On page 105, at the end of line 7, it is proposed to insert the following:

> In the Federal highway act as amended and supplemented.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. KING. I ask that the amendment again be stated.

The amendment was again stated.

Mr. HAYDEN. Mr. President, I will suggest that for the sake of clarity the clerk also read the second amendment, because the two are related.

The PRESIDING OFFICER. The second amendment will be stated.

The CHIEF CLERK. The second amendment is, on page 105, line 9, to strike out all after the word "municipalities," and also all of lines 10 and 11 and line 12 down to and including the word "supplemented," and insert the word "and."

Mr. HAYDEN. Mr. President, the effect of the two amendments will be that the proviso will then read:

And provided further, That in the expenditure of such amounts the limitations in the Federal highway act as amended and supplemented upon highway construction, reconstruction, and bridges within municipalities, and upon payments per mile which may be made from Federal funds shall not apply.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I presume the amendment just adopted was in order, but it does not follow that we have agreed to everything up to that point in the bill. I desire to offer an amendment to come in on page 102, at the end of line 25. I send the amendment to the desk and ask that it may be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 102, line 25, it is proposed to strike out the period after the word "act," to insert a semicolon, and add the following:

Provided, That the Reconstruction Finance Corporation is hereby authorized to purchase equipment trust certificates, the terms of maturity of which do not exceed the provisions stipulated in section 1 of this act, of American railroads secured by new equipment and the building of which new equipment will provide immediate employment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. KING. Mr. President, I should like an explanation of the amendment.

Mr. FLETCHER. Mr. President, it is perfectly well known that the equipment business—that is, providing locomotives and other equipment for railroads—has fallen off to where the production now is about 4 per cent of normal. That has been testified to by witnesses before the committee handling this bill.

Railroad-equipment-trust certificates have heretofore been regarded in the market as good negotiable paper; they bear a low rate of interest, and have been acceptable to banks, and have been regarded as high-class security. There never have been any losses on the part of investors in such trust certificates. Now, however, the banks are not taking such equipment-trust certificates; investors are not taking them; the money does not seem to be available at all, although they are perfectly good security.

The amendment is a mere authorization and the Reconstruction Finance Corporation will determine whether they are adequate security or not; whether they will accept these equipment-trust certificates issued for the purpose of constructing locomotives and other equipment for railroads, which, of course, means the supplying of demands which will give employment.

It was testified before the committee that probably 100,000 or 150,000 men would be set to work and employed if they could go on with the construction of railroad equipment, such as locomotives; and I think it is well to put in this bill some such provision as that, because one of the main purposes of the bill is to provide such measures that the industries may give employment to people.

This business has fallen off because they can not negotiate these certificates in the open market. Bankers are not taking them; investors are not taking them; but they are perfectly good security, and this amendment would open up this business of constructing locomotives as they may be needed. It is estimated that the life of a locomotive is some 20 years, I believe. We must have the locomotives if we are to continue to operate the railroads; and this is a means of enabling the railroads to construct these locomotives and put people to work.

Mr. KING. Mr. President, I regret to differ from my friend from Florida [Mr. FLETCHER], but I can not support his amendment.

Under the Reconstruction Finance Corporation act, important loans have been made to the railroads. When the act creating the Reconstruction Finance Corporation was brought before us for consideration, it was suggested, it was claimed that one of its chief purposes was to aid the railroads. It was stated that their credit was somewhat restricted, if not impaired, and that the banks, because of their large indebtedness and small earnings were reluctant to extend needed credits. Accordingly, liberal provisions were placed in the act under which loans might be obtained from the corporation.

Congress dealt generously with the railroads and many persons think that the Reconstruction Corporation has been too generous in extending credits to some of the railroads. I am unwilling to extend further credits to railroads or their subsidiaries or affiliates, either by amending the Reconstruction Finance Corporation act or by the means of the pending measure. Loans to the railroads must have the approval of the Interstate Commerce Commission before the Reconstruction Finance Corporation will affirmatively act. No application for loans has been denied by the Reconstruction Corporation that had the approval of the Interstate Commerce Commission. In view of the generous provisions already made, and the tens of millions of dollars already loaned to the railroads, there is no reason for Congress to provide additional credits to auxiliaries or ancillaries of the railroad corporations.

If loans are to be made to private corporations engaged in the construction of cars or locomotives, I see no reason why similar privileges should not be provided for other corporations. It is certain that if the Government provides loans for corporations engaged in building cars and locomotives and other railway equipment, demands will be made by industrial and business corporations for loans.

The Senator from Alabama a few moments ago offered an amendment by which private corporations—and he instanced a placer-mining company that was to operate in California—might obtain loans. He stated that the corporation to which he referred, if it functioned as anticipated, would furnish employment to several thousand men.

Mr. WALSH of Massachusetts. Mr. President——

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

Mr. WALSH of Massachusetts. What are equipment-trust certificates?

Mr. KING. As I understand, there are corporations manufacturing equipment for railroads which issue trust certificates or obligations in various forms.

Mr. WALSH of Massachusetts. Why could not a bill for machinery be paid by issuing equipment-trust certificates?

Mr. KING. I see no reason why.

Mr. WALSH of Massachusetts. If we get into this field of loaning on equipment-trust certificates, where are we going to end?

Mr. KING. Why not loan to mining companies? I know a number of mining and smelting companies whose equipment and machinery have deteriorated by reason of the fact that they have been shut down for some time, and they now desire to resume operations, and in order to do so on a proper plane improvements and new machinery must be had. They are as much entitled to governmental credits as corporations that supply locomotives and railroad equipment.

Mr. WALSH of Massachusetts. I do not think we want the Government to go into the banking business. As I understand, the purpose of the Reconstruction Finance Corporation act was to help banks to liquidate their frozen assets, not to put the Government into the banking business.

Mr. KING. Exactly.

Mr. WALSH of Massachusetts. These movements are in the direction of making the Federal Reconstruction Finance Corporation a national, Federal bank.

Mr. KING. Mr. President, I hope to be able to vote for a fair and just measure; but I may state now, as I stated to the Senator from New York, that if this bill is loaded down with provisions to loan money to private corporations and with other unsound and improper features I shall vote against it.

Mr. SHIPSTEAD. Mr. President——

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

Mr. SHIPSTEAD. For the information of the Senator from Massachusetts, I desire to call his attention to the fact that the Reconstruction Finance Corporation is in fact and in law a bank and that the depositors are not voluntary depositors. The depositors are the taxpayers of the United States. The Government of the United States, through law, is taking the deposits for this bank out of the pockets of the taxpayers and loaning them to private industry, to corporations, to bail out paper that banks will not take.

Mr. WALSH of Massachusetts. It at least has some limitations under the present law, and these proposals are to remove the limitations.

Mr. SHIPSTEAD. Well, the question of extending or limiting its functions and field of loaning is another matter.

Mr. WALSH of Massachusetts. Fundamentally the Senator is right, of course.

Mr. SHIPSTEAD. But I want to call the attention of the Senator to the fact that private banking credit is paralyzed and that the only credit that is left is the Federal Government's credit, and to use this credit we have established this Federal Government bank, making the taxpayers the depositors. I believe we had better go a little carefully in that direction. I think we are on very dangerous ground in this bill or in any other bill that will provide for the extension of the loaning field of this Government bank.

Mr. WALSH of Massachusetts. I agree with the Senator.

Mr. SHIPSTEAD. I think any such bill had better be very carefully examined before we extend it.

Mr. WALSH of Massachusetts. The Senator is absolutely right.

Mr. SHIPSTEAD. I do not mean to cast any reflection upon those who manage it; but there is a policy involved here that is so revolutionary in its character, and is in a direction that is so dangerous, that I look upon it as being far more dangerous than if the Government itself were to use its own credit and own funds wherever possible under the specific direction of the Congress. I can not see, however, how anyone can defend loaning the taxpayers' money to private individuals and to private industry.

Mr. WALSH of Massachusetts. Mr. President——

Mr. KING. I yield.

Mr. WALSH of Massachusetts. The Senator said that the American people were the depositors. As a matter of fact, they are the indorsers as well as the depositors.

Mr. SHIPSTEAD. Yes; that is right.

Mr. KING. They are not only the depositors but indorsers. We wring the money from the pockets of the taxpayers and put it into the Reconstruction Finance Corporation, and proposals are submitted that it be loaned to private corporations and for purely private enterprises. There may be instances—and this is one—that are appealing and seem to call for aid from the Government; but if the precedent is established, the results will be serious. These investment securities may possess value; but if we open the door, we will have a veritable Pandora's-box problem before us. If we open it for sound and solvent corporations, corporations that may serve the public indirectly, we will have a multitude of corporations that, like vultures, will be upon Congress and the Reconstruction Finance Corporation demanding legislation and loans.

Mr. President, it seems to me so obvious that this amendment should be rejected that I shall pretermit any further discussion.

Mr. WALCOTT. Mr. President, I should like to ask the Senator from Florida if, in his opinion, this amendment might be construed as giving the Reconstruction Finance Corporation authority to loan money to railroads to enable them to take up their underlying bonds, if they could purchase them at a bargain.

Mr. FLETCHER. Mr. President, I should not think it would have anything to do with the underlying bonds.

Mr. WALCOTT. That point was discussed in this connection, and I was wondering what the Senator thought about it.

Mr. FLETCHER. This amendment is simply intended to authorize them to purchase these equipment trust certificates, which have been heretofore offered in the open market.

Mr. WALCOTT. But new issues rather than old? Is that true?

Mr. FLETCHER. Probably so. If they want to issue equipment trust certificates for building locomotives, for instance, they would have to have a new issue. I do not suppose it has anything to do with the old issues.

Mr. WALCOTT. That is the point I am trying to make. It does not seem to me clear that this amendment specifies that it must be for new construction. I think this amendment would permit the Reconstruction Finance Corporation either to purchase existing or old certificates of indebtedness, or perhaps to loan money to the railroads to take up their own certificates.

Mr. FLETCHER. No; that was not my purpose. My idea was to open the way for giving employment to people and supplying this much-needed facility.

For instance, before our committee I asked Mr. Houston:

> How many people do you think would be employed if that plan could be carried out?

That is, if the Reconstruction Finance Corporation had authority to take up these certificates.

Mr. Houston said:

> We have made some general estimates along that line. I would say that $150,000,000 a year spent in railroad equipment would employ directly in excess of 100,000 men, which, of course, would result in a larger indirect employment through the disbursement of the earnings of such men.

Then he was asked by the Senator from Delaware [Mr. TOWNSEND]:

> What would you estimate the indirect employment would run?
> Mr. HOUSTON. I would say that that would make a substantial effect upon the income of 500,000 men.

Then the Senator from Michigan [Mr. COUZENS] asked:

> You stated a while ago that the present locomotive production was 2 per cent of normal—

I think generally railroad equipment is estimated at about 4 per cent, but as to locomotives it is estimated at 2 per cent of normal now.

The Senator from Michigan continued:

> How much would this production of 2,500 locomotives bring it up?
> Mr. HOUSTON. I would say that it would bring it up to 75 or 80 per cent of what the country would normally need.

That is to say, if they had this facility now, and could arrange to construct 2,500 locomotives, it would bring the production end up to 75 or 80 per cent of what the country needs. That would give employment to some hundred thousand people, and that is the reason for offering the amendment. I have no idea of having them go back to the old certificates, or anything of that sort. I refer just to new construction, so as to give employment to the people, and at the same time supply a need.

These locomotives can not be constructed at present, although the construction is down to 2 per cent of normal. They can not build it up unless there is some way of disposing of these trust certificates. That is the whole object—to deal with new construction.

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

Mr. FLETCHER. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Does the Senator contend that this new construction is needed now?

Mr. FLETCHER. Yes. They say they need 2,500 new locomotives in order to bring up the production to about 75 or 80 per cent of normal needs. That is what they claim.

Mr. SHIPSTEAD. Who is it that claims that?

Mr. FLETCHER. I think the people generally concerned—the manufacturers, the American Locomotive Works, the Baldwin people, Mr. Houston.

Mr. SHIPSTEAD. The railroads?

Mr. FLETCHER. I have not asked the railroads about it; I do not know; but I think that is the situation.

Mr. SHIPSTEAD. I should think the railroads would be consulted.

Mr. FLETCHER. Necessarily it stands to reason that these locomotives can not last forever. I think the estimated life of a locomotive is about 20 years.

Mr. SHIPSTEAD. My information is that the sidetracks of the country are full of locomotives which are not being used. I may have been misinformed.

Mr. FLETCHER. Then they must be obsolete, or out of repair, and unfit for use on that account.

Mr. COUZENS. Mr. President, Mr. George H. Houston, president of the Baldwin Locomotive Works, appeared before the Committee on Banking and Currency on the 11th of June and was followed by others proposing this scheme. It was developed during the hearing, and by statistics filed with the committee, that there are over 750,000 cars idle now, and over 10,000 locomotives idle now.

The vice president of the Pennsylvania Railroad in a public statement made the assertion that not only did the railroads have now equipment greatly in excess of what they could use but for a long time after return to normal conditions they would not require any new equipment. Yet this proposed amendment is for the purchasing of equipment notes secured by new equipment and, of course, does not cover the bonds referred to by the Senator from Connecticut.

Mr. President, a reading of the hearings, the report of which has just been laid on Senators' desks, dated June 2, 7, 11, and 13, 1932, will disclose the colloquy which took place between the proponents of this measure and members of the committee; and I am quite sure, without taking up the time of the Senate to read the testimony, that Senators studying that testimony could not help reaching the conclusion that this amendment should not be agreed to. In view of all the other things which are provided in section 1 of the Reconstruction Finance Corporation act, I submit that there is no justification for this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. KING. Mr. President, I move to strike out, on page 101, beginning at line 18, all the rest of the page, and on page 102 the paragraph beginning with line 1 and ending with line 7.

This is a provision which authorizes the Reconstruction Finance Corporation—

> To advance to the Secretary of Agriculture, in addition to the amounts allocated and made available to him by section 2 of the Reconstruction Finance Corporation act, not to exceed $40,000,000, of the amounts made available under section 2 of this act, for the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce, but no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products—

And so forth.

Mr. WALSH of Montana. Mr. President, if the Senator will permit, I should like to ask the senior Senator from Oregon [Mr. McNARY], the chairman of the Committee on Agriculture and Forestry, whether a bill in substance like this part of the bill under consideration did not have the approval of the Committee on Agriculture and Forestry.

Mr. McNARY. Mr. President, a bill was introduced providing for the appropriation of $100,000,000 to supply avenues of credit so that we might export our surpluses to foreign nations which do not have the credit to enable them to purchase surplus agricultural products from us, but we never got to the stage of consideration of that measure, and no action has been taken by the Agricultural Committee.

I think a bill was introduced in the House providing for the appropriation of a fixed sum, as specified in this measure, and that that measure has passed the House. It is thought that some of the nations, China and Germany particularly, and some of the other central European nations which have not the credit with which to purchase surplus agricultural products from us, through a provision of this kind may be enabled to come into the market and become purchasers; and if that were accomplished, of course, automatically the price level of agricultural products would ascend immediately. That is the theory on which the bill heretofore introduced and referred to the Committee on Agriculture and Forestry was presented, and I assume the same argument applies in support of the provision of this bill now under discussion.

Mr. WALSH of Montana. I was evidently in error. It was my impression that there was a bill making just exactly this appropriation, $40,000,000. Apparently that bill originated in the House and was passed there. It must, then, be before the Committee on Agriculture and Forestry now.

Mr. McNARY. The Senator must have in mind that when the Reconstruction Finance Corporation act was passed it contained provision for the appropriation of $100,000,000, with the possibility of the sale of debentures up to $300,000,000, to be used for this purpose. The Senator from South Carolina [Mr. SMITH] offered an amendment, which was agreed to, making available the maximum amount of $300,000,000, and that bill is in conference now. The House did pass a bill, I may say to the able Senator from Montana, carrying $40,000,000; but I do not recall that the Senate ever passed a similar measure, although such a measure was introduced and referred to the committee.

Mr. COUZENS. Mr. President, will the Senator from Utah yield to me?

Mr. KING. I yield.

Mr. COUZENS. I was wondering whether the Senator from Utah would be more favorable to this section if, on page 102, line 6, the words "or without" were eliminated. I recall in several conferences in respect to the bill the thought was expressed that this was a pretty good provision in the bill, because we would be secured either by warehouse receipts or bills of lading for the shipments of these agricultural products. Frankly, I would not object, but rather would favor this provision, if the language on page 102, line 6, "or without," were taken out of the bill. Then we would secure bills of lading or warehouse receipts for what would ordinarily be good marketable products.

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

Mr. KING. Before answering the Senator from Michigan I am glad to yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. It is my impression that the Senator from New York [Mr. WAGNER] himself intends to offer an amendment striking out the language "or without." In any event, it was discussed by members of the special committee which framed the original bill, and I think that course was agreed upon.

Mr. McNARY. In the phrase "with or without security" the words "or without" should be stricken out.

Mr. ROBINSON of Arkansas. May I add to what has been said by the Senator from Montana and the Senator from Oregon this, that it was represented that this authorization for the appropriation of $40,000,000 for financing the sales of agricultural products would enable the Secretary of Agriculture to reach markets which are not accessible to the producers of or the dealers in agricultural products, new markets, in large measure.

Mr. McNARY. Mr. President, I think it is preferable, and needs no explanation or assertion upon my part that many of the exporters of our staple agricultural commodities are unable to supply the wants of foreign nations because of the want of credit, and a provision of this kind is inserted so that the Department of Agriculture, operating through the Secretary, may provide credit to foreign countries, under adequate security, for a period of time, so that it will be possible for those countries to take up surplus holdings of the Federal Farm Board which we are all so anxious to see absorbed. That is the only argument I can see favorable to this provision. I think that if it is included in the bill and wisely administered, it will have an elevating effect upon the price level in the domestic market and will permit the Farm Board to find outlets for sales of products which are denied now.

Mr. KING. One objection which I have to this provision grows out of the persistent efforts of the Farm Board, after it has squandered $250,000,000 or $300,000,000, perhaps

more, to obtain another appropriation of $100,000,000 to enable them, as they claim, to dispose of their surplus wheat.

They have already sold to China more than 15,000,000 bushels of wheat on bonds of a government which is not meeting its obligations, which is beset with enemies—I will not say foreign, but certainly domestic—and it is obvious that that security is almost valueless if it were now to be offered to the public.

The same Farm Board exchanged $25,000,000 worth of wheat for a vast amount of coffee down in Brazil. I have been unable yet to ascertain whether the board came out even or not. There was very serious complaint that instead of American ships carrying our wheat and bringing back the coffee, foreign ships were employed for that purpose.

The Farm Board by its unwise, impolitic, unsound policies has now a large amount of wheat on hand, considerably more than 100,000,000 bushels, and it has a great many bales of cotton on hand. I have data here in my desk showing the mismanagement, the unsound policies of the Farm Board, and the enormous losses which have been sustained and which, of course, have to come out of the taxpayers of the United States. The Farm Board having this wheat on hand, and its costing millions of dollars almost monthly for storage, for insurance, and other incidental expenses—and there was some testimony that it was deteriorating in value—is very anxious to find some avenues by which it may release that wheat, dispose of it, and thus minimize the losses which it has sustained, and which, of course, the American people have sustained.

I am unwilling to vote one cent to the Farm Board to aid it in its further exploitation of the American people. I am unwilling to give it the $100,000,000 which it asks, or to make it a conduit through which this $40,000,000 will be passed out for the purpose of disposing of wheat which it now has in its possession.

I am unwilling to vote to give to the Secretary of Agriculture the authority to dispose of this $40,000,000. His administration has not been satisfactory, it seems to me. The amount which has been expended by the Agricultural Department has reached monumental heights. I think the agricultural bill as originally passed carried nearly $200,000,000, not all of which, of course——

Mr. McNARY. Mr. President, the Senator has gone far enough in that. It does not carry $250,000,000, it carries $173,000,000.

Mr. KING. Nearly $200,000,000.

Mr. McNARY. That is a great difference between that and $250,000,000.

Mr. KING. I do not recall the figures, but I was going to say that something like sixty or seventy million was for roads, so that the appropriation for the Department of Agriculture was in the neighborhood of a hundred million. If I am wrong, I would be glad to be corrected.

Mr. McNARY. The Senator is very, very wrong.

Mr. KING. If it is not a hundred million, I will be glad to have the Senator correct me.

Mr. McNARY. It is about $53,000,000 for departmental activities. The balance is for roads, and cooperation with the States, in the national forests, for the protection of our national forests, enforcement of the food and drugs act, cooperation with the States in the land-grant colleges. Only $53,000,000 of the $173,000,000 goes for agricultural activities, in every State in the Union, and that, by the way, is the smallest sum appropriated for any of the departments, with the largest governmental institution in the country. If the Senator desires to dispute that proposition, or argue the virtues and activities of the department, I shall be glad to enter into a discussion with him now.

Mr. KING. I did not understand the last remark of the Senator.

Mr. McNARY. I say that if the Senator desires to discuss the work the Department of Agriculture is doing, in that spirit of criticism which he often exhibits toward it, I will be very glad to debate it with him now.

Mr. KING. The Senator may take such course as he wishes. If he desires to discuss the Agricultural Department, I have not the slightest objection. I do assert that the Agricultural Department has increased its appropriations very greatly during the past 10 or 15 years, as have the other departments. The Department of Agriculture has had $133,000,000, as I am advised, for activities not purely within the purview of its work, for seeds and relief.

Mr. McNARY. And fertilizer.

Mr. KING. I was going to say the Department of Agriculture, as I am advised by a representative of the department, has had $133,000,000, including appropriations for the corn borer, the purchase of seeds, and so on. I am making no complaint. I am merely stating that the Department of Agriculture has received, not because it sought it but because Congress conferred upon it, $133,000,000 to aid the farmers in the purchase of seed, and so forth.

Mr. McNARY. The Senator is confused in that matter. The item about which he speaks now is not an integral part of the Agricultural Department appropriation bill.

Mr. KING. I did not say that it is.

Mr. McNARY. It is a wholly different matter, carried on quite locally and seasonally, because of conditions brought about by nature, in order to relieve the farmers from their distressed condition.

Mr. KING. I said it was not strictly within its purview, but Congress had devolved upon it this duty and this responsibility. I am challenging attention to show the generosity of Congress in dealing with the agricultural situation throughout the United States. It was not by way of any criticism whatever of the Agricultural Department.

We have sold to China, as I said, some $15,000,000 worth of wheat without getting any compensation except the bonds of China. Whether there is a market in Europe for our surplus products I am not able to say. Undoubtedly there are many people throughout the world who would buy upon credit. The Bolshevik Government would buy hundreds of millions of dollars of American products and commodities if we would extend credit, the same as some of the European nations have extended credit; but I am unwilling now to tax the American people to extend credit to European or oriental nations to enable the Farm Board to get rid of some of the wheat which it has. There is owing the United States to-day billions of dollars of credits which have been extended to foreign nations and municipalities and corporations. The Senator from California [Mr. JOHNSON] quite recently had a resolution before the Committee on Finance and that committee made an investigation and it was ascertained that billions of dollars had been loaned to South American and European countries and it is quite certain that the American people will lose hundreds of millions and billions of dollars as a result.

We read in the papers that there is a revolution in Chile. We have more than $300,000,000 loaned in Chile. Competent authorities, like Dr. Max Winkler and others, have said that the securities which we have of Chile are not worth more than $15,000,000 or $16,000,000, notwithstanding the amount which we loaned to that Government is more than $300,000,000. I think before we begin to loan more money to foreign nations and extend credit to them by taxing the people of the United States, we had better relieve our people more of the burden of taxation.

I insist therefore upon striking out the entire paragraph to which I have referred.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah to strike out the paragraph.

Mr. COUZENS. Mr. President, is the motion for the elimination of the entire paragraph?

The PRESIDING OFFICER. It is.

Mr. COUZENS. I think the Senator from New York [Mr. WAGNER] has worked out perhaps a better amendment, if the Senator from Utah will permit him to offer it.

Mr. KING. Very well.

Mr. WAGNER. Mr. President, I am indebted to the Senator from California [Mr. JOHNSON] for this suggestion. I move to amend, on page 102, line 5, by striking out the word "may" and substituting the word "must"; in line 6, to strike out "with or without security, as the Secretary of

Agriculture deems advisable"; after the word "made," in line 6, insert the words "upon adequate security," so that the sentence would read:

Any loan or advance made by the Secretary of Agriculture for the purposes of this subdivision must be made upon adequate security.

Mr. McNARY. Mr. President, does that meet the criticism of the Senator from Utah?

Mr. KING. First let me inquire who is to determine whether the security is adequate?

Mr. WAGNER. The Secretary of Agriculture. Somebody must pass upon that question.

Mr. WALSH of Montana. The loans are to be made by the Secretary of Agriculture, and it must be determined by him as a matter of course.

Mr. KING. From where are the agricultural products to come? In other words, are they to consist of commodities now in the possession of the Farm Board or new commodities that may be produced this year or during the coming year?

Mr. McNARY. The Federal Farm Board has within its possession hold-over crops of 1931. This section does not limit it to those crops, but to any agricultural commodities that may be grown at any time during the existence of the measure.

Mr. KING. The amendment which is offered, of course, improves materially the text of the bill and removes some of the objections which I had.

Mr. COUZENS. With that amendment would the Senator insist upon his motion to eliminate the entire paragraph?

Mr. KING. I would prefer to strike out the entire section, but I shall not insist upon it.

The PRESIDING OFFICER. Does the Senator from Michigan withdraw his amendment?

Mr. COUZENS. I accept the amendment of the Senator from Utah instead of mine.

The PRESIDING OFFICER. The question is on the amendments which the Senator from New York has stated.

The amendments were agreed to.

The PRESIDING OFFICER. Does the Senator from Utah withdraw his motion to strike out the paragraph?

Mr. KING. I withdraw it temporarily.

Mr. HARRISON. Mr. President, I desire to offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 103, after line 13, insert the following new section:

SEC. — (a). The Reconstruction Finance Corporation is authorized and empowered to make advances to any State on the security of the bonds of such State and on such terms and conditions as the corporation deems advisable for educational or hospitalization purposes within such State.

(b) For the purpose of providing funds for carrying out the provisions of this section the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations, in an aggregate of not to exceed $300,000,000. Such notes, bonds, debentures, or other such obligations, shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations, issued pursuant to section 9 of the Reconstruction Finance Corporation act.

Mr. HARRISON. Mr. President, it will be recalled that when the Reconstruction Finance Corporation bill was being considered in the Senate the Senate first adopted a provision that authorized the organization to take from States their bonds. Then it was broadened by inserting cities, and I think it finally got down to counties and drainage districts, and then the whole provision was stricken out. There are certain States in which, because of the present precarious market for bonds, it is impossible to sell bonds to finance State institutions. Consequently teachers are going without pay, hospitals are closing down, sanitariums are being forced to close their doors, and many people are being thrown out of employment. There can be no question as to the security behind these loans. It seems to me in the peculiar circumstances, as an emergency proposition only—because under normal conditions I certainly would not favor the proposal—we ought to authorize, in the discretion of the Reconstruction Finance Corporation, the taking over of the bonds of those States where the funds are to be used for hospitalization or educational purposes.

I hope the Senator in charge of the bill will accept the amendment, so something along this line can be worked out.

Mr. COUZENS. Mr. President——

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

Mr. HARRISON. Certainly.

Mr. COUZENS. Does not this in part duplicate the purposes of the $300,000,000 bill which we recently passed and which has gone to the House?

Mr. HARRISON. There is a great deal of doubt as to whether the $300,000,000 or any part of it would be available for this purpose. I asked the question when that bill was being considered. I remember the Senator from Michigan was interested in seeing that none of these institutions closed. It developed there was some doubt as to whether that money could be used for these purposes. It is in order to clarify the situation and at least assure some opportunity for those States that are making every effort to sell their bonds to carry on the State institutions, that I have offered this amendment in the hope that they may be able to find some place where they can sell their bonds.

Mr. COUZENS. I think the bill which we passed, appropriating $300,000,000 to be loaned to the States, of course, included States that could under their constitutions issue bonds. It also included States that could not, but which had been pledged Federal aid to roads. This, however, is limited exclusively to States that have authority to issue bonds, giving them a double advantage of getting money from the Federal Government. I would not object to this amendment if the Senator would add "or municipalities," because then all would have the same opportunity.

Mr. HARRISON. I have no objection, may I say to the Senator, to adding those words except that before, when we adopted it as to States, the Senate approved it, and then it was loaded down with some other propositions and the whole idea was defeated.

I would not like to see an amendment such as this defeated. In answer to what the Senator suggested, it seems to me it would be wise to tack the bill, which we passed some days ago and which is now in the House, onto this bill so that the whole matter may be in conference. If this proposition shall be in conference, and the bill referred to shall likewise be in conference, then with what the House has already done the conferees could work out something that I am sure would take care of the situation.

Mr. COUZENS. I think that is a good suggestion if we add the bill that has already gone to the House to this bill. Otherwise the Senator will see that his State, for example, will get twice the opportunity for obtaining money that the State of Michigan will get.

Mr. HARRISON. I do not think that should be permitted, may I say to the Senator, and I hope that those in charge of the legislation will consider it wise to adopt the bill which we have already passed as an amendment to the pending bill, so that the whole matter may go to conference and be worked out fairly to everybody.

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

Mr. COUZENS. The Senator from Mississippi has the floor.

Mr. HARRISON. I yield.

Mr. ROBINSON of Arkansas. I do not see any objection to that suggestion. The Senate has passed by an overwhelming vote the $300,000,000 measure for the relief of destitution, and that bill is pending in the House. We separated it from the other measure on the theory that that provision would certainly pass in some form, while the more controverted features might run the risk of delay if not of rejection. However, since no action has been taken in the body at the other end of the Capitol on the $300,000,000 provision, and since it would give the House the option of passing that bill and of dealing with the provisions of this bill separately or of including them all in one measure, I

think it is sound strategy and is a very reasonable request. If some other Senator does not do so, I shall offer the amendment.

Mr. LA FOLLETTE. Mr. President, I understood the Senator from New York consented to offer the identical bill which we have passed as an amendment to this bill.

Mr. ROBINSON of Arkansas. Very well.

Mr. COUZENS. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. COUZENS. Will not the Senator withdraw the amendment so that we may weld the two together in one bill?

Mr. HARRISON. I am perfectly willing to do that.

Mr. COUZENS. Then it would be $600,000,000 instead of $300,000,000. So if the Senator will withdraw his amendment temporarily we can see if we can weld the two together.

Mr. HARRISON. I withdraw the amendment for the present.

The PRESIDING OFFICER. The Senator from Mississippi withdraws his amendment.

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

Mr. HARRISON. I yield the floor.

Mr. KING. Mr. President, does the Senator intend that there shall be an appropriation of $600,000,000 for States and municipalities?

Mr. COUZENS. What we thought we would do was to get together and try to weld together a large amount, or some amount, to cover both purposes proposed by the Senator from Mississippi and proposed by the bill that has heretofore passed the Senate.

Mr. KING. Mr. President, speaking for myself only, I should be opposed to a measure providing any such stupendous sum. This bill, as I understand, was for the purpose of aiding the unemployment situation. There were to be constructed self-liquidating projects, roads, and so forth, which it was supposed would furnish employment to people. It looks from this amendment, though it is tendered by one of my best friends on the floor, as if we are to unfreeze some of the frozen assets of States and to enable them to find credit.

When was it that the Federal Government put the sovereign States under its wing? If States may not handle their own affairs, it seems to me the day may soon come when they will have to surrender their charters and say, "We are incompetent to handle our domestic affairs and we will have to come in under the wing of the Federal Government." Speaking for myself, I am opposed to the amendment offered by my dear friend from Mississippi, and I should vote against the proposition of authorizing $600,000,000 of liabilities upon the Federal Government for the purposes indicated.

Mr. WALSH of Massachusetts. Mr. President, I understand the amendment of the Senator from Mississippi has been withdrawn.

The PRESIDING OFFICER. The amendment has been withdrawn.

Mr. WALSH of Massachusetts. I desire to offer an amendment. On page 106, in line 24, after the word "authorized," I move to insert "and for projects recommended by the Chief of Engineers of the United States Army."

Mr. President, this amendment does not propose any increase in the appropriation. There is provided in the annual appropriation $60,000,000 for river and harbor projects, which have been authorized. It is proposed in this measure to increase that sum by $30,000,000. I do not propose to increase that amount, but I am informed by the office of the Chief of Engineers of the United States Army that there is little planned work to be done this year that will absorb the additional $30,000,000, which has been authorized. In the House text there are authorized projects that will require up to $30,000,000.

Mr. LONG. Mr. President——

Mr. WALSH of Massachusetts. I will yield as soon as I finish my statement. The Chief of Engineers informs me that if this amendment shall be adopted he can spend $18,551,200 on projects which have been investigated, recommended, and approved, but not authorized, except in the House text of this bill; that he could undertake, if this amendment were adopted, work at once, spend the money this year, and employ, according to the figures which I have before me, 5,949 additional workers. These projects are well scattered throughout the States of the Union. The table which I hold in my hand indicates the amount which can be spent in each State and the number of persons that probably could be employed.

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

Mr. WALSH of Massachusetts. In just a moment I will be glad to yield. The States in which the work can be done are Alabama, California, Florida, Indiana, Louisiana, Maryland, Maine, Massachusetts, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, and Wisconsin.

This table shows that the total amount of money he can spend this year on authorized projects is $66,490,000. There are $60,000,000 authorized and appropriated for, and he can spend $66,490,000. If this amendment shall be adopted, he can spend, in excess of the $60,000,000 authorized and appropriated, $18,501,200. My amendment proposes to enable him to go ahead on these projects which are projects which are ready so that men may be put to work upon them in addition to those which are already authorized.

Mr. VANDENBERG. Mr. President, do I understand that these are projects which have been recommended by the Board of Engineers for Rivers and Harbors to Congress, but which as yet have not been authorized by Congress?

Mr. WALSH of Massachusetts. Exactly; and which are authorized in the House text of this bill which has been stricken out by the Senate committee.

Mr. VANDENBERG. Do I also understand the Senator to say that of between $300,000,000 and $400,000,000 of projects already authorized by Congress itself the rivers and harbors engineers can find no work to be done; yet they can find work to be done on projects that have not been authorized?

Mr. WALSH of Massachusetts. That is exactly what I understand, and here is a table that shows it.

Mr. VANDENBERG. It is a perfectly amazing contemplation to me.

Mr. WALSH of Massachusetts. That is work they can undertake this year, which is in shape to be undertaken this year, and is limited to the sum of $66,490,400.

Mr. VANDENBERG. Mr. President, may I make one other inquiry? I am sure the Senator would not want to depart from the orderly procedure of rivers and harbors work if it were not necessary to depart from it.

Mr. WALSH of Massachusetts. Certainly not.

Mr. VANDENBERG. It seems to me that to inject into this bill a list of unauthorized projects, so far as Congress is concerned, is to go back directly—unmeditatedly, of course, so far as the Senator from Massachusetts is concerned—to the old pork-barrel method of doing rivers and harbors work.

Mr. WALSH of Massachusetts. I have no such desire at all.

Mr. VANDENBERG. I am sure the Senator has no such desire, but his amendment contemplates exactly that net result, in my judgment.

Mr. WALSH of Massachusetts. My amendment contemplates using the $30,000,000 that is in this bill by providing projects recommended and upon which employment can be had.

Mr. VANDENBERG. Yes; but it contemplates projects that have not been authorized by Congress.

Mr. WALSH of Massachusetts. That is true.

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

Mr. WALSH of Massachusetts. I yield.

Mr. LONG. I should like to have the attention of the Senator from Michigan for just a moment. As an example,

let me say that some of the surveys which are positively necessary have been completed, as I understand.

Mr. WALSH of Massachusetts. Exactly.

Mr. LONG. Congress is not a board of experts, but the Board of Army Engineers has completed some very important and necessary surveys, not in any particular State but throughout the country. Congress has authorized the Board of Engineers to go ahead with certain work for which there were no surveys and for which there can be no work done this year. We certainly are not putting the cart before the horse, but, on the contrary, are putting things in proper order, to let the Board of Army Engineers proceed upon work for which there are plans and surveys which make the work possible rather than to tell them to submit plans and specifications for projects on which they can not put any men to work. I have not the list that the Senator has there, but I am familiar, I think, with some of these projects. There are none of them that are not vitally necessary to this country.

Mr. WALSH of Massachusetts. And they are all authorized in the House text.

Mr. LONG. Every one of them is authorized by the House.

If we are going to do anything at all, certainly what the House has investigated and has found to be proper, and what the Board of Army Engineers has investigated and found to be proper, should be done. They have the plans and the specifications ready. They can go to work on them; whereas, without this amendment, putting this appropriation in this bill does not mean that we are going to employ a single man. It is a mere idle and empty gesture, because there are no plans and specifications that can be had to do any work on.

Mr. VANDENBERG. Mr. President, without intending any disrespect to the House, I should say that the mere fact that these projects find an authorization in this particular House text is no particular warranty of their utility, in view of the fact that this is the same House text which includes a post office at every crossroads in the United States. Surely we are not proposing to proceed with our river and harbor projects on the basis of the post-office building program which is in the pending bill.

Mr. WALSH of Montana. Mr. President——

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

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

Mr. WALSH of Montana. I am a little surprised that there should be any kind of controversy at all about this particular item. We have long followed now the course of making lump-sum appropriations for rivers and harbors, the amount to be expended being left in the discretion of the Board of Engineers. It is true that they usually indicate about how they propose to expend it. The chairman of the Committee on Commerce will be able to speak more definitely.

Mr. JONES. Mr. President——

Mr. WALSH of Montana. But let me continue, Mr. President. My understanding about the matter is that the Board of Engineers have already a plan, extending over a period of years, for the development of rivers and harbors.

Mr. JONES. Mr. President, I should like to correct the Senator just a moment. The Senator's statement is a little too broad.

The engineers can not use any part of this lump sum upon any project that they may have recommended, but that some Congress has not approved. In other words, they must expend every dollar that we appropriate upon projects approved by Congress.

Mr. WALSH of Montana. Exactly. That is just the point I wanted to make. They have outlined a plan of expenditure, covering a period of years, for the improvement of rivers and harbors approved by the Congress; and for the purpose of carrying out that program a lump-sum appropriation is annually made. This year the lump sum was $60,000,000, and they apply that only upon projects heretofore authorized by the Congress.

I am a little surprised at the information given to the Senator from Massachusetts. I called him up myself. I talked with him, and asked him what amount could be economically expended during the current year upon rivers and harbors over and above that which had been appropriated in the general appropriation act, $60,000,000. He answered that they could expend economically during the current year 50 per cent more, $30,000,000 additional; and that is the explanation of this item in the bill. It never was intended that a dollar of this money should be spent on any projects that have not heretofore been authorized by the Congress.

Mr. VANDENBERG. But that is not the Senator's amendment. The Senator specifically states that his proposed amendment deals with projects not authorized by Congress, and that is my whole quarrel with it.

Mr. WALSH of Montana. Mr. President, I find myself utterly unable to concur in that.

Mr. VANDENBERG. That is my whole opposition.

Mr. WALSH of Massachusetts. Mr. President, at the time the Chief of Engineers gave the Senator from Montana the information, the House may have authorized these projects. The matter was in the House bill. Under existing law the bureau is ready to spend about $60,000,000, but he can expend $30,000,000 more on these projects if he is given permission to do so. I do not understand that he is prepared to spend $30,000,000 on authorized projects.

Mr. JONES. Mr. President, may I interrupt the Senator?

Mr. WALSH of Massachusetts. I understand the Senator from New York to be told that.

Mr. WAGNER. Mr. President, I want to reiterate, if I may—although what the Senator says does not need reiteration—but, just to state my own position, we wanted to make this bill absolutely unassailable from every standpoint; and we limited the appropriations to projects which had already been authorized and approved by Congress. The Senator from Montana took the trouble to communicate with the general in charge of this work. It was as a result of the information which he gave us that $30,000,000 could be used to put people to work at once upon these authorized projects this year, that this item was included. I would resist any efforts to put into this bill any appropriation for projects not yet authorized by Congress.

Mr. WALSH of Massachusetts. Mr. President, just a moment. In this table are the amounts of money and the projects that that money can be spent on under existing authorizations. On this table he has prepared what the House bill would authorize. He has prepared what in the House bill they could undertake to begin work upon now, how many men would be employed, and what the total amount would be. That amount is $18,551,200; and the amount of money that the table shows as to projects that he is prepared to go forward on, that have already been authorized, is $66,940,450.

Mr. JONES. Mr. President, may I interrupt the Senator?

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

Mr. JONES. I have not looked it up for some little time, but I know that a year or so ago there were river and harbor projects that had been approved by Congress but had not been taken up yet by the engineers amounting to over $200,000,000. They have been passed on by Congress. If we do appropriate any additional money, it seems to me that additional money should be appropriated for those projects that have been approved by Congress.

Mr. WALSH of Massachusetts. The table shows that there are such projects, but the table also shows that the engineers can only spend on those projects this year $66,000,000.

Mr. JONES. Why provide for the expenditure of more money on the projects that have not been approved by Congress? We can increase the amount of money that he can expend upon projects that have already been approved by Congress over the $65,000,000.

Mr. WALSH of Massachusetts. If he is not prepared to go forward with them, what good is there in appropriating the money?

Mr. JONES. Then what is the good of appropriating any money in this bill for this purpose if he is not able to go over the projects that Congress has not yet approved?

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I promised to yield to the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. WALSH of Montana. If the Senator from Minnesota will pardon me, I think the situation might be cleared up if I should state that the conversation that I had in the presence of the Senator from New York with the Chief of Engineers occurred prior to the time that the House bill had been even introduced. He did not know anything at all about what was in the House bill. There was not any House bill at that time.

Mr. WALSH of Massachusetts. Is the Senator referring to the so-called Rainey bill?

Mr. WALSH of Montana. No; the so-called Garner bill, which is the bill under consideration—H. R. 12445.

Mr. WALSH of Massachusetts. That is the very bill referred to in the table before me.

Mr. WALSH of Montana. Exactly. The point I am making is that when we had our conversation with the Chief of Engineers there was not any H. R. 12445. The Speaker of the House had just come over and talked with us about what kind of provisions we were going to put in our bill, and he suggested what he was going to put in, in a general way, in the House bill. So that, at the time this conversation was had there was not any House bill. There was not any authorization of any project other than those that had theretofore been authorized by Congress. So there is no escape from the conclusion that the Chief of Engineers understood perfectly well that we were asking him what amount of money could be spent on projects heretofore authorized by the Congress; and the $30,000,000 is what he gave us, and that is included in this bill.

Mr. WALSH of Massachusetts. Mr. President, I will say that this table appears to be dated June 7, 1932.

Mr. VANDENBERG. Mr. President, will the Senator from Minnesota permit me to say, before he begins, that General Brown, testifying before the Commerce Committee within the month, has testified that he could do about $100,000,000 of work within the next fiscal year on projects already authorized; so that I am totally at a loss to understand the Senator's analysis of the situation.

Mr. WALSH of Massachusetts. Mr. President, the table speaks for itself. He says he can spend $66,000,000. We have already given him $60,000,000, and he says that he can spend on projects that are not yet authorized but approved $18,000,000.

Mr. VANDENBERG. I am unable to understand why, with $350,000,000 of fully authorized projects as yet unfinanced, we should invade any new field of unauthorized projects until we have completed the contracts to which we are already committed.

Mr. WALSH of Massachusetts. I confess to the Senator that I myself was surprised to find that; but it appears that each year, as has been stated by the Senator from Montana, the departments prepare work that they can do the next year, and they prepared that work, and that amounts to $66,000,000, and we have given it to them. Now, the point I wanted to make is that we are appropriating $30,000,000 here, and it should be spent to relieve unemployment.

Mr. WAGNER. This statement to which the Senator refers is dated May 19, 1932; and it is the information given by the Federal Employment Stabilization Board of how much more than is provided now in the appropriation bill could be expended under authorized projects by the different departments at once. Under "rivers and harbors" we have the item of $30,000,000. That was the information given on that date by the head of the bureau having that work in charge—that $30,000,000 could be expended at once in the prosecution of river and harbor improvements. That simply confirms the statement which was made to the committee by General Brown, in charge of this work.

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

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

Mr. SHIPSTEAD. I should like to ask the Senator from New York a question.

As the bill provides on page 106, how much does the Senator claim that that will provide for rivers and harbors work if his amendment is added to the amount already authorized in appropriation bills?

Mr. WAGNER. How much all together?

Mr. SHIPSTEAD. Yes.

Mr. WAGNER. Ninety million dollars all together; $60,000,000 provided in the general appropriation bill and $30,000,000 provided——

Mr. SHIPSTEAD. For construction?

Mr. WAGNER. For river and harbor work.

Mr. SHIPSTEAD. But $23,000,000 of the $60,000,000 for rivers and harbors is for maintenance, and only $37,000,000 is for new work. Of the $60,000,000 in the Army appropriation bill, $23,000,000 is for maintenance, and only $37,000,000 for construction. If this amendment is adopted, it will total for construction $67,000,000 instead of $90,000,000; and if the Senator will permit me, I want to read General Brown's own testimony before the Commerce Committee.

He was asked by Senator VANDENBERG:

> Do you think, for instance, you could handle $150,000,000 worth of work in the next fiscal year?
>
> General BROWN. Not in the next fiscal year; but when once the work is laid out to do, I think $150,000,000 would be handled just as easily as we are handling $60,000,000 now.
>
> Senator VANDENBERG. You say "not in the next fiscal year." What I am trying to get at is, how much could you actually put into ultimate work in the next fiscal year?
>
> General BROWN. We could certainly put in $75,000,000, because that was carefully estimated by the local officers.
>
> Senator VANDENBERG. Could you put in any more than $75,000,000?
>
> General BROWN. Yes; I think we could.
>
> Senator VANDENBERG. How much?
>
> General BROWN. $100,000,000. There would be no trouble about that.

Previously to that, General Brown had made this statement:

> General BROWN. I am not afraid of any reasonable limit; no, sir.
>
> To give you a little more concrete idea of what we could do, not directly connected with the constructive force of the country, but looking at our end of it, we have over 40 districts in the United States properly organized to conduct work, and some of them spend easily $10,000,000 a year at the present time when the work is there for them to do. Our organization can certainly take care of a very large amount of work. There is no practical limit to what we could handle.

I do not want to take the Senator from the floor to speak in his time.

Mr. WALSH of Massachusetts. Mr. President, I do not care to push the amendment. I do not believe in "pork barrel" appropriations. I have no sympathy with such a proposal. But I was moved to offer this amendment because it was represented to me that this $30,000,000 might not be used.

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

Mr. WALSH of Massachusetts. I yield.

Mr. COPELAND. I assume that what the Senator has in mind is that this bill seeks to relieve unemployment, and that there are certain projects which have not yet been passed upon by the Congress.

Mr. WALSH of Massachusetts. The thing would not have been thought about except that I wanted to have this $30,000,000 used to give employment, and it appeared that there was a question whether it could be used without some such amendment.

Mr. COPELAND. I can see exactly what the Senator has in mind. The engineers have worked out certain projects with which they are prepared to go forward. It may well be, since we have not had a river and harbor bill for two years, that some of these projects have not been presented to the Congress, but which, in the light of present condi-

tions, are more important to the welfare of the country and more productive of labor employment than some of the projects which have been authorized. Am I right in that?

Mr. WALSH of Massachusetts. There is no doubt about it.

Mr. WALSH of Montana rose.

Mr. WALSH of Massachusetts. I am not going to press the amendment, and there is no occasion for any further debate, in view of the fact that the members of the committee reporting this bill assert that this $30,000,000 is going to be spent. I have no pride in any one of the proposed projects, and what I wanted was to be assured that the $30,000,000 would be spent for unemployment.

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

Mr. WALSH of Massachusetts. I yield.

Mr. SHIPSTEAD. I have no doubt of the Senator's entire good faith. What I object to is continued appropriations for rivers and harbors under a "pork barrel" method that we pursued for 40 years without completing the development of the inland waterways. We have spent $470,000,000 in 40 years, and the only project that has been finished is the Ohio River, where the Steel Corporation had enough political influence to overcome the influence of the railroads, so as to have the Ohio River project finished in order that they might have coal brought to their smelters for 21 cents a ton.

Mr. WALSH of Massachusetts. Mr. President, in order to end the matter, and upon the assurance of the committee reporting the bill that this $30,000,000 will be spent upon authorized projects and used for employment purposes, I do not care to press the amendment.

Mr. WALSH of Montana. Mr. President, I desire to say a further word. Much agitation has taken place concerning the prosecution of an extensive program of public works, and if we are correctly informed, an amendment will be offered to this bill providing for public works to cost a total of perhaps three to five billion dollars.

That necessarily would include projects not yet authorized by Congress. The committee framing the bill deemed it wise to confine the appropriations made by it to projects which have already been authorized by the Congress. If we go beyond that, we immediately enter the "pork barrel" field. Every man will want to get an appropriation for the particular project in which he is specially interested.

If we yield in this particular, we shall find no ground upon which we can oppose the extension of this program of public construction to all manner of works never authorized by Congress at all.

Mr. WALSH of Massachusetts. Mr. President, I want to say that I am in sympathy with the action of the committee in limiting the field of this bill to authorized projects, but the reason for the amendment was that there did not appear to be a means of spending this $30,000,000 except by some such amendment.

Mr. SHIPSTEAD. Mr. President, I wonder if there is not some confusion in using the words "authorized projects." I have an idea that what is really meant is projects adopted by Congress upon the recommendation of the Chief of Engineers of the Army. That is an entirely different thing from projects for which appropriations have been authorized.

Some projects have been authorized and necessary appropriations to complete the projects have not been authorized in the full amount. I am not aware that any of the projects of the House text have not had the approval of the Chief of Army Engineers.

Mr. WALSH of Massachusetts. They all have, according to this table.

Mr. SHIPSTEAD. That is my understanding. I want to say a word in favor of a comprehensive program of completing the inland waterways and the already adopted rivers and harbors program.

The testimony of the Chief of Engineers shows that if it is done in a comprehensive manner 20 or 25 per cent of the estimated expenditures will be saved; that he can economically spend $100,000,000 this year, and after this year, if the work is laid out to-day, he can spend $150,000,000 until the projects are all completed.

He has testified he will employ 160,000 men for a season of 120 days. With an estimated expenditure of three or four hundred million dollars, there is a possible saving to be made, as an economic proposition, of from seventy-five to a hundred million dollars, if we substitute a business-like method of financing and letting contracts for the completion of this work, rather than the present and past piecemeal, "pork barrel" method of constructing these works, resulting in no development of any channel heretofore except for the benefit almost solely of the contractors, never finishing a channel so that the people could have economic relief from the existing exorbitant freight charges. As a result no freight is moving, because of the charges being so exorbitant at the present price level that freight can not move throughout the country because the rates are confiscatory.

I am very sorry the committee in preparing the substitute saw fit to limit this part of the bill. I have tried to find out how much employment would be furnished throughout the United States through this relief bill, as it is a relief bill. I wish some one would give us some information about that. If this is a relief bill, is there some one who can say what this money is to be spent for, where it is to be spent, how it is going to be spent, and how many men can be employed? On a comprehensive program of rivers and harbors we had the Chief of Engineer's own testimony as to how many men he would employ, how long he would employ them, and how much money he could spend. He knows exactly where he would spend the money. He knows from the records what the expenditure of money would be, and there is no doubt about the economic relief to be afforded; there is no doubt but that the entire country would be benefited, and there is not a question of doubt about the economic benefit that would result to the country. Is there any other part of this bill that can be placed upon such a sound foundation as an immediate, comprehensive program of developing the rivers and harbors, and particularly the inland waterways?

Mr. WALSH of Massachusetts. Mr. President, I will say to the Senator that I think it can be estimated that the number of persons who would be employed under the amendment providing for the expenditure of $30,000,000 would be 9,000 people, according to the figures of the Chief of Engineers.

Mr. SHIPSTEAD. I have here the report of the hearings before the Committee on Commerce. I have before me the testimony of W. A. Klinger, who is on the executive committee of the Associated General Contractors of America. He said:

> The river contractors inform me that a full season's work means six months. My construction experience of some 22 years will prove to me that of that six months almost one-fifth is lost because of inclement weather. We therefore find that the season's actual work on the part of this labor is something like 120 days, and we think 100,000,000 men a day will employ about 160,000 men for five seasons. If you check that mathematically, I think you will find it to be correctly calculated on that basis.

That is on the basis of spending about $400,000,000 over a period of five years.

I do not care to delay the passage of the bill for the purpose of discussing this item, but if it is the intention to vote on the measure to-night, I wish some one who has figured out these items of these vast expenditures of money would explain how many men can be employed if the bill is passed. I do not say that in criticism; I am asking for information.

Of course, I want to vote for a relief bill, but I want to know how many people are going to be relieved, how many people are going to be given employment, and I trust we may have a little more detailed explanation.

If the other items in the bill are based on the economic soundness of that part of the bill that has to do with rivers and harbors, I would want to have some further explanation of it.

Mr. WALSH of Montana. Mr. President, if there is no other amendment to be offered, I desire to offer the following.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. What disposition was made of the amendment offered by the Senator from Massachusetts?

The PRESIDING OFFICER. It was withdrawn.

Mr. WALSH of Massachusetts. I withdrew the amendment.

Mr. McNARY. Very well.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Montana.

The CHIEF CLERK. On page 112, after line 16, insert a new section to read as follows:

SEC. —. The Reconstruction Finance Corporation is authorized and empowered to make loans to bona fide financial institutions organized under the laws of any State or of the United States and having resources adequate for their undertaking for the purpose of enabling them to finance the carrying and orderly marketing of staple commodities produced in the United States. The Reconstruction Finance Corporation may make any such loan in such manner and upon such terms and conditions as it may determine, subject to the limitations of section 5 of the Reconstruction Finance Corporation act as to the period in which it may make loans and the amounts and maturities thereof, and also such loans shall be fully and adequately secured.

Mr. WALSH of Montana. Mr. President, I wish to make a brief explanation of the amendment. I may say it was prepared and submitted to the committee by the very able governor of the Federal Reserve Board and director of the War Finance Corporation. It will be remembered that Mr. Meyer handled the affairs of the War Finance Corporation and effected some very great good, at least in the western country in the stock business, through its operations. It was his idea that the principle there applied might be applied with excellent effect to other branches of business, and that a similar arrangement might be made.

The War Finance Corporation act, as it originally was enacted, embodied the idea which was utilized in the Reconstruction Finance Corporation act, and authorized loans to livestock-loan companies. But it was contended that manufacturing establishments, for instance, might find it impossible to get the loans that they ordinarily make in ordinary times from the ordinary sources, and that they might be able to associate themselves in a similar cooperative loan association and loans could be made to them for the purpose of holding their goods until the market improved and they could make a sale of them or arrange for the orderly marketing of them. The argument was that now the banks are forcing the holders of these stocks of goods to sell them in order to liquidate obligations at the banks. This is intended to permit the organization of financial institutions which would thus loan the money for the purpose of carrying and marketing stocks of staple goods.

Mr. COPELAND. Mr. President——

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

Mr. WALSH of Montana. I yield.

Mr. COPELAND. I should like to ask the Senator why he is willing to propose this amendment when this morning I wanted to have some consideration shown to insurance concerns of a mutual nature which was intended to carry or make possible the orderly marketing of the American manufacturer.

Mr. WALSH of Montana. I shall be glad to answer the Senator. I read from section 5 of the Reconstruction Finance Corporation act as follows:

To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States.

It will be observed that this provides for loans to only those organizations which are financial institutions and they make loans. This is simply intended to extend the provision to another class that would make loans.

Mr. COPELAND. Mr. President, in connection with the portion of the law the Senator has just read, may I state that the insurance companies and indemnity companies are having great difficulty in getting loans under the act where indemnity insurance is included as one of the agencies?

Mr. WALSH of Montana. Yes; but the indemnity companies are something quite different. There are all sorts of guaranty companies. There are companies which guarantee construction contracts and which guarantee fidelity on the part of employees. The company the Senator speaks of is a corporation which guarantees the full and faithful performance of contracts for the sale of commodities.

Mr. COPELAND. From the fact that the Senator has presented the amendment I take it he feels that it accords perfectly with the provisions of the act.

Mr. WALSH of Montana. With the spirit of the act as originally passed.

Mr. HEBERT. Mr. President——

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

Mr. WALSH of Montana. I yield.

Mr. HEBERT. As I listened to the reading of the amendment presented by the Senator from Montana it struck me that "financial institutions" might be interpreted to mean existing institutions such as banks, and that they would be permitted to borrow money to help them furnish funds for carrying livestock owners, for instance. Is that correct?

Mr. WALSH of Montana. They are authorized to do that now.

Mr. HEBERT. I understand they are authorized to do it now. What does the amendment propose in addition to that?

Mr. WALSH of Montana. This is proposed, as I suggested, to make loans to credit corporations which are organized practically upon the plan of the livestock credit corporations except in this case it would be manufacturing establishments. They would organize themselves into a cooperative association to make loans to their members for the purpose of carrying their commodities and the Reconstruction Finance Corporation would make the loans to them. This does not originate with the committee. It is suggested, as I said, by the governor of the Federal Reserve Board, the directing officer of the Reconstruction Finance Corporation.

Mr. HEBERT. Then in the case of industries such as we have in New England they could associate themselves into some form of organization and advance money to their members and upon the security of the promises of those members receive advances from the Reconstruction Finance Corporation?

Mr. WALSH of Montana. Exactly; that is the idea.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Montana.

Mr. COUZENS. Mr. President, I was out of the Chamber when the amendment was offered and perhaps explained. Did the Senator from Montana define what he means by "commodities" in his amendment?

Mr. WALSH of Montana. I tried to do so in reply to a question. It was represented to us that the purpose was to accord to manufacturers the same opportunity that is accorded, for instance, to livestock producers. Under the bill as we passed it we authorized the Reconstruction Finance Corporation to make loans to any bank, savings bank, trust company, building and loan association, insurance company, mortgage-loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, or livestock credit corporation.

The livestock credit corporation was utilized very effectively by the War Finance Corporation to help out the livestock business in the West. They organized cooperative livestock credit associations for the purpose of loaning money to the members of the cooperative organization. That money was loaned to them by the War Finance Corporation. The act as we passed it permits that work to

continue so that the livestock business has been taken care of, but it occurred to Mr. Meyer that it worked so well that he thought it would be valuable to apply it to stocks produced by manufacturers as well, who could associate themselves together.

Mr. COUZENS. Manufacturers of what?

Mr. WALSH of Montana. Of anything.

Mr. COUZENS. Automobiles and tractors?

Mr. WALSH of Montana. Staple commodities.

Mr. COUZENS. This goes a very long way. It was a matter which the Committee on Banking and Currency considered and upon which we had a vote. By our vote it was rejected. We rejected the proposal that we should lend to manufacturing institutions who are engaged particularly in competitive industry. I think this is a very unusual proposal and a very broad amendment.

Mr. WALSH of Montana. Undoubtedly it is, but I will say to the Senator that it is not intended, as will be observed, to loan to the manufacturing institutions themselves. They are to associate themselves in something in the nature of a cooperative organization for the purpose of loaning money to the manufacturers, and they may borrow money for that purpose from the Reconstruction Finance Corporation.

Mr. COUZENS. But there is nothing in the amendment which makes any reference to a cooperative organization.

Mr. WALSH of Montana. No; but financial institutions that loan money.

Mr. COUZENS. If the Senator means in the same respect as the other loans were made and wants to make it cooperative, it seems to me that the amendment should be made to read "bona fide cooperative institutions."

Mr. WALSH of Montana. That is true.

Mr. COUZENS. I think the amendment should not be adopted at all, but if it is going to be adopted I would like to ask the Senator to insert before the word "financial" the words "bona fide cooperative," so it would read "bona fide cooperative financial institutions."

Mr. WALSH of Montana. That is agreeable to me. I ask leave to modify my amendment accordingly.

The PRESIDING OFFICER. The amendment as modified will be reported for the information of the Senate.

The Chief Clerk read the amendment as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana as modified to the amendment of the committee.

Mr. COUZENS. 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:

Ashurst	Costigan	King	Schall
Bankhead	Couzens	La Follette	Sheppard
Barbour	Dickinson	Lewis	Shipstead
Barkley	Fess	Logan	Shortridge
Bingham	Fletcher	Long	Steiwer
Black	Frazier	McGill	Stephens
Blaine	George	McKellar	Thomas, Okla.
Bratton	Glenn	McNary	Townsend
Brookhart	Goldsborough	Metcalf	Tydings
Broussard	Gore	Moses	Vandenberg
Bulow	Hale	Neely	Wagner
Byrnes	Harrison	Norbeck	Walcott
Capper	Hastings	Norris	Walsh, Mass.
Caraway	Hayden	Oddie	Walsh, Mont.
Cohen	Hebert	Pittman	Watson
Connally	Howell	Reed	White
Coolidge	Jones	Robinson, Ark.	
Copeland	Kean	Robinson, Ind.	

The PRESIDING OFFICER. Seventy Senators having answered to their names, a quorum is present.

Mr. COUZENS obtained the floor.

Mr. BLACK. Mr. President——

Mr. COUZENS. Does the Senator desire to speak to the pending amendment?

Mr. BLACK. I was going to offer an amendment. I did not know there was an amendment pending.

Mr. COUZENS. There is an amendment pending.

I should like to ask, now that we have a quorum, to have the amendment read; and then I should like to ask for the yeas and nays, because it departs very far from the contemplation of the original legislation.

Mr. LA FOLLETTE. Mr. President, I should like to inquire of those in charge of the bill how long they intend to continue the session this evening? It is a very important amendment; we had just a bare quorum before the roll was called. It does seem to me that the bill, which is of importance, should not be passed on without proper consideration, and it is certainly not getting it at the hands of the Senate at this late hour after we have been in session since 11 o'clock this morning.

Mr. WAGNER. Mr. President, of course, the matter is entirely in the hands of the Senator from Oregon. I am quite willing at this stage to take a recess until to-morrow.

Mr. McNARY. Mr. President, I thank the Senator for his compliment and confidence, but I do not feel that the matter is wholly in my hands. So far as I am personally concerned, I want to stay here this evening and work on the pending bill and other matters coming before the Senate.

Mr. WAGNER. Very well.

Mr. McNARY. I may add at this time that if we are to carry out our own desires we must have some evening sessions and go forward with the work of the session if we are to adjourn in a reasonable length of time. I think, Mr. President, a number of Members of the Senate on the other side desire to get away next week for the Democratic convention, and nearly all Senators in the body are weary and desire a rest and a change. I think, more than that, the country itself needs quiet and rest from the session of Congress, and if we are to conclude our work and do it well and faithfully, we ought to stay here; and, so far as I am concerned, this evening I want to stay here and work on this bill.

Mr. COUZENS. Mr. President, I think the Senator is rather strenuous in his desire to keep us here, but I believe it is poor policy to legislate with 49 or 50 Senators present on an important bill such as this, and particularly on an amendment that has gone so far astray from what was proposed by the committee that drafted the so-called Wagner bill and so far astray from what the Committee on Banking and Currency intended when it reported the bill. If the Senator insists upon our staying here, I want the yeas and nays on the amendment proposed by the Senator from Montana.

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

Mr. COUZENS. I yield.

Mr. McNARY. This matter is quite impersonal with me. Of course, excepting, as I have stated, what I think is best for the Senate and the Members of the Senate and the country generally. If we have only 51 Members present no one is responsible but the absentees, and, so far as I am concerned, I should be willing to see an order adopted by the Senate authorizing the Sergeant at Arms to see that Senators are present.

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

The PRESIDING OFFICER. The Senator from Michigan has the floor.

Mr. COUZENS. I yield.

Mr. LONG. As I understand, we have a special order for 7 o'clock to-night to consider the Philippine independence bill.

Mr. McNARY. No; a proposal of that kind was made on Friday, but the able Senator from Michigan [Mr. COUZENS] objected to it. There is no order of that kind pending.

Mr. LONG. I was going to ask if we are going to continue the session to-night—I have tried to get away from here all day long—if it is not possible to hold an executive session, if it is contemplated one shall be held at the end of the day's business, so that I may make a motion to recommit a nomination? What I am trying to do is just to succeed in getting before the Senate a motion to recommit the Burguieres nomination.

Mr. McNARY. I do not know whether that inquiry is addressed to me or not, but the Senator must know under the rules that in legislative session he may ask unanimous consent to submit such a motion as in executive session.

Mr. LONG. I made that request earlier in the day.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator if an executive session is contemplated to-day?

Mr. McNARY. On Saturday the question was discussed and the Senator from Utah [Mr. SMOOT] and the Senator from Colorado [Mr. COSTIGAN] desired to take up a nomination on the calendar; but the Senator from Utah was indisposed this evening and went home and by consent the nomination goes over until another day. Consequently unless some other Senator makes a motion, and unless it is the desire of the majority, there will be no executive session to-day; but I may remind the Senator from Louisiana again that he could ask unanimous consent of the Senate, as I mentioned a moment ago.

Mr. LONG. In accordance with the suggestion of the Senator from Oregon, I ask unanimous consent that, as in executive session, we take up a motion to recommit the appointment of Mr. Ernest A. Burguieres as Commissioner of Immigration at the port of New Orleans. I ask unanimous consent to take up that motion.

The PRESIDING OFFICER. Is there objection?

Mr. BROUSSARD. Mr. President, I objected to a similar request this afternoon, and I renew the objection.

The PRESIDING OFFICER. Objection is made.

Mr. COUZENS. Mr. President——

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

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

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. While I appreciate the diligence of the Senator from Oregon and understand his desire to proceed with this bill, I wish to express it as my opinion that there is no more important bill which can be considered by the Congress than the one that is now the unfinished business. I wish to reiterate what I said a moment ago, that questions of vital public policy are being determined in connection with some of the amendments. The one now tendered by the Senator from Montana [Mr. WALSH] raises a very vital question of public policy, and I do not think it should be determined by a bare quorum of the Senate, many of whom, as the Senator has said, are fatigued. We have been in session since 11 o'clock this morning; many of us had committee meetings prior to the meeting of the Senate, and it is my opinion that the Senate can not transact business and pass upon the questions which are involved in this measure by being held in continuous session for these long hours. If the Senator from Michigan will yield to me, I will move that the Senate take a recess until 11 o'clock a. m. to-morrow.

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. I make that motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Wisconsin that the Senate take a recess until 11 o'clock to-morrow morning.

Mr. McNARY. Upon that I ask for the yeas and nays.

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

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT (when his name was called). I have a pair with the Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote.

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, and therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WAGNER (when his name was called). I have a general pair with the junior Senator from Missouri [Mr. PATTERSON]. I am not informed as to how he would vote if he were present. Therefore, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WATSON (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH], which I transfer to the Senator from Vermont [Mr. AUSTIN] and will vote. I vote "nay."

The roll call was concluded.

Mr. HEBERT. I am informed that the Senator from Florida [Mr. FLETCHER], with whom I am paired, would, if he were present, vote as I intend to vote. Therefore, I am free to vote. I vote "nay."

Mr. BINGHAM. I understand that I may transfer my pair to the Senator from Vermont [Mr. DALE] and vote. I vote "nay."

Mr. LOGAN (after having voted in the negative). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Mississippi [Mr. HARRISON], and will let my vote stand.

Mr. WAGNER. I am informed that I can transfer my pair with the junior Senator from Missouri [Mr. PATTERSON] to the junior Senator from Washington [Mr. DILL]. I do so, and vote "nay."

Mr. BRATTON. I have a pair with the Senator from New Hampshire [Mr. KEYES]. I transfer that pair to the Senator from Florida [Mr. FLETCHER], and will vote. I vote "nay."

Mr. McNARY. I desire to announce the following general pairs:

The Senator from North Dakota [Mr. NYE] with the Senator from North Carolina [Mr. BAILEY];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from North Carolina [Mr. MORRISON];

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Wyoming [Mr. KENDRICK]; and

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 27, nays 39, as follows:

YEAS—27

Black	Connally	Gore	Norris
Blaine	Coolidge	Howell	Schall
Brookhart	Copeland	King	Shipstead
Broussard	Costigan	La Follette	Tydings
Bulow	Couzens	Lewis	Walsh, Mass.
Caraway	Frazier	Long	Walsh, Mont.
Cohen	George	McGill	

NAYS—39

Ashurst	Glenn	Moses	Steiwer
Bankhead	Goldsborough	Neely	Stephens
Barbour	Hale	Norbeck	Thomas, Okla.
Barkley	Hastings	Oddie	Townsend
Bingham	Hayden	Pittman	Vandenberg
Bratton	Hebert	Reed	Wagner
Byrnes	Kean	Robinson, Ark.	Walcott
Capper	Logan	Robinson, Ind.	Watson
Dickinson	McNary	Sheppard	White
Fess	Metcalf	Shortridge	

NOT VOTING—30

Austin	Dill	Jones	Smoot
Bailey	Fletcher	Kendrick	Swanson
Borah	Glass	Keyes	Thomas, Idaho
Bulkley	Harrison	McKellar	Trammell
Carey	Hatfield	Morrison	Waterman
Cutting	Hawes	Nye	Wheeler
Dale	Hull	Patterson	
Davis	Johnson	Smith	

So the Senate refused to take a recess.

DEPARTMENT OF LABOR—ERNEST A. BURGUIERES

Mr. LONG. Mr. President, I have endeavored throughout the day to get unanimous consent to vote to recommit the appointment of Mr. Burguieres as commissioner of immigration of Louisiana and whatever territory is affected; but there has been objection made by my colleague, which has prevented that from being done.

I announced here on the floor of the Senate this morning that I must necessarily leave this evening. I can not wait here any longer. I have been advised by more than one member of the Committee on Immigration that they were not present when this nomination was ordered to be reported to the Senate. I have also been advised by at least one member of the committee—if I might make the statement, by the Senator from Utah [Mr. KING]—that he will move to have that appointment recommitted to the committee.

I wish to say, gentlemen of the Senate, that had I had the slightest doubt that the objections which I made against the confirmation of this appointment were sufficient, I would have produced any other necessary proof that might have been required to prove that this appointment should not have been made. When I was here—and I was here for some time after the appointment was made—I produced what I thought was sufficient proof for that purpose; and I was assured by members of the committee, from such understanding as I had, that there was certainly no further need for me to worry about the committee reporting the nomination favorably.

The Senator from New York [Mr. COPELAND] and the Senator from Utah [Mr. KING] were not present when this matter was brought up during my absence from the Senate.

I have undertaken to-day to secure unanimous consent, as in executive session, so that I might present to the Senate a motion to recommit this nomination in order that we might have a fair chance on this matter. I can not be here after to-day. It is impossible for me to be here.

Mr. BINGHAM. Mr. President——

Mr. LONG. I yield to the Senator from Connecticut.

Mr. BINGHAM. Does the Senator intend to object to this nomination on the ground that the nominee is personally objectionable to him?

Mr. LONG. That is one objection, Mr. President.

Mr. BINGHAM. Then, Mr. President, I shall support the Senator's contention; and I suggest to him that he move that the Senate proceed to the consideration of executive business.

EXECUTIVE SESSION

Mr. LONG. I move, then, in line with the Senator's suggestion, that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Louisiana.

On a division, the motion was agreed to; and the Senate proceeded to the consideration of executive business.

Mr. WALSH of Montana. Mr. President, I ask unanimous consent that we proceed to the consideration of the matter proposed by the Senator from Louisiana, and that thereupon the Senate rise and proceed to the consideration of legislative business.

Mr. LA FOLLETTE. I object.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER laid before the Senate a message from the President of the United States nominating FREDERICK W. DALLINGER, of Massachusetts, to be a judge of the United States Customs Court, which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

Mr. ODDIE and Mr. McKELLAR, from the Committee on Post Offices and Post Roads, each reported favorably sundry nominations of postmasters.

Mr. REED, from the Committee on Finance, reported favorably the nomination of Albert H. Ladner, jr., of Philadelphia, Pa., to be collector of internal revenue for the first district of Pennsylvania in place of Joseph S. MacLaughlin, deceased.

Mr. HEBERT, from the Committee on the Judiciary, reported favorably the following nominations:

Lester O. Gore, of Alaska, to be district judge, district of Alaska, division No. 2, to succeed G. J. Lomen, whose term expired February 16, 1930; and

Philip Forman, of New Jersey, to be United States district judge, district of New Jersey, to succeed William A. Runyon, deceased.

The PRESIDING OFFICER. The nominations will be placed on the calendar.

TREATIES

The PRESIDING OFFICER. If there are no further reports of committees, the calendar is in order.

The Chief Clerk proceeded to read Executive A (71st Cong., 3d sess.), protocols concerning adherence of the United States to the Court of International Justice, transmitted by the President of the United States on December 10, 1930.

Mr. REED. Let the protocols go over.

The PRESIDING OFFICER. The protocols will be passed over.

ORDER OF BUSINESS

The Chief Clerk read the nomination of T. V. O'Connor to be a member of the United States Shipping Board for a term of six years from June 9, 1932.

Mr. McNARY. Mr. President, after conference with the senior Senator from New York [Mr. COPELAND] and the senior Senator from Tennessee [Mr. McKELLAR], the Senate proceeded to the consideration of this nomination on Saturday, but its consideration was not concluded. I hope we may go forward now and conclude it, and get it out of the way before we take up any other matter.

Mr. KING. Mr. President, will the Senator yield for one minute?

Mr. McNARY. I am very happy to yield.

Mr. KING. In view of the fact that the junior Senator from Louisiana——

Mr. NORRIS. Mr. President, we are unable to hear the proposition of the Senator.

Mr. KING. I think my friend from Nebraska desires to understand the proposition of the able Senator from Oregon, and I yield, if the Senator will permit me.

Mr. McNARY. Mr. President, I am simply stating the historical fact that on Saturday, before the recess, we were considering the nomination of the chairman of the Shipping Board, Mr. O'Connor. At that time it was agreed that we would not reach a vote because the Senator from Tennessee [Mr. McKELLAR] desired to rest after a long speech. The matter now is the first on the Executive Calendar. It will require unanimous consent to take up another matter; and I suggest that we go forward upon this nomination where we left off on Saturday.

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

Mr. McNARY. Very gladly.

DEPARTMENT OF LABOR—ERNEST A. BURGUIERES

Mr. KING. In view of the fact, as I was about to observe, that the junior Senator from Louisiana [Mr. LONG] is compelled to leave the city this evening, and this executive session was called at his instance, it occurs to me that it would be a proper act of courtesy if we could take up his matter first; and when that is disposed of I have not the slightest objection to the consideration of the matter referred to by the Senator from Oregon. Would the Senator object to that?

Mr. McNARY. Mr. President, I have no desire to inconvenience the able Senator from Louisiana. If it is agreeable to his colleague that the matter come up out of order, I have no objection to it.

Mr. KING. Then, Mr. President, I move that the nomination of Mr. Burguieres be recommitted to the Committee on Immigration.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah.

Mr. REED. Mr. President, in the absence of the Senator from West Virginia [Mr. HATFIELD], who is chairman of the committee, I think it is only fair that I should make a statement as to why this nomination was favorably reported by the committee. I myself never heard of the man or the appointment until it was brought up in the last meeting of the Immigration Committee. I do not know the man. I know nothing about his merits or demerits, and I do not want it thought that this is a matter in which I am particularly interested.

The statement was made to us by the Senator from West Virginia at this committee meeting that he had a great volume of testimony favorable to this man who is nominated; that the only thing against him was the personally-obnoxious objection made by the Senator from Louisiana [Mr. LONG]. The committee took the position then, and subsequently the statement has been made on the floor, that if this were an office to be exercised wholly within the State of Louisiana the objection of the Senator would be

conclusive, and we would report adversely on the nomination; but the committee took the position that as this is not such an office, as its functions extend over many States and affect many States, no Senator from any one of those States ought to be allowed to interpose that objection successfully, just exactly as we have said several times before with regard to nominees for Federal commissions or nominees for courts whose jurisdiction extended over several States.

That was why the committee did not regard the Senator's objection as conclusive when he said that this nominee was personally obnoxious to him; and as all the testimony, according to the Senator from West Virginia, was in favor of the nominee, the committee voted to report the nomination favorably to the Senate.

Mr. LONG. Mr. President, I just want to advise the Senator—because I am sure he was not present, and there is bound to be some mistake—that I presented some telegrams from the various interests opposing this man, particularly the laboring people, at the time I appeared there. The Senator from Utah [Mr. KING] was there; the Senator from New York [Mr. COPELAND] was there; and I was given to understand beyond any question that there was not any need of going further.

Mr. REED. I do not know who gave the Senator that advice. I was not present at that time.

Mr. LONG. I was seeking to convey the information that it was not solely my objection at the time. I did present these telegrams, and I think the Senator from Utah can tell the Senator that I did.

Mr. KING. Mr. President, I have no interest whatever in this matter. I desire, however, always to be fair to Senators, no matter whether I agree with them or not.

I am a member of the Committee on Immigration. This nomination was called up before the committee several weeks ago. Senator LONG appeared and stated that this man was personally obnoxious to him, and that he objected to his confirmation. At the same time he called our attention to two letters or telegrams, I have forgotten which, purporting to come from labor organizations of Louisiana, New Orleans, as I recall, in which it was stated that this man was unfavorable to labor, and that they were very much opposed to his confirmation.

There was not a full attendance of the committee. After hearing Senator LONG, and after the telegrams were presented for our consideration, I have forgotten who made the motion, or whether it was only a suggestion, but at any rate there was an understanding that the matter was shelved, and Senator LONG was advised that no further action would be taken.

Some time later I attended a meeting of the committee, but the matter was not brought up during my presence. I was compelled to go to a meeting of the Committee on Finance, and after remaining in the Committee on Immigration for perhaps half or three-quarters of an hour, during which time a number of measures were disposed of, I excused myself and went to the Committee on Finance. I am making no criticism whatever, but after I had departed, I understand that the name of Mr. Burguieres was again brought to the attention of the committee. Of course, I do not know what occurred. The Senator from Pennsylvania [Mr. REED] has just stated what occurred in regard to the matter. I knew nothing about the action that was taken until I saw the nominee's name upon the Executive Calendar, and when it was reached, I think the Senator from Pennsylvania moved the confirmation.

Mr. REED. Mr. President, I had never heard of it before. The matter was laid before the Senate by the Presiding Officer. I did not know it had ever been up before, and I did move for the confirmation of the nominee, after the nomination was laid before the Senate.

Mr. LA FOLLETTE. Mr. President, will the Senator from Utah yield?

Mr. KING. In just a moment. I found that Senator LONG was not here; and I then called attention to the fact that he was absent, and insisted that the matter go over until he returned. After some colloquy, that understanding was reached and the matter went over. That is all I know in regard to this nomination, and I have felt that in view of the action first taken, and the understanding which Senator LONG received from what we said and what we did, he ought to have been advised as to when it would be taken up again and an opportunity afforded him to present his views. That is the reason why I have championed his cause, so to speak, particularly during his absence, and why now I have made the motion to recommit.

I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I wanted to ask the Senator from Pennsylvania whether there was an actual quorum of the committee present, or whether the members were simply put on the list being counted for a quorum, as is done in so many of the committees during these days?

Mr. REED. It was just as happens in so many of our committees, members coming in and going out.

Mr. LA FOLLETTE. I wanted to know whether there was an actual quorum present when the nomination was voted to be reported to the Senate.

Mr. REED. I do not know.

Mr. NORRIS. Mr. President, may I ask the Senator from Pennsylvania, having heard the statement made by the Senator from Louisiana, and also the verification of it by the Senator from Utah as to what happened at a meeting when the Senator was not there, and as to the understanding had by the Senator from Louisiana, does not the Senator think the nomination should go back to the committee?

Mr. REED. It has been in the committee twice, as I understand it. This is the second time it has been reported, is it not?

Mr. KING. No.

Mr. REED. Is this the first time it has been on the calendar?

Mr. KING. Yes.

Mr. NORRIS. It seems to me, without expressing any opinion about the merits, because I have none, with the understanding the Senator from Utah seems to indicate was had, it being understood by him at that time that the matter was ended, and it coming up again when the Senator from Utah was not there and the Senator from Louisiana was not there, it seems to me in real good faith we ought to send this nomination to the committee.

Mr. REED. I do not know. If the Senator from Louisiana expects to produce evidence tending to show that the nominee is unfit, of course he ought to be given a chance to produce it, but if he merely wants this matter to go back to the committee so that he can claim that the nominee is personally obnoxious to him, and rest on that, I am going to oppose sending it back to the committee.

Mr. LONG. Mr. President, I want to do both. I think that there are a number of Senators here who will not support the Senator on the jurisdictional point he is making, but I propose to show that there are over 13,000 men who object to this nominee. I thought the matter was settled.

If this matter goes back to the committee, I do not believe the committee will ever report the nomination again. As a matter of fact, the Senator from New York [Mr. COPELAND] was at the meeting when I attended it, and he was not at the other meeting when the nomination was ordered reported. He was favorably inclined to my position at the time, and others were as well. But I had left town when the matter was reported, and I received a telegram from the Senator from West Virginia [Mr. HATFIELD] while I was down in Louisiana which said, "Do you still object to the confirmation of Mr. Burguieres?" I wired him back that I still objected. I thought he simply wanted to know whether I still objected to the nomination, but the next thing I knew it was reported out. I was not at the meeting and knew nothing about it, and I venture the assertion that except for the technical quorum there were very few men at the meeting, because I am quite positive that with a quorum the committee would not have reported the nomination in view of the understanding I had at that time.

Mr. REED. Surely the Senator from Louisiana is not reproaching members of the committee for not being present?

Mr. LONG. Not at all—nor any other committee. I am not going to call the pot black. What I am trying to do is to let the committee have its day in court.

Mr. REED. We have to get along with the public business. I am not disposed to delay this. It ought to be decided

Mr. BINGHAM. Mr. President, in order that my position might not be misunderstood, I am one of the old-fashioned Senators who believe in State rights and in the right of a State to be represented by the Senators who sit here. I believe that when a Senator from a sovereign State stands up on the floor of the Senate and states that a nominee is not fit to hold a certain office, is personally obnoxious to him, that it is my duty, believing as I do, to vote with him, no matter how many of my friends may feel differently about the matter——

Mr. BROUSSARD rose.

Mr. BINGHAM. Even though the other Senator from the same State who is a personal friend of mine believes differently. The States are represented here by two Senators, and if one of those two representatives makes such a statement as was made on this floor by the junior Senator from Louisiana, no matter how much I may disagree with him on every position he takes—and I think it fair to state that probably there are no two Senators on this floor who are more divergent in their views on public questions than the junior Senator from Louisiana and I—nevertheless, when he takes the position he has taken regarding this matter it seems to me that the only fair thing to do is to send the nomination back to the committee for further consideration.

I yield to my friend from Louisiana.

Mr. BROUSSARD. Did the Senator from Connecticut hear the junior Senator from Louisiana to-day express that objection?

Mr. BINGHAM. On the floor this evening, in response to a question of mine, he suggested that the nominee is personally obnoxious to him, and it has been my practice during the seven and a half years I have been here always to vote in accordance with any such preference expressed by a Senator, no matter on which side of the aisle he might be.

Mr. BROUSSARD. My understanding of the statement made two or three times by my colleague was that the nominee was obnoxious to the labor people.

Mr. BINGHAM. I asked the junior Senator, the Senator's colleague, whether the nominee is personally obnoxious to him, and he stated that he is. Then I suggested that I should vote with him, although he knows as well as any Senator on this floor that he and I rarely vote on any question on the same side of the issue.

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit.

The motion was agreed to, and the nomination was recommitted to the Committee on Immigration.

UNITED STATES SHIPPING BOARD—T. V. O'CONNOR

The legislative clerk read the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board.

Mr. McKELLAR. Mr. President, on Saturday this nomination was discussed, and I stated then, and I wish to state again now, that I regard Mr. O'Connor as unfit to hold this office.

I expect every Senator here knows Mr. O'Connor, and I imagine most of us know the peculiar things about him which render him unfit. One of those is not to be said in disparagement of Mr. O'Connor; it was his misfortune and not his fault, no doubt, but we all know that Mr. O'Connor is not an educated man, and we all know that Mr. O'Connor is the kind of man who can be influenced very easily by those who desire to influence him. He has never had the experience which would fit him for a place like this. He has never had any business experience which would qualify him for a position of this kind. To turn over a great corporation, with ships which had cost billions of dollars, and with almost unlimited sums of money under the control of the board of which he was chairman, puts him in a peculiar position where the Government might be taken advantage of, and I want to say that this record of Mr. O'Connor shows that the Government has been taken advantage of time and time again.

I pointed out on Saturday that $22,000,000 had been lost by the grossest kind of inefficiency and carelessness, by disregard of the law.

Mr. NORRIS. Mr. President, will the Senator yield while I suggest the absence of a quorum?

Mr. McKELLAR. I yield for that purpose.

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

The PRESIDING OFFICER (Mr. JONES in the chair). The clerk will call the roll.

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

Ashurst	Copeland	Howell	Patterson
Barbour	Costigan	Jones	Pittman
Barkley	Davis	King	Reed
Bingham	Dickinson	La Follette	Robinson, Ark.
Black	Fess	Lewis	Robinson, Ind.
Bratton	Frazier	Logan	Sheppard
Brookhart	George	McGill	Steiwer
Broussard	Glenn	McKellar	Thomas, Okla.
Byrnes	Goldsborough	McNary	Townsend
Capper	Gore	Metcalf	Vandenberg
Caraway	Hale	Moses	Wagner
Carey	Hastings	Neely	Walsh, Mass.
Cohen	Hatfield	Norbeck	Watson
Connally	Hayden	Norris	White
Coolidge	Hebert	Oddie	

The PRESIDING OFFICER. Fifty-nine Senators have answered to their names. A quorum is present.

Mr. McKELLAR. Mr. President, the Shipping Board has been a very unsuccessful institution, as we all know. During the war we spent on the Shipping Board in 1917 the sum of $50,100,000; in 1918 we spent $1,067,533,816.55; in 1919 we spent $1,810,190,032.80; or a total of $2,927,883,-849.35. There were certain reappropriations which went back into the Treasury of $4,000,000, which reduced the total net appropriation during the war period to $2,922,-953,640.49.

After the war was over the shipping interests got busy and got control really of the Shipping Board. I digress there long enough to say that in my judgment one of the greatest mistakes Congress has ever made was in not having long ago abolished the Shipping Board and everything that pertains to it. The Government would have been a great deal better off, our shipping would probably have been a great deal better off, and the constant outpour from the Government Treasury to the big shipping interests would have been discontinued long ago, and the entire country would have been better off.

I want to call attention to some of the appropriations which have been made during the incumbency of Mr. O'Connor. I would include also those made just prior to his going into office. I shall read only the round numbers, because I intend to have the letter from which I read inserted in the RECORD in full, and it will give the figures in full.

For the fiscal year 1920, $357,000,000; for 1921; $37,000,000; for 1922, $103,000,000; for 1923, $70,000,000; for 1924, $50,-000,00; for $1925, $30,000,000; for 1926, $24,000,000; for 1927, $24,000,000; for 1928, $22,000,000; for 1929, $18,000,000; for 1930, $16,000,000; for 1931, $11,000,000; or a total for the 10 years after the war, in large part while Mr. O'Connor was chairman of the board, of $707,000,000.

What have we received for that sum? We have sold our ships. They are gone. We have paid enormous salaries. We have paid to the members of the Fleet Corporation for a while salaries of $35,000 a year each. I think we paid one or two attorneys $35,000 a year and then after a hard fight we got it reduced to $25,000 a year, and one remains now at $18,000. He is still drawing $18,000 a year, yet the Shipping Board, when confronted with a loss of $22,000,000, did not even consult that attorney and ask for his opinion. When confronted with one of the most important contracts they ever made, they did not even call him in.

There was some $74,000,000 reappropriated from the Treasury, so that the net appropriations from 1920 to 1931 were $692,000,000.

Mr. Sandberg, the vice chairman, wrote me a letter under date of June 20, 1932, and I shall ask permission to have it inserted in the RECORD in full at the close of my remarks on this subject.

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

(See Exhibit A.)

Mr. McKELLAR. Mr. Sandberg wrote in part as follows:

In connection with the second paragraph of your letter, I wish to advise that the appropriation acts for the fiscal years 1921 and 1922 authorized sales receipts totaling $70,000,000 and $55,000,000, respectively, to be used for administrative expenses of the Merchant Fleet Corporation for payment of claims, losses from operations of vessels, and completion of vessels under construction. The records of the Merchant Fleet Corporation indicate that the total amount of sales receipts used under this authority was $107,619,426.55.

There was $4,000,000,000 expended, ships costing millions of dollars sold for a song, and the total turned over to the Shipping Board was $107,000,000 plus.

Furthermore, the appropriation acts for the fiscal years 1925 to 1931, inclusive, authorized the use of sales receipts totaling $22,325,000 to defray expenses of liquidation.

That was under this man, wholly unfitted to perform his duties, as every Senator knows. There is not a man who knows Mr. O'Connor who will rise in his place and say he believes he is a man fitted for the position. Under his administration $22,000,000 were expended for expenses of liquidation.

The total amount authorized has not been used, however; $5,476,219.19 having been transferred to the Construction Loan Fund instead of being used to defray liquidation expenses.

Instead of being used to defray liquidation expenses, that fund was transferred as stated, making upward of $17,000,000 used for liquidation. They had a lawyer they were paying $35,000 a year for quite a while and then we reduced his salary to $18,000, and, I think, the Economy Committee had reduced it again—and all this under the administration of the man whose name has been sent here for confirmation.

Listen to this:

These appropriations, since the fiscal year 1927, include $10,000,000, for one year and $5,000,000 for four years, or since 1928, and represent a special fund designated as fighting fund and are not to be used for operations by the Shipping Board.

What is that? Do we know? What does Mr. O'Connor use the fighting fund for? Can any Senator answer the question? I shall be glad to yield to him if he can.

This amount is still in the hands of the Treasurer and can not be used except for the purpose for which it was appropriated.

Who knows for what it was appropriated?

Mr. COPELAND. Mr. President——

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

Mr. McKELLAR. I yield with pleasure.

Mr. COPELAND. Did the Senator say that this large fund was to pay the expenses of litigation?

Mr. McKELLAR. Does the Senator refer to the $17,000,000?

Mr. COPELAND. I ask was that fund to be used to defray the expenses of litigation?

Mr. McKELLAR. No; to defray the expenses of liquidation.

Mr. COPELAND. That is quite different.

Mr. McKELLAR. I do not know; it is pretty nearly the same. I will refer to the way they liquidate. I am glad the Senator from Utah called attention to it.

Under Mr. O'Connor's administration, which we are asked to indorse by confirming his nomination, a ship which is known as the *City of Eureka*, which cost the Government $1,894,000, was sold for $64,800. Then before it was delivered it was repaired at an expense of $44,500. The man responsible for such transactions as that we are called upon by our votes to confirm as the head of this great institution with all this money at its disposal.

Mr. HOWELL. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. HOWELL. Do I understand that the vessel in question was sold for $64,000?

Mr. McKELLAR. It was sold for $64,800, but before it was delivered, after the sale, $44,500 was expended in repairs, the Shipping Board getting net for the ship $20,300.

Mr. HOWELL. How is it possible to explain such a transaction?

Mr. McKELLAR. It is not explainable. "Mr. O'Connor is a good fellow, just confirm him." He is a man who will do what the shipping interests want done.

Mr. HOWELL. Where is that vessel now?

Mr. McKELLAR. I do not know; I can not tell the Senator; but it cost the Government $1,894,000 and it was sold for $64,800. It was then repaired before it was delivered at a cost of $44,500, the Government getting $20,300 net for it. That hardly paid the expenses of the sale. I doubt if the Government received a cent; but that is not a very unusual thing, for ships were practically given away. As the Senator from Oklahoma [Mr. GORE] suggests to me, what the Government received would not have gotten the barnacles off the vessel. The truth of the business is the most ideal man that could be found in America by the shipping interests when there were such things to be done, in my judgment, was Mr. O'Connor, and we all know that. Every Senator knows it just as well as I do. He is not the kind of a man to have charge of this enormous trust fund belonging to the American people. In addition to all this money that has been appropriated every year, he has a revolving fund of $325,000,000 that he lends out as heretofore shown at the most ridiculous rates of interest.

Mr. DAVIS. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. DAVIS. Was it a part of the contract of sale of the vessel to which the Senator from Tennessee refers that the ship was to be conditioned before the sale was completed?

Mr. McKELLAR. I do not know what the contract was. Here is the record. What difference does it make? "Part of the contract!" The board made any kind of a contract the shipping interests wanted. As the Senator from Oklahoma suggests to me, the Government was lucky that the repairs did not exceed the price of the ship; and I am not so sure but that they did. Who knows what has happened about it? With unlimited sums of money, with almost billions of dollars worth of property in the hands of this man, with large appropriations in his control every year, it has been one of the most lamentable, indefensible activities that has ever been established by the Government at any time; and I am not so sure that it is not worse even than the Farm Board.

I am not sure that there is any charge that Mr. O'Connor and those associated with him gambled on the exchanges. They sold ships for nothing; they gave up the Government's property for nothing; they loaned the Government's money for rates of interest that brought practically nothing.

Mr. McNARY. Mr. President——

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

Mr. McKELLAR. I shall yield in just a moment. However, I do not believe they gambled. I am not sure, but I do not think there is anything in the record to show that they gambled. The members of the Farm Board, through their cooperative associations, went on the wheat-gambling market and the cotton-gambling market, and lost the Government's money, but here it was just like pouring it in a rat hole, and all that with the Government $3,000,000,000 behind in its running expenses for this year. I now yield.

Mr. McNARY. Mr. President, I rise for the purpose of proposing a unanimous-consent agreement. I ask unanimous consent that when the Senate shall have concluded its business to-day it take a recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

Mr. McKELLAR. I have brought out the fact as to one ship. I now want to call the attention of Senators who are still here to the fact that notwithstanding the low sale prices at which these ships were sold, the board also, after the contract was made and pursuant to it, made repairs on 18 vessels at a cost totaling $280,722. That is entirely apart from the two vessels sold at $1,000 each, which had cost hundreds of thousands of dollars. Yet we are asked to approve the nomination of this man.

Mr. President, I was asked the other afternoon about how the board arrived at these remarkable rates of interest, one-fourth of 1 per cent, three-eighths of 1 per cent, one-half of 1 per cent, and various other infinitesimally small rates of interest. I did not give the information as fully and as accurately as I now want to give it to the Senate.

I wish to invite attention to a very remarkable situation. I think the responsibility of the Shipping Board and of Mr. O'Connor has been sufficiently shown by the statements I have already made, but I desire to call attention to the fact——

Mr. ASHURST. Mr. President, I rise to a point of order. I make the point of no quorum.

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

Mr. McKELLAR. Will the Senator withhold the point for a little while?

Mr. ASHURST. Very well.

Mr. McKELLAR. Mr. President, the United States Government did not borrow the money the Shipping Board was lending at any such rate as one-fourth of 1 per cent, at any time under any circumstances. The rate of yield to the United States or to those from whom the United States borrowed, never was one-fourth of 1 per cent as certified by the Treasury; it never was three-eighths of 1 per cent; it never was one-half of 1 per cent; it never was 1 per cent. These ridiculous rates were never the rates of yield to those from whom the Government borrowed. The Government sold its obligations for about 3½ per cent, and after they were sold on the market they were quoted privately—not publicly, because there were no such quotations. For instance, if Senator A had a Government obligation of date June 1, 1930, for $100,000 and he was paid a rate of interest of from 3 to 3½ per cent and, for some reason, he sold it to Senator B at an increase of one-fourth of a per cent or one-half of a per cent, the Government took that private sale, of which there was no record, and used it as the rate of yield. It was a fraud upon the American people, an outrageous and unmitigated fraud; and yet we are asked to approve this whole miserable and indefensible business by the confirmation of the man who is responsible for it.

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

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

Mr. McKELLAR. I yield.

Mr. COPELAND. It might have been a fraud, but it was the law.

Mr. McKELLAR. It was not the law at all.

Mr. COPELAND. It was not the law?

Mr. McKELLAR. No; it was not the law. If the Senator had listened to what I have had to say he would know that the Government was paying 3½ per cent for its money, but at a private sale of an obligation the Government had already sold if a ridiculously low rate of interest was added that was certified as the yield, and on that basis the rate was determined to be one-half of 1 per cent. I will give the facts and figures.

I take an instance from one of the Dollar loans. I am not talking about dollars now, but I am talking about a man by the name of Dollar who ran the Dollar Shipping Corporation.

The loan agreement for the two Dollar loans of $5,280,500 each, $10,561,000 in all, was dated October 26, 1929. Keep that in mind. I have to-day ascertained from the Treasury Department the lowest rate of interest on any Government obligation on October 26, 1929, was 3.43 per cent, which is practically 3½ per cent. Hence had the board conformed to the opinion of the Attorney General as expressed as a part of their own views, the interest rate on that loan would have been 3½ per cent instead of one-fourth of 1 per cent and 1 per cent, respectively, and the United States would have collected $3,040,312 more interest than it will collect if the lower rate shall be maintained.

How did they arrive at the rates stated? They did not arrive at those rates from the yield on any Government obligation, but from the yield on a private transaction, and the very effort to fix it in that way shows that anybody could have defrauded the Government. How easy it would be for one member of a shipping corporation to buy in privately an outstanding obligation of the Government—and that is what was done—and return it to the seller 10 minutes afterwards, at a rate of interest of one-fourth a per cent or one-half a per cent higher, and then, after the transaction was completed, let the Treasury know about it and have it certified. Certainly, however, any such plan or system is an open door to fraud, and it ought not to be countenanced by the Senate at the expense of the American people to the extent of the enormous sum of $22,000,000.

I come next to the loan agreement of the Export Steamship Co. That is the one of which George H. Herberman—a favorite, as shown here, of the chairman of the board—is the head. It is dated August 31, 1929, and the lowest rate of yield for that date was 3.57 per cent, or over 3½ per cent. The United States would have collected from that company $1,783,437 more than it will collect at the lower rates if this agreement had provided for 3.57 per cent. It was just a gift. Mr. O'Connor in that transaction simply gave $1,783,437 of the Government's money—not his money, but a trust fund; not a gambling fund, but a trust fund—he just gave that to his friend George Herberman, and that is all there is to it.

Senators, are we going to confirm the nomination of a man who thus deals with the public moneys of the United States? It is inconceivable that this body will vote to confirm him.

I call attention next to the loan agreement for the Oceanic Steamship Co., dated October 25, 1929. The lowest rate of yield for that date was 3.44 per cent, hence the rate to the nearest one-eighth of 1 per cent was 3.4 per cent instead of one-half of 1 per cent. The Government lost by that transaction $1,128,125. The testimony here of others who did not stand so close to the Shipping Board is that they were right there trying to get loans at this low rate of interest, but they could not get them. They did not know why, but they could not get them. One man said that he had to pay as much as 2 per cent at the same time.

Similar results were had in the cases of 10 others; and many millions of dollars more would have been collected had the board applied the plan of the second half of the Attorney General's opinion.

A great deal has been said about the Attorney General's opinion. Mr. President, in his opinion the Attorney General said that it was the duty of the board—he did not use the word "duty," but that is the substance of what he said. I am not surprised that Mr. O'Connor did not know its meaning, but that is what the Attorney General's opinion was—that it was the duty of the board that a contract rate should be put in. Mr. Mellon advised a contract rate. Everybody who had anything to do with it advised a contract rate except Mr. O'Connor, and except his attorney, Mr. Parker, who is drawing $18,000 a year to protect the Government's interests; and nothing is shown here to demonstrate that he ever took any part in it.

Like another Senator who spoke here the other day, I think that instead of this man being confirmed the whole miserable business ought to be examined into, and these men turned out of office for being unfaithful trustees.

Right in that connection, to show you how we get along—those of us who want to stand for the Government and stand against this waste and extravagance and misuse of

the Government's funds—let me say that last January, I think, I got a resolution through ordering an investigation of this very matter, among others, an investigation of the Shipping Board and its contracts; and what happened? A subcommittee of five was appointed to examine into it, consisting of two Democrats and three Republicans; and the chairman has never called that subcommittee together to make the examination. Why is it?

The great shipping interests have a man in there of exactly the kind they want, a man who suits them, a man who does what they want rather than what the Government wants. They have him there. He is exactly the kind of man they want. The great shipping interests are all for Mr. O'Connor. They want him confirmed; but what are the American people going to say about it? If the American people knew about what is going on in the Shipping Board, and how it is just a rat hole for their taxes to go into; if they knew that scores of millions per year are being spent upon it, or a total of nearly $4,000,000,000, they would rise and do away with those who are responsible for any such system of Government.

Commissions! Commissions! I have often felt during the last few years, since I have been brought in contact with these commissions which cost the Government enormous sums of money, which cost the Government more than the Government itself cost to run a few years ago, that I would never vote for another commission; and I have my very serious doubts, as long as I shall be here, whether I shall ever vote for any other commission; a commission where they "pass the buck," so to speak, from one to the other; where they pass responsibility, to use a proper word, from one to the other.

Take this very man. He first charged me with having defeated or postponed a bill on account of which, he said, the Government had lost money. When confronted with the indisputable fact, he had to admit that they had made no loans of this kind during the time that bill was under consideration. Then what did he do? He once said that the Treasury Department was to blame for it, and Senators here talk about the Treasury Department being to blame for it. First the Congress was to blame, then the Treasury Department was to blame, and then the Attorney General was to blame. Everybody was to blame except the man who did the work, the man who lost the money, the man who was directly responsible for the care and keeping of this trust fund intrusted to his hands. All of them were responsible except this man. The fact is, however, that he is the responsible man. The law puts him there in charge of this matter; and the Senate ought not to confirm him when it is known that he has already lost to the Government, in giving away interest rates to shipping companies, the enormous sum of $22,000,000.

Mr. President, the shipping companies not only got that from O'Connor, but they are getting vast subsidies besides. I will give you an illustration.

One of the shipping companies which operates largely out of New Orleans—I do not know whether it is a southern company or a northern company, but I think it operates out of New York also—is known as the United Fruit Co. The vice president of that company testified, Mr. O'Connor being present, that it was worth from two hundred to two hundred and fifty million dollars; that it was paying dividends; that it owed no money; that it discounted its bills; that it was paying its dividends; that it was able to look after itself in every way; and what was it getting? It was getting these loans to build its ships, three-quarters of the cost of the ship, including everything that furnished the ship, including kitchen ware, cooking utensils, table linen, tableware, everything that could not possibly last 20 years. They were borrowing three-quarters of the cost of ships and wares like that under a building program, so they say. The Government was furnishing three-quarters of the money, and at the end of five years the ships could not possibly be worth what the Government had in them. That was what was being done; and that company was borrowing this money at a fraction of 1 per cent.

When everybody else in the country was hard up, and had to pay large rates of interest, from 6 per cent on up, here were these favored shipping companies, under the beneficent rule of Mr. O'Connor, borrowing money at one-quarter of 1 per cent, and three-eighths of 1 per cent, and one-half of 1 per cent, and five-eighths of 1 per cent, and some had to pay the high price of three-quarters of 1 per cent; some had to pay the enormous sum of 1 per cent for their money; and, by the way, they have a bill over there to declare a moratorium on even that! Can you blame them? They are the favorites of the Government and the favorites of Mr. O'Connor. How nice and easy!

But that is not all they got. After they built their ships in that way at Government expense, they asked for a mail route, and, as one of them testified, they sometimes carried a hatful of mail—a hatful of mail! Sometimes two or three different shipping companies were operating on the same route, and they had to divide up the hatful of mail. It is in the testimony that one company that had a contract or subsidy of $102,000 were asked how much mail they carried. Their reply was that they carried 3 letters and 45 pounds of parcel post. That, under the international rates, would have cost $3 to carry; and under this beneficent law of the Postmaster General and the Shipping Board chairman and the Shipping Board itself they got $102,000 for carrying 3 letters and 45 pounds of parcel post!

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

Mr. McKELLAR. Certainly.

Mr. FESS. Does not the Senator agree with me that the facts he is emphasizing here strongly argue against Government operation of anything of this sort?

Mr. McKELLAR. I do not know that they argue so strongly against Government operation. They are not half as strong against Government operation as they are against Government subsidies.

If the Senator will pardon me just a minute, I want to follow the line of the United Fruit Co. This great corporation, worth from two hundred to two hundred and fifty million dollars, gets in subsidies on three routes the enormous sum of $1,200,000 a year.

The Bible was never truer on any page of it than where the Savior of Mankind said:

> For unto everyone that hath shall be given, and he shall have abundance; but from him that hath not shall be taken away even that which he hath.

Think of it, Mr. President! A great shipping company, worth $200,000,000, not owing a cent of bonded indebtedness, not owing debts at all, paying their bills in advance, paying their dividends in this time of depression, getting $1,200,000 a year as a subsidy from the Government; and, my friend, you are going to vote for this man. I saw in the paper this morning that there were 57,000 families in Philadelphia alone, in your State, that were in distress and did not have bread to sustain them.

Mr. FESS. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. FESS. What I stated was the result of my conviction, that if we put the Government into an operation of this sort, the Senator and I and others will complain of what is being done, or what is not being done, because it is not as we want it. We know all about this shipping situation. It was a mistake, I think, for us not to come out squarely and vote for a subsidy to make up the difference between the cost of operation here and in competing countries instead of calling it a mail subvention, because when we call it a mail subvention, and it is really a subsidy, which I have always supported, then we have such serious concrete examples as that which the Senator cites, where a line will carry a very small amount of mail and the Government pay a large amount.

Mr. McKELLAR. There is not a word in the law, Mr. President, about a mail subvention. There is not a word in the law about a mail subsidy. That has been scrupulously

kept out of the law. I do not know why, but it was scrupulously kept out of the law. The Post Office Department is instructed to let these mail contracts out to the lowest bidder. Competition is required under the law, but there has been no competition. Thirty-nine out of the 44 contracts which have been let have been let without the slightest competition. They have been let at the highest rate the law allowed the department to pay. In other words, these shipping companies have simply become the wards and favorites of the Government, and are preying upon the Government. Think of it, with 10,000,000 people out of employment in this country, with 57,000 families in want and destitution in Philadelphia, and great, rich shipping companies receive something like $40,000,000, all told, in subsidies from our Government.

Think again, I say to my dear friend from Ohio, a scholarly and splendid man; think again, my friend, that this Government, while paying out this $40,000,000 in subsidies every year, is behind in running expenses in the enormous sum of $3,000,000,000. Is it not a remarkable situation, is it not a pitiful situation, that these great, rich, strong, splendid shipping companies are receiving this untold wealth out of the Treasury of the United States while 10,000,000 of our people are unemployed, in want, and in destitution?

I heard the Senator from Pennsylvania say that he was going to vote to continue this very system, with this very man at the head of it, and while he is voting to keep paying these great subsidies to the great, rich, powerful corporations of the country, 57,000 families in one of the cities in his State are in want and destitution.

I care not how you waste Government money; I am trying not to do it. I feel that I have a duty to perform. I examined the witnesses when they came before the committee. I know what has been done by this board. I know that the Government's moneys are being wasted. I know they are being thrown away. I know that these enormous riches are being thrown into the laps of great rich corporations, which do not deserve them. I know that they do not do anything that merits any such favor, and I am bringing the matter before the Senate and the country.

It may be possible that the Senate will confirm this man. He is responsible for the present situation more than any other man. He is there, being used by these very great interests, an ideal man for the place in the opinion of those who want to get gratuities from our Government and who want to reach their hands into the public till. It was easy when we had all the money in the world, but we have not that money now. There is a deficit in this year alone in our running expenses of $3,000,000,000; and if I know what figures mean, the deficit will be greater next year, even, with the billion dollars more in taxes you have put on the people, than it was this year.

Senators, when we finish with all the appropriation bills we will have spent this year more than $6,000,000,000, and we have revenue coming in of less than $2,000,000,000. If the new tax bill, which taxes everything, brings in as much in the way of taxes as we expect, another billion of dollars, that will make just three billion, and we will have spent more than twice that sum.

Where do we expect to go? How do you expect to run the Government if you are going to make gifts to the rich and powerful, as you are doing to the ship companies and the aircraft companies of the country?

Mr. President, in my judgment, what we ought to do is to abolish the Shipping Board. It would be cheaper to tell the great shipping companies, "If we have anything left, come and take it. We give it to you." It would be infinitely better than to keep up this great Shipping Board, at the great expense at which it has been kept up, $700,000,000 in 10 years; and if we have it another 10 years, with the official handling it, there will be another billion dollars more of the people's money spent. Where are we to get the money? You are grinding down the American people in taxes and giving the money away to the great corporations of the country which do not need it. None of them is in the hands of receivers; none of them is in want. They are living on the fat of the land. Why give them these great sums? Why keep up a board which continues to throw money into their laps?

Mr. President, I am here to-night speaking for a fair deal to the ordinary man. I am against subsidies of any kind. Talk about building up the American merchant marine; I doubt very much whether, with the expenditure of this $4,000,000,000 under this Shipping Board, we really have as good a merchant marine as we had when we started. Indeed, Mr. President, there are three of the companies I know of—and I will give their names, the United Fruit Co., the Munson Line, and the International Mercantile Marine—which get millions in subsidies out of this very fund, get their money at fractional parts of a per cent, on 20 year's time, with inadequate security, three of them asking now the privilege of not even paying interest on it, and they run more foreign ships than they run American ships.

Senators, is it possible to build up a merchant marine by subsidizing foreign ships? That is what we are doing. There is an amendment in one of the appropriation bills right now putting a limitation on some of the appropriations; and what is that limitation? It is a limitation that no part of the sum shall be paid to any concern that is running a foreign-flag ship in competition with an American-flag ship. Is that going to be agreed to? We have had the fight of our lives even to get it started; and I have no doubt that if it is possible to throw that provision out, it will be thrown out. What are we doing? Building up an American merchant marine? In heaven's name, no; you are building up a foreign merchant marine.

There is not a Senator in this body who does not know the history of the International Mercantile Marine; not one. It flies and has flown foreign flags for many years. Their president said that if we continue the present liberal policy and subsidize their ships he hopes that in time he might dispose of some of his foreign ships and buy American ships; and as long as he could get a subsidy and as long as he could get a rate of interest of a fourth, or a sixth, or an eighth, or a half of a per cent—getting the money virtually for nothing—on 20 years' time, he would let that sort of a ship carry the American flag, provided it would get a subsidy for carrying it.

Mr. President, some of these subsidies are the most outrageous pieces of business that the mind can conceive of. I asked one shipowner before the committee, "How much mail do you carry for this $400,000 you get?" "Well," he said, "the amount of mail carried is infinitesimal." "What do you mean by infinitesimal?" He said it was not material. "What do you mean by that?" He said it was not a hatful of mail.

On another route, from New Orleans to Cuba, according to the testimony, we are paying one shipping company $400,000 a year for carrying 759 pounds of mail, if I remember the figures correctly. Then, what did they do? There was a man by the name of Brush who went over to England and built a ship which carried freight cars. He got the money in England and built a ship which carried 90 freight cars and put that into the trade. He was flying the British flag; it was a British ship. He was an American running it, and he went to the Shipping Board and the Postmaster General and sought a mail contract. The very plain terms of the law prohibited a British ship, running under the British flag, from getting the mail contract. But they said, "Now, we will give you three-fourths of the cost of another ship like the one you have, carrying not less than 90 cars, and you can take that ship and put it under the American flag, and we will give you a contract." I do not remember the amount of the contract, but it was a very large sum—$600,000, as I remember.

"We will give you that contract, that subsidy, and we will make the other shipping concern that now carries 759 pounds of mail from New Orleans to Habana, Cuba, divide up with you so each of you will have just half." Ninety freight cars on one ship to carry less than 800 pounds of mail! Let me tell you the remarkable thing about it, the insincere and, as I believe, the dishonest thing about it. When the Post Office

Department advertised that contract, they knew they were about to let a contract to carry less than 800 pounds of mail. The advertisement for the contract said that no bid would be received unless the company making the bid had a capacity of 90 freight cars on their ship, making it so that no other company in the world could bid on that subsidy except this one concern, and that one concern had been flying the British flag for years.

Mr. DAVIS. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. DAVIS. The Senator will remember I asked where that particular ship was built, and, if I remember correctly, it was stated that it was built at Newcastle-on-Tyne?

Mr. McKELLAR. Yes.

Mr. DAVIS. I asked why that ship was built in a foreign shipyard, and it was stated because they could build it for one-half there what it would cost them to build it in an American shipyard; in other words, they paid about $1,000,000 for that particular ship, while to build the same kind of a ship in an American shipyard would have cost approximately $2,000,000 or more.

Mr. McKELLAR. Yes; but the Government would pay three-fourths of the $2,000,000 as well as three-fourths of the cost of furnishing the ship, and in addition to that, after putting up three-fourths of the cost of building it in this country, then they put up a subsidy, the exact amount of which I do not remember, but my recollection is it was something like $600,000, for running the ship. It would have been cheaper for the Government to have given that man a pension of $100,000 and not let him run that ship in the American trade at all. That is what they are doing with Government money, and we are sitting here doing nothing when it is our duty to look into the qualifications of officers whose names are sent here by the President.

There was another company operating between Key West and Habana, Cuba, that had been carrying mail for years on a ship they owned, that carried only 30 cars. They were cut out by the advertisement. The advertisement was so worded that no other company in the world except this British concern could bid on it. No other company could comply with its requirements. Why is it necessary for the United States Government through its agencies to engage in dealing like that? It is little short of infamous. If this were a lawsuit it would be properly characterized, but here on the floor of the Senate I think as much as we can say is that it was infamous and wicked. It is a wicked waste of the people's money at a time when we can ill afford it, at a time when our Treasury is bankrupt to the extent of $3,000,000,000 for operating expenses for this year, and when we are facing a like situation for the next year. It is time this thing were brought to an end. What right have we to give away the people's money in any such fashion as that? And yet that is what we are doing, just taking a shovel and shoveling it out. If it were gold we could not shovel it out as fast as this board is shoveling it out under those circumstances.

Am I wrong about it? Does anybody dispute the facts? I will yield to any Senator who wants to defend the work of this board. I will gladly yield to him to let him defend the board. It can not be defended, and we all know it. We are not fooled about it. There is not a Senator here who does not know the facts. In private business we would not stand for it a moment. Forty-four subsidy contracts carrying these millions for 10 and 20 years under a law requiring competition, and not a competitive bid in 39 of them, and the others were competitive only in name; and yet we are upholding that thing by our vote on Mr. O'Connor.

Mr. President, I have from time to time furnished the Senate with these facts. They are indisputable. They are in four issues of the RECORD, and there is no doubt about them. The Dollar Steamship Line is borrowing money from the Federal Treasury at this time, paying one-fourth of 1 per cent interest, when the Government itself can not borrow under 3 per cent to save its immortal soul. If we continue these extravagant and indefensible appropriations, the time will not be long distant when the Government can not borrow money at any price.

There have been $6,000,000,000 of appropriations for the coming year, beginning July 1. Senators ought to want to know why it is. When we first came here last December the President sent a recommendation for an appropriation of $203,000,000 for the veterans. We appropriated it. He next sent in a recommendation for a deficiency appropriation of $125,000,000, and we appropriated it. He next sent in a message for the current expenses of the Government of $4,601,000,000. Then he sent in a message for farm bonds to help, not the farmers but to increase the value of the bonds in the hands of bondholders $125,000,000. Then for the banks and the railroads and the other corporations he recommended $2,000,000,000 for the Reconstruction Finance Corporation.

Now we will have before us in a day or two a bill carrying $125,000,000 for a home-loan plan. I have no doubt it will be passed. We have $300,000,000 carried in the bill which the Senate has already passed for the relief work, and probably that is the only bill that is really defensible of all of them. All of these appropriations amount to the enormous sum of $6,675,000,000 in round numbers. Where are we going to get the money when we have less than $2,000,000,000 coming in now and a prospective $1,000,000,000 more? If this is continued we will be "in the hole" in the matter of running expenses more than $3,000,000,000 and probably nearer $4,000,000,000. If we continue these extravagant expenditures we are going to ruin our Government.

Mr. President, during the entire session I have stood here from time to time on the floor of the Senate and pleaded with the Senate and pleaded with those who represent our Government to reduce expenditures. I have pleaded with Government officers who came here to reduce their expenditures. "Let us cut down the expenditures of the Government." What has been the answer? Every Cabinet officer has written to the committee or come before the committee and said, "Oh, no; you can not cut my department."

There was a recommendation for an appropriation for the State Department of $400,000 for wine for foreign embassies. It was said that ambassadors and ministers of the United States in foreign countries appeared to better advantage when they had wine at their dinner parties. So we had a wine bill of $400,000.

When the Appropriations Committee cut it out the most earnest plea came from the State Department, "For heaven's sake, save our wine. We can not get along with our European neighbors and our foreign neighbors unless we serve them wine when they come to see us and when we give them dinner parties." Think of it! There are 10,000,000 people out of employment in the United States and yet the Government is spending $400,000 for wine for our ambassadors to entertain. O Mr. President, "Willful waste makes woeful want" is an old saying; and if we continue this waste, this extravagance, this turning over of these immense sums to boards that squander it and throw it away and misuse it, there will come a day of reckoning just as sure as we sit here.

It is for these reasons, Mr. President, that I am here pleading with the Senate to reject the nomination of Mr. O'Connor, who is responsible for such a large part of this loss. There is no telling how much it will be altogether. Millions have been spent by the Shipping Board and there is nothing to show for them. It may be that it is a race between the Farm Board and the Shipping Board. I do not know which is the most extravagant. The Shipping Board had so much more to be extravagant with. The poor Farm Board had only $500,000,000. They are at the doors of Congress begging for more. They want another appropriation. They have been outraged because we do not turn over the Treasury to them, the poor bankrupt Treasury, the borrowing powers of the Government to-day, and yet in comparison with the Shipping Board they have just one-eighth as much.

The Farm Board have received $4,000,000,000 which they have squandered in just reckless confusion. When it is wound up I doubt whether the country will get $12,000,000 from it all. There has been $4,000,000,000 of the people's money expended and nothing to show in return. When I think of the Shipping Board and the Farm Board I am reminded of an old Sunday school song that I used to attempt to sing when I was a boy:

Nothing but leaves.
The spirit grieves
O'er years of wasted life;
O'er sins indulged while conscience slept,
O'er vows and promises unkept,
And read through years of strife
Nothing but leaves, nothing but leaves!

And so it is with this board. What have we got to show? Nothing but leaves! Nothing but leaves!

They have given money away; they have wasted their opportunities; they have destroyed the board by extravagant, riotous living; they have paid out and squandered untold riches of this Government; they and other boards have brought the Treasury to bankruptcy and ruin, with nothing to show for it.

Do not let it be said of us—

O'er sins indulged while conscience slept.

Let us do our duty. We ought to abolish this kind of board; we ought to refuse to confirm unfaithful servants such as the chairman of the Shipping Board, and I appeal to the Senate not to do so. I am going to make a motion at the proper time when other Senators shall have finished to recommit this nomination to the Committee on Commerce and let them examine into it. This man ought not to be confirmed until a committee has examined into the matter and called him before it.

I am told—I do not know how much truth there is in it—that his record is in the hands of the administration and that the Department of Justice compiled that record. Why is it not before the Senate? We are asked to confirm his nomination. Why are not the facts here? Let us permit the nomination to go back to the Committee on Commerce, from which it came. It was not considered there; it was merely reported out as a matter of course.

There is another reason why the nomination should be recommitted. The Economy Committee has reduced the membership of this board to three. There is no reason for continuing this man in office; there are plenty of commissioners remaining to do the work. So I shall ask the Senate, when we get ready to vote, to recommit the nomination. We shall not make any mistake by doing that, as would be realized if Senators had studied this question as I have. The very silence of Senators with reference to this nomination shows that they know that this man is not fitted for the office to which he has been nominated. I shall therefore ask that the nomination be recommitted to the Committee on Commerce.

EXHIBIT A

UNITED STATES SHIPPING BOARD,
Washington, June 20, 1932.

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

MY DEAR SENATOR: In reply to your inquiry of June 20, 1932, I take pleasure in giving you below the amounts which have been appropriated for the purposes of the Shipping Board and Merchant Fleet Corporation from the inception of the Shipping Board through the fiscal year 1931, divided into two groups, the first, fiscal years 1917, 1918, and 1919, which we have considered the World War period, and the second the fiscal years 1920 to 1931, inclusive:

Fiscal year:	
1917	$50,100,000.00
1918	1,067,533,816.55
1919	1,810,190,032.80
Total	2,927,823,849.35
Less amounts returned to United States Treasury and amounts reappropriated from year to year	4,870,208.86
Net appropriations	2,922,953,640.49
Fiscal year:	
1920	357,272,986.00
1921	37,298,133.33
1922	103,959,000.00
Fiscal year—Continued.	
1923	$70,459,000.00
1924	50,411,500.00
1925	30,344,000.00
1926	24,330,000.00
1927 [1]	24,198,574.00
1928 [1]	22,290,000.00
1929 [1]	18,688,750.00
1930 [1]	16,494,000.00
1931 [1]	11,346,000.00
Total	767,091,943.33
Total, fiscal years 1920 to 1931, inclusive	767,091,943.33
Less amounts returned to United States Treasury and amounts reappropriated from year to year	74,777,324.52
Net appropriations, 1920 to 1931, inclusive	692,314,618.81
Net appropriation total, fiscal years 1917 to 1931, inclusive	3,615,268,259.30

In connection with the second paragraph of your letter, I wish to advise that the appropriation acts for the fiscal years 1921 and 1922 authorized sales receipts totaling $70,000,000 and $55,000,000, respectively, to be used for administrative expenses of the Merchant Fleet Corporation for payment of claims, losses from operations of vessels, and completion of vessels under construction. The records of the Merchant Fleet Corporation indicate that the total amount of sales receipts used under this authority was $107,619,426.55.

Furthermore, the appropriation acts for the fiscal years 1925 to 1931, inclusive, authorized the use of sales receipts totaling $22,325,000 to defray expenses of liquidation. The total amount authorized has not been used, however, $5,476,219.19 having been transferred to the construction loan fund instead of being used to defray liquidation expenses.

None of the amounts mentioned in the two preceding paragraphs are included in the tabulation given in the first part of this letter.

Very truly yours,

S. S. SANDBERG, *Vice Chairman.*

Mr. WHITE. Mr. President, my interest in this nomination is, to a very large extent, impersonal. The nominee is not from my State or from my immediate locality, and I have with him only that acquaintance which many other Senators have with a large number of public officials in the city of Washington. I would be content to keep silent now if it were not for my profound conviction that this man has been unjustly and unfairly assailed here in this body and elsewhere.

The Senator who has just taken his seat has discussed the responsibility of this nominee with respect to the construction-loan fund, so called, and he has also spoken with respect to the postal contracts let under the terms of the 1928 merchant marine act. Because I believe all Senators here fully understand that the Shipping Board has no responsibility whatsoever with respect to the letting of mail contracts under the 1928 act, I pass by without answer that part of the Senator's remarks. I do feel, however, that, in order fairly to pass upon the culpability or nonculpability of this nominee with respect to the construction-loan fund it is essential that the Senators here gathered should have before them a history of the construction-loan fund, its present terms, and the action of the Shipping Board thereunder.

The construction-loan fund was written originally into the merchant marine act of 1920. By the appropriate section of that act there was created this construction-loan fund—for what purpose? To aid—and that is the language of the law—to aid private citizens in the building in American yards of American ships for the American merchant marine, and, as declared in the 1920 act, for the larger purpose of building up an American merchant marine that would contribute to the national defense and would carry the major portion of the commerce of the United States in American-flag ships.

That original section of the law conferred upon the Shipping Board complete discretion as to the matter of interest rates on loans made from this fund. I am only going to

[1] These appropriations, since the fiscal year 1927, include $10,000,000 for one year and $5,000,000 for four years, or since 1928, and represent a special fund designated as fighting fund, and are not to be used for operations by the Shipping Board. This amount is still in the hands of the Treasurer, and can not be used except for the purpose for which it was appropriated.—S. S. S.

speak about interest rates because that seems to be the matter particularly in controversy here. The act gave to the Shipping Board with respect to rates upon the loans authorized by that act complete and full discretion. We amended that law in 1924 by increasing the total amount of the fund, and in that 1924 act we made a change with respect to interest rates. We provided while vessels were under construction and while they were operated in the coastwise trade of the United States that the interest rate should be within the discretion of the Shipping Board but not less than 5¼ per cent. We further provided in that legislation—and when I say "we" I mean, of course, the Congress of the United States—that while vessels were operated in the foreign trade, the rate of interest should be in the discretion of the board, but not at a less rate than 4¼ per cent, making a reduction of 1 per cent in the minimum rate authorized while the vessel is engaged in the foreign trade. In 1927 we amended the law but made no change in respect to the authority and with respect to the responsibility of the board concerning interest rates.

Then we passed the act of 1928, known as the merchant marine act of 1928. In that legislation we made a radical change in policy with respect to the interest rate. With respect to loans made while a vessel was under construction and while she was in the coastwise trade, we retained the provision in the 1924 law giving the Shipping Board discretion as to the rate of interest but with the limitation that the rate should not be less than 5¼ per cent; but when we came to fix the rate which should be charged while the vessel was in the foreign trade, we took from the Shipping Board absolutely and completely all discretion and we wrote into the law a formula by which the rate should be determined. That formula was, as I think all Senators know, that the rate on these loans should be the lowest rate of yield on any Government security outstanding at the time the loan was made, with certain exceptions named in the law.

Why did we make that substantial change in policy? We made it, let me say to the Senate, because during the eight years theretofore while this construction loan fund provision had been upon the statute books it had failed completely to do for shipping in the foreign trade what the purpose of Congress was with respect to it. During those eight years, from 1920 to 1928, there had been made but 14 loans of a total amount of $18,629,000, and there had not been built for our overseas trade in the whole span of eight years in a single shipyard of America, whether on the coast of the Atlantic or on the Gulf or upon the Pacific, a single American ship, while in approximately that same time foreign nations had built more than 1,500 new ships and they had put into the trade of the United States nearly 800 new and modern ships, competing for the trade of this country, and for the trade of the world to and from this country.

In the face of that failure of the construction-loan fund, we wrote into the law a formula which would result in a rate of interest low enough, as we believed, to be an effective aid to Americans who were willing to undertake the hazardous task of building ships in American yards and entering into the foreign trade of the United States. We fixed a rate of interest, as we believed, sufficiently low to overcome or offset in some degree the cost differentials against the United States in the building of ships. We not only wrote that definite formula into the law, the application of which should determine the rate of interest, but we took from the Shipping Board the right to apply that formula, and we said that the rate of interest under that rule should be as certified by the Secretary of the Treasury. In that act of 1928—and I emphasize it because it was a fundamental change and has a bearing upon the acts of the board and upon the acts of the nominee now here—we took from this nominee and we took from the Shipping Board all discretion with respect to the rule as to the rates of interest while the ship was in the foreign trade. And it is these rates that are criticized.

I think it is fair to say that when that rule was written into the law there was no thought in the mind of any person sponsoring the legislation that there would be any such rates of interest carried on loans as have resulted from the application of that formula.

Mr. WALSH of Massachusetts. Mr. President——

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

Mr. WHITE. I yield.

Mr. WALSH of Massachusetts. Who was to determine whether loans should be made?

Mr. WHITE. It rested with the Shipping Board to determine whether or not loans should be made; but when it was determined that a loan should be made, so far as the Shipping Board was concerned, authority with respect to the rate while the vessel was in the foreign trade ceased.

Mr. WALSH of Massachusetts. And the Treasury had authority over the rate of interest?

Mr. WHITE. The Treasury had authority to take the rule or the formula written into the law and apply it to the facts and certify the rate so found to the Shipping Board, and this certification by the Treasury governed the rate while the vessel was in the foreign trade.

Mr. McKELLAR. Mr. President——

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

Mr. WHITE. I yield.

Mr. McKELLAR. Was it the rate of yield of a person who had bought an obligation from the Government or was it the rate of yield of any Government obligation outstanding as between private individuals?

Mr. WHITE. The language speaks for itself. The law says it was the rate of yield on any Government security outstanding, and that means, I take it, any Government security outstanding in all the United States by whomsoever held. I hope the Senator will permit me to proceed.

Mr. McKELLAR. Just one further question. Did the Government borrow money at any time from anybody at one-quarter of 1 per cent or one-eighth of 1 per cent or one-half of 1 per cent or even at 1¾ per cent? Will the Senator answer that?

Mr. WHITE. I will come to that as I proceed, unless I forget what I want to say, and, if I do, if some one will remind me I will come back to it.

Mr. McKELLAR. I will remind the Senator of it.

Mr. WHITE. At the time the legislation was enacted, no one had in mind that contracts would be entered into carrying rates of interest as low as some of those subsequently certified.

Mr. McKELLAR rose.

Mr. WHITE. Please do not interrupt me. I did not interrupt the Senator from Tennessee.

At the time the law was under consideration, and when the law was enacted, the rate of yield on Government securities outstanding was approximately 3.22 per cent. It fluctuated somewhat, but that was approximately the rate of yield on Government securities outstanding—3.22 per cent. I have no doubt that every Senator who voted for this law believed that a rate somewhere in that neighborhood would be the rate carried by the loans.

What happened after that to change the situation so completely and to bring about a result so different than that we anticipated?

In the fall of 1929 we saw that period and that time of abundant money in the United States, with the resulting downward tendency of interest rates. That was not all, however, nor was it the chief factor in the working out of these rates. In June, 1929, Congress legislated amending section 5 of the Second Liberty Loan act; and by this legislation of June, 1929, we authorized the Treasury of the United States to issue short-time securities at such rates of interest as the Treasury might see fit; and we provided for the issuance by the Treasury of so-called Treasury bills on a discount basis and payable at maturity without interest.

Under the authority of that law, along about December of 1929 the Treasury began that new method of financing involved in selling these short-time securities, and these Treasury notes to which I have referred. Of course, the result was that there was a rate of yield upon these securities that no one ever dreamed of when this shipping legislation was under consideration in January and February and March and April, 1928.

When was it first brought to the notice of the Shipping Board that these low rates were about to come into force and that certificates were coming into the Shipping Board at rates less than 3 per cent?

I stand here and say to the Members of the Senate that from the time the merchant marine act of 1928 was written until April 1, 1930, there had not been a certificate of less than 3 per cent. There had not been a loan made bearing interest of less than 3 per cent.

On April 1, 1930, there was received by the Shipping Board the first certificate under the law bearing a rate of interest of less than 3 per cent. That was the certificate that was received in the case of the *Santa Clara*. That loan bore a rate of interest of 2¾ per cent, as certified to the board by the Treasury Department. That was received, as I say, on the 1st day of April, 1930.

On the 2d day of April the board, I am told, confronted with that problem, discussed the matter in their meeting. On April 9, the board again discussed the matter in their meeting, and considered whether they were obligated to accept that rate as certified by the Secretary of the Treasury, or what their authority was in the matter.

About that time, I think on the 10th day of April, the Senator from Michigan [Mr. VANDENBERG]—his attention having been called to the situation—wrote the Shipping Board a letter inquiring as to interest rates, and the Shipping Board replied giving the information called for so far as they were able to do so.

Then on April 15 the chairman of the Shipping Board—this nominee who is here—called the matter officially and formally to the attention of the entire Shipping Board, in a written statement prepared by him, and in which he invited the consideration of the Shipping Board as to what should be done and could be done in the premises.

A committee was then or immediately thereafter named to wait upon the Secretary of the Treasury to see if there could not be some other interpretation put upon this law, under which the Shipping Board might make these loans at other rates than those which resulted from this formula under this new method of financing.

The Senator from Tennessee stated that no loans were made until some months after that certificate came in, with the exception of two, I believe. I am not sure whether it is two or one, but let us call it two. The Senator from Michigan [Mr. VANDENBERG] on or about April 24, 1930, reported to the Senate his amendment changing the law with respect to these interest rates, changing that rule as carried in the act of 1928. The amendment of the Senator from Michigan provided that no loans should thereafter be made carrying a rate of interest less than 3½ per cent.

For some reason—I do not know what; I see no advantage in indulging in recriminations—that legislation lay here in the Senate for almost 10 months of time without action by this body; and while no new contracts were entered into in that span of 10 months, except the two mentioned by the Senator from Tennessee, there came into the Shipping Board 13 certifications of interest at rates substantially below 3 per cent under contracts theretofore entered into.

That is the history of this matter. I stand here and I say to every Senator within the sound of my voice that with respect to these loans, and with respect to the rates on them, this commissioner had not the responsibility of those here in this body who voted for the formula which under this changed method of financing worked out these regrettable results. I have no more sympathy with the rates of interest on a number of these loans than has the Senator from Tennessee; but, unlike the Senator from Tennessee—and he did not vote for the legislation, so it is not his responsibility—I am unwilling to make out of this situation a Roman holiday. I am unwilling to make this commissioner a vicarious sacrifice. I want the Senate of the United States to face its part of the responsibility, and acknowledge that it voted for the law which properly applied under its terms as written worked out in a few instances results which we all regret. But what has been the result as a whole? I am almost tempted to talk about some of these mail contracts, but they are really beside the issue here.

It is rather difficult to say what I want to say about this table relating to loans and which purports to prove a loss on interest of $22,000,000 without seeming to challenge the sincerity of the Senator from Tennessee. I beg every Senator here to believe that I have no such purpose. I give him full credit for the highest motives; but this table was prepared, not by the Senator from Tennessee, but by a discharged employee of the Shipping Board; and I say to the Senate that there is hardly a truthful or accurate statement in the three pages making up this report.

What are the facts about the operation of this construction loan fund to this very hour? There have been made, or authorized, in the 10 and more years of its life to March of this year, loans totaling almost $152,000,000. Of all of these loans, there are just 20 in the total amount of $36,600,000 that bear a rate of interest less than 3 per cent, and of them only 11 bear an average rate of interest of less than 3 per cent. When we take the rate of interest during the period of construction of 5¼ per cent, when we take the rate of interest during the time these ships are employed in the coastwise trade, and when we take the rate of interest during the time the ship is employed in the foreign trade, and average them up, what do we find? On all these loans to April, 1932, the average rate paid to the Government of the United States is 4¼ per cent, and the rate on all these loans while the ships are in the foreign trade averages 3.08 per cent.

That is the story of these loans in general and without going into details with respect to them, as I might wish to do if it were not already late.

Something has been said of the enormous expense of this shipping program to the Government of the United States. It is true that as the outcome of the war, and of the great shipbuilding program then undertaken, we spent, in the construction of Government ships, almost three and a half billion dollars. We built 2,500 ships of ten and one-quarter million tons. When this great war was over we found that those mass-production ships, while they served the immediate demand, were totally inadequate for the purposes of the commerce of the United States in time of peace and to compete with the ships of other nations.

When 1927 and 1928 came and this legislation was under consideration, we faced very definite alternatives. One was to do nothing, to pursue a policy of inaction, under which the American ship would disappear from the seas, under which the percentage of American goods carried by American ships would constantly decrease and the percentage of goods carried in foreign ships would constantly increase. I say to you, Senators, that the percentage of American goods carried in foreign ships measures America's commercial dependence upon alien and upon foreign interests.

During the period from 1921 up until 1931 we paid foreign ships, for carrying the products of the American farm and the American factory and for bringing to this country those things which American dollars bought, $6,000,000,000—money gone, never to return to this country of ours. And in 1928, as I said, we faced these alternatives:

We could do nothing, and we could see our ships disappear and our dependence upon foreigners grow; and we could see the time coming when we would be carrying in our ships, as we did for the 10 years before 1914, 10 per cent of our goods, and paying foreigners to carry 90 per cent of our goods; we could foresee $3,500,000,000 spent for our ships gone forever. The second alternative we faced was governmental operation; and what did that involve? Why, Sena-

tors, that involved a replacement program; for our fleet had lived half its useful life, and the testimony before the Committee on Merchant Marine and Fisheries in the House of Representatives showed that if we had begun a replacement program for these vessels of ours we would have faced an expenditure within 10 years of time of from five hundred million dollars to a billion dollars in capital expenditure; and everyone knew that the Congress of the United States would not authorize such an expenditure. So, as the final alternative, we wrote into the law provisions that would get the Government out of the shipping business, that would give us a privately owned merchant marine which would contribute to the national defense, which would result in carrying on our ships and the major portion of the commerce of the United States under our flag. That is the course we determined upon and one of the means we adopted to these ends was this amended construction-loan fund.

What is the net result of that construction-loan fund? Under that construction-loan fund there have been built in American yards, or there are under construction in American yards, or there are to be constructed in American yards, under existing contracts, 59 new American ships, and there is to be the reconditioning of 33 other American ships. This contemplated an expenditure in our shipyards of approximately $318,000,000, and it involved a program that would give employment to 35,000 Americans a year for more than three years of time.

Under this law, and under this construction-loan fund, and under the ocean mail titles of the law, we have been saving money for the United States. From 1921 to 1926 we spent in this country to meet the operating loss of the United States Shipping Board a little more than $29,000,000 a year, and during the same period of time the administrative expenses were something over $11,000,000 a year, an outlay of more than $40,000,000 a year, not counting the cost of the laid-up fleet, not taking into account interest, depreciation, or other proper items of expenditure.

In 1931, what was the picture? In 1931 the operating loss of the Shipping Board was a little over $4,000,000, and we paid for administrative expenses about $2,900,000, a total of $6,900,000, a reduction since this law was written on the books in the cost to this Government of $33,000,000 a year. Against this saving add the expense of this construction-loan fund, taking these figures inserted in the RECORD by the Senator from Tennessee, every one of which I think merits challenge, and the cost of the ocean mail title, and you have a total cost in 1931 of a little over $17,000,000, or approximately one-half of the expense to this Government in the operation of its ships in the years 1921 to 1926.

Mr. President, this nominee is here before us. I have tried to sketch hurriedly and imperfectly the record of the Shipping Board with respect to these loans. At no time when these loans were made of which complaint is here uttered was the chairman of the board upon the loan committee of the Shipping Board. He was one of seven members of the board.

Senators, when this merchant marine legislation was introduced, it carried no such provision as is now contained in the law. I introduced in the House in February, 1928, a bill proposing a change in this construction-loan fund. I proposed to vest discretion in the Shipping Board as to the rate on loans, with a minimum rate while vessels were in the foreign trade of 2½ per cent. I say it of my own knowledge and upon my own responsibility that this chairman of the Shipping Board approved that provision and, to the best of my knowledge and belief, he at no time ever gave his sanction to this particular loan-rate provision that was in fact written into the law, although the legislation generally had the sanction and the approval of the entire Shipping Board.

Mr. President, this man, so far as I know, has been faithful, he has been intelligent, he has been honest, in the performance of his duty; and I believe as fully and as firmly as I believe anything that this opposition is a proposal to offer him up, as I have said, as a vicarious sacrifice, shifting from our shoulders, to him, responsibility with respect to these loans which was never properly his.

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

Mr. WHITE. I yield.

Mr. VANDENBERG. I want to recall the Senator to his chronology, because I think the crux of the case lies in the chronology.

If the personnel of the Shipping Board is to be challenged for its relationship to these low interest rates, which none of us condone, it has always seemed to me that the challenge lies against the failure of the personnel of the Shipping Board itself to have initiated an inquiry into these low rates, and the possibility of their advantageous correction. Do I understand, from the Senator's previous narration of the facts, that it is his dependable information that the Shipping Board initiated such an inquiry a week or 10 days before the receipt of my letter, which heretofore has presumably been the first information the board had upon the subject?

Mr. WHITE. Let me repeat what I said. I said that the first certificate received from the Treasury Department certifying a rate of less than 3 per cent was dated March 31, and was received by the board on April 1, 1930. I am informed that immediately that certificate challenged the attention of the attorneys of the board and the construction-loan committee of the board, of which the chairman of the full board was not a member. I am told, and I believe, that in a meeting held on April 2, the next day after it was received, it was discussed, and the rights and responsibilities of the Shipping Board under it were considered. In fact, I am told, and believe it to be true, that the check due the borrowing company was held up by the board for two or three days while they considered what their rights and their responsibilities were. Then, again, on April 9, they held another meeting of the board at which, I am informed, this whole matter was further discussed.

Whether that constituted the initiation which the Senator has in mind or not I do not know, but I do feel sure that the situation excited the interest and the apprehension of the board, and that when the Senator's letter was received they were giving a most careful consideration to the situation which confronted them.

As to what degree the Senator's letter influenced the Shipping Board or Chairman O'Connor in this act of April 15, I can only conjecture—I hope it did have its influence, as assuredly any letter from the Senator should—but on the 15th of April the chairman of the board presented a memorandum to the board discussing the situation, and immediately thereafter a committee waited upon the Secretary of the Treasury to see whether the Secretary could not change the rule as to yield certifications which were in anticipation. That is as near as I can come to a direct answer to the Senator's question.

Mr. VANDENBERG. Let me phrase my question differently. Of course, I have no pride of opinion in my letter or its authority in relation to the correcting of this outrageous situation, but I do have a very keen interest, as a measure of the diligence of the personnel of the Shipping Board, in knowing the Senator's judgment as to whether or not the correction would have been made had not the letter been received. So I ask the Senator this categorical question. Is it his judgment that the shipping-rate situation would have been speedily corrected upon the initiative and action of the board itself?

Mr. WHITE. I think the Shipping Board—and I have already said this—and all the members thereof, were greatly and gravely concerned about the situation which had been so suddenly thrust on them. It is a pure matter of speculation as to whether they would have acted without the Senator's letter or not, but the fact remains that they did consider the matter of the rate, that it became a subject of discussion in the board, that they went to the Secretary of the Treasury about it, and it is a matter of record that they whole-heartedly approved the legislation initiated by

the Senator. I think that is as complete an answer as I can make to the Senator's question.

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

Mr. WHITE. I yield.

Mr. McKELLAR. The Senator while a Member of the House introduced this amendment to the then law himself, did he not, at the request of the board?

Mr. WHITE. To what amendment does the Senator refer?

Mr. McKELLAR. To amend subsection (d) of section 11 of the merchant marine act of June 5, 1920, as amended by section 301 of the merchant marine act of May 22, 1928? Did not the Senator introduce that bill at the instance of the Shipping Board?

Mr. WHITE. My recollection of the matter is that that was introduced by Representative FREE and not by me.

Mr. McKELLAR. It was introduced at the request of the Shipping Board, was it not?

Mr. WHITE. I have no knowledge as to that.

Mr. McKELLAR. It was so stated.

Mr. VANDENBERG. It was Representative FREE's bill.

Mr. McKELLAR. I have that bill before me, and I want to ask the Senator this question: In that bill, which was reported and passed by the House, were not the same interest rates repeated? I will read the bill. It is as follows:

During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum. During the period in which a vessel for the foreign trade is being constructed, equipped, reconditioned, remodeled, or improved; and/or during any period in which such a vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except Postal Savings bonds), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request. The rates of interest herein prescribed shall also apply to advances hereafter made on contracts heretofore entered into.

Mr. WHITE. May I look at it?

Mr. McKELLAR. Certainly. Mr. O'Connor testified he had that bill introduced in the House. The Senator says the board has something to do with changing the rates. I know that when that bill got over to the Senate, upon recommendation of the Senator from Michigan [Mr. VANDENBERG], all of that language was stricken out and a provision inserted, "as fixed by the board, but not less than 3½ per cent per annum." That was what did the work.

The truth of the business is, I will say to the Senator and to the Senate, that the board had nothing under heaven to do with changing the rates of interest, which the Senator from Maine himself has said were deplorable and indefensible, as I understood him just a few moments ago; but the correction was made by the Senator from Michigan [Mr. VANDENBERG] and the committee in the Senate, and that is why we got relief from the rates which the Senator from Maine has not defended, which the Senator from New York has not defended, and which no Senator can defend on this floor.

Mr. WHITE. Mr. President, a significant fact is that that bill was introduced in the House in January, 1930, or earlier, and I have already said over and over again that the first certificate bearing a lower rate of interest than 3 per cent came in April, 1930, at least three months after the legislation was introduced in the House, and at a time when the board had no reason to believe that any such rate of certificated interest would come to it.

The PRESIDING OFFICER (Mr. GLENN in the chair). The question is, Shall the Senate advise and consent to the nomination?

Mr. McKELLAR. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BRATTON (when his name was called) On this question I have a pair with the Senator from New Hampshire [Mr. KEYES]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. CAREY (when his name was called). On this vote I have a pair with the junior Senator from Ohio [Mr. BULKLEY]. Not knowing how he would vote, I withhold my vote. If privileged to vote, I would vote "yea."

The PRESIDING OFFICER (Mr. GLENN in the chair) (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent. I therefore refrain from voting. If at liberty to vote, I should vote "yea."

Mr. HEBERT (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am unable to secure a transfer, and therefore must withhold my vote. If at liberty to vote, I would vote "yea."

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I transfer my general pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Vermont [Mr. AUSTIN] and vote "yea."

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote as I have voted, and therefore I will let my vote stand.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I find I can transfer that pair to the junior Senator from Kentucky [Mr. LOGAN], which I do, and vote "yea."

Mr. BANKHEAD. I have a general pair with the senior Senator from Minnesota [Mr. SHIPSTEAD]. I transfer that pair to the junior Senator from Oklahoma [Mr. GORE] and vote "nay."

Mr. BINGHAM (after having voted in the affirmative). I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. I transfer that pair to the Senator from Missouri [Mr. PATTERSON], and let my vote stand.

Mr. JONES. I find that I can transfer my pair with the senior Senator from Virginia [Mr. SWANSON] to the senior Senator from Ohio [Mr. FESS], which I do, and vote "yea."

Mr. McNARY. I desire to announce the following general pairs:

The Senator from North Dakota [Mr. NYE] with the Senator from North Carolina [Mr. BAILEY];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Wyoming [Mr. KENDRICK];

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Nevada [Mr. PITTMAN];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Massachusetts [Mr. COOLIDGE]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 35, nays 16, as follows:

YEAS—35

Ashurst	Dale	Kean	Shortridge
Barbour	Davis	McNary	Steiwer
Barkley	Dickinson	Moses	Townsend
Bingham	Goldsborough	Norbeck	Vandenberg
Broussard	Hale	Oddie	Wagner
Byrnes	Hastings	Reed	Walsh, Mass.
Capper	Hatfield	Robinson, Ark.	Watson
Connally	Johnson	Robinson, Ind.	White
Copeland	Jones	Sheppard	

NAYS—16

Bankhead	Costigan	King	Neely
Black	Frazier	La Follette	Norris
Blaine	Hayden	McGill	Thomas, Okla.
Bulow	Howell	McKellar	Trammell

NOT VOTING—45

Austin	Dill	Keyes	Smoot
Bailey	Fess	Lewis	Stephens
Borah	Fletcher	Logan	Swanson
Bratton	George	Long	Thomas, Idaho
Brookhart	Glass	Metcalf	Tydings
Bulkley	Glenn	Morrison	Walcott
Caraway	Gore	Nye	Walsh, Mont.
Carey	Harrison	Patterson	Waterman
Cohen	Hawes	Pittman	Wheeler
Coolidge	Hebert	Schall	
Couzens	Hull	Shipstead	
Cutting	Kendrick	Smith	

So T. V. O'Connor was confirmed as a member of the Shipping Board for the term of six years.

Mr. COPELAND. Mr. President, the term of this nominee expired on the 9th of June. I ask unanimous consent that the confirmation may be as of that date.

The PRESIDING OFFICER. Is there objection?

Mr. McKELLAR. Can that be done?

Mr. COPELAND. It was done six years ago under exactly similar circumstances.

Mr. McKELLAR. I shall object for the present until I can look into it.

Mr. NORRIS. I do not see how by any action we could change what the law would be on the subject.

Mr. McKELLAR. As at present advised I would be unwilling to grant unanimous consent until I have looked into it, so I shall have to object.

Mr. COPELAND. I shall not press the matter, but it so happened that six years ago in relation to the same appointment we had similar circumstances. However, if my friend from Tennessee presses his objection, of course, I can not insist.

The PRESIDING OFFICER. Objection is made. The clerk will state the next business on the Executive Calendar.

THE JUDICIARY—B. B. MONTGOMERY

The Chief Clerk read the nomination of B. B. Montgomery to be United States marshal, northern district of Mississippi.

Mr. SHORTRIDGE. Mr. President, I ask that the nomination may go over.

The PRESIDING OFFICER. It will be passed over.

Mr. NORRIS. Mr. President, may we not have some understanding about the nomination? It has gone over for two or three weeks. I do not think the Senate, without reason, ought to keep continuing to put it over.

Mr. SHORTRIDGE. It has gone over several times because of the absence of the Senator from Mississippi [Mr. STEPHENS]. I was willing to take it up, so far as I was concerned.

Mr. NORRIS. The Senator from Mississippi is not opposed to confirmation, is he?

Mr. SHORTRIDGE. I do not know that he is; but it was not taken up because of his absence. It could have been taken up, but out of regard for the Senator from Mississippi and upon suggestion it went over.

Mr. NORRIS. I am satisfied the Senator from Mississippi is in favor of the confirmation.

Mr. MOSES. Mr. President, it is my understanding that both Senators from Mississippi are in favor of the confirmation.

Mr. NORRIS. I do not see why this should go over on account of the absence of the Senator from Mississippi.

Mr. SHORTRIDGE. I am opposed to the confirmation. I was willing to have the matter come up at former sessions, but I was assured that the Senator from Mississippi [Mr. STEPHENS] was absent, as indeed he was, therefore the matter went over. I did not wish to discuss it in his absence. Therefore I am now suggesting that it go over, and if at the next executive session we can take it up, it will be entirely agreeable to me; but I am not ready this evening.

Mr. NORRIS. We might have that understanding, then.

Mr. SHORTRIDGE. So far as I am concerned, it can be taken up at the next executive session.

The PRESIDING OFFICER. On objection, the nomination will be passed over.

UNITED STATES TARIFF COMMISSION

The Chief Clerk read the nomination of Edgar Bernard Brossard to be a member of the United States Tariff Commission.

Mr. COSTIGAN. Mr. President, the senior Senator from Utah [Mr. SMOOT] is interested in this nomination and suggested this afternoon that it might go over. I request that it go over.

The PRESIDING OFFICER. Without objection, it will be passed over.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of John Farr Simmons to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

FEDERAL FARM BOARD

The Chief Clerk read the nomination of C. B. Denman to be a member of the Federal Farm Board.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ODDIE. I ask unanimous consent that the nominations of postmasters be confirmed en bloc, with the exception of Calendar No. 4793, Charles J. Moos, of St. Paul. At the request of the Senator from Wisconsin [Mr. BLAINE] I ask that that nomination may go over.

The PRESIDING OFFICER. Without objection, the nomination of Charles J. Moos, St. Paul, will be passed over, and, without objection, all other nominations for postmasters are confirmed en bloc.

THE COAST GUARD

The Chief Clerk proceeded to read sundry nominations for the Coast Guard.

Mr. VANDENBERG. I ask unanimous consent that nominations for the Coast Guard be confirmed en bloc.

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

COAST AND GEODETIC SURVEY

The Chief Clerk read sundry nominations for the Coast and Geodetic Survey.

Mr. VANDENBERG. I ask unanimous consent that the nominations be confirmed en bloc.

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

IN THE ARMY

The Chief Clerk read the nomination of Col. Robert Swepston Abernethy to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

TRANSFER OF LAND IN FAYETTE COUNTY, KY.

Mr. McNARY. I move that the Senate now return to the consideration of legislative business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon.

The motion was agreed to.

ADDITIONAL REPORTS OF COMMITTEES

Mr. BARKLEY, from the Committee on Finance, to which was referred the bill (H. R. 10825) to authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky, reported it without amendment.

Mr. KEAN, from the Committee on the District of Columbia, to which was referred the bill (S. 4694) to amend section 812 of the Code of Laws for the District of Columbia, reported it without amendment and submitted a report (No. 846) thereon.

Mr. WATSON, from the Committee on Banking and Currency, to which was referred the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, reported it with amendments.

ADDITIONAL BILL INTRODUCED

Mr. HOWELL introduced a bill (S. 4913) to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes; which was read twice by its title and referred to the Committee on Territories and Insular Affairs.

PUBLIC-WORKS PROGRAM—AMENDMENT

Mr. STEIWER and Mr. CAREY, jointly, submitted an amendment intended to be proposed by them to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, which was ordered to lie on the table and to be printed.

Mr. BARKLEY. Mr. President, I ask unanimous consent for the present consideration of House bill 10825, which is at the clerk's desk.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. May the clerk report the bill?

The Chief Clerk read the bill (H. R. 10825) to authorize the transfer of certain land in Fayette County, Ky., to the Commonwealth of Kentucky, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to transfer to the Commonwealth of Kentucky without expense to the Government of the United States all the right, title, and interest of the United States in and to certain lands in Fayette County, Ky. (being a strip of land fronting on the Lexington Hospital Reservation), described as follows:

Beginning at a point in the center line of the Leestown and Frankfort Pike at the corner of Patrick Sharkey's property, which point is station 67+75 in the center line of survey made by the State highway department, and on file at their office at Frankfort, Ky.; thence along the center of said pike for the following seven courses: North 49° 32′ west a distance of 976 feet; thence north 51° 26′ west a distance of 892 feet; thence north 49° 20′ west a distance of 1,070 feet; thence north 47° 50′ west a distance of 577 feet; thence north 48° 3′ west a distance of 264 feet; thence north 50° 3′ west a distance of 300 feet; thence north 49° 20′ west a distance of 663 feet to a point on the northwest line of the Viley Pike, said point being south 48° 20′ west a distance of 14 feet more or less from station 115+15 of the above-mentioned highway survey, and in the west boundary line of the property of Ella Staley; thence along said boundary line of the property of Ella Staley south 48° 20′ west a distance of 16 feet, more or less, to the south boundary line of the proposed 60-foot right of way; thence along said south boundary line of the new Leestown Road survey for the following nine courses: South 47° 14′ east a distance of 435.5 feet to the point of beginning of a 30-minute curve; thence left along the said 30-minute curve a distance of 534.7 feet; thence south 49°54′ east a distance of 207.8 feet to the point of beginning of another 30-minute curve; thence right along the last-named 30-minute curve a distance of 398.9 feet; thence south 47° 54′ east a distance of 521.5 feet to the point of beginning of another 30-minute curve; thence left along the last-named 30-minute curve a distance of 738.5 feet; thence south 51° 35′ east a distance of 866.4 feet to the point of beginning of a 1-minute curve; thence right along said 1-minute curve a distance of 149.2 feet; thence south 50° 5′ east a distance of 890.7 feet to a steel pin in the west boundary line of Patrick Sharkey's property; thence along said west boundary line north 30° 52′ east a distance of 30 feet to the point of beginning, and being a strip of land required for the 60-foot right of way of the Leestown and Frankfort Road, as shown on map of said road by the Kentucky State Highway Department.

Mr. McNARY. Will the Senator explain the emergency of this bill?

Mr. BARKLEY. This is a bill authorizing the Veterans' Bureau to convey to the State of Kentucky a 15-foot strip of land along the public highway in front of the veterans' hospital at Lexington in order that the State may improve a road. The Veterans' Bureau wants it, the State wants it, and everybody else wants it.

Mr. BINGHAM. Is the bill on the calendar?

Mr. BARKLEY. It was reported unanimously to-day by the Senate, but it is not on the printed calendar.

Mr. McNARY. Has the bill passed the House?

Mr. BARKLEY. The bill has passed the House.

Mr. McNARY. Very well.

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

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

ADDITIONAL PETITIONS

Mr. ASHURST presented telegrams in the nature of petitions from E. W. Montgomery, president of the chamber of commerce; Walter T. Martin; and A. C. Taylor, all of Phoenix, Ariz., praying for the maintenance of adequate appropriations for the Air Mail Service, which were referred to the Committee on Appropriations.

LOANS TO STATES—SYSTEM OF HIGHWAYS

The Senate resumed the consideration of the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program.

Mr. PITTMAN. I submit an amendment and ask to have it reported.

The PRESIDING OFFICER. There is a pending amendment, the Chair will state to the Senator from Nevada, the amendment being that of the Senator from Montana [Mr. WALSH].

Mr. LA FOLLETTE. I suggest the absence of a quorum, the Senator from Montana not being present.

Mr. McNARY. Mr. President, have we resumed the consideration of the unfinished business?

The PRESIDING OFICER. Yes.

Mr. McNARY. The Senator from Montana and the Senator from Michigan, who are opposing the amendment, are presently absent from the Chamber, and I ask that the amendment go over for the present.

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

Mr. PITTMAN. I should like to have my amendment stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 101, at the end of line 17, it is proposed to insert the following:

(b) For the purpose of carrying out the provisions of subdivision (a) of this section there is hereby created a central project board to be composed of a director of the Reconstruction Finance Corporation, designated by the board of directors of the corporation for that purpose, the Director of the Federal Employment Stabilization Board, an engineer in the Government service, to be designated by the President, and an engineer who has had contracting experience, and an architect, to be selected from civil life by the corporation. There shall be in each of the 12 Federal reserve districts a district project board to be composed of a representative of the corporation, to be designated by the corporation, and an engineer who has had contracting experience, and an architect, to be selected from civil life by the central project board. It shall be the duty of each district project board to make an investigation and survey with a view to ascertaining the projects within its district with respect to which loans might be made under such subdivision; and upon receipt by the corporation of an application for a loan under such subdivision it shall be referred to the direct project board for the proper district for examination and report as to whether the project covered by the application is of a class with respect to which loans may be made under such subdivision unless the corporation has in its possession sufficient information upon which to act. The report of the district project board, together with its recommendations, shall be transmitted to the central project board which shall consider the same and make a report thereon to the corporation, with its recommendations. The members of such boards chosen from civil life shall serve without compensation except that the corporation shall pay to each such member his necessary traveling expenses. All expenses of such boards shall be paid by the corporation under regulations to be prescribed by the board of directors thereof.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Nevada.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Utah?

Mr. PITTMAN. Does the Senator from Utah desire to ask a question?

Mr. KING. Yes; I desire the Senator to explain the amendment, which is apparently very important. I should like to ask if it is intended to restrict the discretion and the power of the Reconstruction Finance Corporation?

Mr. PITTMAN. Not at all. The amendment is intended to facilitate the action of the Reconstruction Finance Cor-

poration. It is evident that from all parts of the United States there will be applications for loans by self-liquidating projects. Information must be had with regard to them either through agents of the corporation or through some advisory board. So, for zoning purposes, I took the Federal reserve zones of the United States and provide for an advisory board in each one of those zones, such boards being supposed to be familiar with the character of the projects in the respective zones. The boards are to be composed, as stated in the amendment, of an engineer, a contractor, an architect, and a business man, who are to draw no salary whatever, but who are to constitute advisory boards pure and simple on the theory that they know what are bona fide projects within the respective zones and what are not.

Then there is a separate board, a central board, composed quite similarly that is not supposed to be partial at all, but is to look over the whole United States. The central board submits to the local boards only the one question, "Is it the type of project that is contemplated under this act?" The information is furnished to the central board which passes on it and then turns the facts over to the Reconstruction Finance Corporation. The Reconstruction Finance Corporation is not bound by the report made to it, nor does it have to delay for the purpose of obtaining the advice if it has the information already in its possession.

Those who favor this amendment thought that it would save time, that such boards would possibly be more impartial than a board appointed from Washington to go out and ascertain what was going on in the various zones. The effort was to get a competent board by having a contractor, an engineer, an architect, and a business man in each zone to pass on the question as to whether the applicant was the type of self-liquidating corporation contemplated by the bill.

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

Mr. PITTMAN. I yield.

Mr. VANDENBERG. In many instances would not the primary question be a legal one as to whether they qualified legally?

Mr. PITTMAN. If doubt rose on that question the facts would be certified to the central board. In other words, when a corporation claims that it is a self-liquidating corporation, it applies of course directly to the Reconstruction Finance Corporation; that corporation says, "We never have heard of this concern," and so it sends out a local board to find out what it is, what its business is, what its purpose is, what its royalties are, with the request that the facts be transmitted right away.

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

Mr. PITTMAN. Yes, sir.

Mr. KING. This is a very important amendment and one which seems to have meritorious features. I was wondering why the committee which prepared this bill did not anticipate the steps which were necessary to fully advise the Reconstruction Finance Corporation as to the worthiness of the many applications and why it is submitted now, so to speak, in the last hour.

Mr. PITTMAN. The reason is this: In discussing the bill in the House this question was raised, and it has been raised in the press two or three times. The question was what extra aids should we give to the Reconstruction Finance Corporation to investigate the applicants for loans, and in discussing the matter a suggestion was made, not exactly in this form but in a form very much like it. It was thought that if we could have a board of eminent experts in each zone, who would draw no salary at all, men of high standing who would be capable of considering all the facts and instantly report them back, it would facilitate the work. That is what we thought. We also provided that it is only advisory both as to the facts and as to the recommendations, and if the Reconstruction Finance Corporation has already the information in its possession or can obtain the information, then this delay is not necessary.

If there is any debate on it or if the Senate desires an opportunity to study the amendment further, personally I do not desire to urge it to-night.

Mr. McNARY. Mr. President, let me inquire of the able Senator in charge of the bill if he desires to go forward with the consideration of the bill further to-night.

Mr. WAGNER. I think we have done enough for the day. Several Senators who wanted to participate in the further discussion of the bill have already left, and I suggest that we recess at this time.

"THE WAY OUT FOR THE FARMER"—INTERVIEW WITH HON. FRANK O. LOWDEN

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the RECORD an interview with Hon. Frank O. Lowden, of Illinois, entitled "The Way Out for the Farmer."

There being no objection, the interview was ordered printed in the RECORD, as follows:

[From the Sunday Star, Washington, D. C., June 19, 1932]

THE WAY OUT FOR THE FARMER

By Oren Arnold

If you could spend two hours with him, you'd surely conclude that what this country needs is to squat on its haunches over there in the shade and enjoy a whittle and talk with farmer Frank Lowden. Frank Lowden is a distinguished tiller of the soil from down Illinois way, and also from over in Arizona. Either address is good for he has had crops in both States.

That is, he is about the biggest farmer in America, in many ways, and besides being ex-Governor of Illinois, he almost got put into the White House a few years ago!

For three years Farmer Lowden represented a rural district in Congress. For four years he was Illinois' governor, and that State is fourth in value of agricultural products. He has studied farm problems in the United States and in Europe intensely for 15 years, and his own big experimental farm at Oregon, Ill., is internationally known.

"American farmers pay $6,000,000,000 for manufactured goods each year," says he, "They supply one-eighth of the railroad tonnage and one-half the total value of our exports.

"They comprise nearly 30 per cent of our total population, but they receive less than 10 per cent of the national income and pay 30 per cent of that for taxes. Those are just some of the things we might mention.

"Still, we can not lament a situation and leave it to right itself. Happiness and prosperity won't flourish as volunteer crops."

But Mr. Lowden has learned some good tricks about cultivating prosperity and happiness. Right now he calculates he can see some big changes coming along for the farmer, probably for the better, and he has some really startling suggestions to be considered. Here, sit down on this bale of alfalfa, and let's listen:

"I've discovered that city residents really love the farm, after all, and yearn for it." (He's talking casually now from his cottage porch in Chandler, Ariz.) "This means they are sympathetic at heart.

"It's an old story to say that city people and farmers are mutually dependent, but it's true now more than ever, and both groups had better admit it. In the civilized world it is only among rural peoples that the birth rate is keeping ahead of the death rate of mankind.

"Hence we see that our cities must constantly get new recruits from the farms, where health conditions are different and 'the good life' is more attainable. We all recognize, too, the obvious fact that the country must clothe and feed the teeming populations in our industrial centers, indeed, must furnish the very raw products upon which those industries thrive.

"But all that is material. What I'm getting at is something deeper, something spiritual, I suppose. Something stronger.

"You know the myth of Antæus? No matter how often he was overthrown, his strength was always miraculously renewed whenever he touched the earth. That's the point—human society must persistently keep its contact with the earth, or it is doomed.

"If we let anything break this contact, we'll fall; remember that Hercules discovered the source of Antæus's strength and, by holding him aloft, easily achieved a victory over him. Keep close to the earth, this year and in all the years to come."

And that's Governor Lowden's "philosophy of the farm."

One development in American agriculture which has interested him greatly, especially in the past three years, has been farm electrification. This interest doubtless was increased because of a somewhat startling application of electric power to farm life in Arizona, where for nine years he and Mrs. Lowden have made their winter home.

There in Maricopa County, where their farm is located, every major roadway is threaded with power lines, carrying inexpensive electricity to the front gate of every farm home. There the rural housewives have been emancipated by this modern miracle of pressing a button and seeing the milking, the churning, the cooking, the cooling, the washing, the sweeping, all silently and efficiently done.

There the electricity comes from the farmer-owned hydroelectric power plants, a part of the great power and irrigation system headed by Roosevelt Dam, so that a farmer-user of electricity is buying his "juice" from himself and pocketing the proceeds. It is a new departure in the application of domestic electric power, and Frank Lowden has seen the importance of it.

"Everywhere electricity is fast replacing steam in the industrial world," said Mr. Lowden.

"Electric power, like steam, can best be generated in large units, but unlike steam, electricity is easily distributed over a wide area.

"In the past, with steam power, the tendency was toward a centralization of population. It seems very likely that the rapid application of electric power will bring about just the opposite—a decentralization of peoples, and perhaps the greatest beneficiary of this movement will be the farm.

"We find an increasing number of farms employing electric power. In these farm homes a great portion of the drudgery which heretofore has been inseparable from farm living is being abolished, and when we abolish drudgery we make the farm the most attractive place in the world to live.

"Much talk is heard now of 'factoryizing' the farm. If this means to replace man power with mechanical power wherever possible, then I'm heartily in favor of it.

"But if this 'factoryizing' means allowing large corporations to take over the land and specialize on one or two crops, thereby forcing out the family-sized farms of the area, I think it is neither desirable nor practical. In that effort we have, perhaps, gone too far already.

"Agriculture was much less distressed when the farm was a self-supporting home. Those, I suppose, are the 'good old days' often referred to. But when the factories came along and began producing commodities in quantity the farmer could buy them easier than he could make them at home.

"At first glance this looks like an admirable situation. But the hitch arose when the farmer found himself unable to maintain a fair basis of exchange.

"That is, the exchange value of his farm produce fell way below the value of the things he had to start buying from the factories, and so the new ideal failed in practice. Thus our big American problem is to help him stabilize this rate of exchange."

And Mr. Lowden believes he sees an opportunity for the farmer to retrace the steps taken toward impractical "factoryization." He thinks electricity is about to enable Mr. and Mrs. Hank Farmer everywhere to do at home again many of the things they had recently relegated to the factory.

An instance he names is bakery bread. Because neat-appearing "factory" wagons came to deliver bread almost everywhere cheaply, many families, in town and country alike, came to rely upon them, and the art of home bread making has waned.

But now that farmers have electric mixers, electric beaters, and automatic electric ovens that even cook to perfection while the housewife is away from home, the old art is being revived, minus the bulk of drudgery.

It is possible again to cite a specific example of this right in the Salt River Valley of Arizona where Mr. and Mrs. Lowden have spent the past nine winters. The irrigation association of about 9,000 farmers there operate their own retail electric appliance store, and the electric range and electric mixer are among the most popular items.

"It is, of course, well known that the farmer receives a ridiculously low price for much of the raw material he grows, and buys back the finished product at a high price," says Mr. Lowden. "All consumers profit but little by low-priced wheat or cheap cotton. The profits are spread around too generously between the two ends.

"Thus, to the extent at which the farmer makes his own commodities for home use does he escape the loss spread between the price paid at the farm and the retail stores. He may even be able to make a profit, in some instances, by himself retailing a finished product made in his own individual 'factory.'

"These I hope and believe are some of the benefits of decentralization which the farmer will receive, as a result of a new machine-age application based on electricity."

Another far-reaching problem which has concerned Mr. Lowden for many years, and which seems to be growing in importance annually, is that of farm taxation.

It was alarming to him to discover that farmers receive but 10 per cent of the national income and then pay 30 per cent of their net income in taxes. But the cause of it, and the correction, is a serious thing which can not be dismissed in a brief conversation.

Still another national disgrace, which must inevitably be paid for, is that the steady deterioration of American farm land is being ignored, says Governor Lowden.

"It is imperative that we awake to the need of proper and persistent refertilization," this distinguished farmer declares. "We have been taking strength out of our soils, and putting nothing back, for too many years.

"Our lands are losing their richness and, of course, their productivity. Land that is overworked through constant cropping loses its humus or organic matter, and erosion sets in at an increasing rate. We must quickly adopt some plan to conserve our soil's strength.

"Just think what it would mean in the conservation of our soil if every third year we would plant every acre in clover or some other legume. But that will be well-nigh impossible.

"Suppose, however, that the States, recognizing the threatened danger to all arable lands, made this agreement with the farmer—to exempt from taxation all lands planted to some good legumes. It would not only be practicable, it would be highly advisable. Even the Federal Government might well add its encouragement by paying a reasonable bounty to the owners of land on acres that were allowed to rest and recuperate their strength for future service.

"More than 360,000,000 acres of land are cultivated in the United States. If we could plant just 20 per cent (a very minimum of what is needed) of this to legumes, and pay a Federal bounty of $2 per acre on the soil so resting, the cost would be under $150,000,000. This amount is considerably less than the Government now receives through customs offices in the supposed interest of farming."

Another grievous error committed in America is the persistent farming of lands that could not be profitable under any circumstances, and the persistent growing of crops of which there already is an oversupply. Call it stubbornness, call it ignorance, call it what you will, but the fact remains that it causes a tremendous national waste.

But Mr. Lowden again has the germ of an idea which may, ultimately, be the solution to that problem, too.

"Something comparable to our city zoning systems must come to rural regions of the United States," he predicts. "As cities became larger and larger it was found necessary to restrict the citizen in the use of his land. Building restrictions of many kinds followed. City zoning was introduced.

"I will not venture to say in detail just how this zoning idea can be applied to our farming areas, but for our own good some sort of restriction and orderly planning of crops on a big scale must be considered.

"I suspect the answer may come through the farmers themselves, through organization and cooperation."

Incidentally, Florence Pullman Lowden, the ex-governor's wife, quite agrees with him about the advantages of rural life.

"If Mr. Lowden were a poor man again and we had to choose between a humble farm and a job in the city," she says, "I wouldn't hesitate a minute. I'd choose the farm home, however small."

RECESS

Mr. McNARY. Under the unanimous-consent agreement entered into earlier in the evening, I move the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 9 o'clock and 26 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until to-morrow, Tuesday, June 21, 1932, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate June 20 (legislative day of June 15), 1932

JUDGE OF THE UNITED STATES CUSTOMS COURT

FREDERICK W. DALLINGER, of Massachusetts, to be judge of the United States Customs Court.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 20 (legislative day of June 15), 1932

CONSUL GENERAL

John Farr Simmons to be consul general.

MEMBER OF THE UNITED STATES SHIPPING BOARD

T. V. O'Connor to be a member of the United States Shipping Board.

COAST GUARD

To be commander

Carl H. Abel.

To be district commander with rank of lieutenant commander

Howard Wilcox.

To be lieutenants

Julius F. Jacot.	Carl B. Olsen.
Glen E. Trester.	Walter C. Capron.
Chester A. A. Anderson.	Watson A. Burton.
Edward E. Hahn, jr.	Frank K. Johnson.
Emanuel Desses.	Chester W. Thompson.
Wilbur C. Hogan.	Edwin C. Whitfield.
Dale T. Carroll.	Leslie D. Edwards.
Kenneth P. Maley.	Frederick G. Eastman.
Samuel F. Gray.	Dwight H. Dexter.
Earl K. Rhodes.	

COAST AND GEODETIC SURVEY

To be aides (with relative rank of ensign in the Navy)

Charles Andrew Schoene.	Horace Guy Conerly.
William Robert Tucker.	Charles Francis Chenworth.
Philip Antoine Weber.	

APPOINTMENT IN THE REGULAR ARMY

Col. Robert Swepston Abernethy, to be brigadier general.

POSTMASTERS

CALIFORNIA

Richard G. Power, Colusa.
Morgan J. Kavanagh, Trona.

COLORADO

William L. Thurston, Carbondale.
Carl W. Elsner, Kiowa.
Charles V. Engert, Lyons.

KENTUCKY

Willard Gabhart, Harrodsburg.

MINNESOTA

Emil C. Kiesling, Murdock.

MISSOURI

Fred Robinette, Bolckow.

NEW YORK

Arthur L. Harvey, North Syracuse.
John A. Scheuermann, West Albany.

OKLAHOMA

James S. Biggs, Stuart.

PENNSYLVANIA

Roland H. Wright, Lincoln University.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 20, 1932

The House was called to order at 12 o'clock noon by the Clerk of the House of Representatives.

DESIGNATION OF SPEAKER PRO TEMPORE

The Clerk read the following communication from the Speaker pro tempore [Mr. RAINEY].

THE SPEAKER'S ROOM,
HOUSE OF REPRESENTATIVES OF THE UNITED STATES,
Washington, D. C., June 20, 1932.

I hereby designate Hon. WILLIAM B. BANKHEAD to act as Speaker pro tempore to-day.

HENRY T. RAINEY,
Speaker pro tempore.

Mr. BANKHEAD took the chair as Speaker pro tempore.

PRAYER

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

Almighty God, "in Thy presence there is fullness of joy, at Thy right hand there are pleasures forevermore." O inspire us with this truth—so wonderful, so vast, and so glorious. How constant and how unvarying is Thy providence at all times. Fill us with sacred impulse as we approach our duties; may they be performed with well-ordered understanding. Do Thou invigorate our purposes; to them add earnestness, endeavor, and righteous achievement. Make adversity a blessing wherever found; bless it in all its forms—at the fireside, at the wayside, and in all the relations of life. O bring peace to all our land, not languid peace, but peace based upon justice, upon knowledge, upon truth, and upon patriotic devotion. Spare us from all bitterness, from sharp passions of the unguarded moment, and allow not care and anxiety to break our spirits in any way. In the name of our Saviour. Amen.

The journal of the proceedings of Saturday, June 18, 1932, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate insists upon its amendments to the bill (H. R. 11452) entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1933, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HALE, Mr. KEYES, Mr. BINGHAM, Mr. BROUSSARD, and Mr. TRAMMELL to be the conferees on the part of the Senate.

EXTENSION OF REMARKS—THE PILLARS OF OUR SOCIAL STRUCTURE

Mr. NELSON of Wisconsin. Mr. Speaker, there are five institutions which condition our national life, liberty, property rights, and general welfare. These are the state, business, home, school, and church. In my address at the presentation of a bust of George Washington to the State of Wisconsin I said:

> 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.

I wish now to dwell upon these evils more in detail, particularly pointing out what the institutions of business, home, school, and church must do to enable us to raise our moral standards as a people, for only by raising our moral standards can we raise the levels of life, liberty, security of property and happiness. It is fitting to recall at this point the profound truth that "it is righteousness that exalteth a nation."

BUSINESS AND AGRICULTURE

My first appeal is for the preservation of our industrial well-being. It is self-evident to any student who observes the trend of events that the small business man is being pushed aside or driven out by the tremendous concentration of wealth in the hands of the few big-business interests. We see this concentration going on in our banking system, more especially in the ever-enlarging system of chain stores, and in the most dangerous development of hidden combinations of all forms of big business in what is known as holding companies.

While I sympathize greatly with the victims of this increasing and intensified concentration of wealth that is taking place in our country and which is driving to the wall the smaller business men in our villages and cities, I am particularly alarmed over the condition to-day of our fellow citizens on our farms; for the history of nations shows that when evils become so acute that they can not be endured by the men and women who toil upon the soil, then governments are overthrown and new governments take the place of those which failed to accord them the necessary protection.

I wish especially to emphasize the fact that the plight of agriculture is far from being solely the concern of the farmer and his family. We do not always stop to think of the close relationship between the farm and other business. The reduced buying power of the farmer directly affects the city merchant, and eventually it affects every one of us. Each city is honeycombed with agricultural interests. Consider the stockyards, packing plants, commission houses, implement stores, flour and feed mills. Beyond these there is a secondary list—drug, hardware, and dry-goods stores whose merchandise go to the country trade; railroads which move agricultural products; banks, insurance companies, and real-estate men.

Agriculture is our basic business industry. It is the backbone of our national existence. One-fourth of our population is on the farm, and our land wealth comprises one-fifth of our national wealth. As agriculture was the first to collapse under the depression, so should it receive our first and greatest efforts to afford relief. It demands the application of more equitable standards.

Grave inequalities have crept into our legislative system, especially since the war, granting special privileges to certain groups at the expense of others. We have shamefully discriminated against the farmer, forgetting that without his long hours of hard toil we could not live. We have given him no special privileges, not even adequate protection. We guard our manufacturers' profits by levying high import duties on foreign competing merchandise; we pour concessions into the laps of men whose business investments consist of banks, stocks, and bonds through the Federal reserve act, the Glass-Steagall bill, and the Reconstruction Finance Corporation. Likewise, we favor railroad investors by passing the Esch-Cummins law; and where it has not worked to suit them, they beg Congress for a gift of $360,000,000.

This represents their liability under the recapture provision of that law, according to an estimate made by the Interstate Commerce Commission. We safeguard labor by the immigration law, the 8-hour law, and the Adamson Act. We have permanent commissions and boards functioning in the interest of these groups. But what does agriculture have, or has ever had, to place it on a parity with other industries in legislative privileges or on an economic equality with them in our national life?

Agriculture took its first big slump in 1920. Soon after the passage of the Esch-Cummins Act, at the time the railroads went back to private ownership, freight rates on agricultural products were increased nearly 60 per cent. The price the farmer received for his goods in the world market decreased by the amount of freight advance, so that what served as a boon to railroad owners really started the farmers' distress. A far greater cause of agricultural depression, however, was the 1920 deflation policy of the Federal Reserve Board, occasioning approximately $18,000,000,000 decline in land values and $14,000,000,000 in loss on the 1920 and 1921 crops. By this forced panic agriculture, which had not yet recuperated, slumped still farther. Big business profited by this debacle, and proceeded to blow its inflation bubble until it burst in 1929, hurling agriculture still deeper into depression. The inequity of our tariff system, discriminating between agriculture and other businesses in rate fixing, has left the farmer helpless. Monopolies are made possible by our patent laws and corporation laws, which tend always to suck the lifeblood of the farmer. Now that he can not pay the price for new machinery these vulture trusts have raised the price of repair parts 25 per cent.

It is obvious that there is a tragic unbalance in our economic system. The farmer has suffered first and longest and hardest; but can our country not see that when his producing power and buying power are lost, America is lost?

Alexander Hamilton, the author of the protective system, favored protection for agriculture side by side with that of industry. Said he:

> Bounties are sometimes not only the best but the only proper expedient for uniting the encouragement of a new object of agriculture with that of a new object of manufacture * * *.
>
> The true way to conciliate these two interests is to lay a duty on foreign manufactures of the material the growth of which is desired to be encouraged, and to apply the produce of that duty, by way of bounty, either upon the production of the material itself or upon its manufacture at home or upon both.

If, then, it is inherent in our protective system that industry and agriculture walk side by side, why have we elevated the one at the expense of the other?

The evils of special privileges are neutralized when all have equal special privileges. To repeal all protective measures that have been enacted is, for the present, impossible. If it is not feasble to wipe out a system so firmly established in our economic life, we must raise the farmer to the protected level of the manufacturer, to the beneficiary level of the banker and the railroad owner. Fairness and justice demand it.

The way has been paved to some extent by the Federal Farm Board, even though its powers are limited. The agricultural marketing act, which created this board, although merely experimental, brought some good in that it has encouraged and developed cooperative marketing and has given the farmer greater bargaining power. This law, as you will recall, was a compromise measure growing out of the McNary-Haugen bill. The bills before the House covering the equalization-fee, debenture, and farm-allotment plans seek to strengthen and widen the powers of the board so as to make it more useful to the farmers.

At the time of the previous consideration in Congress of the equalization fee and the export debenture, I voted for them because I felt that they provided the only means of doing justice to the farmer. Both failed of enactment. Now our attention is again being directed to these measures and to the farm-allotment plan. All these have the object in view of giving the farmer the benefit of the tariff on his product by taking the surplus off the domestic market. They are based upon the idea of segregating all farm crops into two parts, that for domestic consumption and the surplus for sale abroad, and of making the tariff rates effective on both portions. The proposed regulations for stabilizing price levels, curtailing speculation, and making tariff effective on the domestic portion would rest on the commodities rather than on the individual producer. Other advantages of the proposed legislation would be to give farmers and their organizations complete control in marketing their commodities; to make production cost the indicator, but not the guaranty, in determining price; to allow the sale of the entire crop, and to prevent importation of foreign agricultural products that would affect adversely domestic markets.

In previous years the American Farm Bureau supported only the equalization fee, which provides that a levy be made on the whole product sufficient to meet the loss of the surplus sold on the world market. The National Grange formerly backed only the export debenture plan, which provides that a debenture certificate be issued to the exporter equal to one-half of the tariff levied upon imports of such articles. This plan has worked successfully in many foreign countries. Until this year the Farmers' Union has favored only the cost of production plan, under which sale of farm products in this country below production cost would be prohibited; the amount necessary for home consumption would be determined and its price fixed, and just so much and at such price could the farmers sell their crop. Now all these farm organizations have united, and at this session of Congress are advocating a "triple-barreled" program, which consists of the three plans included in the bills before the House—equalization-fee, debenture, and farm-allotment plans. Under the proposed legislation the Federal Farm Board is empowered to employ any one or any combination of these three plans. The joint statement of these organizations as presented to Congress is as follows:

> We insist that the agricultural marketing act shall be continued in force as a principal method of stimulating cooperative marketing and advancing the cause of disposing of surpluses so that they will not depress the domestic price.
>
> The marketing act should be amended immediately by the inclusion of the debenture plan, equalization fee, or any other method which will make it effective in controlling surpluses, in making tariffs effective on farm crops, and in securing for American farmers cost of production on those portions of their crops sold for consumption in our own Nation; nothing less is a remedy for the agricultural marketing problem.

To confirm or disprove my own leaning toward the debenture, I sent the equivalent of a questionnaire to presidents of land-grant colleges, professors of our agricultural colleges, and many eminent scientists. They have responded overwhelmingly in favor of the debenture plan, under which a tariff is made effective on imported farm products whenever an exportable surplus is produced.

If, as has been said, the export debenture or the equalization fee is "turning the tariff halfway round for the benefit of the farmer," is not that the best argument in favor of these plans? Should not the farmer, in all fairness, have the advantage of any or all of these plans whereby he may be protected as the manufacturer is protected by the tariff?

A vicious circle is at work in the case of the farmer. Banks refuse to loan money to satisfy mortgages until a crop is produced, and, in addition, they press payment of matured notes. If these are not met, they take the stock that the farmer needs in producing his crop.

The farmer has long since come to the realization that he must do everything for himself that is humanly possible, and he is willing to do it. He appreciates and practices increased efficiency—abandonment of low-producing acreage, diversification of crops, and due care of his finances. Given by law equality with other industries, the farm population will again be put on a paying basis; but if injustice is allowed to continue, there is a natural law that deals with such infractions of equity. History shows us that the fall of every empire began with the decay of agriculture.

The farmer suffers unbearably when statistics as the following are true: The Department of Agriculture gives as the farmer's price level of farm commodities as of May 15, 1932, at 56 per cent of the pre-war level, and the price the

farmer has to pay for the merchandise he buys at 112 per cent of the prices for the same period. Stating it briefly, the farmer's dollar is worth only 50 cents. Lest we forget, I wish to bring to your attention also the fact that taxes on farm property have increased from the index of 100 in 1914, to 266 in 1930.

The need for Government intervention in the farmer's economic welfare is apparent to all. Let us, therefore, use the power given us by the people in rescuing one-fourth of our population now suffering immeasurably from discriminatory privileges accorded other interests. Let us give our undivided support to the bills now before the House, whose declared policy is—

> That speculation in agricultural commodities and their food products should be minimized, that cooperative associations should be stimulated under the direction and ownership of the producers of farm commodities, and, finally, that advantageous domestic markets should be preserved for farm crops by the prevention of depressing influences on the prices of the commodities incident to surpluses of such crops.

And last but not least, let us not forget that just so surely as effect follows cause, the farmer will not perish alone. He will drag down with him the perpetrators of the injustice he has been made to suffer, unless he is placed on a basis of economic equality with other industries.

The distress of agriculture can be traced directly to our disregard of the farmer's right to justice and equality before the law. The present plight of agriculture is the most eloquent plea possible to us that we raise our moral standards.

OUR HOMES

The welfare of the Nation depends largely upon the moral condition of the home. It is the first and most important pillar of our country. This is where the good wife and mother plays the most effective and important part in national affairs. Theodore Roosevelt, that great lover of home life, once said:

> Questions like the tariff and currency are literally of no consequence whatever compared with the vital questions of having the unit of our social life, the home, preserved.

The preservation of this unit is to-day being attacked from many sources. Of these agencies that threaten to destroy all that is best in the home—love and virtue—the divorce court and the motion picture are in need of stricter and more careful surveillance and regulation.

In the right sort of home will be found what centuries ago a Roman consul well described as "the lifelong fellowship of all divine and human rights." Unfortunately, however, many American homes are not of that kind. We have with us far too much Reno. Domestic tragedies are too frequent for the safety of our Nation. The family is the unit of the Nation, and when these units decay the national life must become decadent and corrupted. This is significant when we see the lives of 10,000,000 people, from 1906 to 1916, affected by divorce. A divorce is granted every five minutes. There is a divorce for every five marriages.

Since woman has demanded and has rightly received her privilege of a share in rearing the structure of government—the ballot—she has inherited with it responsibilities. Upon her particularly must rest the duty of seeing that only such laws as are right or moral shall be imposed upon the home, for she knows best its needs, its dangers, and its unlimited influence and power. While laws control to some extent the acts of man and protect individual rights, they can not create or control human affections nor virtues. Lowered standards of life must inevitably result in broken homes and broken lives. The women of the country must ever be on guard against economic, physical, and moral hazards that come in many forms to the home. The divorce court is one and the obscene motion picture is another. There is too much Hollywood with us, as well as too much Reno.

Love for the story is as old as man. To-day we have the most far-reaching story-teller of all time—the movie giant that "bestrides the world." Every experience known to man is woven into the stories that are spread upon the screen; every emotion of which he is capable is deliberately stirred.

The American motion-picture industry has come to wield a subtle influence greater than any other single influence in the United States. Approximately 10,000,000 tickets are sold every day. Roger Babson, the eminent statistician, sent questionnaires to the principals of the schools of New England, asking which of the institutions to-day had the most influence over children, and 70 per cent of these principals replied "the movies."

This largest industry of our country represents an investment of $2,500,000,000. It is practically controlled by five men. What are the ideals of these five men wielding such tremendous influence in the American home? Are they intent on building high moral standards, training good citizenship, upholding the traditions of our fathers, or are they out for financial gain at any price?

Psychology avers that "suggestion tends to reproduce itself in infinite action." It is generally agreed that crime is on the increase, and there is a world-wide disregard for law and order. In this country it is popular to blame all that is wrong with us on prohibition or on President Hoover. But the fact is that this letting down of moral standards, this disregard for spiritual values, is over the whole world. It is evident that there is some powerful influence at work that is common to all countries. Roger Babson tells us that his statistics and study lead directly to the movies as the basic cause.

This is a serious finding because 90 per cent of the pictures that are shown in the different countries of the world are of American manufacture. Protests are coming from many countries against this "Niagara of scum" that is flowing out of America. An English paper has the following comment:

> How America can permit these contemptible pictures of her youth and of her society to be distributed over the civilized world passes understanding.

Lord Irwin, late Viceroy of India, said that the three major things that made the white man lose reputation and prestige in the Orient were: The defeat of Russia by Japan, the World War, and the corrupting character of American movies.

Fifty Americans living in Tokyo, Japan, appealed to America to control the shipment of her films to that country, as a protection of America's reputation in Japan. And in speaking of the destructive moral effects which the movies are having in that island empire, a Japanese non-Christian said that their "greatest problem was with the films that came from America, which were highly detrimental to the morals of the Japanese people."

John R. Mott, chairman of the International Missionary Council, listed above all obstacles to missionary work "the bad movies which show race superiority, and inflame the grosser passions." In view of the fact that the church is sending millions of dollars to foreign missions it is a travesty to send motion pictures that defame our own country, destroy the work of the missionaries, and demoralize the youth of the world, "fouling civilization."

Serious as this far-reaching work of demoralization is in its effect on the youth of other countries, it must make us look with deep concern on its influence over our own young people. The police department of Chicago reported to the motion-picture producers of California that even old-time crooks were studying motion-picture hold-up men, drug peddlers, white slavers, automobile thieves, and every other variety of criminal in order to get pointers from screen actors.

Thousands of children pour through the children's court of which Franklin C. Hoyt is judge. He issues the following warning:

> Children flock into a motion-picture house and witness scenes of marital infidelity, murder, and rapine that 50 years ago would have been considered unfit for adults; so-called "sex" pictures, for instance, children should never see.

In this connection Prof. E. A. Ross, University of Wisconsin, says:

> If we wish to become the most erotic people in the civilized world, we have only to yield up our children to the demands of the moving-picture industry.

This huge industry, with its tremendous power, politically and morally, is practically unregulated. It is said that the worst methods of the worst trusts, combines, and syndicates in the history of America are charged against this Motion Picture Trust. Artists, actors, distributors, exhibitors, and independent producers complain of its unfair tactics. Art is sacrificed to pure commercialism, in that even a good short story or novel is, in its adaptation, shorn of its meritorious qualities and distorted into a mere appeal to the grosser emotions. When a law is introduced in any State or in Congress toward regulation of this industry, this trust throws its full strength into a lobby to defeat legislation. Government censorship is at present inadequate, and only a few States have laws properly supervising motion pictures. Parent-teachers' associations, women's clubs, church organizations, and welfare groups have appealed for action. Bills have been introduced in Congress attempting to compel the industry to reform itself, but little has been accomplished.

Senator BROOKHART introduced a bill that would change the vicious practice of block booking. By this system the local theater is compelled to take whatever the producers see fit to send for a year's supply and accept it sight unseen, good or bad. Since the only point of contact and means of adjustment between the public and the picture industry is the local theater manager, the public is at the mercy of the producers, who force indecent pictures upon the exhibitor and upon the community. Parents must take earnest interest in this matter and see to it that legislation is enacted to protect the child and the home from the vicious influence of this unregulated industry.

OUR SCHOOLS

First the home, and next the school, is the pillar upon which much of the welfare of our country rests. In my studies in the University of Wisconsin under Professor Stearns, who was one of the best teachers of pedagogy in the country and afterwards as superintendent of schools, I had an opportunity to learn something of the teacher's and the pupil's problems. These problems are more complex to-day than ever before. It is plain to be seen that the children of this generation must be guided through a difficult and dangerous world, through a world of marvelous opportunities. Infidelity in the domestic realm, greed in the economic, laxity in the moral, and unbelief in the spiritual are battering away at the foundations of society. With the perpetuity of these foundations we are all equally concerned.

We see that we are in a period of changing civilization. Readjustment to present environment must be made. Standards of honesty, truth, and virtue must be restored, even raised, or society will lapse into a riot. There is a moral order that is as exact as the physical order. In this moral order we find law, uniformity, and dependability. Violations of the moral law bring certain consequences, as proportionate and as perfectly adapted as violations of the physical law. For that reason education of the head fails unless supported by a corresponding education of the heart in the fundamental principles of courage, honesty, virtue, truth, love, and reverence. Calvin Coolidge rightly said:

> An intellectual growth will only add to our confusion unless it is accompanied by moral growth.

If our science outstrips our morals, we shall find ourselves but victims of our own advancement.

A large share of this readjustment then must fall on the school and on the teacher. "The child," says the Jewish Talmud, "is the foundation of the universe." It has always been true, and likely will continue to be so, that no one except the mother in the home has so great an influence over the destiny of the child as has the teacher. For this reason no one should be better qualified or more alert than the teacher to help guide upwards our changing and shaky democracy that is to-day so much on trial. This the teacher can do both in the wise use of his own citizenship and in the responsible training of young Americans to meet the social problems they will be called upon to face; and which they can face adequately only if they have developed the proper intelligence and character, with sufficient physical, moral, and spiritual courage.

The school deals directly with the mind and with that spiritual element we call truth. It is only by means of the truth that any of our social conflicts can be met or solved. "Ye shall know the truth, and the truth shall make you free." Not only know the truth, but love it, and die for it if need be. But one of the real reasons the world finds itself so hampered and hindered in its onward and upward progress is that there has come to be so little regard for the truth. Falsehood is not hated, shunned, crushed wherever it raises its head. On the other hand, it has intrenched itself in most of the departments of life. It is evident to the teachers in the schools where destructive and false theories are advanced as facts. It is evident in the home where the artificial and the unreal are substituted for that which is genuine and fundamental. It is evident in the business world in glaring forms of gambling, watered stock, and in all manner of dishonest business practices. Confidence is everywhere shaken. We must bring back to our everyday life, and everyday problems, truth. Centuries ago the question was asked, What is truth? We may ask to-day, Is truth in the saddle, or greed, selfishness, and appetite?

To restore truth to its proper place—the home, the school, the church, the statesman—the electorate must combine. Of nothing have I become more convinced during my nearly 25 years of public service than that our democracy is just what we, the people, make it.

If those who represent the home, the school, the church, the state, are incapable of discerning, or unwilling to be guided by, the basic principles of right and truth, or lack that fine sensibility toward the needs of life, and the proper valuation of the beautiful, the true, the good, we shall have a corrupted democracy and a hateful autocracy. The citizens themselves are to blame. It has been said that instead of trying to make the world safe for democracy we must make our democracy safe for the world. Some one has pictured the world as "full of loosened bowlders and crumbling rocks, coming from we know not where." It is, therefore, the serious task of the teachers and the school to help attack these bowlders with a trained corps of recruits, for whether or not the blessings of liberty shall be saved for our democracy in the face of dictatorships of plutocracy or dictatorships of the proletariat depends much upon how effectively the school, the training camp for future citizens, understands and cooperates in the moral adjustments that make for good government.

OUR CHURCH

We must look to the church for effective help in an effort to raise our moral standards and, specifically, to lift the country out of this most incorrectible of economic depressions.

Analysis upon analysis of the causes that have produced this panic have been made by laymen and by economists. Panaceas upon panaceas have been offered as the cure. Usually, however, the diagnosis and the remedy are wholly materialistic in content. Now and then there is heard a voice above the materialistic babel which acknowledges that back of it all and over it all is a Guiding Hand, an unfailing Providence.

What do we mean by Providence? Do we mean something haphazard and incidental? No; quite the contrary. Providence rules and overrules all things for good. This depression is for our individual and our national good if we are exercised thereby. To go on with the dishonesty in business, the stock gambling, the orgy of spending, the war madness, would be to intensify these evils and their consequences. The depression came as a penal and remedial check. "Man draws down upon himself, as with a strong rope, the consequences of his deeds." Reproof, when rejected is followed by ruin. Obedience to the law of right and justice will turn the fatal tide.

Many seem to rejoice in the idea that after the Creator had set the world in motion He withdrew and left it to manage itself. Some one has aptly said that as well might the passengers of a train rejoice that they were rid of the engi-

neer and were left to the mercy of an unguided locomotive. Men seem loth to admit that we can not get along without a Providence and resent the fact that Providence will not change the moral and spiritual or even the material laws to accommodate us in our indulgence, in our dishonesty, and in our lust for war. We can not defy Providence as individuals nor as a nation. Pope Pius XI is right when he writes:

To settle the crimes men come and go, cross the seas, cross the mountains, meet and discuss, but in all that talking, conferring, and debating who has mentioned God? Who has spoken of His providence?

It is evident that the hand of God is being felt and that the things of the world are obeying the hand of God.

Recently a minister of one of the largest churches in Washington, D. C., so inspired his congregation as to cause them to forget church convention and applaud when he said:

What this country needs is a great revival of genuine religion. God seems to be shaking mightily the earth, reminding us in every way that a man's life consists not in the abundance of the things which he possesseth. He is saying to America in unmistakable language, "Let not the rich man glory in his riches, neither let the wise man glory in his wisdom, let not the mighty man glory in his might, but let him that glorieth glory in this, that he understandeth and knoweth Me." A personal experience of God is the only cure.

The country is being surfeited with analysis and counselors for our national well-being * * *. Down underneath it all the explanation is plain—we have reared a generation that has lost its faith in God. A third of the people in America have frankly no religion at all for the census taker to record. Synagogues have been converted into social clubs, and the Catholic and Protestant Churches have suffered sufficient losses in the last 15 years to turn the scale in America from morality to immorality, from the time-honored respectabilities of our fathers to pleasure, booze, and divorce. What America needs is a mighty revival of religion. The heart cry of humanity is for God. In view of this, never did the church of Jesus Christ have such an open door of opportunity.

Where shall this revival begin? Where else than in your life and in mine?

We must look to the pages of Revelation for the significance and remedy of this and all depressions. This distress has not come by accident nor by chance. There are no accidents either in the moral or the spiritual realms. All is under law. Everything is held within the chain of causation. We were not destined to have this panic, nor was it fate. Neither is Providence the author of evil. It might have been averted, and can now be ameliorated, and the tide turned into prosperity if men will restore the standards that have been lowered and debased. Moral ruin is preceded by spiritual ruin and followed by economic ruin. If we shut out the principles of justice and truth and love, the effect is immediate—selfishness, falsehood, and evil. This is the moral law in full operation.

Although there should always be separation of church and state, the sphere of the church should be jealously guarded and observed in its distinct function of inculcating moral principles, in setting up moral standards by which actions may be judged. Religion must have a moral influence on politics; it must supply the standards and sanctions. It can create an ethical and spiritual environment that will protect against persecution of those who stand for high principles.

It is of vital importance to the church that government shall have a moral standard. It is of supreme importance, too, that men holding the reins of government shall have high ideals. Government is made up of men, and will be no better than the men who control it. Good fruit is not gathered from a corrupt tree. Immoral men will not make moral laws, nor protect the moral standards. The church, therefore, must not be merely casually interested in seeing responsible men in responsible places, but must take an active part in keeping them there so long as they are faithful to their trust, and only so long. There is great need of more vigilance on the part of the citizenship, and especially that of the best citizenship—our church.

The history of our own and every other country demonstrates the truth that nations as well as individuals must recognize divinely constituted and immutable laws that govern the universe in the material, moral, and spiritual realms. Infraction of these laws brings inevitably its own punishment; and obedience, its certain reward. Unquestionably the right way for us to-day is to restore and to raise the standards that have been permitted to fall dangerously low. National life, liberty, and welfare are all directly and indirectly affected by the good or bad adjustments made by the citizenship and statesmanship of a people. Our hopes must rest upon the substantial institutions of our country—business, home, school, and church—for an active interest and an intelligent effort to restore and raise our fallen standards. Unless this is done, our beloved land will no longer be the habitation of a free and happy people.

STOP WASTE IN WASHINGTON

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks on the joint resolution (H. J. Res. 438) introduced by myself, and to include therein some letters I have written to the President of the United States and the Attorney General.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I have introduced House Joint Resolution 438, for the purpose of repealing the law authorizing the purchase of that lot of land at the foot of Capitol Hill, known as the old Census Building property, and opposite the Driscoll Hotel.

It came to my attention accidentally that the assessed valuation on the tax books of this property was recently more than doubled, and manifestly there can be but one purpose in this. That purpose was to help build up a fictitious value for the property. It had been learned that the property would be acquired for enlarging the Capitol Park in connection with the expansion of the boulevard from the Union Passenger Station to the Peace Monument. I understand that the Driscoll Hotel has been acquired for about two-thirds of a million dollars, and I assume that other property in that same block has cost or will cost at the same rate.

WORSE THAN WASTE

Now, Mr. Speaker, this old Census Building occupies one-half of a city block and is in a fairly good state of repair. I understand that the plans contemplate its being demolished and the ground upon which it stands converted into a part of the Capitol Park, and therefore used purely for beautification of the grounds. I feel that to wreck such a building at this time and to acquire the land at very high prices is a needless and extravagant waste. I have applied to the President, to the Attorney General of the United States, to the district attorney of the District of Columbia to stop the condemnation proceedings now pending to acquire that property.

From the experience we have had in acquiring property in the District of Columbia, undoubtedly the award in condemnation will represent several times the actual commercial value of the property. In fact, this old Census Building property has practically no commercial value. If it were not located near to the Capitol grounds, where the Government has spent hundreds of millions of tax money, it would have no value at all. There is no factory, nor bank, nor store near. It is the most conspicuous and outstanding example of the unearned increment. In these times of economic distress and of financial panic, when the taxpayers are gasping under their oppressive burdens, when millions are without employment and tens of millions, including women and children, face suffering, starvation, and death itself during the coming winter, it would be almost criminal to spend good cash to enrich the already enriched Bliss estate. The Bliss estate has profited enormously by reason of having acquired strategic properties, and, as the hundreds of millions of tax money rolled into Washington from every part of the country, it added millions and millions of value to these Bliss properties.

Under normal conditions, we might have to stand this mulcting of the Public Treasury by greedy and grasping land owners in Washington, but as conditions now are, we would be remiss and derelict in our duty if we continued to pour out millions into the pockets of these real-estate

owners in Washington by cashing in, at the public expense, their unearned increment.

THE COUNTRY SHOCKED AT WASTE

Mr. Speaker, the country generally is amazed at what has gone on, and what is going on in Washington. Friends and constituents of mine, who visit the city, are shocked that good buildings along Pennsylvania Avenue, worth millions of dollars, are being wrecked merely to gratify pride. I know that this started before the panic began, and when we thought our income was exhaustless. But even then, I never supported the project. I never voted for the $14,000,000 Arlington Memorial Bridge. I never voted for the $7,000,000 Memorial Highway, built along the banks of the Potomac when to have followed the old road or to have established a new road on the hills would have cost only one-third of the $7,000,000. I have never voted for a seventeen million dollar Department of Commerce Building, established upon land that cost the Governmet many millions of dollars. And particularly was I shocked beyond expression when I learned that the Fine Arts Commission of the District of Columbia had condemned the District Building and the Post Office Department Building, because they do not fit into the scheme of architecture adopted for the new buildings.

As a consequence, it was contemplated that the beautiful marble District Building be torn down. Likewise, it is planned to demolish the Post Office Department Building. This building is made of granite, with walls as solid as the pyramids themselves. They will stand a thousand years if the foundations last. It was claimed that the foundations were giving way and sinking. That can be easily corrected. Engineers can force concrete and asphalt underneath and around the foundations of that building, with terrific pressure, that will make the foundations as solid as Gibraltar itself.

WANTON WASTE FOR MERE TASTE

Mr. Speaker, this Fine Arts Commission and these architects that have condemned the District Building and the Post Office Building would doubtless have condemned the Capitol and the White House as out of harmony with their scheme of architecture. And what is their style of architecture? Look at the Department of Commerce Building from the east side. It looks like a ginger cake sandwiched in between two baked Irish potatoes. The west front is decent, but the east front is not only ugly, but it is ludicrous.

Take also the new Income Tax Building, in the rear of the Post Office Department. I asked a friend of mine, driving around the city with me, to look at it and to tell me what he thought of it. I had not indicated to him whether I approved or disapproved of its style. He studied it for a moment and exclaimed, "Why, it looks like a penitentiary."

Mr. Speaker, it is time to apply some common sense to business around Washington. The rest of the country is weltering in the depths of despair. If Washington alone is to prosper, if joy riders are to be found alone in Washington, if the signs of pleasure and merrymaking are to ring only in Washington, then the resentment and the wrath of the Nation will rise against Washington, and if and when it does then there will be a day of reckoning sad to contemplate.

A CHANCE TO PRACTICE ECONOMY

Mr. Speaker, I am printing along with these remarks certain letters that I have addressed to the President of the United States, and to his Attorney General, and to his district attorney in Washington, asking that the condemnation proceedings for the useless expenditure of money at this time be stopped, and that the money be held in the Treasury for the relief of the millions through the country at large who are not the beneficiaries of the tax money that pours into Washington in an unbroken, even if now in a reduced, stream. Responsible business men and patriotic citizens write me expressing their righteous indignation and their half-repressed wrath that the sound of revelry, the surge of extravagance and high living, the constant gouging of the public money for private benefit, continue to go on in Washington while the rest of the country sits in sackcloth and ashes, not of repentance for sins committed but as the innocent victims of policies promulgated by the party and party leaders that continue to hold high carnival while the country mourns.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C., June 19, 1932.

The Hon. HERBERT HOOVER,
President of the United States,
The White House.

MY DEAR MR. PRESIDENT: Having read with deep interest several of your recent messages urging strict economy and the elimination of all unnecessary expenditures at this time. I am respectfully calling to your attention House Joint Resolution 438, introduced by me yesterday, to repeal the law authorizing the purchase of land to enlarge the Capitol grounds and especially referring to a certain lot of land west of First Street NW., opposite the Driscoll Hotel and commonly known as the old Census Building property, belonging to the Bliss estate. The only value this land has is due to the fact that the United States Government located its Capitol and has spent millions of dollars in its vicinity. It is the most conspicuous example of the unearned increment.

We do not need this land at this time, and the owner is demanding several times the assessed value thereof as an additional excuse to extort a high price from the Government. I believe you will agree with me that the Government has been terribly imposed upon in most instances where it has bought property in the District of Columbia. No doubt you agree that the cost of the land on which the Department of Commerce Building was erected represents several times its true value, commercially, industrially, or otherwise.

Many citizens of the United States visiting Washington recently have been not only surprised but outraged and some of them have been enraged by the wasteful destruction of buildings along Pennsylvania Avenue, which are worth millions of dollars and which may be used this next winter to house the destitute, homeless, and hungry people. When these people have learned that the land on which these buildings stood is to constitute a mere pleasure park and beauty spot, and that this land has cost tens of millions of dollars, their rage seems to know no bounds.

This old Census Building, the purchase of which I am seeking to stop, is far better than the house in which you and I were born and the schoolhouses which you and I attended when little boys. That building would house and care for a thousand hungry and destitute men during a severe spell of weather next winter. To wreck it in order to produce a beautiful lawn of grass may be all right in times of prosperity, but in times like these it will not do.

Mr. President, I have written to the Attorney General, begging him to stop the pending condemnation proceedings, and I have written to the district attorney, begging him to do so, and I am urging the chairman of the Committee on Public Buildings and Grounds to give me an early hearing so that the committee may report my joint resolution before we adjourn in the hope that it may become law. If all of these other recourses fail, it is in your power, Mr. President, to order the Attorney General to suspend the condemnation proceedings, and I earnestly beg you to do so. Even after Congress adjourns, I will make inquiry from you from time to time to ascertain what your attitude is with reference to this unnecessary expenditure of money at this time in the interest of vanity only. I do not oppose the erection of any buildings here at this time, because that gives employment to labor, but I do oppose the paying for land more than it is worth merely to wreck a good building and to create a beauty grass plot on that spot.

Trusting that you may give this matter early consideration and begging you to order the suspension of the condemnation proceedings, I am

Yours very respectfully,

J. J. MCSWAIN.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C., June 19, 1932.

Hon. WILLIAM D. MITCHELL,
Attorney General of the United States,
Department of Justice, Washington, D. C.

MY DEAR MR. ATTORNEY GENERAL: I respectfully call your attention to House Joint Resolution 438, introduced by me yesterday, and I intend to push vigorously for the passage of this resolution before Congress adjourns. However, if Congress should adjourn before its passage, I expect to seek vigorously its passage at the next session of Congress. I am therefore respectfully urging that you order the district attorney to suspend all proceedings now pending for the condemnation of this property at this time of national distress, when millions are out of employment and tens of millions facing hunger next winter, and it is no time to be spending money merely to gratify pride and vanity.

I respectfully urge you to take this matter up with the President of the United States, who has been making a great fight for economy.

With great respect, I am,

Yours truly,

J. J. MCSWAIN

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C., June 19, 1932.

Hon. LEO ROVER,
United States District Attorney,
United States Courthouse, Washington, D. C.

MY DEAR MR. DISTRICT ATTORNEY: I am respectfully calling your attention to House Joint Resolution 438, introduced by me yesterday, and beg to say that I have applied to the President to order these proceedings stopped. I have applied to the Attorney General to order these proceedings stopped. I am now applying to you also to stop these proceedings of condemnation. I expect to push for the passage of my resolution. If it fails to become a law at this time, if you will suspend condemnation proceedings until Congress convenes in December that will give us a chance to pass the resolution at this time. No public interest is involved, but merely a matter of pride. It will not stop construction but will stop destruction. I am, therefore, respectfully asking you to exercise your own power, even if the President and the Attorney General do not do so, to hold up condemnation proceedings.

Yours very sincerely,

J. J. MCSWAIN.

JUNE 20, 1932.

MY DEAR MR. PRESIDENT: I wrote you yesterday, June 19, concerning the necessity for practicing economy by stopping the acquisition of further land in the District of Columbia for purposes of mere beauty. Of course, where a building is to be erected on the site, and this building construction will employ labor, that presents a different case, and I am strongly in favor of that. But to buy land on which are buildings that are worth millions of dollars, and then to wreck these buildings and to convert the land into a mere park for purposes of proper pride under ordinary conditions is, under the present conditions, an unjustifiable extravagance and waste.

As I am rushing House Joint Resolution 438 to action at this session, if possible, I should be pleased to have your cooperation in this item of economy. Will you not, therefore, please send your answer to these two letters by a special messenger, in order that I may have the same in time to present to the Committee on Public Buildings and Grounds to-morrow, Tuesday, June 21, at 10.30 a. m.?

Mr. President, we have been working with you in every possible way to effect economy, and I believe that you will thank me for calling your attention to this one other way by which we can practice economy.

Certainly the people throughout the country feel that they are not having an even break with Washington. With Government pay rolls going on in Washington, retail and wholesale business is about as good as ever. With many millions of dollars being expended in Government buildings, labor has employment. In other parts of the country real-estate prices are down to 25 per cent of normal. In Washington, where the Government is buying property, it is more than 25 per cent above a fair price.

Something must be done in order to prove to the people of the Nation that these professions of desire to practice economy are sincere. Washington must not continue to prosper and have her real-estate owners revel in luxury and wealth while the real-estate owners in other parts of the country are weltering under terrific burdens and are not able to collect enough rents to pay taxes and insurance.

These are facts, Mr. President, and I am confidently counting upon your cooperation in this further step toward economy.

Yours very respectfully,

J. J. MCSWAIN.

Hon. HERBERT HOOVER,
President of the United States,
The White House, Washington, D. C.

JUNE 20, 1932.

MY DEAR MR. VICE PRESIDENT: I respectfully call your attention to House Joint Resolution 438, and respectfully ask that you have your commission meet at an early date, for the purpose of stopping the condemnation proceedings now pending in relation to the property mentioned in said joint resolution.

I feel sure that you agree with me that this is no time in our country's history to be paying high prices for real estate to be converted into a grass plot.

The proposed enlargement of the capitol grounds progressed too slowly for the celebration of the George Washington bicentennial. Therefore, there is no use, at this time, of acquiring additional land. It is my humble opinion that the acquisition of any more land at this time should be stopped. With millions of people out of jobs, and tens of millions of them hungry, to be paying high prices for Washington real estate is unjustifiable. The real-estate owners throughout the rest of the Nation are struggling under burdens of taxation that they can not pay. Many of them would be glad to sell their real-estate holdings at half of what they cost. I am in that fix. To be paying fancy prices in Washington, merely to create a pretty park, will meet the condemnation of the country.

For that reason I am appealing to you to call the commission together and to stop all further proceedings, so that the money may be diverted to the useful purpose of relieving the people and of furnishing employment to the millions of unemployed.

With great respect, I am,

Yours sincerely,

JOHN J. MCSWAIN.

Hon. CHARLES CURTIS,
Vice President of the United States,
Chairman of the Capitol Grounds Commission,
The Capitol, Washington, D. C.

Here is copy of House Joint Resolution 438:

Joint resolution to repeal the authority to buy, and to stop condemnation proceedings to acquire, that lot of land west of First Street NW., and opposite the Driscoll Hotel, and commonly known as the old Census Building property, belonging to the Bliss estate

Resolved, etc., That any authority heretofore granted for the purchase of that lot of land in the District of Columbia, immediately west of First Street NW. and opposite the Driscoll Hotel, and known as the old Census Building property, be, and the same is hereby, repealed, and that any condemnation proceedings now pending for the purchase of said lot of land be, and the same are hereby, terminated and ended, for the reason that it appears that the owner thereof is demanding an excessive and unreasonable price therefor, and that the condition of the Treasury and the country will not justify the purchase of said property at this time, and that its use is not now necessary, and that the owner thereof has procured the property to be assessed at more than twice its former assessment, since the owner thereof learned that the United States Government would probably desire to purchase said property, and that the purpose of the owner in so raising the assessment was to justify a demand for an excessive and unreasonable price therefor.

LEGISLATIVE APPROPRIATION BILL

Mr. McDUFFIE. Mr. Speaker, I call up conference report on the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER pro tempore. The gentleman from Alabama calls up conference report on the bill H. R. 11267 and asks unanimous consent that the statement may be read in lieu of the report. Is there objection? [After a pause.] The Chair hears none.

The Clerk began the reading of the statement.

Mr. LAGUARDIA. Mr. Speaker, I reserve all points of order on the conference report.

Mr. STAFFORD. Mr. Speaker, I question whether the request does not come too late.

The SPEAKER pro tempore. In the opinion of the Chair, it is too late to reserve points of order on the report.

Mr. McDUFFIE. Points of order on a conference report should be made at the time the report is filed.

Mr. LAGUARDIA. No; I have looked that up. I spent the Sabbath in that way.

The SPEAKER pro tempore. The Clerk will read the statement.

Mr. LAGUARDIA. Mr. Speaker, are my points of order reserved?

The SPEAKER pro tempore. In the opinion of the Chair, the reservation of points of order came too late, inasmuch as the statement was being read.

Mr. LAGUARDIA. Mr. Speaker, I made my point of order before the report was read.

The SPEAKER pro tempore. If the gentleman will permit, the gentleman from Alabama [Mr. McDUFFIE] asked unanimous consent that the statement be read in lieu of the report, and the Clerk began the reading of the statement. Thereupon, after a part of the statement had been read, the gentleman from New York sought to interpose a reservation of points of order. The request came too late.

Mr. LAGUARDIA. Mr. Speaker, if the Chair will bear with me a moment, it seems to me that points of order may be reserved either before the statement is read or before the report is read. The decisions are clear on that point, if the Chair is going to be technical. As soon as the gentleman asked unanimous consent to have the statement read, I was on my feet.

I sought to get the attention of the Chair, and it seems to me that on a reservation of a point of order the Speaker

might at any time look the other way while the Clerk starts the reading of the report and thereby deprive a Member and the House of reserving points of order, which he has the right to do.

The SPEAKER pro tempore. The Chair can not reasonably be expected to anticipate the action of Members on the floor. The Chair is compelled to conform to the rules of the House, and the reading of the statement in lieu of the report was held by Speaker Gillett as precluding the right to interpose a point of order against the conference report. That decision was made on April 3, 1922, and may be found on page 4947 of the CONGRESSIONAL RECORD of that date.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The Chair has ruled. The gentleman can appeal from the decision of the Chair if he desires to do so.

Mr. LAGUARDIA. What is the Clerk reading now?

The SPEAKER pro tempore. The statement of the conferees for which unanimous consent was given by the House. The Clerk will proceed with the reading of the statement.

Mr. SNELL. Mr. Speaker, had the Clerk started to read the statement?

The SPEAKER pro tempore. The Clerk had started the reading of the statement.

Mr. SNELL. Mr. Speaker, we want to be fair. I do not think there is anything to be gained by rushing too fast. I did not understand the Clerk had started to read any statement, and I think in the interest of fair play——

Mr. McDUFFIE. Mr. Speaker, I submit to the House as a whole that the Clerk had read a paragraph.

Mr. LAGUARDIA. Oh, no.

Mr. BLANTON. The House is not responsible for gentlemen not taking advantage of their rights under the rules. The rule is plain, and the Speaker has properly ruled.

Mr. MICHENER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MICHENER. Assuming the Clerk had commenced the reading and that the Chair is correct in the ruling, inasmuch as this is a matter in which we are all interested and all want to be fair, I ask unanimous consent that the proceedings up to the point where the Clerk was directed to read the statement be vacated.

Mr. BLANTON. I object, Mr. Speaker. There is a proper time for making points of order. If our friends can not conform to the rules, it is their own fault. The Chair has ruled correctly.

The SPEAKER pro tempore. The gentleman from Texas objects. The Clerk will continue the reading of the statement.

Mr. SNELL. We will govern ourselves accordingly.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LAGUARDIA. Will the report be read later?

The SPEAKER pro tempore. The report will not be read. The House gave unanimous consent for the reading of the statement in lieu of the report.

The Clerk completed the reading of the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate (Nos. 46–168, both inclusive) to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 49, 51, 62½, 65, 67, 71, 75, 77, 78, 79, 80, 94, 96, 97, 98, 99, 100, 102, and 132.

That the House recede from its disagreement to the amendments of the Senate numbered 48, 50, 52, 53, 54, 55, 56, 63, 72, 73, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 95, 103, 104, 110, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, and 168, and agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"COMPULSORY RETIREMENT FOR AGE

"SEC. 204. On and after July 1, 1932, no person rendering civilian service in any branch or service of the United States Government or the municipal government of the District of Columbia who shall have reached the retirement age prescribed for automatic separation from the service, applicable to such person, shall be continued in such service, notwithstanding any provision of law or regulation to the contrary: *Provided*, That the President may, by Executive order, exempt from the provisions of this section any person when, in his judgment, the public interest so requires: *Provided further*, That no such person heretofore or hereafter separated from the service of the United States or the District of Columbia under any provision of law or regulation providing for such retirement on account of age shall be eligible again to appointment to any appointive office, position, or employment under the United States or the District of Columbia: *Provided further*, That this section shall not apply to any person named in any act of Congress providing for the continuance of such person in the service."

And the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: On page 13 of the Senate engrossed amendments, line 9, strike out "206" and insert "207"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: On page 13 of the Senate engrossed amendments, line 22, strike out "207" and insert "208," and on page 14 of the Senate engrossed amendments, line 4, after "payment," insert a comma and the following: "under section 3" and a comma; and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment as follows: On page 14 of the Senate engrossed amendments, line 11, strike out "208" and insert "209"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 210. The provisions of all acts heretofore enacted inconsistent with sections 207, 208, and 209 are, to the extent of such inconsistency, hereby repealed, and such sections shall take effect on July 1, 1932."

And the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"SEC. 211. (a) During the fiscal year ending June 30, 1933—(1) no officer or employee of the Government shall be allowed or paid a higher rate of compensation for overtime work (either day or night) or for work on Sundays and holidays; (2) wherever by or under authority of law compensation for night work (other than overtime) is at a higher rate than for day work, such differential shall be reduced by one-half; (3) in so far as practicable, overtime work shall be performed by substitutes or unemployed regulars in lieu of persons who have performed a day's work during the day during which the overtime work is to be performed, and work on Sundays and holidays shall be

performed by substitutes or unemployed regulars in lieu of persons who have performed a week's work during the same week.

"(b) This section shall not apply to compensation for overtime services performed by Federal employees under existing law at the expense of private interests."

And the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "212"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) This section shall not apply to any person whose retired pay plus civilian pay amounts to less than $3,000: *Provided*, That this section shall not apply to regular or emergency commissioned officers retired for disability incurred in combat with an enemy of the United States."

And the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "213"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 56 of the House bill, line 5, strike out "210" and insert "214"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"ANNUAL LEAVE WITH PAY REDUCED TO 15 DAYS

"SEC. 215. Hereafter no civilian officer or employee of the Government who receives annual leave with pay shall be granted annual leave of absence with pay in excess of 15 days in any one year, excluding Sundays and legal holidays: *Provided*, That the part unused in any year may be cumulative for any succeeding year: *Provided further*, That nothing herein shall apply to civilian officers and employees of the Panama Canal located on the Isthmus and who are American citizens or to officers and employees of the Foreign Services of the United States holding official station outside the continental United States: *Provided further*, That nothing herein shall be construed as affecting the period during which pay may be allowed under existing laws for so-called sick leave of absence: *Provided further*, That the so-called sick leave of absence, within the limits now authorized by law, shall be administered under such regulations as the President may prescribe so as to obtain, so far as practicable, uniformity in the various executive departments and independent establishments of the Government."

And the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: On page 17 of the Senate engrossed amendments, line 9, strike out "214" and insert "216"; and the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "including printing and binding done elsewhere under contract by the Public Printer, or obtained in the field under authority of the Joint Committee on Printing for the exclusive use of a field service; of the foregoing amount $2,500,000 shall be for printing and binding for the use of the legislative branch of the Government"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "Or to the manufacture of postal cards and money orders for the Post Office Department"; and the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment as follows: On page 21 of the Senate engrossed amendments, line 4, strike out "312" and insert "313," and on page 64 of the House bill, line 7, strike out "313" and insert "314"; and the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "315"; and the Senate agree to the same.

Amendment numbered 106: That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with an amendment as follows: On page 21 of the Senate engrossed amendments, line 18, strike out "315" and insert "316"; and the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows: On page 22 of the Senate engrossed amendments, line 3, strike out "316" and insert "317"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: On page 22 of the Senate engrossed amendments, line 23, strike out "317" and insert "318"; and on page 24 of the Senate engrossed amendments strike out lines 1 to 6, both inclusive; and on page 24 of the Senate engrossed amendments, line 7, strike out "(d)" and insert "(c)"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: On page 24 of the Senate engrossed amendments, line 21, strike out "318" and insert "319"; and on page 24 of the Senate engrossed amendments, line 22, strike out "and" and insert "or"; and the Senate agree to the same.

Amendment numbered 111: That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 320. Authorizations heretofore granted by law for the construction of public buildings and public improvements, whether an appropriation therefor has or has not been made, are hereby amended to provide for a reduction of 10 per cent of the limit of cost as fixed in such authorization as to projects where no contract for the construction has been made. As to such projects where a contract has been made at a cost less than that upon which the authorization was based, such cost shall not, unless authorized by the President, be increased by any changes or additions not essential for the completion of the project as originally planned."

And the Senate agree to the same.

Amendment numbered 112: That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment as follows: On page 25 of the Senate engrossed amendments, line 19, strike out "320" and insert "321"; and the Senate agree to the same.

Amendment numbered 113: That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment as

follows: On page 26 of the Senate engrossed amendments, line 5, strike out "321" and insert "322"; and the Senate agree to the same.

Amendment numbered 114: That the House recede from its disagreement to the amendment of the Senate numbered 114, and agree to the same with an amendment as follows: On page 26 of the Senate engrossed amendments, line 22, strike out "322" and insert "323"; and the Senate agree to the same.

Amendment numbered 115: That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "*Provided further*, That in order to expedite the merging of certain activities, the President is authorized and requested to proceed, without the application of this section, with setting up consolidations of the following governmental activities: Public Health (except that the provisions hereof shall not apply to hospitals now under the jurisdiction of the Veterans' Administration), personnel administration, education (except the Board of Vocational Education shall not be abolished), and Mexican Water and Boundary Commission, and to merge such activities, except those of a purely military nature, of the War and Navy Departments as, in his judgment, may be common to both and where the consolidation thereof in either one of the departments will effect economies in Federal expenditures, except that this section shall not apply to the United States Employees' Compensation Commission"; and the Senate agree to the same.

Amendment numbered 131: That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The duties, powers, and functions of the Personnel Classification Board are hereby transferred to the Civil Service Commission; and"; and the Senate agree to the same.

Amendment numbered 133: That the House recede from its disagreement to the amendment of the Senate numbered 133, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "are hereby"; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "and all officers and employees of the division and commission not indispensable to the service shall be dismissed"; and the Senate agree to the same.

The committee of conference have not agreed on amendment numbered 46.

JOHN MCDUFFIE,
L. W. DOUGLAS,
WILL R. WOOD,
Managers on the part of the House.

W. L. JONES,
REED SMOOT,
FREDERICK HALE,
E. S. BROUSSARD,
SAM G. BRATTON,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate (Nos. 46–168, both inclusive), to the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 46: On this amendment, embracing Title I of Part II of the bill, relating to furloughs, permanent and temporary salary reductions, etc., the committee of conference have reached no agreement.

On amendment No. 47: This amendment eliminates the House provision requiring the permanent separation from the service of employees who reach or have reached the retirement age. The House recedes with an amendment restoring the House provision and adding a proviso which authorizes the President to exempt from the operation of the section, when in his judgment the public interest requires, persons designated by him.

On amendment No. 48: This amendment inserts a section heading. The House recedes.

On amendment No. 49: This amendment makes a change in a section number. The Senate recedes.

On amendment No. 50: This amendment provides that deductions from compensation for the purposes of making up retirement funds shall be based on the regular rate of compensation of employees, rather than on the rate as temporarily reduced by this act. The House recedes.

On amendment No. 51: This amendment makes a change in a section number. The Senate recedes.

On amendment No. 52: This amendment strikes out the House provision reducing certain traveling and per diem allowances by $2 each; and the House recedes. This amendment and amendments 57 to 60, inclusive, are complementary.

On amendment No. 53: This amendment makes a clerical change in a subsection letter; and the House recedes.

On amendment No. 54: This amendment brings officers of the military services under the provisions of law relating to per mile allowances for motor-cycle and automobile travel in cases where such travel is authorized. The House recedes.

On amendments Nos. 55 and 56: These amendments make changes in subsection letters; and the House recedes.

On amendment No. 57: This amendment is a substitute for the matter struck out by amendment No. 52. It changes the present law by substituting for the expense allowance for travel in the continental United States now provided by section 3 of the subsistence expense account of 1926, amounting to $7 per day, and likewise for the $6 per diem allowance in lieu of expenses provided by section 4 of such act, a per diem allowance of $5 per day for such travel; and the expense allowance for travel outside the continental United States, under section 5 of such act, amounting to $8 per day, as well as the $7 per diem allowance in lieu of expenses under section 6 thereof are replaced by a per diem allowance of $6 per day for such travel. The House recedes with an amendment changing the section number.

On amendment No. 58: This amendment repeals the provisions of existing law, which amendment No. 57 makes superfluous, and also makes a change in section 7 of the subsistence expense act of 1926, relating to rules and regulations, made necessary by the abolition of allowances for actual expenses, accomplished by amendment No. 57. The House recedes with an amendment making a change in a section number and a clarifying change in language.

On amendment No. 59: This amendment prohibits payment by the Government of the expense connected with the transportation of automobiles belonging to individuals, but authorizes the War Department and the Navy Department each to spend not more than $5,000 in any fiscal year for such transportation. The House recedes with an amendment changing the section number.

On amendment No. 60: This amendment repeals existing law so far as inconsistent with the matter added by amendments Nos. 57, 58, and 59. The House recedes with an amendment changing a section number and making the sections inserted by amendments Nos. 57, 58, and 59 effective July 1, 1932.

On amendment No. 61: This amendment strikes out the House provision relating to a higher rate of compensation for overtime, night, Sunday, and holiday work. The House bill provided that in certain cases such work should be done by substitutes. The amendment provides that it be done by

substitutes or unemployed regulars. The House recedes with an amendment inserting the substance of the House provision, except that the differential in compensation for regular night work is reduced by one-half instead of eliminated, and the Senate provision on unemployed regulars is included.

On amendment No. 62: This amendment makes a change in the section number, and the House recedes with an amendment making a further change in the section number.

On amendment No. 62½: This amendment substitutes for the House provision that any officer retired from the military services and holding a civilian office or position under the United States or the District of Columbia shall not be entitled to retired pay in excess of an amount which combined with the annual rate of compensation from such office or position makes the total rate from both sources more than $3,000, a provision that the combined rate from both sources shall not exceed the rate of pay and allowances which such officer was receiving immediately before his retirement. The Senate recedes.

On amendments Nos. 63 and 64: Amendment No. 63 strikes out the House provision which excepted from the provisions of the House bill limiting the retired pay of persons employed by the Government officers on the emergency officers' retired list and persons retired for disability incurred in line of duty. Amendment No. 64 excepts persons whose retired pay, plus civilian pay, amounts to less than $3,000, and emergency officers' retired for disability incurred in combat with an enemy of the United States. The House recedes on amendment No. 63 and recedes with an amendment on amendment No. 64 excepting from the section regular officers retired for combat disability.

On amendment No. 65: This amendment makes a change in a section heading. The Senate recedes.

On amendment No. 66: This amendment makes a change in a section number. The House recedes with an amendment making a further change in the section number.

On amendment No. 67: This amendment strikes out the provision of the House bill relating to the dismissal of married persons in any reduction in personnel in the Government service. The Senate recedes.

On amendment No. 68: This amendment strikes out the provision of the House bill authorizing the Postmaster General to make temporary assignments in the Postal Service during the fiscal year 1933. The effect of the conference action is to restore the House provision with a change in the section number.

On amendment No. 69: This amendment provides that hereafter no civilian officer or employee of the Government who receives both annual and sick leave with pay shall be granted leave of absence with pay in excess of 15 days excluding Sundays and legal holidays. Leave unused in any year may be cumulative for any succeeding year. Civilian officers and employees of the Panama Canal located on the Isthmus who are American citizens and officers and employees of the Foreign Service are excepted. The period during which pay may be allowed under existing laws for so-called sick leave for absence is not limited, but such sick leave of absence within the limits now authorized shall be administered under regulations prescribed by the President so as to obtain uniformity in the various departments and establishments.

The House recedes with an amendment under which no civilian officer or employee of the Government who receives annual leave with pay shall be granted annual leave of absence with pay in excess of 15 days in any one year, excluding Sundays and legal holidays. Leave unused in any year may be cumulative for any succeeding year. Civilian officers and employees of the Panama Canal located on the Isthmus who are American citizens, and officers and employees of the Foreign Services holding official station outside the continental United States are excepted. The provision is not to be construed as affecting the period during which pay may be allowed under existing law for sick leave, and sick leave as now authorized is to be administered under regulations prescribed by the President so as to obtain uniformity in the various departments and establishments. The amendment also makes a change in the section number.

On amendment No. 70: This amendment authorizes and directs the heads of departments and establishments of the Government to furlough without pay such employees carried on their rolls such time as in their judgment is necessary to keep within the appropriations made for the fiscal year 1933. The higher salaried shall be furloughed first whenever possible without injury to the service and rules and regulations shall be promulgated by the President to secure uniform action by the heads of departments and establishments in applying this section. The House recedes with an amendment changing the section number.

On amendment No. 71: This amendment makes a change in the heading of three sections. The Senate recedes.

On amendments Nos. 72 and 73: These amendments substitute for the $10,000,000 limitation contained in the House bill, upon the amount which may be expended for printing and binding, a limitation of $8,000,000 upon the amount which may be obligated for such purpose. The House recedes.

On amendment No. 74: This amendment strikes out the allocations made by the House bill, of $2,500,000 to the legislative branch, and $225,000 for farmers' bulletins, and includes within the limitation upon obligations, certain printing done elsewhere than at the Government Printing Office. The House recedes with an amendment inserting the matter proposed to be inserted by the Senate amendment, restoring the House provision relating to the legislative branch, and eliminating the provision for farmers' bulletins.

On amendment No. 75: This amendment strikes out the provision in the House bill relating to distribution, by the Director of the Bureau of the Budget, among the various agencies of the Government, of the funds available for printing and binding. The Senate recedes.

On amendment No. 76: This amendment excepts the legislative branch of the Government and the manufacture of postal cards and money orders from the operation of section 302. The House recedes with an amendment eliminating that part of the Senate provision relating to the legislative branch.

On amendment No. 77: This amendment strikes out the limitation upon expenditures for paper, contained in the House bill. The Senate recedes.

On amendments Nos. 78, 79, and 80: These amendments make changes in section numbers, and the Senate recedes.

On amendment No. 81: This amendment provides that the United States Shipping Board shall hereafter consist of three members, whereas the House bill provided for four members. The House recedes.

On amendment No. 82: This amendment provides that one commissioner of the Shipping Board shall be appointed from the States touching the Atlantic Ocean or a navigable river directly tributary thereto. The House bill provided that such commissioner should be appointed from the States touching the Atlantic Ocean. The House recedes.

On amendment No. 83: This amendment strikes out the House provision that one commissioner should be appointed from the States touching the Great Lakes. The House recedes.

On amendments Nos. 84, 85, and 88: These amendments make clerical changes which are necessary because of amendments Nos. 81 and 86. The House recedes.

On amendment No. 86: This amendment reduces the term of office of the commissioners from four years, as provided in the House bill, to three years. The House recedes.

On amendment No. 87: This amendment provides that the commissioners shall hold office until their successors are appointed and qualify. The House recedes.

On amendment No. 89: This amendment provides that the concurrence of two commissioners shall be compliance with existing law requiring the concurrence of four or more. The House bill required the concurrence of three commissioners for the same purpose. The House recedes.

On amendment No. 90: This amendment strikes out the House provision relating to the salaries of officers and em-

ployees of the United States Shipping Board or the United States Shipping Board Merchant Fleet Corporation. The matter is covered by amendment No. 46; and the House recedes.

On amendments Nos. 91, 92, and 93: These amendments make changes in subsection letters. The House recedes.

On amendment No. 94: This amendment makes a change in the section number. The Senate recedes.

On amendment No. 95: This amendment strikes out the House provision fixing the price of certain governmental publications, when sold to the public, at 30 per cent over the cost of printing and binding, in lieu of the 10 per cent prescribed by existing law, and substitutes therefor a provision which fixes such price at 50 per cent of the cost of the publication, as determined by the Public Printer, allows a discount of not to exceed 25 per cent to book dealers and quantity purchasers, provides that such printing shall not interfere with work for the Government, that surplus receipts shall be deposited in the Treasury as miscellaneous receipts, that terms, conditions, and manner of sale shall be prescribed by the Superintendent of Documents, and that the provisions of this section shall be in lieu of certain provisions of existing law with respect to the selling price of documents. The House recedes.

On amendments Nos. 96, 97, 98, 99, and 100: These amendments make changes in section numbers. The Senate recedes.

On amendment No. 101: This amendment requires the several executive departments and independent establishments to include in their annual reports to Congress a statement of receipts from fees and charges paid to such department or establishment under this act and existing law. The House recedes with an amendment making changes in section numbers.

On amendment No. 102: This amendment makes clerical changes in section numbers. The Senate recedes.

On amendment No. 103: This amendment strikes out the House provision for the transfer of fish-cultural stations to States and Territories. The House recedes.

On amendment No. 104: This amendment strikes out the House provision for the transfer of agricultural-experiment stations to State and Territories. The House recedes.

On amendment No. 105: This amendment makes a change in a section number. The House recedes with an amendment making a further change in the section number.

On amendment No. 106: This amendment repeals the act authorizing and directing the Director of the Census to collect and publish statistics concerning hides, skins, and leather. The House recedes with an amendment making a change in the section number.

On amendment No. 107: This amendment authorizes not to exceed 12 per cent of any appropriation for an executive department or independent establishment or for the municipal government of the District of Columbia for the fiscal year 1933 to be transferred with the approval of the Director of the Bureau of the Budget, or in the case of the War Department and Navy Department with the approval of the President, to any other appropriation or appropriations under the same department or establishment. No appropriation is to be increased more than 15 per cent by such transfers. Statements of such transfers are to be included in the Budget for the fiscal year 1935; and those made up to the time of the submission of the Budget for the fiscal year 1934, and all contemplated for the remainder of the fiscal year 1933 are to be included in the Budget for the fiscal year 1934. The House recedes with an amendment changing the section number.

On amendment No. 108: This amendment—

(1) Limits the amount authorized to be appropriated under the George-Reed Act to $1,500,000 for the fiscal year 1933;

(2) Reduces the amounts appropriated for the fiscal year 1933 by the Smith-Hughes Act for vocational education by 10 per cent throughout, except in the case of the Federal Board for Vocational Education;

(3) Substitutes for the appropriation for the fiscal year 1933 made by the Smith-Hughes Act for the Federal Board for Vocational Education an authorization of an appropriation of the same amount; and

(4) Reduces the amounts authorized to be appropriated and expended for the fiscal year 1933 for vocational education in Hawaii and Puerto Rico by 10 per cent in each case.

The House recedes with an amendment inserting the matter proposed to be inserted by the Senate amendment except the provision substituting for the appropriation for the fiscal year 1933 made by the Smith-Hughes Act for the Federal Board for Vocational Education an authorization of an appropriation of the same amount, changing the section number, and making a change in a subsection letter.

On amendment No. 109: This amendment reduces the rate of interest upon any judgment against the United States or upon any overpayment in respect of any internal-revenue tax to 4 per cent. The House recedes with an amendment making a change in the section number and a clarifying change in language.

On amendment No. 110: This amendment inserts a heading for three sections. The House recedes.

On amendment No. 111: This amendment reduces the limits of cost of authorizations heretofore granted by law for the construction of public buildings and public improvements, whether appropriations have or have not been made therefor, by 10 per cent of the limit of cost fixed in such authorization if no contract for construction has been made. Where a contract has been made at a cost less than that upon which the authorization is based, the cost shall not be increased by changes not essential for completion of the project.

The House recedes with an amendment changing the section number and changing the last sentence of the Senate provision so as to provide that where a contract has been made at a cost less than that upon which the authorization was based, such cost shall not, unless authorized by the President, be increased by any changes not essential for the completion of the project.

On amendment No. 112: This amendment provides that except as otherwise specifically provided by law, the leasing of buildings and properties of the United States shall be for a money consideration only, and that the leases shall not contain provisions for the alteration, repair, or improvement of the buildings or properties as a part of the consideration for the rental. The House recedes with an amendment changing the section number.

On amendment No. 113: This amendment provides that in case of leases hereafter made or renewals of leases previously made, the rental paid for any building or part of a building to be occupied for Government purposes shall not exceed the per annum rate of 15 per cent of the fair market value of the rented premises at the date of the lease, and that no expenditure shall be made for alteration, improvements, or repairs of such premises in excess of 25 per cent of the amount of rent for the first year of the rental term or for the rental term if less than one year. The amendment does not apply to leases of premises in foreign countries for the Foreign Service of the United States. The House recedes with an amendment changing the section number.

On amendment No. 114: This amendment provides that the per diem fee for jurors now fixed by law at $4 shall be $3 during the fiscal year 1933, that the per diem fee for witnesses now fixed by law at $2 shall be $1.50 during the fiscal year 1933, and that the provisions relating to per diem for expenses of subsistence of witnesses shall be suspended during such year. The House recedes with an amendment changing the section number.

On amendment No. 115: This amendment authorizes and requests the President to proceed, without regard to the other provisions of the section amended, with setting up the consolidations of the following governmental activities: Public Health (except hospitals now under the jurisdiction of the Veterans' Administration), Personnel Administration, Education (except the Board of Vocational Education shall

not be abolished), and Mexican Water and Boundary Commission, and to merge such activities of the War and Navy Departments relating to the purchase of supplies and matériel as will effect economies. The amendment also excepts the United States Employees' Compensation Commission from the operation of the section amended. The House recedes with an amendment which inserts the provisions of the Senate amendment except those relating to the War and Navy Departments. In the case of those departments the provision applies to the merging of such activities, except those of a purely military nature, as, in the judgment of the President, may be common to both and where the consolidation thereof in either one of the departments will effect economies in Federal expenditure.

On amendments Nos. 116, 117, 118, 119, 120, 121, and 122: These amendments strike out the title in the House bill creating a public works administration. The House recedes.

On amendments Nos. 123, 124, 125, and 126: These amendments make changes in section and title numbers. The House recedes.

On amendment No. 127. This amendment changes the effective date of the consolidation of the Bureau of Navigation and the Steamboat Inspection Service from July 1, 1932, as fixed in the House bill, to October 1, 1932. The House recedes.

On amendments Nos. 128, 129, and 130: These amendments make changes in section numbers. The House recedes.

On amendment No. 131: This amendment transfers the duties, powers, and functions of the Personnel Classification Board to the Civil Service Commission, whereas the House bill authorized the President to make the transfer by Executive order. The House recedes with an amendment making a clerical change.

On amendment No. 132: This amendment retains the position of Director of Classification, which was abolished by the House bill. The Senate recedes.

On amendment No. 133: This amendment makes a clerical change. The House recedes with an amendment making a further clerical change.

On amendments Nos. 134, 135, 136, and 137: These amendments are clerical changes made necessary by amendment No. 131. The House recedes.

On amendments 138 and 139: These amendments make changes in section numbers. The House recedes.

On amendments Nos. 140 and 141: These amendments are clerical changes made necessary by amendment No. 131. The House recedes.

On amendments Nos. 142, 143, 144, and 145: These amendments make changes in section numbers. The House recedes.

On amendment No. 146: This amendment is a clerical change made necessary by amendment No. 131. The House recedes.

On amendment No. 147: This amendment fixes October 1, 1932, as the effective date for the transfer of the Personnel Classification Board to the Civil Service Commission. The House recedes.

On amendments Nos. 148 and 149: These amendments make changes in section numbers. The House recedes.

On amendment No. 150: This amendment strikes out the provision in the House bill that upon transfer of the Radio Division to the Federal Radio Commission all officers and employees not, in the judgment of the President, indispensable to the efficient operation of the Federal Radio Commission shall be dismissed. The House recedes with an amendment providing that employees of the Radio Division and the Radio Commission not indispensable to the consolidated services shall be dismissed.

On amendments Nos. 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, and 161: These amendments make changes in section and title numbers. The House recedes.

On amendments Nos. 162 and 163: These amendments provide that the joint congressional committee on veterans' relief shall be composed of 5 Members of the Senate and 5 Members of the House of Representatives, instead of 7 Members of each House, as provided in the House bill. The House recedes.

On amendment No. 164: This amendment fixes the date by which the joint congressional committee on veterans' relief shall report as January 1, 1933, rather than the first Monday in December, 1932, as provided in the House bill. The House recedes.

On amendments Nos. 165, 166, and 167: These amendments make changes in section and title numbers. The House recedes.

On amendment No. 168: This amendment makes the provisions of part 2 of the legislative appropriation act applicable to the appropriations available for the fiscal year 1933, whether contained in the legislative appropriation act or in acts prior or subsequent to the date of the approval of such acts. The House recedes.

JOHN MCDUFFIE,
L. W. DOUGLAS,
WILL R. WOOD,
Managers on the part of the House.

Mr. McDUFFIE was recognized.

Mr. DALLINGER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. Does the gentleman from Alabama yield to the gentleman from Massachusetts?

Mr. McDUFFIE. I would rather proceed, unless the gentleman has a point upon which he is exceedingly disturbed. Will not the gentleman make it after I have completed my statement?

The SPEAKER pro tempore. The gentleman from Alabama is recognized for one hour.

Mr. McDUFFIE. Mr. Speaker, it is my purpose to yield to the gentleman from Indiana one-half hour after I have made at least a partial statement covering the items involved in these points of difference, which were agreed upon in the conference by the committee. If I may have the attention of the House, I shall endeavor to do that briefly.

Gentlemen, one who has not served in this effort to economize and curtail the Government expenses can not appreciate what a burdensome task it is, and in some instances what a painful task it is in all of the difficulties to be overcome.

It matters not what we do in our effort to adjust ourselves to new conditions in this country, it means that some sort of a sacrifice must be made. Indeed, the time has come, just as it comes in war, when every citizen of this country, and especially that citizen who is so fortunate as to be employed by Uncle Sam in these distressing times, should be patriotic enough to contribute his part under these conditions. I believe we all have that desire.

Few nations in the world have had to undergo what we have undergone within recent months. The reserve, the conservative state of mind of the American people under most trying and terrible conditions is most commendable. I am sure that attitude will continue. I am sure that the American people believe that this Congress is using every effort to alleviate, where it is possible, the suffering throughout the country, and to so adjust by legislation conditions, wherever it can be done, to create new conditions and new opportunities, in order to bring us out of this slough of despond and distress.

The legislative branch of the Government, in my opinion, is doing everything possible to meet conditions. I believe the American people and the American taxpayer everywhere, especially since we have been forced to put additional burdens on them in the tax bill we have just passed, are demanding the strictest economy in the Federal Government.

Since we placed additional burdens on the people to maintain the Government, certainly no man in this House will deny that it is the duty of the House to curtail the expenses of this Government wherever possible.

The salary roll of this Government amounts to $1,330,000,000—more than 25 per cent of the total cost of the Government. How are you going to retrench, how are you to effect economies in government, if we do not attack this salary roll? But I can not go into that just now, and I will discuss the reduction later on.

I wish to direct your attention to the report. The report is not at all satisfactory to me, it is not satisfactory to many gentlemen here, but you all know that legislation is largely a matter of compromise. I can not have my way, the gentleman from Indiana can not have his way. Gentlemen on the Senate side, neither one, can have his way, but you know the very purpose of conference committees is to compromise or strike a happy medium. We have tried to bring to you what we thought was feasible, equitable, and fair.

Now, you may say that there are certain discriminations, even in the particulars we have agreed upon.

Gentlemen complain about the question of the dismissal from the service, in the reduction of personnel, of married women or married men, when both are on the Government pay rolls. Here is the reason we did that. In a time like this when there are many men without employment, and many men eligible for Government employment; where there are men on the pay roll with large families; and on the other hand in cases where men and their families are on the pay roll, it seemed but fair, in the event dismissals must come, they should be made in cases where two or more of the same family are on the Government pay roll. Thus an opportunity is given to the man with dependents who is on the pay roll to retain his job. One bread-winner, at least in every family, was the thought behind the consideration of this report, and should be the thought of those who have the power to dismiss. So much for that.

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

Mr. McDUFFIE. In a moment.

Mr. YATES. Will there be a separate vote upon that particular question?

Mr. McDUFFIE. No; not on the question of married women in the service. That is a part of the conference report.

Mr. YATES. Then there is no way to vote on that question?

Mr. McDUFFIE. No; there is no way to divide it here. Of course, if the conference report is voted down, the gentleman from Illinois knows that we go back to conference.

Mr. YATES. I simply have my convictions upon that subject and want to have an opportunity to vote on it separately.

Mr. McDUFFIE. As to the savings in the bill outside of the salary reductions, I made an estimate—in fact, several—and checked over the figures presented to both the Senate and the House committees. Those figures were secured from gentlemen who are supposed to be experts, actuaries of the Government, gentlemen of long experience. According to my calculation, outside of any salary reduction at all, using the figures presented to each committee, there will be only $50,000,000 savings in this conference report, or, giving myself more latitude, I will say, hoping I am correct, between $50,000,000 and $75,000,000. I can not see any more. Under the furlough plan, if it be adopted, as written by the Senate, they claim, and no one can be definite about it, that we might add $80,000,000 more to that.

Title I, Part II, dealing with the question of retirement pay, is a matter that doubtless all are interested in, and I shall try to touch on those phases which might be deemed controversial. Both the Senate and the House committees were under the impression that where a man is drawing retired pay and a salary from the Government in some civil position, he should elect to have the one or the other in the event both salaries exceeded $3,000.

We have not estimated the savings to be accomplished by that section, but gentlemen know that there are hundreds of officers drawing salaries from the Government in civil positions as well as their retired pay. The question came and the difference came largely on the question of who might be exempted. We agreed to exempt any officer, either regular or emergency, and the term "emergency" includes provisional officers who were actually hurt in combat with the enemy.

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

Mr. McDUFFIE. Yes.

Mr. BULWINKLE. Did the gentleman take into consideration when he provided for this exemption on the part of those hurt in combat, let us say, an aviator, back of the lines, who is on a practice required by the regulations, who crashed? We will say that the aviator hurt in combat had his leg cut off, and that the man back of the line on a practice flight who crashed also had his leg taken off. There would seem to be some discrimination there as against the aviator back of the lines. Can not the words by unanimous consent be so fixed as to include those who were actually hurt in service in line of duty.

Mr. McDUFFIE. If we do that, unquestionably we will fail to reach many on the pay roll, and there are 225 of them in the Veterans' Bureau alone, who play golf, play baseball, drive automobiles, and still draw large salaries, some of them as high as $9,000 a year from the Government in addition to their retired pay, which ranges from $106 to $325 a month.

Mr. BULWINKLE. That may be so, but is it not a fact that you are permitting an injustice against those men who were actually hurt in the service?

Mr. McDUFFIE. I do not think there will be great discrimination.

Mr. LAGUARDIA. Is this the provision in respect to those who were hurt in combat?

Mr. McDUFFIE. Yes. If there be an injustice, we hope in the future to remedy it, but the gentleman knows that we can not write a bill of this character and reach every man and prevent every little injustice. I doubt if there are a dozen men who will be adversely affected by the provisions of this report. If a man were shot down by the enemy, unquestionably he was in combat, and unquestionably the provisions of this bill do not affect him.

Mr. LAGUARDIA. On that score would an airplane crash be considered combat?

Mr. BULWINKLE. No; and that is the trouble that I am bringing to the gentleman's attention. If a man were in battle with the enemy, undoubtedly it will be considered combat.

Mr. LAGUARDIA. If he lost a leg, it would make no difference how it occurred.

Mr. BULWINKLE. That is what I am saying.

Mr. McDUFFIE. I wish you two gentleman had had the burden of doing this job so far as that is concerned. We have done the very best that we could. [Applause.] We can not please everyone. A man shot down in an airplane may or may not be on the Government pay roll or be drawing a salary in some civilian position, but undoubtedly the Government is taking care of him, and, by the way, this Government is taking care of its soldiers ten times better to-day than any other Government to-day or in all the history of this world. [Applause.]

Mr. BULWINKLE. Will the gentleman permit another interruption?

Mr. McDUFFIE. Just a short one.

Mr. BULWINKLE. That may be true, but there is no reason why any soldier should have an injustice done him.

Mr. McDUFFIE. Nobody wants to do any soldier an injustice. I do not know how many men would be affected by this provision. We have changed it to include the regular who was injured in combat. We have gone as far as we could and at the same time preserve the original purpose of this particular section.

Now, may I proceed? I want to say one thing. We are going to cut the salaries of Members of Congress at a greater rate than we cut the salaries of men drawing lesser salaries, because the Congressmen are in the higher brackets. There is a mistaken idea abroad in this country that should be corrected. I think it should be said and I think the country ought to know it, that an injustice has been done to the legislative branch of the Government, and these gentlemen in the press gallery ought to tell the whole story to the country. They ought to tell those who believe that cutting the expenses of Congress would dissipate most of the burdensome overhead of Government that such is not the

case. As a matter of fact, the cost of the legislative branch of the Government, eliminating the Library of Congress, the Botanic Garden and the Government Printing Office, is only about one-half of 1 per cent of the total annual cost of this Government. Yet the people back home in some instances seem to feel that if we cut the salaries of Congressmen we will have cured most of the evil.

The higher the salaries go the fewer there are on the pay roll, and when we get to the $10,000 bracket, of course, the bulk of those gentlemen are in the legislative branch of the Government. If the salaries of all Congressmen and clerks are eliminated, the amount as related to the whole is infinitesimal. I think the country should know that. We should take a cut and we are willing to, and we are to-day cutting our own salaries. In addition to the income-tax provisions, in addition to the cut in stationery allowance, in addition to the cut of 25 per cent on mileage, upon which we have agreed in this conference report, as compared with the rest of the cut or the program, if you please, certainly the country can not complain that we have favored ourselves in this economy program.

Mr. YATES. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. YATES. How much is the salary cut of a Congressman right now?

Mr. McDUFFIE. We have not cut them in this conference report. I hope the House will do the cutting when we have completed this report and take up the amendment in disagreement, which deals with the question of cutting all salaries.

Mr. LAGUARDIA. Do not both plans cut them 10 per cent?

Mr. McDUFFIE. Ten per cent. Under either plan a Congressman's salary is cut 10 per cent.

Now, the question comes on one more proposition that I want to call to your attention, and that is the question of extra compensation for overtime, night work, Sundays, and holidays. The House provision carried language that provided a reduction of the higher rates for overtime, night work, and so forth, than the average rate of pay of a man working in the daytime. We compromised on that. The Senate eliminated that provision. We compromised on work for overtime, holidays, and Sundays at the same rate of pay as that paid for regular time. As to night work, instead of making the pay for night work the same as day work, we provided a 7½ per cent differential rather than the 15 per cent differential which night work now enjoys. We go further and provide that in every instance, in order to have more employment, that a substitute must be used rather than have a man work overtime or on legal holidays after having already performed a day's work. In that way we hoped to be able to take care of some small part of the unemployment.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. KELLY of Pennsylvania. I fear the gentleman made a misstatement by stating the provision was 7½ per cent for night work instead of 15. The differential is 10 per cent, and under this amendment it is 5.

Mr. McDUFFIE. Well, it is the same ratio. It was just cut in two. That is all.

Mr. KNUTSON. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. KNUTSON. The House bill provided $1.86 for traveling allowance for railway mail clerks. The railway mail clerk can not possibly live on $1.86. He must rent a room for $1——

Mr. McDUFFIE. Permit me to say that the gentleman is mistaken in his conclusion about that. In 1926, I think it was, the railway mail clerks had their allowance raised or made $3 per day. It was just a way of raising their salaries, of course. Under living conditions to-day I dare say there is not a single man amongst them who will tell you that he can not get every accommodation needed, and as comfortable as he did a year or two ago, for $2 a day; and that is all we did. We struck $1 from the $3. We have done that not only to these gentlemen but to every other man who travels for the Government.

Mr. KNUTSON. But those men are obliged to rent quarters at the other end of the line, and $2 a day is not sufficient.

Mr. McDUFFIE. Well, that is a difference of opinion. I think the gentleman is wrong about that. I have talked to one or two of those gentlemen—not to the paid lobbyists around here, but one or two of the boys who are on the job and pay these lobbyists—and their opinion was that they could live on the $2 a day. If that be true, there is certainly no great injustice done them. They are fortunate, as we are, to be on Uncle Sam's pay roll at a time like this.

Now, on the question of annual leave, under the provisions of the furlough the annual leave for 1933 is eliminated, while in the report leave is reduced to 15 days. That is not satisfactory to me. It is estimated there will be some saving by it. It depends, probably, on which plan of salary reduction is adopted. If we adopt the furlough plan, there is no saving by it. But there is the question of accrued leave that is distressing me. A man is in the foreign field or at home, and he has a lot of accumulated leave.

In 1933 we are providing there shall be no leave, but after 1933 we provide there shall be 15 days leave rather than 30 days. It does not interfere with his sick leave, but provides that the President by proper regulations may determine and fix the conditions under which sick leave may be granted. I do not know how you gentlemen feel about that; but if we are to carry through the policy approved by both the White House and by both committees of Congress, there is nothing else to do but accept the report on this provision.

The Senate committee estimated $22,000,000 savings on the 15-day leave provision, but I am not at all sure of it. I feel some provision should be made to take care of the accrued annual leave and, moreover, I feel the Public Health Service should be treated as we treat the Army and Navy personnel in this question of leave. Opinion was divided in the conference, and the next Congress, I hope, will make the necessary correction of any injustice.

Mr. DALLINGER. Why did the House conferees strike out the word "both" in the sixty-ninth amendment? The Senate put in the bill the language that if an employee receives both annual and sick leave it should be cut in two.

Mr. McDUFFIE. The per diem employees do not receive annual leave.

Mr. DALLINGER. They do not get any annual leave; is that right?

Mr. McDUFFIE. They do not get any annual leave, and we did not think it was fair to apply this to one set of employees and not apply it to the other. I think the House will agree to that proposal.

There are two more suggestions I want to make, and then I wish to yield to the gentleman from Indiana.

The first is the question of public works. You will recall that the House passed a provision establishing a Department of Public Works. I was heartily in favor of it because I thought it offered some hope for savings to the Public Treasury. The Senate struck it out absolutely, and we found an inclination on the part of some Members of the Senate to eliminate from its operation not only rivers and harbors work, and yards and docks, as we had done, but to eliminate all work in reclamation construction, eliminate all work on highways, and eliminate all work on flood control. What is left for this proposed bureau except public buildings? So, your conferees decided that if they had to yield for the elimination of more than three-quarters of the public works of the country, we should not set up another large bureau here in Washington.

We were also impressed with the fact that the committee studying this problem for more than a month had great difficulty in bringing it out on the floor or putting it on the Calendar. The Economy Committee, I might say, having in its membership the chairman of the Committee on Public Expenditures, and the ranking Republican member of that committee, inserted the public-works provision as part

of our program. I regret we could not prevail in conference and I hope you will be satisfied with what we have done.

There is one more proposal in the conference report that has given rise to some discussion. We took up the question of the saving of money in the construction of public buildings. The Senate included a provision that where authorizations were made a 10 per cent reduction should be had on the theory that both labor and material had declined in this country more than 10 per cent, and in that way an effort was made to conserve the funds of the Public Treasury.

Objection was made to section 319 by the gentleman from Missouri [Mr. COCHRAN]. We thought we were curing the trouble about which he complains. The provision is to the effect that where a contract has been let no changes could be made. In many instances it is said, where it is found that buildings can be constructed for less money than authorized and the contract is let, immediately the community affected, like your community or my community, tries to find some way by which they could utilize every penny of the authorized funds, whether needed or not. This has been done by having a different type of steps or by changing from brick to stone, or other changes. It was with a view of stopping that practice or that possibility, if you please, that we adopted those provisions as to construction.

Mr. Speaker, I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. Mr. Speaker, I have no objection to that part of section 319 which provides where the contract has already been let. The agreement should be carried out after the contract has been signed. But the first paragraph of section 319 provides for a 10 per cent reduction where the contract has not been let. There is no economy there because it is going to require the architect to resubmit plans. For instance, I am told by the Treasury Department that if this paragraph stands, instead of constructing a 6-story building in St. Louis they will only be able to construct a 5-story building, as the architect must redraft his plans.

Further than that, the Swanson amendment to the naval appropriation bill adopted some years ago gave the Supervising Architect the right to award a contract if in excess not more than 5 per cent above the money appropriated. The first paragraph of section 319 will probably also eliminate the Swanson amendment. Therefore, you are not reducing the cost only 10 per cent, but you are probably reducing the cost 15 per cent. I may say to the gentleman from Alabama that this item is on page 80.

Mr. McDUFFIE. I can see grounds for the position taken by the gentleman from Missouri [Mr. COCHRAN]. I recognize that no one wishes to see a building that is to be constructed in his part of the country constructed at so much less as to destroy the very purpose of the construction of the building; and I may say to the gentleman frankly my understanding was that when we wrote in there the language that contracts must not be changed unless otherwise ordered by the President we were taking care of the very situation about which the gentleman complains.

Mr. COCHRAN of Missouri. That was my understanding, but I find the bill does not cover projects where the contract has not been awarded.

I may add that when the appropriation was authorized for the St. Louis building the Government intended to construct a 10-story building. They found the amount would only permit the construction of a 6-story building, and now, under this provision, it will be cut down to a 5-story building.

Mr. McDUFFIE. Yes.

Mr. COCHRAN of Missouri. We are paying about $75,000 a year in rentals for public agencies in St. Louis. Where is the economy?

Mr. McDUFFIE. That is another abuse we are endeavoring to correct. We are going to put a stop to exorbitant rentals for public buildings. We are providing in section 321, I think it is, that no appropriation shall be expended for rental of buildings at a rental in excess of 15 per cent of the fair market value of the building.

The question of rent paid for public buildings throughout this country has become almost scandalous and it is time for the Congress to take some affirmative action in an effort to remedy that situation. In another provision it is provided that when the Government rents or leases a building it must be for a money consideration and that the question of repairs shall not be a part of the consideration of the contract.

Mr. BRITTEN. Will the gentleman yield?

Mr. McDUFFIE. For a brief question.

Mr. BRITTEN. It is my impression that this provision for an arbitrary cut of 10 per cent of the appropriations for buildings will result in extravagance rather than in economy, because of this fact: The architects in the Office of the Supervising Architect in the Treasury Department have drawn plans for certain buildings, based upon conditions to-day or of last month. Those plans are ready for submission to the contractors for bids. Now, if the Congress arbitrarily cuts 10 per cent from their estimates, are you not likely to have extravagance rather than economy?

Mr. McDUFFIE. The Comptroller General does not think so, and the conferees were inclined to believe that these provisions will not hinder greatly the work of the Treasury Department and likely save money. It is a Senate provision of the economy bill.

Let me say that we have touched vocational education. I am almost afraid to mention this to you, because I think there were 10 gentlemen on this floor who voted against striking it out of the House bill. The House bill provided no cut at all for 1933, but provided for a decrease in appropriations amounting to 10 per cent every year for 10 years, with the idea of getting the Government out of that field. A good many gentlemen to whom I have talked said it was nothing but fair that this activity should take its 10 per cent cut like everything else, and that if we did not disturb it for the years following 1933 there would be no objections. Therefore we have carried a cut of 10 per cent, which means a saving of $730,000 for the year 1933.

Mr. Speaker, I now yield to the gentleman from Indiana [Mr. WOOD]. [Applause.]

Mr. WOOD of Indiana. Mr. Speaker, it is not my purpose to occupy more than a few minutes upon this question. As you all know, the question before the House now is the conference report, and the first vote will be whether the House accepts or rejects that report. I appeal to every one of you to vote in favor of the adoption of the report.

For an entire week your conferees, together with the conferees of the Senate, labored long and earnestly to arrive at a conclusion as to that which was best to do. This report represents an unanimous agreement with reference to all the items outside of the pay cut or furlough proposition. As has been stated by the gentleman from Alabama, all in this report did not suit all the members of the conference. It would have been humanly impossible to have it so, but there, must be a spirit of compromise, made necessary by reason of the situation in which we find our country.

The whole country is looking toward Washington to-day to see whether or not we are honest in the declarations we have been making not only through the public press but by private letters that the Congress is endeavoring to reduce governmental expenditures. So far as the reduction of salaries is concerned and so far as a reduction of various departments is concerned, this is the last opportunity you will have during this session of Congress. I hope there will not be a dissenting voice, for I believe all of us are unanimous in the opinion that we must do something to reduce governmental expenditures.

That is all I desire to say upon this question. As I stated before, this was a compromise upon the part of the conferees. I wish to compliment the gentlemen on the other side and gentlemen upon our side for the unanimity and good spirit in which they arrived at their conclusions in adopting this unanimous report. [Applause.]

Mr. McDUFFIE. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, naturally the chief contest on the conference report will be made on the pay schedule, as to which there is no agreement.

Many Members have asked what opportunity they would have to vote to accept or to reject the various recessions and concessions made in the conference report. The parliamentary situation is that if the conference report is approved, then everything in agreement is approved. If the conference report is voted down, then the House will have an opportunity to pass upon each and every difference between the Senate bill and the House bill. I shall vote against the report for that reason.

Now, Mr. Speaker, I want to say, in all kindliness and not in a spirit of criticism, that in this instance the House views were not sympathetically represented in conference. It is known, and is no secret, that on the salary question this House voted a salary reduction with an exemption of $2,500.

Gentlemen, it so happens that each of the House conferees were against that proposition, so that at no time, as far as we know, was the House proposal sponsored in conference. But that is a question which we shall have to take up in a few minutes.

The gentleman from Alabama said in the matter of vacations and leaves that he wanted to be fair, and therefore took in the per diem employees, who otherwise would have been excluded if the furlough plan of the Senate, including both annual and sick leave, had been retained. However, Mr. Speaker, that is not a provision applicable to all, because it is specifically limited to civilian employees and does not include the Army, the Navy, the Public Health Service, or the Geodetic Survey.

If the purpose of the conferees was to embarrass all in the service of the United States on the question of annual leave, I do not see why they did not so state instead of making an exception of the uniformed force of the United States.

Mr. McDUFFIE. May I say to the gentleman that in 1933 all leave for everybody is eliminated?

Mr. LAGUARDIA. Yes.

Mr. McDUFFIE. Then, by 1934, if this committee has done an injustice to anyone, surely the Congress will be ready to correct it.

Mr. LAGUARDIA. For the present year, then, it is applicable to everybody?

Mr. McDUFFIE. For 1933.

Mr. LAGUARDIA. That covers that point. By 1934 I hope Congress will have come to its senses and that decent, humane, and American working conditions and salaries will be restored.

Now, Mr. Speaker, on the question alluded to by the gentleman from Alabama——

Mr. McDUFFIE. May I interrupt the gentleman?

Mr. LAGUARDIA. Certainly.

Mr. McDUFFIE. I beg the gentleman's pardon; the elimination of leave entirely for 1933 is in the furlough plan.

Mr. LAGUARDIA. And that is applicable to everybody?

Mr. McDUFFIE. Yes.

Mr. LAGUARDIA. In the matter of the 10 per cent reduction on appropriations and authorizations heretofore made for public buildings, I submit, Mr. Speaker, that the motive which prompted the Congress to appropriate for public buildings was to relieve the unemployment situation. I am told by every official of the Treasury Department, from the Secretary of the Treasury down, that this reduction will retard construction and will defeat the very purpose of the appropriation. It may in some cases prevent construction entirely; it will require in nearly all cases entirely new specifications, with indefinite delay.

I submit, Mr. Speaker, that in this time of stress, when Congress has appropriated for public works, it is folly to bring out an arbitrary reduction, thereby necessitating the making of new specifications, new plans, retarding advertising for bids, and delaying the commencement of public works.

Have we reached the point where our only method of relieving distress is by creating more distress?

I submit, Mr. Speaker, that if we are not so lacking in resourcefulness, that this country's morale is not down so low that our only hope is to bring the whole standard of living down, we must do that. That is not my way of bringing relief.

In this connection I will state specifically what I believe Congress should do. Congress should do everything within its power to bring the country to a 5-day working week basis. As I have stated, while it has not the power to legislate a 5-day week for private industry, it can do so in many ramifications of trade and industry indirectly. It is within the power of the Government to force a 5-day week. I have introduced a series of bills carrying out such a policy. Under the provisions of this bill a great deal toward that end might be accomplished; for instance, provide that all Government contracts for construction of buildings, ships, work material, and supplies shall be produced on a 5-day-week basis.

Close the Post Office on Saturdays as well as the Customhouse, Internal Revenue, Comptroller of the Currency, and all Government agencies, thereby assisting trade and business also to close on Saturdays and Sundays and going on a 5-day week.

Require all national banks and banks members of the Federal reserve system to likewise close on Saturdays.

Place all railroad employees on a 5-day-week basis.

A 5-day-week basis will mean the immediate employment of 15 per cent additional workers now employed in industry, trade, and commerce.

But as I said before, it depends on the sincerity of a 5-day week and the will, courage, and determination to put it through. If it is not done and done real soon, I tell you now, my colleagues, that we will meet in this Chamber before very long to provide measures to meet a situation which is too terrible to contemplate. We should have provided a 5-day week long ago—and that is not enough. We must go to a shorter workday. It is the only way of meeting the machine age, the displacement of labor by machines, and the increased production. And that brings us to the very point now at issue.

Increased production, yes; but our trouble at this moment is decreased purchasing power. That is why I am against this whole question of wage reduction. It is not right. It is unsound. It is not the American way of solving the problem. It is not the progressive way. It is regression. Of course, there is a school of thought, I know it, who want to see a great class of impoverished people. I can tell these gentlemen that they are making the mistake of their lives. The American people will never submit to one enormous class of impoverished people and a small group owning all of the property and controlling the lives of the great mass of American people. Never. While certain gentlemen are to-day gloating and taking pride in the amount of money that will be saved to the Government, and as they say, to the taxpayers, I tell them that it will be no such saving. The $80,000,000 that this bill will take out of the pockets of Government employees is just $80,000,000 taken from circulation. Every cent of it is taken from circulation because almost every cent of the salaries of underpaid Government employees is immediately spent for necessities of life. None of this money goes into hoarding. Every cent of it is spent for living expenses. Government employees are not overpaid. That is not so. It is unfair to these loyal employees to create that impression. The propaganda that has been going out against Government employees would make the uninformed believe that they work little and are greatly overpaid.

I repeat, that is not so. But it is not only the Government employee that is involved. Just as sure as we are meeting here to-day, this reduction will be followed by private industry, by business, who will give their employees and workers another cut, another reduction in salary. All of this reduces the purchasing power of the American people. How, then, can we ever get back to normal conditions? Who furnishes the market for American industry? Not the few multimillionaires; not at all; but the great masses of wage earn-

ers and the white-collared class. This constant reduction of salaries and wages is simply prolonging the depression and increasing our economic troubles. At the very time that demand is made to reduce wages, to cut salaries, a systematic program of inflation is going on which must eventually increase commodity prices. Is it fair? Is it just? Why, is it decent? The plan is, of course, to take it all out of the wage earners and the white-collared class and make them pay the entire cost of the bankers' depression. Let me tell you, gentlemen, that American labor and American manhood and American womanhood will not submit to it. I pointed out in the days of prosperity just what was facing us ahead. I was not heeded then. It required no prophet to see that the orgy of speculation and the carnival of financial manipulation could not last.

I begged this Congress to do something constructive. I have been urging a legalized 5-day week with full pay for all Government departments and for all industries in any way connected or dependent on the Government. I have urged direct relief and I have pleaded for a large, comprehensive, far-reaching program of construction of public works, assistance in the way of loans for semipublic works, and aid for housing and the clearing out of slums in our cities, and I have even urged loans to stimulate private industry, commerce, and agriculture. I have presented time and time again a constructive program. I refuse to be a party to this destructive plan now before us. There are some who are so childish, who are so dull, who are so gullible as to believe that everything will adjust itself if we simply balance the Budget and reduce Federal pay and then go home. Suppose the Budget is balanced in this way. What of it? That will not put a single man to work. Suppose there is a nation-wide reduction of pays and salaries. That will not restore industry and business. A deceived American public may to-day believe and be the victim of a propaganda of false economics, but it will not be many months before they will learn how they have been deceived. The way to balance the national Budget is to balance the family budget. When the family budget is balanced it means more food being purchased, more clothes, more household effects, it means more homes being built—all of which means the restoration of American industry and American business, and what is more, the continuance of American institutions. I shall continue to fight for a constructive program. I shall continue to insist upon keeping the American scale of wages and the American standard of living. There is enough wealth in this country. We have sufficient natural resources in this country to keep up the American wage scale and the American standard of living. Less special privileges, less concentration of wealth, less control of the industries into a few hands, and we will soon get back to normal conditions. The economy in this bill will not be a lasting economy. It is a wasteful, unjust, unfair plan which can not be conducive to any real and lasting economy or to any good.

Mr. McDUFFIE. Mr. Speaker, I yield five minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, the parliamentary situation, as I understand it, will require the House first to either approve or vote down that part of the conference report which has been agreed to by the conferees, and this relates to all items with the exception of the pay-cut provision.

The conferees have, to some extent, removed discrimination, eliminating and changing certain sections, but they still discriminate against the postal employees because of the fact that the postal employees are not only subject to either the furlough plan or the straight pay-cut plan, but they lose certain monetary rights in the way of allowances to which they have been entitled and which they have heretofore enjoyed under the law. In fixing the basic pay of postal employees the allowances I refer to were considered.

It is my understanding that the provision in reference to the rural carriers' allowance has been amended to make it more satisfactory. The original provision was most unfair. I exerted myself in an effort to have it changed and I do not have a rural carrier in my district.

Now, Mr. Speaker, in reference to the pay cut or furlough plan, I have introduced a bill providing for a 5-day week in the Government service. It was my belief then and it is my belief now, that the day has arrived in this country, due to labor-saving devices and mass production, when a shorter work day and a shorter work week must be agreed upon, not only by the Government, but by private industry.

You are going to hear a great deal with reference to the amount of money saved by the two proposed plans. You should take into consideration that the figures are based on the pay roll as of to-day. Cooperating with the Bureau of the Budget, the Appropriations Committee of the House sent the appropriations bills to the Senate with a reduction of over $627,000,000 below the present fiscal year. The Senate is further reducing the appropriations and the amount will exceed $650,000,000.

Do you mean to say that out of the savings, which will be approximately $650,000,000, some of it is not going to be taken from the pay roll of the United States? If this be correct, then the amount of saving which is brought about under either of the plans will not reach the figures which their sponsors claim for them.

In other words, I maintain you can not reduce the expenses of this Government as we have, and for which I voted, $650,000,000, without discharging thousands of Government employees. Therefore when the employees are discharged by reason of the pay-cut plan their salary will not be considered in the savings on salaries.

The gentleman from Alabama [Mr. McDUFFIE], most sincere, and an able legislator, in his remarks would lead one who did not know the facts to conclude that the only savings the Congress is affording the taxpayers comes in this bill. Such, of course, is not the case. I have stated above and I will state again we have already reduced expenditures $650,000,000 and the taxpayers should know this. This bill will increase that amount to over $800,000,000.

The gentleman from Alabama says that the total savings in this bill other than through salaries is from $60,000,000 to $70,000,000. He should tell the House why. The Economy Committee, I can assure the House and the country, was prepared to bring in recommendations for reductions on many appropriations but the Appropriations Committees of the House and Senate agreed to recommend the reductions and therefore the Economy Committee was forced to abandon that field.

When you take into consideration that you can not reduce a permanent appropriation, other than by new legislation, I am sure the country will understand we have not failed the taxpayer in bringing about reductions in expenditures. When the facts are known the country will approve of our work. So many misleading statements have been made on this floor for political purposes that the taxpayer is not to be blamed for not understanding the situation.

Mr. Speaker, getting back to the savings by reason of reductions in personnel and salaries, regardless of arguments to the contrary the Government clerk, I mean the average Government clerk, has not been overpaid. The basic pay was arrived at after many years of careful study. The Government might be overmanned, and no doubt it is in many departments, but the duty to reduce the personnel rests with the officials who administer the laws, and not with the lawmakers. If the officials do not reduce the departments that are overmanned the Congress will.

Personally, I would rather see all Government employees work 11 months with pay than to see thousands dismissed and receive no pay. No Government official's or employee's job is secure regardless of whether he is a civil-service employee or not.

The only way the unemployed can be placed to work is to reduce the hours of labor.

This is being done all over the country. One of the great oil companies last week placed their men on a 4-day week rather than discharge a man. Two great factories in my

section did likewise, while one industrial establishment instead of having three 8-hour shifts decided on four 6-hour shifts.

The business man sees the necessity for action along this line, why should the Government not take notice?

My effort since I became a member of the Economy Committee was to strive for fair play for all. Treat all classes of Government employees alike. We have not secured all that we desired, but some agreements have been reached and some discrimination eliminated.

What is our situation now? Vote for a straight reduction in salary for all Government employees receiving above $1,200 of 10 per cent or vote for a plan which requires all Government employees to receive a 30-day furlough without pay, provided their salaries are above $1,200.

One means a saving without putting thousands of employees out of a job, while the other means a like saving but also the discharge of thousands of employees.

This is no time to increase the number of unemployed. It is far better for the man to have earning power 11 months in the year than to have no earning power.

With the opinion I hold in reference to providing a shorter work week in order to take care of the unemployed in this country I feel it will be for the best interests of the country and for the best interests of the Government employees if we adopt the furlough plan rather than the straight pay-cut plan. [Applause.]

I propose to vote for the furlough plan rather than the straight pay-cut plan. I feel, while this will create a real saving, it will keep more people employed, whereas if we adopt the straight pay-cut plan, thousands and thousands of employees more than those that are already booked for dismissal will be added to the unemployed.

I have given a great deal of study to this question, and, as I understand it, we are not going to have an opportunity to vote upon anything except a straight pay cut affecting all employees receiving $1,200 and up, or the furlough plan, and I have come to the conclusion that it will be for the best interests of all concerned, employees and taxpayers, if the House adopts the furlough plan.

We must vote for one of the two plans. I still feel a mistake is being made in disturbing the employees in the low brackets. The man receiving barely a living wage will be the one to suffer most. I would far rather effect the savings by applying a higher percentage of reduction to those in the higher brackets, no matter what percentage is necessary to accomplish this saving, than to disturb the man with a family who receives a small salary and who is now striving hard to make both ends meet. [Applause.]

[Here the gravel fell.]

Mr. BYRNS. Will the gentleman from Alabama yield for a question?

Mr. McDUFFIE. I yield.

Mr. BYRNS. The gentleman from Missouri [Mr. COCHRAN] has referred to the rural carrier and my attention was called to the matter a moment ago. I would like to ask the gentleman to tell the House just what this report does with reference to the rural carrier.

Mr. McDUFFIE. Not a thing. The rural carrier is not involved in this report one way or the other.

The question with respect to the rural carrier will come on the question of which one of the plans or what plan may be adopted as to salary reduction.

Mr. BYRNS. It was stated to me that there was a cut made with reference to maintenance and also salary in the case of the rural carrier.

Mr. McDUFFIE. It is not in the report, I will say to the gentleman.

I now yield to the gentleman from Indiana [Mr. WOOD] five minutes.

Mr. WOOD of Indiana. I wish to say, in answer to the argument of the gentleman from New York [Mr. LAGUARDIA] with reference to the 10 per cent reduction that was made upon public buildings, that it has been estimated—and I think the gentleman from Tennessee [Mr. BYRNS] will bear me out in this statement—that in nine out of every ten contracts that have heretofore been let for public buildings under estimates that were made a year or two prior to that time, the bids have been from 10 to 25 per cent under the amount allocated for the construction of the building.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. LAGUARDIA. That would be quite proper, any saving which could be made should be made, but here you make it mandatory.

Mr. WOOD of Indiana. The only reason for that is that in some instances, where, we will say, there is allocated $500,000 for a public building, and the contract is let, not for $500,000, but for $400,000. Immediately after the contract is let all the influence possible is brought to bear on the Treasury Department to get changes made in the structure, in order to consume that extra $100,000, on the theory that inasmuch as $500,000 was allocated, the community is entitled to have $500,000 spent there. This will save that.

Mr. BRITTEN. The gentleman from Indiana is not applying his remarks to what the gentleman from New York has said. The gentleman from Indiana is talking about one thing and the gentleman from New York about another. The gentleman from New York is complaining about the arbitrary cut of 10 per cent on appropriations for public buildings that have not been contracted for, and the gentleman from Indiana is talking about another condition.

Mr. WOOD of Indiana. I am talking about conditions where allocations have been made. I say if the same rule is carried out as heretofore these contracts will be let for 10 or 25 per cent under the allocation, and then they will want the whole amount expended in that community.

Mr. BRITTEN. Conditions are not the same as they were two or three years ago. To-day the Supervising Architect has drawn the plans on conditions existing throughout the country at present. So the figures will not be those that the gentleman from Indiana is commenting on.

Now you are providing for extravagance on these contracts. Plans and specifications have been drawn on the basis of existing conditions, and now Congress steps in and says that existing appropriations be reduced 10 per cent. In many cases new plans will have to be drawn, new proposals advertised for, expensive delays will ocur, and the Treasury will suffer. That action will retard the work, as the gentleman from New York has properly said. This section will add to the distress of the country.

Mr. Speaker, the important question before the House is whether or not the many thousands of employees of the Federal Government in all parts of the United States should at this time have their salaries reduced. The pending proposal of the gentleman from Alabama [Mr. McDUFFIE], chairman of the so-called Economy Committee, is that all salaries be reduced 11 per cent above $1,000 exemption. In other words, he proposes to reduce salaries of postal carriers and clerks who now are receiving more than $85 per month; he proposes also to do away with the Saturday half-holiday; he proposes to stop differential pay for night work and would stop extra pay for work on holidays and Sundays.

Mr. Speaker, Uncle Sam is not a bankrupt, nor is he in the hands of a receiver. Such drastic and far-reaching action will have a bad effect upon the general morale of millions of people in every walk of life. It will break down our standards of living; it will destroy confidence in our Government; it will incite manufacturers and business men to further reduce the salaries of their employees; it will create still further depression, to say nothing of its shattering effect upon several hundred thousand Federal employees who are supporting average families of 4½ persons. This attempt at economy will not reduce taxes. It is wrong in principle. It is destructive. I shall vote for immediate salary reductions in all of the higher brackets and shall favor those provisions in the pending bill which authorize the President to reorganize and consolidate the executive departments in the interest of greater efficiency and economy in Government.

Mr. Speaker, I shall continue to support all economy measures presented to the House; but I will not give my

support nor vote to reduce salaries in the lower brackets so long as the Government refuses to collect a tax on wholesome real beer, which would make salary reductions and nuisance taxes unnecessary. American standards must not suffer reductions because of costly ineffective prohibition.

Prosperity will never return through the vehicle of cheap labor, cheap prices, or lowered standards of living. Industry always suffers when the buying power of the masses is reduced through the imposition of wage reductions and unemployment increases.

Many of the reasons assigned for the reduction of wages in private industry do not at all apply to the Government or to the employees of the Federal Government. The competitive argument can not apply, nor can the alleged sheer necessities claims by private employers as a justification for reduction in wage earners' pay apply to the underpaid workers in the Federal Government.

The savings which would accrue to the Treasury of the United States as a result of pay cuts imposed upon Federal workers in the lower brackets would be comparatively unimportant. The Federal Budget can not be balanced by a reduction in salaries alone. There are certain expenditures which can not be curtailed, but there are many directions still open for ways of economy and these should be diligently pursued. Costly commissions and departments should be entirely wiped out. The Federal Farm Board has taken half a billion dollars out of the Treasury and will undoubtedly lose every dollar of it. The Federal Trade Commission, a large section of the Department of Commerce, the Department of the Interior, the Department of Agriculture, and of the Department of Labor could readily be dispensed with at an annual saving of hundreds of millions of dollars, and some of this may be accomplished by the bill now before the House. I certainly hope it does.

All of these directions for increased economy should be carefully analyzed before we give thought to a reduction of the lower-salaried Federal employees.

I have had a bill pending before this Congress for months which provided for a 5-day week, 8-hour day, as a means of equalizing the employment and saving money for the Treasury, but up to the present moment I have been unable to get even a hearing on this bill, much less its serious consideration, although the President himself and many Members of the House from time to time publicly express themselves in favor of a 5-day week. I recall this fact merely to show that there are many directions where economy might be practiced before we take the drastic step on general salary reductions.

The greatest task of the Government to-day is to provide work for the unemployed, to relieve existing human distress, and to restore the faith and confidence of the American people in American business. A return to normal conditions depends upon the development and application of sound, wise, constructive policies. Wage cutting in the lower brackets must cease and the people must be assured that it is at an end if buying power is to be restored and business is to be revived. Hoarding of cash will then stop. The time is here when the leadership of the Nation, both in private industry and in governmental affairs, must speak out, assuring the people that all our concentrated economic, industrial, and governmental power will be utilized in an effort to stop the decline in wage-earners' incomes and in commodity prices.

Uncle Sam should not take the lead in a direction which will hurt the little business man, the local storekeeper, and the merchant who knows his daily customer familiarly and who knows that his credit is sound. Let us not take a backward step to-day, but on the contrary, let us proceed with every confidence that better times are coming.

We, in Chicago, probably come into closer contact with our mail carrier than we do with any other Federal employee, and we do not like to think of his salary being reduced, because he struggled along during the very prosperous years of our country, with a bare living. When a vacancy occurred in the Postal Service it was hard to fill it because wages were high and there were very few able-bodied men who were willing and ready to become mail carriers and postal clerks at the low rates of wages and the high cost of living. To-day the situation is changed and the mail carrier with his steady job is indeed fortunate, but that is no reason why we should reduce his salary.

He is not in competition with anyone else nor is his employer in any sense a competitor with others. To reduce the postman's salary would give little comfort to others in his home neighborhood whose salaries had already been reduced by their respective employers. To reduce the postman's salary would give little comfort to the local storekeeper and merchant to whom he may already be indebted in a small amount. To reduce the postman's salary would add little to the Treasury of the United States and would but do harm in the little home neighborhood where he is more or less a fixture and a cheer carrier as well as a mail carrier. I believe in economy in government and I have been backing President Hoover in his desires for economy in every direction, but I truly believe, my good friends, that to reduce the postman's salary is not economy. It would be bad business practice and until Uncle Sam takes advantage of his many, many other opportunities for the establishment of economy, he should not disturb salaries in the lower brackets. To vote a reduction in his salary and at the same time allow salaries ranging from ten to seventy-five thousand dollars per annum in the Federal Farm Board to remain untouched would make me blush with shame, and I shall oppose it so long as there is breath in my body.

Mr. WOOD of Indiana. I dare say that there is not one out of ten where those conditions would obtain.

Mr. BRIGGS. Will the gentleman yield?

I do not presume the reference in section 319 of the bill applies to the estimates not finally decided upon by the interdepartmental committee and ratified by Congress. It only applies to those submitted to Congress and ratified by specific authorization.

Mr. WOOD of Indiana. It applies to all where contracts have not been made.

Mr. BRIGGS. But there are some designations of public buildings, with estimates by the interdepartmental committee that have not yet been submitted to Congress for appropriation, although such buildings have been included in the public-buildings program.

Mr. WOOD of Indiana. It can not apply to those.

Mr. BRIGGS. Some of these estimates have not been sent to Congress for an appropriation, but have already been revised and cut down in view of the reduction in building costs, and this new provision in section 319 would not apply to those.

Mr. WOOD of Indiana. That is correct.

Mr. McDUFFIE. Mr. Speaker, I yield three minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, we might just as well not fool ourselves. This so-called economy bill, as shown by the conference report, is not going to save one-half of the money we expect to save. Every time we propose a retrenchment that affects any particular bunch of employees in the Government, you will find their organizations coming in and reading the law to us, and Members bow to their will, and no economy is effected.

What we ought to do in this bill is to cut every single salary in the Government above $1,500 at least 25 per cent. [Applause.] If we will exempt all salaries of $1,500—and it takes about $1,500 for an ordinary family to live—if we will exempt salaries up to $1,500 and then cut every other salary 25 per cent, we will save some money worth while.

We ought to begin with our own salaries, and cut them 25 per cent. That is what I propose in my resolution, H. J. Res. 344, which has been before and considered by the committee since March 19, 1932. And as I propose in that resolution, we ought to provide that no officials of this Government, other than the President and Supreme Court judges, over whom we have no control, shall draw salaries above $7,500. That ought to be the maximum. Neither Senators nor Congressmen ought to draw more than $7,500,

and we will get just as loyal and faithful service for that amount as we have ever gotten for the Government.

It is simply ridiculous and absurd to continue allowing officials of this Government to draw salaries of $10,000, $12,000, $15,000, $20,000, $25,000, and $35,000. Just why do we not stop it? I am not in favor of it. If you are not in favor of it, why do not you vote with me to stop it? We can stop it in this bill, by limiting salaries to $7,500 maximum, and not allow any salary to go over that amount.

I know that the people I represent are not in favor of these large salaries. I know that they want them reduced. And for one I am going to keep hammering on this subject until we get them reduced. I do not intend to vote for another bill that allows salaries to go over $7,500. And I predict that before the second session of this Congress adjourns, we are going to reduce all salaries at least 25 per cent, and cut down all of the high salaries to a maximum of $7,500.

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

Mr. BLANTON. I regret that I can not yield to my friend, as I have only a few minutes. Take the Army appropriation bill of my friend from Mississippi [Mr. COLLINS], who worked hard and faithfully, and brought in a bill here to cut 2,000 surplus Army officers off the pay roll of the Government, something that ought to be done. When that was under consideration we found their organizations in the gallery, and their representatives on this floor, coming in here and striking that provision out of the bill, until we got a roll call, and then we put it back in the bill.

Then the matter went to the Senate, and you found those same organizations besieging our Senators over there, and the Senate succumbed, and they took that provision out of the bill, and there will not be any cut of these surplus 2,000 officers, unless you stand behind Mr. COLLINS, as I am going to do, and make the Senate recede. But, before we get through—and mark my words—you are going to hear from the people back home, and you will have to effect some of these economies when you come back here in December. I do not know how your people are thinking about it, but I know what my constituents in my district are thinking about it. They want retrenchment, they want real retrenchment, they do not want any make-believe retrenchment or any camouflages. They want to cut down the expenses of the Government.

We are going to have to start some time on the fixed charges. The President, for four years, has been bringing in his $4,000,000,000 Budget annually, when he ought to have brought in a $3,000,000,000 Budget. He could kill any bureau right now by taking the money away from it. Why does not he do it?

This furlough plan, which the President has caused the Senate to place in this bill, will cause at least 33,000 additional employees to be placed on the pay roll. Would not that be absurd and foolish? Why, we ought to take off of the pay roll and send home right now at least 50,000, as we have that many more than we need. Yet this ridiculous furlough plan will add 33,000 new employees, whom we will never get off of the pay roll, and who will draw their retirement benefits. I am going to vote for both amendments that will be offered by my colleague from Alabama [Mr. McDUFFIE], although I am against both, as they are less objectionable than the Senate furlough proposal, and will do the least harm. I do not like either, but I like less the proposal of the President, which he has had the Senate put on this bill, and which Mr. McDUFFIE seeks to amend.

Mr. McDUFFIE. Mr. Speaker, I move the previous question on the conference report.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LAGUARDIA. Am I correct that voting down the previous question will simply extend debate, or will that throw the conference report open to the House?

The SPEAKER pro tempore. Voting down the previous question would simply extend debate, it would not indicate any action on the part of the House. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question now is on the adoption of the conference report.

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 210, noes 36.

Mr. CONNERY. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. The gentleman from Massachusetts demands the yeas and nays. Those in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Fifteen Members have risen, not a sufficient number, and the yeas and nays are refused.

So the conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Page 44, line 11, strike out:

"TITLE I—COMPENSATION REDUCTION OF FEDERAL EMPLOYEES

"COMPENSATION DEFINED

"SEC. 101. As used in this title, the term 'compensation' means any salary, pay, wage, allowance (except allowances for subsistence, quarters, heat, light, and travel), or other emolument paid for services rendered in any civilian or noncivilian office, position, employment, or enlistment; and includes the retired pay of judges, and the retired pay of all commissioned, warrant, enlisted, and other personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Lighthouse Service, and the Public Health Service; but does not include payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of employees.

"SCHEDULE OF TEMPORARY REDUCTIONS

"SEC. 102. (a) During the fiscal year ending June 30, 1933, the compensation for each civilian and noncivilian office, position, employment, or enlistment in any branch or service of the United States Government or the government of the District of Columbia is hereby reduced as follows: Compensation at an annual rate of $2,500 or less shall be exempt from reduction; and compensation at an annual rate in excess of $2,500 shall be reduced by 11 per cent of the amount thereof in excess of $2,500.

"(b) For the purposes of determining the percentage of reduction under this section applicable to any office, position, employment, or enlistment, the compensation for which is calculated on a piecework, hourly, or per diem basis, the annual rate of compensation shall be held to be the total amount which would be payable for the regular working hours and on the basis of 307 working days, or the number of working days on the basis of which such compensation is calculated, whichever is the greater.

"EXEMPTIONS FROM REDUCTION

"SEC. 103. Section 102 of this title shall not apply to—

"(a) Any office, position, employment, or enlistment the compensation for which is expressly fixed by international agreement; or

"(b) Compensation paid under the terms of any contract in effect on the date of enactment of this act, if such compensation may not lawfully be reduced; or

"(c) Any office the compensation of which may not, under the Constitution, be diminished, in the case of any incumbent, during the term for which he was elected or during his continuance in office, unless the application of such section to such office will not result in a diminution of compensation prohibited by the Constitution; or

"(d) Any office, position, employment, or enlistment the compensation for which is adjustable to conform to the prevailing local rate for similar work; but the wage board or other body charged with the duty of making such adjustment shall immediately take such action as may be necessary to effect such adjustment; or

"(e) Commissioners of the United States Shipping Board, members of the Federal Farm Board (except the Secretary of Agriculture), members of the International Joint Commission, United States section, or members of the Board of Mediation.

"GOVERNMENT CORPORATIONS

"SEC. 104. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such section as may be necessary to apply the provisions of sections 101, 102, and 103 to offices, positions, and employments under such corporation and to officers and employees thereof.

"REMITTANCES FROM CONSTITUTIONAL OFFICERS

"SEC. 105. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover

into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

"REDUCTIONS INAPPLICABLE WHEN COMMODITY PRICE LEVEL RISES

"SEC. 106. If at any time prior to June 30, 1933, the President finds that for a period of 120 days the average wholesale commodity price level is within 10 points as high as the average wholesale commodity price level of the year 1926, indicated by the figure 100 in the revised index of the Bureau of Labor Statistics of the Department of Labor, he shall issue a proclamation to that effect, and upon the issuance of such proclamation the foregoing provisions of this title shall cease to be in effect.

"LIMITATION ON JURISDICTION OF COURTS

"SEC. 107. No court of the United States shall have jurisdiction of any suit against the United States or against any officer, agency, or instrumentality of the United States arising out of the application of any provision of this title, unless such suit involves the Constitution of the United States.

"PERMANENT SALARY REDUCTIONS

"SEC. 108. Beginning July 1, 1932, the salary of each of the members of the International Joint Commission, United States section, shall be at the rate of $5,000 per annum.

"SEC. 109. Beginning July 1, 1932, the salaries of the commissioners of the United States Shipping Board, the members of the Federal Farm Board (except the Secretary of Agriculture), and the members of the Board of Mediation shall be at the rate of $10,000 per annum.

"SEC. 110. Beginning July 1, 1933—

"(a) The salaries of the appointive members of the Federal Reserve Board, the commissioners of the Interstate Commerce Commission, the Administrator of Veterans' Affairs, and the commissioners of the United States Tariff Commission, shall be at the rate of $10,000 per annum.

"(b) The salaries of all judges (except judges whose compensation may not, under the Constitution, be diminished during their continuance in office), if such salaries are in excess of $10,000 per annum, shall be at the rate of $10,000 per annum.

"SEC. 111. After June 30, 1932, no officer or employee of the Reconstruction Finance Corporation shall receive a salary at a rate in excess of $10,000 per annum.

"APPROPRIATIONS IMPOUNDED

"SEC. 112. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any other purposes, but shall be impounded and returned to the Treasury."

And insert in lieu thereof the following:

"TITLE I—FURLOUGH OF FEDERAL EMPLOYEES

"FURLOUGH PROVISIONS

"SECTION 101. During the fiscal year ending June 30, 1933—

"(a) The days of work of a per diem officer or employee receiving compensation at a rate which is equivalent to more than $1,200 per annum shall not exceed 5 in any one week, and the compensation for 5 days shall be ten-elevenths of that payable for a week's work of 5½ days: *Provided*, That nothing herein contained shall be construed as modifying the method of fixing the daily rate of compensation of per diem officers or employees as now authorized by law: *Provided further*, That where the nature of the duties of a per diem officer or employee render it advisable, the provisions of subsection (b) may be applied in lieu of the provisions of this subsection.

"(b) Each officer or employee receiving compensation on an annual basis at the rate of more than $1,200 per annum shall be furloughed without compensation for one calendar month, or for such periods as shall in the aggregate be equivalent to one calendar month, for which latter purpose 24 working days (counting Saturday as one-half day) shall be considered as the equivalent of one calendar month: *Provided*, That where the nature of the duties of any such officer or employee render it advisable, the provisions of subsection (a) may be applied in lieu of the provisions of this subsection: *Provided further*, That no officer or employee shall, without his consent, be furloughed under this subsection for more than five days in any one calendar month: *Provided further*, That the rate of compensation of any employee furloughed under the provisions of this act shall not be reduced by reason of the action of any wage board during the fiscal year 1933.

"(c) The compensation paid any officer or employee to whom this section applies shall, notwithstanding the provisions of this section, be an amount not less than an amount calculated at the rate of $1,200 per annum.

"SEC. 102. No officer or employee shall be exempted from the provisions of subsections (a) and (b) of section 101, except in those cases where the public service requires that the position be continuously filled and a suitable substitute can not be provided, and then only when authorized or approved in writing by the President of the United States.

"SEC. 103. All rights now conferred or authorized to be conferred by law upon any officer or employee to receive annual leave of absence with pay are hereby suspended during the fiscal year ending June 30, 1933.

"DEFINITIONS

"SEC. 104. When used in sections 101, 102, and 103 of this act—

"(a) The terms 'officer' and 'employee' mean any person rendering services in or under any branch or service of the United States Government or the government of the District of Columbia, but does not include (1) officers whose compensation may not, under the Constitution, be diminished during their continuance in office; (2) Senators, Representatives in Congress, Delegates, and Resident Commissioners; (3) officers and employees on the rolls of the Senate and House of Representatives; (4) carriers in the Rural Mail Delivery Service; (5) policemen and firemen of the District of Columbia; (6) public officials and employees whose compensation is not paid from the Federal Treasury; and (7) the active enlisted personnel of the Army, Navy, Coast Guard, and Marine Corps.

"(b) The term 'compensation' means any salary, pay, wage, allowance (except allowances for subsistence, quarters, heat, light, and travel), or other emolument paid for services rendered, but does not include (1) retired pay included within section 106; (2) payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of officers or employees; (3) compensation the amount of which is expressly fixed by international agreement; or (4) compensation paid under the terms of any contract in effect on the date of the enactment of this act if such compensation may not lawfully be reduced.

"COMPENSATION REDUCTIONS IN SENATE AND HOUSE OF REPRESENTATIVES

"SEC. 105. During the fiscal year ending June 30, 1933—

"(a) The salaries of the Vice President, the Speaker of the House of Representatives, Senators, Representatives in Congress, Delegates, and Resident Commissioners are reduced by 10 per cent.

"(b) The allowance for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners is reduced by 8.3 per cent.

"(c) The rate of compensation of any person on the rolls of the Senate or of the House of Representatives (other than persons included within subsection (a), if such compensation is at a rate of more than $1,200 per annum, is reduced by 8.3 per cent. This subsection shall not apply to session employees or to persons whose compensation is paid out of sums appropriated for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners. As used in this subsection the term 'compensation' shall have the meaning assigned to such term in section 104 (b).

"(d) This section shall not reduce below $1,200 per annum the rate of compensation of any person to whom this section applies.

"RETIRED PAY

"SEC. 106. During the fiscal year ending June 30, 1933, the retired pay of judges and the retired pay of all commissioned, warrant, enlisted, and other personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Lighthouse Service, and the Public Health Service, if such retired pay is at a rate of more than $1,200 per annum, shall be reduced by 8.3 per cent. This section shall not reduce below $1,200 per annum the rate of retired pay of any person to whom this section applies.

"PERMANENT SALARY REDUCTIONS

"SEC. 107. Beginning July 1, 1932, the salaries of the commissioners of the United States Shipping Board, the members of the Federal Farm Board (except the Secretary of Agriculture), the members of the Board of Mediation, the commissioners of the Interstate Commerce Commission, the commissioners of the United United States Tariff Commission, the American commissioner of the General Claims Commission, United States and Mexico, and the umpire and American commissioner of the Mixed Claims Commission, United States and Germany, shall be at the rate of $10,000 per annum; and after June 30, 1932, no officer or employee of the Federal Farm Board, the United States Shipping Board Merchant Fleet Corporation, or of any governmental function named in this section, shall receive a salary at a rate in excess of $10,000 per annum.

"RURAL CARRIERS' EQUIPMENT ALLOWANCE

"SEC. 108. During the fiscal year ending June 30, 1933, payments for equipment maintenance to carriers in the Rural Mail Delivery Service shall be three-eighths of the amount now provided by law.

"GOVERNMENT CORPORATION

"SEC. 109. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such action as may be necessary to apply the provisions of sections 101, 102, and 103 to offices, positions, and employees under such corporation and to officers and employees thereof.

"REMITTANCES FROM CONSTITUTIONAL OFFICERS

"SEC. 110. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

"APPROPRIATIONS IMPOUNDED

"SEC. 111. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose other than the payment of salaries, but shall be impounded and returned to the Treasury.

"LIMITATION ON JURISDICTION OF COURTS

"SEC. 112. No court of the United States shall have jurisdiction of any suit against the United States or against any officer, agency,

or instrumentality of the United States arising out of the application of any provision of this title, unless such suit involves the Constitution of the United States."

Mr. McDUFFIE. Mr. Speaker, I move to recede and concur in the Senate amendment with the following amendment which I send to the desk and ask to have read.

The Clerk read as follows:

TITLE I. COMPENSATION REDUCTION OF FEDERAL EMPLOYEES

COMPENSATION DEFINED

SECTION 101. As used in this title, the term "compensation" means any salary, pay, wage, allowance (except allowances for subsistance, quarters, heat, light, and travel), or other emolument paid for services rendered in any civilian or noncivilian office, position, or employment; and includes the retired pay of judges, and the retired pay of all commissioned and other personnel of the Coast and Geodetic Survey, the Lighthouse Service, and the Public Health Service, and the retired pay of all commissioned and other personnel (except enlisted) of the Army, Navy, Marine Corps, and Coast Guard; but does not include the active or retired pay of the enlisted personnel of the Army, Navy, Marine Corps, or Coast Guard; and does not include payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of employees.

SCHEDULE OF TEMPORARY REDUCTIONS

SEC. 102. (a) During the fiscal year ending June 30, 1933, the rate of compensation for each civilian or noncivilian office, position, or employment in any branch or service of the United States Government or the government of the District of Columbia, is reduced as follows: If more than $1,200 per annum, but less than $12,000 per annum, 10 per cent; if $12,000 per annum or more, but less than $15,000 per annum, 12 per cent; if $15,000 per annum or more, but less than $20,000 per annum, 15 per cent; if $20,000 per annum or more, 20 per cent.

(b) Subsection (a) shall not operate: (1) So as to reduce any rate of compensation to less than $1,200 per annum, or (2) so as to reduce the rate of compensation of any postmaster or postal employee of a post office of the first, second, or third class whose salary or allowances are based on gross postal receipts, or of any postmaster of the fourth class, to a rate which is less than 90 per cent of his average rate of compensation during the calendar year 1931.

(c) In the case of any office, position, or employment, the compensation for which is calculated on a piecework, hourly, or per diem basis, the rate of compensation per annum shall be held to be the total amount which would be payable for the regular working hours, and on the basis of 307 working days, or the number of working days on the basis of which such compensation is calculated, whichever is the greater.

EXEMPTIONS FROM REDUCTION

SEC. 103. Section 102 of this title shall not apply to—

(a) Any office, position, or employment the compensation for which is expressly fixed by international agreement, or

(b) Compensation paid under the terms of any contract in effect on the date of enactment of this act, if such compensation may not lawfully be reduced, or

(c) Compensation which may not, under the Constitution, be diminished, or

(d) Any office, position, or employment the compensation for which is adjustable to conform to the prevailing local rate for similar work, but the wage board or other body charged with the duty of making such adjustment shall immediately take such action as may be necessary to effect such adjustment, or

(e) Persons whose compensation is derived from assessments on banks and/or is not paid from the Federal Treasury, or

(f) Salaries or retired pay reduced or fixed by section 107.

GOVERNMENT CORPORATIONS

SEC. 104. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such action as may be necessary to apply the provisions of sections 101, 102, 103, and 107 to offices, positions, and employments under such corporation and to officers and employees thereof, with proper allowance for any reduction in compensation since December 31, 1931.

REMITTANCES FROM CONSTITUTIONAL OFFICERS

SEC. 105. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

LIMITATION ON JURISDICTION OF COURTS

SEC. 106. No court of the United States shall have jurisdiction of any suit against the United States or (unless brought by the United States) against any officer, agency, or instrumentality of the United States arising out of the application of any provision of this title, unless such suit involves the Constitution of the United States.

SPECIAL SALARY REDUCTIONS

SEC. 107. (a) During the fiscal year ending June 30, 1933—

(1) The salary of each of the members of the International Joint Commission, United States section, shall be at the rate of $5,000 per annum;

(2) The salaries of the following officers shall be at the rate of $10,000 per annum: Commissioners of the United States Shipping Board, members of the Federal Farm Board (except the Secretary of Agriculture), members of the Board of Mediation, commissioners of the Interstate Commerce Commission, commissioners of the United States Tariff Commission, the American commissioner of the General Claims Commission, United States and Mexico, and the umpire and American commissioner of the Mixed Claims Commission, United States and Germany;

(3) No officer or employee of any of the boards or commissions enumerated in paragraph (1) or (2) shall (except as provided in paragraph (4)) receive salary at a rate in excess of $10,000 per annum;

(4) No officer or employee of the United States Shipping Board, the United States Shipping Board Merchant Fleet Corporation, or the Reconstruction Finance Corporation shall receive a salary at a rate in excess of $10,000 per annum, except that in the case of any position the salary of which at the date of the enactment of this act is at a rate in excess of $12,500 per annum such salary may be at a rate not in excess of $12,500 per annum; and

(5) The salaries and retired pay of all judges (except judges whose compensation may not, under the Constitution, be diminished during their continuance in office), if such salaries or retired pay are at a rate exceeding $10,000 per annum, shall be at the rate of $10,000 per annum.

(b) The reduction in compensation provided in other sections of this title shall not apply to any salary or retired pay reduced or fixed under the provisions of subsection (a) of this section.

APPROPRIATIONS IMPOUNDED

SEC. 108. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose, but shall be impounded and returned to the Treasury.

Mr. LAGUARDIA. Mr. Speaker, I reserve the point of order on the gentleman's amendment.

Mr. McDUFFIE. Mr. Speaker, will the gentleman state the point of order?

Mr. LAGUARDIA. Mr. Speaker, I make the point of order that the subject matter contained in the gentleman's motion at this time is not proper in that there is nothing before the House at this time which shows a change of attitude on the part of the House in its action on the question of salary reduction. There are two propositions before the House. One is the House bill providing for a reduction with a $2,500 exemption, and the other is the Senate so-called furlough plan. The gentleman seeks to concur in the Senate plan with an amendment, and the matter in the amendment is not germane to that plan. The gentleman's motion is beyond the province of conferees. The subject matter contained in the motion is an entirely new proposition. If conferees have failed to agree on either the House bill or Senate bill, then they should be discharged. If the gentleman seeks to carry out a reduction plan, then I submit that the House has not indicated by vote or otherwise that it recedes from its original position. What the gentleman is seeking to do is to get legislative action de novo on a matter which has already been passed on by the House. When we come to that point—enter on our own initiative or from the Senate—new conferees representing the views of the House should be and would be appointed. I repeat, Mr. Speaker, that the view of the House must first be presented by friends of the proposition to the Senate conferees. There is no indication in the report or otherwise that the House bill was actually sponsored in conference by the conferees on the part of the House, and I submit that at this stage we can not legislate de novo in order to carry out the personal views or preference of the conferees. The House should at least be given the opportunity to express itself on its own bill. In this roundabout method the House is compelled to take other action without first knowing what the attitude of the other body on the proposition may be.

Mr. Speaker, I also desire to make the additional points of order that the motion of the gentleman from Alabama contains subject matter which is not in the House bill, which is not in the Senate bill; and specifically I point to that part of the gentleman's motion which provides "that no court of the United States shall have jurisdiction of any suit against the United States, or (unless brought by the United States) against any officer, agency," and so forth.

Mr. McDUFFIE. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. McDUFFIE. Will the gentleman turn to page 48 of the Senate bill, where appears the limit of jurisdiction of courts; and in the House bill, see page 55, at the bottom of the page. It is the very language which is carried in both the House and Senate. That is not new matter.

Mr. LaGUARDIA. Very well. I had not the gentleman's amendment and was compelled to take notes as the clerk was reading. I can not imagine anybody drawing a provision like that. Surely no one will for a moment contend the validity of such a proposition.

Mr. McDUFFIE. Well, strange things are happening these days.

Mr. LaGUARDIA. I will concede that. To recur, Mr. Speaker, on the purpose of the gentleman's amendment, I submit that it is not for the purpose of coming to an agreement on the legislative proposition which is the real purpose of the conference, and must be the only purpose of the conference report. It is seeking to foist upon the House a new proposition, upon which the House has already taken action, and for which there is no basis in the Senate bill or in the conference report. The conferees, I submit, can substitute their will and views for those of the House. The House conferees personally were not in favor of the House action in regard to pay reduction. That is well known. The House views were not in the hands of its friends. The House was not represented in that respect. The motion of the gentleman, therefore, would prevent the House from insisting on its bill and appointing new conferees. Therefore, I submit the motion is not proper at this time, the subject matter is not germane to the Senate bill, and the House has not as yet indicated any change in its attitude.

Mr. McDUFFIE. Mr. Speaker, the argument of the gentleman from New York seems to hinge entirely upon his own conjecture and conclusions as to what took place in the conference committee. The gentleman raised one specific point, if I remember correctly, and that was with reference to the provisions dealing with the jurisdiction of courts.

Mr. LaGUARDIA. I withdrew that.

Mr. McDUFFIE. And it was pointed out to the gentleman that both the House and Senate had passed that provision. Now, I do not know any other specific point of order that the gentleman has raised. I do not recall one, and I think the gentleman's point of order is not well taken.

Mr. SCHAFER. Mr. Speaker——

The SPEAKER pro tempore. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. SCHAFER. I do.

The SPEAKER pro tempore. The Chair will be glad to hear the gentleman from Wisconsin.

Mr. SCHAFER. Mr. Speaker, I believe the Chair should hold that the amendment offered by the gentleman from Alabama is out of order, because the amendment goes beyond the range of difference between the action of the House and the Senate. The furlough plan incorporated in the bill by the Senate and the salary-reduction plan as passed by the House contain no salary reductions in salaries below $2,500 per year. I believe on that point alone the amendment is not germane, and therefore it is not in order, as the conferees have exceeded their authority.

Mr. McDUFFIE. Mr. Speaker, I think the Chair has ample precedent for overruling the point of order raised by the gentleman from Wisconsin; because, in the first place, we are not dealing with a conference report; and, in the second place, I direct the attention of the Speaker to the fact that anything that is germane is permissible to be written in an amendment such as I have offered.

The SPEAKER pro tempore (Mr. BANKHEAD). The Chair is ready to rule.

The gentleman from New York [Mr. LaGUARDIA] interposes a point of order against the amendment offered by the gentleman from Alabama [Mr. McDUFFIE] to the Senate proposal, upon the ground that it does not affirmatively appear that the House conferees really took into consideration the action and voice of the House in the conference. That, of course, is a matter entirely beyond the province of the Chair, and is a matter of speculation, necessarily. The Chair, therefore, overrules that point of order.

The gentleman from Wisconsin [Mr. SCHAFER] raised the point of order that the provisions embodied in the motion of the gentleman from Alabama to recede and concur with an amendment to the Senate amendment was beyond the limits fixed in either the House bill or the Senate amendment. The Parliamentarian has furnished the Chair with a syllabus of an opinion by Chairman Hepburn, of Iowa, made on February 26, 1902, which may be found in Hinds' Precedents (vol. 5, sec. 6187). It is as follows: "In amending a Senate amendment the House is not confined within the limits of amount set by the original bill and the Senate amendment." The Chair thinks that that decision disposes of the point of order raised by the gentleman from Wisconsin. The Chair desires to say in passing upon these points of order that in cases of this kind the only requirement is that the amendment proposed in the motion to recede and concur with an amendment must be germane to the Senate amendment. This question arose on May 3, 1922, when Mr. Speaker Gillett, in overruling a point of order similar to this, held that to a Senate amendment providing a new method of taxation in the District of Columbia and revising the fiscal relationship of the District of Columbia and the United States with other incidental propositions and an amendment proposing a different scheme is germane, although different in detail.

The Chair thinks that these decisions fully cover points of order raised by the gentleman from New York and the gentleman from Wisconsin, and therefore overrules the points of order.

Mr. McDUFFIE. Mr. Speaker, my purpose is to yield to the gentleman from Indiana [Mr. WOOD] one-half of the time to be used.

Mr. WOOD of Indiana. That is entirely satisfactory.

Mr. McDUFFIE. Mr. Speaker, I shall be brief. Mr. Speaker, we are dealing with a very serious question. The human equation that entered into the work of your committee was more effective than anything else. As I said a while ago, it is a painful duty, it is an unhappy task, to act upon the question of reduction of salaries.

If I read aright the sentiment that comes to my desk, expressed by thousands of letters in the last three months from all over the United States, the people of America are demanding that we cut down Government expenses. [Applause.]

Now, what do we propose here? We propose, without hurting any individual seriously, especially in the light of the fact that the cost of living has declined more than 10 per cent, to save for the taxpayers, those people upon whom we have recently placed additional burdens, $112,500,000. It may be that here in Washington the cost of living is high, but Washington must yield, as the rest of the country has done.

The House did pass a pay-cut proposal with an exemption of $2,500. At the same time the House turned down by an overwhelming vote the proposal to try to introduce into Government work the 5-day week or the staggering plan. The question here is, Shall we save some money for those who have these burdens to bear? To-day or next week, every time you buy a little candy, or go to a theater, or stamp a letter you will be paying a part of the money that goes to pay for Government salaries. I wish to repeat, more than one-quarter of the annual cost of operating the Government is involved in the salary roll. We do not propose to hurt anyone seriously by this amendment.

As a matter of fact, I think we should do to-day what every nation has done, what every State has done, what every municipality has done—take at least a 10 per cent salary cut from top to bottom. May I suggest that even 10 per cent is not enough? [Applause.]

The 5-day week policy may be a wise one for industry in this machine age. I shall not enter into a discussion of that at this time. It may be a very important question, but we should not settle it in this way. As a permanent policy I

might not indorse it, but no man here can tell me that any government on earth has ever been able to make that policy apply in government work.

Why these gentlemen representing labor and industry continue to pound this Congress, and even reach the White House and reach the administration, and make them, if you please, embark upon a new field, a new policy known as the staggering or furlough plan, is more than I can understand. Why, they say, you are setting an example for industry. Mr. Speaker, industry has already set the example, and industry has necessarily made cuts from one end of this country to the other. There is no doubt about that.

They say also a 10 per cent cut will lower the standard of living in this country. Everyone knows the standard of living has already been lowered, and many a man who was a millionaire in 1929 is working with his hands to-day. The standard of living must under these conditions temporarily decline from what it was in 1929. The American people are now driven to a simpler mode of living. Nobody doubts that. If this plan could work in government successfully, it might be justified at a time like this; but why go into uncharted seas, if you please, when the plain, simple, businesslike, straightforward, manly, courageous thing to do is just to treat everybody alike and apply a flat pay cut from top to bottom?

What about the savings? Under the provisions as passed by the Senate it is estimated there will be $80,000,000 or $83,000,000 of savings. I do not care which figures you take, for no man has yet been able to say definitely how much it will save. The President of the United States wrote a letter some time in May to the engineers or somebody, and unfortunately addressed it to the wrong man. It was put in the RECORD by the distinguished gentlewoman from New York [Mrs. PRATT]. In that letter the President said the staggering plan will keep 100,000 people on the job and add 30,000 more.

Again I ask you, if your policy here is to save money, where is the economy in your staggering plan?

Is your policy here to-day—and that is what the President has very recently called upon us to do—to economize in government? All Americans are making the same call to-day, because they all pay a part of this. Why should not we have the courage to stand up and say: "Here is the businesslike thing to do"? Can we not get a little business in government? Must it be said that a political body can not act in a businesslike way in making adjustments to meet new conditions? The answer, of course, is that it is difficult, if not almost impossible.

Let me repeat: In the light of the fact that the cost of living is down 15 per cent and even more, 10 per cent cut is little enough to place upon any man who is fortunate enough to be on Uncle Sam's pay roll in times like these. The people will demand a greater reduction than we propose.

We regret, all of us regret, to see wages come down. But, Mr. Speaker, we are face to face with facts in this country, not theories. We know how men have been laid off in industry. We know how wages have been cut 20 to 25 per cent. We know that practically every city of the United States has made a flat cut. Now, why should the Government employee through his highly paid propagandist, one Luther Stewart, whose salary probably will not be cut, it matters not what we do, urge and insist that Congress, on the theory that we are establishing a great principle, get away from a businesslike method of salary reduction and adopt something that is problematical and untried and will eventually prove a disappointment?

Are you going to yield? Oh, I know the administration is now against this flat cut. The gentleman from Iowa [Mr. RAMSEYER], who was the father of this furlough plan originally in the House, says the President is for it, but every reasonable man knows it is not a sound policy.

I have not been a bitter partisan since I have been a Member of Congress, nor one who seeks to take undue advantage. I think my record will bear out this statement. What I am objecting to is that the President of the United States said in the newspapers, "Here is a great program. We are going to save $238,000,000 by the Senate bill." The Senate passed the bill, with the 10 per cent cut on all salaries over a thousand dollars, which of itself would have made a saving of $117,000,000 plus. Then the President demands his furlough plan as his own policy, and his followers in the Senate reverse their position, indorsing a furlough plan in preference to the other plan. He then goes to the country, if you please, with the impression, at least, that economy failed in the legislative branch of the Government, that we failed to economize in the legislative branch, and he, the great nominee of the Republican Party, the President of the United States, stands out as the only original economist, when by his own act he destroyed the economy measure in the Senate.

The result is the country gains the impression that the Congress is not doing its duty. He would climb to the heights over the dead bodies, politically speaking, of his own party Members of the Congress. It is selfish and unfair and unworthy of the President, I care not who changes his mind.

It is not fair to the House of Representatives and it is not fair to the legislative branch of the Government for the President to tell the country that this or that plan will save and then proceed to strike it down by his own hand. [Applause.] And you gentlemen know it. My beloved and distinguished friend over there, the minority leader, Mr. SNELL, is a business man. Deep down in his heart—and I can read it at this moment—he knows that it is a wild theory or an impossible theory to apply the furlough plan as written by the Senate in the work of this Government. In his plants he would not do that. In your business you would not do that. I challenge you to point to one government, point to one city or county if you please, point to any organization other than industrial which have adopted the furlough plan in preference to the flat cut.

Mr. LINTHICUM. Will the gentleman yield? The gentleman said that the estimated saving under the furlough plan was $83,000,000. What is the estimated saving under the gentleman's plan?

Mr. McDUFFIE. One hundred and twelve million five hundred thousand dollars, a difference of $33,000,000, provided the furlough can effect the amount claimed for it. [Applause.]

Mr. Speaker, I yield three minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, of course, I can do nothing more in three minutes than explain my own position with reference to these two plans. It is impossible for me in that time to discuss either one of them.

I am going to vote for the proposition to reduce salaries by the percentage plan as proposed by the gentleman from Alabama. I confess to you it does not suit me, as I think every Member of this House knows. If I had my way I would begin at a certain percentage, with a proper exemption, and then I would go up to 25 per cent at least upon salaries of $10,000 and more. But here we are confronted with a proposition of accepting one or the other of these two plans. I can not see to save my life how the furlough plan is going to save the money which its proponents insist it will save. I can not see how we are going to save $80,000,000 or any other very large sum, and I predict that when the history of it is written you will find that this idea of saving $80,000,000 or $90,000,000 by the furlough plan is all a pipe dream. Of course, the election will be over then. Here we are confronted with a proposition by which we know what we are going to save. We know exactly how much it will keep in the Treasury. It will save not less than $112,500,000 and that can be easily and accurately calculated. Why should you and I, representing the taxpayers back home, turn the one down in order to accept a will-o'-the-wisp, something that nobody can tell and nobody can estimate as to its savings?

I would rather make this percentage a little less on these lower salaries but we can not get everything we want and we can not have everything we want. I am the more recon-

ciled because the cost of living has gone down more than 10 per cent. We are faced here with the proposition of accepting one or the other. For my part, representing those who pay the taxes, as you and I do, I am going to take that proposition which guarantees how much you are going to save rather than something that many doubt will save as much as is claimed, and even those who claim a saving can not tell how much it will save. [Applause.]

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Speaker, I yield three minutes to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC of Oklahoma. Mr. Speaker, when this proposition first came before this body I do not think there were very many who had a proper realization of the conditions that exist throughout the Nation. I feel that at the present time there is a greater emergency existing from the standpoint of the necessity of reducing expenditures than ever before. I take the same position as the distinguished chairman of the Appropriations Committee, who has just preceded me, and that is that we ought to have a graduated scale of reductions, so it might be said when we go home we were in a measure willing to do that which is now being done by certain kinds of private industry, and that is to reduce our own salaries in a proper proportion to that which is now being done by many institutions.

If I could have my way, I would present this amendment:

That the following scale of reductions in salaries shall apply to all officers, employees, and Members of Congress, unless otherwise exempted by law:

5 per cent on salaries of $2,000 to $3,000.
7½ per cent on salaries of $3,000 to $4,000.
10 per cent on salaries of $4,000 to $5,000.
15 per cent on salaries of $5,000 to $6,000.
20 per cent on salaries of $6,000 to $7,500.
25 per cent of all salaries exceeding $7,500.

On every roll call I voted with the Economy Committee on amendments to bring about reductions, and the chairman of the committee knows that I am in favor of reducing salaries of Members of Congress 25 per cent, so that the reduction will amount to twenty-five hundred dollars.

It does seem to me that such a reduction in salaries would be in line with present conditions. We know that the purchasing value of the dollar is practically 33⅓ per cent more than it was a few years ago. I take the position that if we can not get an amendment like that which I have read, we surely ought to be willing to vote for the proposition that is now before us, which will save us $30,000,000 more than that which is provided for in the furlough plan.

For that reason I am going to stand by the chairman of the committee, and I hope his amendment will be adopted. [Applause.]

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Speaker, I now yield 30 minutes to the gentleman from Indiana [Mr. WOOD], to be yielded as he sees fit.

Mr. WOOD of Indiana. Mr. Speaker, I yield five minutes to the gentleman from Iowa [Mr. RAMSEYER]. [Applause.]

Mr. RAMSEYER. Mr. Speaker, I thought the gentleman from Alabama would in his time explain to you just what is before the House and what further steps are contemplated.

There are two proposals before the House. One is known as the pay cut, which has been sponsored by the gentleman from Alabama for weeks; in fact, ever since there was an Economy Committee. That, in the shape it is here to-day, is a 10 per cent cut on all salaries of Federal employees except those who receive salaries of $1,200 or less. The other proposal is the furlough plan, which, as originally sponsored by me on the floor of this House, exempted salaries of Federal employees of $1,200 and less, and for officers and employees receiving $1,200 or more the 30-day furlough without pay applies. No salary would be reduced to less than $1,200 per annum.

I explained this before, and I have not the time in the few minutes I have to go over it again.

We are confronted with this peculiar situation: The gentleman from Alabama is in control of the time. He is offering this pay-cut amendment, for which he stands. If that fails, in his own time he is going to offer the furlough plan. Now, those who are for the furlough plan should vote down the pay-cut plan. Then the Members of the House will have an opportunity to vote for the furlough plan.

In the shape the two amendments are now in there is some difference of opinion as to just the amount of money that can be saved by the two plans. The difference is not large and the savings may be a little larger in the pay-cut plan. I can not go into the details of the two plans in the few minutes I have.

There is a principle involved here that is of vital concern to the whole country, and that is the 5-day week. We have about 8,000,000 men out of employment. If happily we could go back to the times we had in 1928 and 1929, there would still be 1,500,000 or 2,000,000 men out of employment. The only way you can get those people back to work and give them purchasing power is to shorten the number of days in the week and possibly shorten the number of hours in the day. There is absolutely no other solution of that.

Now our great Government comes along with this furlough plan and the most vital thing in this plan is the 5-day week. We have quite a number of per diem employees in the Government service. The Government undertakes to set an example to private industry and to the world by establishing the 5-day week. The way to take care of part of the unemployed, especially those technologically unemployed, is to pass the work around.

I want to tell my Republican colleagues that last week in Chicago, the Republican Party in its platform vigorously and enthusiastically declared for the 5-day week. Certainly no Republican can consistently, a week following that declaration I have just referred to, vote against the 5-day week proposal in the furlough plan.

I want to tell you Democrats that your convention is going to be next week and it is possible that your convention is going to indorse the 5-day week. Then, I ask you, why one week vote against the 5-day week when your party, the next week, may declare in favor of it?

Mr. LAGUARDIA. If the gentleman will yield, the gentleman should also state that in that same Republican platform there is a plank on high salaries and high wages.

Mr. RAMSEYER. Here in the furlough plan we are maintaining the wage scale. We are not changing it, nor reducing it.

[Here the gavel fell.]

Mr. WOOD of Indiana. Mr. Speaker, I yield the gentleman three more minutes.

Mr. RAMSEYER. As I stated before, the savings in the furlough plan are about the same as the savings in the pay-cut plan.

It has been carefully worked out with respect to the Post Office Department. I had this chart [indicating] before you the other time this matter was up. This part shows you the working of the furlough plan. It shows the gross saving under the furlough plan and the net saving, so far as the Post Office Department is concerned. If this furlough plan is incorporated in the law it will not mean the discharge of any employees and will mean additional substitute employees of 14,500.

How it may work in the other departments I can not say, because I have only had time to study its operation as applied to the Post Office Department. The furlough plan saves money, is more humane, is abreast of the best thought in so far as treating labor fairly is concerned, and is a forward step in recognition of the 5-day week for employees in the Government service. The Government is setting an example for all industry to follow. [Applause.]

This furlough plan will save money and is more humane, and since I originally presented this furlough plan to this House, the labor leaders of the country have come out for it and have indorsed it.

Mr. CONNERY. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. CONNERY. They have indorsed it as the lesser of two evils.

Mr. RAMSEYER. They have indorsed it. We have got to take one or the other, either the furlough plan or the pay-cut plan. You have only the two proposals before you and labor has come out definitely for the furlough plan, without any ifs or ands.

Mr. MOUSER. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. MOUSER. And the Letter Carriers' Association of a number of States has indorsed the furlough plan as their choice of the two.

Mr. RAMSEYER. I think the gentleman is correct. So far as the Government employees are concerned, there can be no question at all as to this furlough plan being much better for them, and at the same time saving considerably more money for the Treasury.

Mr. McDUFFIE. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. McDUFFIE. Did not the gentleman hear Mr. Brown, the Postmaster General, say to the President in our presence at the White House in one of our conferences that he did not see how he could work the furlough plan in the Post Office Department?

Mr. RAMSEYER. The gentleman is incorrect. The only thing Mr. Brown stated was that the furlough plan could not be applied to rural carriers and effect a saving. The gentleman knows how we propose to take care of the rural carriers. We intend to be fair to the rural carriers and to all Federal employees. In closing I want to emphasize that you vote down the McDuffie pay-cut amendment and then we can adopt the furlough plan. [Applause.]

[Here the gavel fell.]

Mr. RAMSEYER. Mr. Speaker, in order to present accurately the Postmaster General's attitude on the furlough plan and his attitude toward the rural carriers, I present for the RECORD a letter from him which I received this morning, as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., June 20, 1932.

Hon. C. WILLIAM RAMSEYER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: It has been reported to me that I have been quoted by certain Members of Congress as saying that the furlough plan could not satisfactorily be applied to the Postal Service. I have at no time made any such statement, and I would appreciate it if you will so advise those with whom you are associated in drafting the various provisions of the economy bill.

I have, of course, drawn attention to the fact that the furlough plan can not be applied to advantage in the Rural Free Delivery Service, where we have no surplus employees and where it would accordingly be necessary to replace every furloughed regular by a substitute who would draw the same compensation. With this exception, however, the furlough plan is admirably suited to the situation which now exists in the Postal Service. This exception was, of course, taken care of in your draft of the furlough legislation by a provision exempting rural carriers from the furlough and subjecting them, instead, to a reduction of 2½ cents per mile in their allowance for equipment maintenance.

It is my understanding that the conferees are now giving consideration to a provision, which would apply generally throughout the entire service, subjecting all employees who for any service reason can not advantageously be placed on furlough without pay to a reduction of 8⅓ per cent in salary. It is my opinion that this provision could be more equitably applied to rural carriers than the proposed reduction in their equipment-maintenance allowance, and I recommend, therefore, that the special provision dealing with rural carriers on the basis of their equipment allowance be eliminated from the legislation. In this connection, however, it would be advisable, in my judgment, to provide that the gross compensation of rural carriers, including the amount of the vehicle allowance, should be made subject to the proposed reduction.

Yours very truly,

WALTER F. BROWN.

Mr. WOOD of Indiana. Mr. Speaker, I yield three minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Speaker, the furlough plan, as has already been stated, will be very simple in operation. The present employees, on the average, take one month's leave with pay. Under the furlough plan, they will be obliged to take one month's leave during the fiscal year 1933 without pay. Those who say they can see no savings simply refuse to look at the facts. Under the furlough plan the employees will give exactly the same amount of time to their work that they are giving now, but each of them will receive one month's less pay. Multiply the number of employees by the amount they receive for one month and you get the exact saving. There is nothing complicated or uncertain about that. This computation will give you $85,000,000. This saving we know there is in the furlough plan. Other salary cuts and savings in the amendment which we propose to substitute for the McDuffie proposal will bring the savings up to about $100,000,000, making the total savings of the economy bill something like $165,000,000. At the same time, the furlough plan recognizes the principle of the 5-day week. This principle is being more and more recognized by business and industry as the only solution for our labor problem. We can not go on improving labor-saving machinery and speeding up mass production indefinitely without reducing the hours of labor, if labor is to find employment. It is better that the Government should pay its employees for 11 months only and keep them at work than to add thousands of them to the ranks of the unemployed. They ought not at this time to be sent out into the labor market to push out or prevent others from securing employment.

It is better that each individual should get less and that more should be employed. This is an emergency measure and all of us will have to make some sacrifices. Members of Congress take a 10 per cent straight cut on salary, a reduction of 25 per cent in mileage allowance, and 8.3 per cent on clerical services. This cut is proportionately heavier than the employees are required to take.

The question of how the rural carriers are affected has been raised a good many times during the morning. The rural carriers will receive exactly the same kind of cut on their basic pay that other employees receive who are affected by the furlough plan. Their equipment allowance is reduced one-eighth. The original provision left their basic pay untouched but cut their mileage allowance three-fifths. It was found that this operated unequally as between the carriers on short and long routes and discriminated unfairly against them as compared with other services. This discrimination is rectified by the amendment and is satisfactory to the carriers who have always expressed a willingness to take their share of any reduction that might be made.

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Speaker, it must be made clear that there are two alternatives. One is the pay cut, with 10 per cent reduction and $1,200 limit, and the House plan, which provides for 11 per cent reduction and $2,500 exemption. Unfortunately that is not before us now. It should be. The parliamentary strategists are so far succeeding in keeping the House bill provision as to pay cuts away from the House itself.

As between the two plans, anyone with any sympathy for the wage earner will take the lesser of the two evils. The lesser of the two evils is indicated by a difference of $30,000,000. Under the modification contained in the motion of the gentleman from Alabama, according to his own statement, it would cost the Federal employees about $30,000,000 more if adopted than the furlough plan. I naturally want to save this $30,000,000 for the badly treated Federal employees.

Mr. CONNERY. The gentleman will recollect that labor was in favor of the $2,500 exemption.

Mr. LAGUARDIA. Yes; but unfortunately that is not before the House now. The only redeeming feature of the furlough plan is that it furnishes a basis for a 5-day week. That can be made a real basis, but it depends on how it is administered. If the administration is sincere, if the administration, I repeat, is sincere and honestly seeks to establish a 5-day week, the furlough plan affords an opportunity to do so; otherwise the poor Federal employee will simply suffer.

If the Treasury Department will put the Treasury Department, with the Internal Revenue, Comptroller of the Currency, customhouse, and other bureaus, on a 5-day

basis, that will compel the banks and importers and exporters and business generally to go on a 5-day basis, and that in turn would force factories and industries on a 5-day week. If we can put banks, commerce, and industry on a 5-day-week basis, it will produce additional employment for 2,500,000 persons.

We have assurance from the Secretary of the Treasury, and responsible members of the administration have previously stated their approval of a 5-day week. Gentlemen, if the administration will translate that approval into action, a 5-day week can be established. I want to see results. The President is also on record as being in favor of the 5-day week. It takes more than a mere approval of the principles of this proposition. It now requires the will, the courage, and the determination to see it through. It requires the ability to resist the selfish demands of exploiters.

So I say that if Congress provides a furlough on the basis of a 5-day week, if properly administered, it may force industry, commerce, and banks to go on a 5-day week.

We can not legislate for a 5-day week in private industry under the limitations of the Federal Constitution, but we can by this provision, if honestly and properly administered, compel the banks, commerce, and industries to go on a 5-day week.

I would like to vote down the whole proposition and have new conferees, but that seems to be impossible. Yet I shall continue to fight against unjust pay reductions; but as between the two propositions I shall prefer the furlough plan. [Applause.]

Mr. WOOD of Indiana. I yield three minutes, Mr. Speaker, to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, there is not now before us the question as to what I or other individual Members would choose if we had the power to dictate action. Here are two alternatives, the 10 per cent wage cut or the furlough plan for governmental workers. Under all the circumstances I believe there should be no hesitation on the part of those who wish to give the greatest protection possible to the moderate wage standards of these competent and faithful employees in voting against the motion of the gentleman from Alabama [Mr. McDUFFIE].

When the so-called economy bill was brought in, I stated that I did not believe that the wage cuts provided in it would help to lift us out of the swamp of depression in which we find ourselves submerged. I voted to exempt from reduction wages up to $2,500 a year, and I should be glad to vote again for that provision.

However, this parliamentary situation now forces us to choose between shorter hours with reduced pay or present hours with still greater reduction in pay. Facing such a choice, I vote for the furlough plan.

The adoption of this furlough plan will have one great advantage. It will be a step in the direction of the 5-day week. Unfortunately the workers will have to pay the total cost of the shorter hours for the year, but I am hopeful that such a condition will not apply after 1933.

Under this plan, the wage standards which have been secured only after many years of devoted effort will be left untouched. With our return to normal times, there should be no hesitation in making those wage schedules apply to the 40-hour week.

Every vote in this House should be weighed as to its effect upon employment. Unemployment is a menace to national safety and security. It must be overcome and the only cure for unemployment is employment.

For 10 years American industry substituted machine power for man power without the slightest regard for the consequences. During that period 1 out of every 14 men was fired while the remaining 13 turned out the production of 18 men. In 1929 our factories produced 42 per cent more than they did in 1919, with 456,000 fewer workers. American railroads transported more business with 253,000 fewer employees. Coal corporations increased the output per man 23 per cent and discharged 100,000 mine workers.

Mr. Speaker, it is a great thing to have improved machinery and more efficient methods of production, but if there is any wisdom and enlightened common sense among us, we must make sure that for every worker put out of a job by these machines and methods, there is a job created by shortened hours.

If the 40-hour week could be established in all industry, 8,000,000 or more idle workers would have their hands busy with productive tasks within 30 days. It is a remedy which goes to causes, not symptoms.

It is in accordance with American progress and creates no revolutionary change in our system. It would permit the production of all the necessities, comforts, and luxuries needed by every American family.

Therefore, since we must choose between present working hours with reduced pay and shorter hours with reduced income, I choose the shorter hours. If we must adopt a policy of reduced purchasing power for Government workers, let us also adopt the policy of the 5-day week. Then we may hope to salvage a great and permanent benefit for Government workers in the future and set an example to private industry, which, when adopted, will prove that our great inventions and labor-saving devices have not been a curse to human beings.

We can master these machines by shorter hours and make possible a higher standard of living and a more abundant life for the workers of this Nation.

Mr. Speaker, I noted from the chart displayed by the gentleman from Iowa [Mr. RAMSEYER], that the furlough plan will mean a reduction of $39,000,000 from the pay roll of the Postal Service, the largest and most comprehensive agency of the Government for advancing the public welfare.

If I had the time I should like to analyze the action already taken by the House in relation to this great service institution.

The estimated revenues for the fiscal year 1932 are $597,000,000 and the total expenditures for all postal and nonpostal activities will be $797,000,000.

The revenues dropped $60,000,000 in 1932 over 1931 but the deficit will increase only $52,000,000 which shows that $8,000,000 was absorbed by various economies in the service.

Now the legislation passed in this session affecting the service will apply to the fiscal year 1933.

The 1-cent tax on first-class mail is estimated to yield $135,000,000. The second-class increase will amount to $5,000,000 according to the department. The increased rates and weights approved by the Interstate Commerce Commission and the increased rates on special services passed by the House, will mean increased revenues of $34,750,000.

In other words, there is in sight an estimated increase in postal revenues of $174,750,000.

Now, if we calculate that the normal revenues will continue for 1933 at only the abnormally low returns of 1932, the total revenues for 1933 would be $772,000,000.

That is the revenue side of this equation. Let us turn to the expenditures. In 1932 the total expenditures are $797,000,000. Of this amount the total expended for salaries and wages was $555,000,000.

The decreased compensation to postal workers under the furlough plan at 8.3 per cent will amount to $39,000,000.

The elimination of automatic promotion amounts to $1,800,000.

Leaving vacancies unfilled will save $7,000,000.

The cut in travel allowance will mean a lessened cost amounting to $1,500,000.

The cut for supervisors and postmasters due to decreased receipts in the offices will mean $2,600,000.

With the night differential of 10 per cent cut in half, there will be a reduction of $2,500,000.

The total amount involved in these curtailing measures is a little over $54,000,000.

If we take this amount from the expenditures for 1932, we have $743,000,000 as the total for 1933.

In 1932 the sum of $50,000,000 was paid for air mail and merchant marine subsidies and the other policies which Con-

gress has declared to be charges against the Treasury and not the postal budget.

Taking the same figure for 1933, we find that there will be expended in that year the sum of $693,000,000 for truly postal operations.

Receipts at $772,000,000 and expenditures at $693,000,000 means that we have not simply balanced the postal budget, but have forced a surplus of $79,000,000.

Surely on such a showing under the furlough plan no one should now contend that we should go still farther and under the wage-cut proposal before us take more than $10,000,000 in addition from the pay envelopes of postal workers.

I have taken opportunity to confer with the official representatives of the leading postal organizations. These men are patriotic leaders of patriotic American workers. They know the conditions, and while they believe, as I do, that reducing purchasing power at this time will not help in this time of trouble, I believe I speak their sentiment when I say that they gladly choose the furlough plan in preference to this 10 per cent wage cut with all that is involved in it.

I hope the motion before us will be voted down and the furlough plan will be substituted for it. [Applause.]

Mr. WOOD of Indiana. Mr. Speaker, I yield three minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, a strange situation confronts us to-day in that we are called upon by the conferees to vote either for or against two plans, both of which the House has heretofore rejected. Certainly, the pay-cut plan has no right before us to-day, and the only right the furlough plan has for consideration is the fact that it was written into the bill in the Senate by friends of the workers who insisted that it was by far the best policy to adopt at this time, the only forward-looking economic policy considered at this session of Congress. The pay-cut plan is a backward economic plan and should not be countenanced by the Congress. Speaking as a member of the Post Office Committee, I am in favor of the furlough plan as proposed by the progressive Senators of both Democratic and Republican Parties in the Senate. I can say to you it will be more acceptable to the postal employees than the wage-reduction plan. Already postal receipts have been reduced in the past two years by 30 per cent. We have increased the postal rates which will further reduce postal business. We are now threatened with a 10 per cent cut in the Post Office appropriation bill, and in this very bill in the second section there is a mandatory-furlough plan that will require the Postmaster General and the head of every other department to furlough the employees in order to keep within their appropriations. The only difference between that furlough plan, which has been already accepted by the House and Senate conferees and which will be left in the bill, no matter what we do now, and the furlough plan we are now debating, is that it is a disorderly plan and it should be obviated by accepting this orderly plan. I plead with you, my colleagues, to defeat this pay-cut plan, which we repudiated before, and to accept the furlough plan as the least of evils. A furlough plan may eventually be forced on the employees of the Post Office Department, because the provisions in section 2 of the bill, the drastic cut in the appropriations, the tremendous decrease in the volume of postal business are bound to result in a furlough, but we do not want a furlough and a pay cut also. The Democratic Convention next week in Chicago will go on record for the 5-day plan, and if the gentleman from Alabama takes his pay-cut plan to the convention at Chicago, I am sure it will be voted down by the resolutions committee. The Republican Convention has approved a 5-day week. By accepting this plan we can expect to secure a permanent 5-day week for all Federal employees in the near future. A shorter work day and a shorter work week is the necessary solution of the unemployment situation that confronts the country to-day.

Our rejection of the furlough plan to-day sets the House against the 5-day week and we may expect the conferees to come back with a horizontal reduction in wages and salaries of all Government employees that will be followed by further wage cuts in private business throughout the entire country. Let us maintain wage standards and the sacrifice we make to-day will result in a greater victory for the workers everywhere. [Applause.]

Mr. McDUFFIE. Mr. Speaker, I yield three minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, the members of the Economy Committee of the House and of the Senate have labored long and hard in trying to bring in a bill whereby we would be able to reduce salaries of Government employees, including our own salaries. At this late date in the session we have come to the place where we have the privilege only of voting up the amendment of the gentleman from Alabama [Mr. McDUFFIE] or accepting the furlough plan proposed by the President. As far as I am concerned, I do not believe we will have a very great amount of savings from either of these plans. To-day down in South Carolina farmers are trucking into Washington and into the markets of the country their products and are unable to get a price that will pay them enough to pay for the trucking or the express thereon.

This Congress is now being called upon by the people of the country, including the farmers as well as every other type of citizens, requesting Congress to reduce Government expenses, including salaries, just as they have had to reduce expenses in their business. Now in the closing days of Congress you come in with this measly cut or with the furlough plan that will bring only a very small saving into the Treasury at this time. A number of amendments were offered when the House bill was under consideration, going as high as a 25 per cent cut in salaries of $10,000 and over, your salary and my salary. I voted for these amendments, but they were promptly voted down. It is no wonder that the press and the people of the country are lambasting Congress with all kinds of statements about the way that we are trying to legislate and requesting that Congress adjourn.

Mr. LANKFORD of Virginia. Mr. Speaker, will the gentleman yield?

Mr. FULMER. Yes.

Mr. LANKFORD of Virginia. The gentleman speaks of the farmers selling their products. Does he not think that if we were to spread out employment and give more by a staggering system that that would help the farmer sell his produce which he now can not sell?

Mr. FULMER. If I had my way about it, we would pass legislation, call it emergency or what not, to give the farmer a fair price for that which he produces. If you will do that, you would not be called upon to reduce anybody's salary.

Mr. LANKFORD of Virginia. But that is not before the House.

Mr. FULMER. Well, I will say to the gentleman, if I have my way about it, this type of legislation will come before the House before we adjourn.

Mr. McDUFFIE. Mr. Speaker, I yield three minutes to the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON. Mr. Speaker, I shall vote for the proposal advocated by the chairman of the committee, the gentleman from Alabama [Mr. McDUFFIE] for the reason that it proposes a larger cut in Government expenditures than does what is known as the furlough plan.

I do not think there is a great deal of difference in the two plans, as far as the results to be obtained are concerned. My only objection to both is that the reduction is not great enough. If there is any one thing that the taxpayers of this country are insisting upon, and with every reason, it is that the expenses of Government shall be curtailed or reduced. My mail is loaded down every day with requests that we reduce Government expenses. In fact the taxpayers are demanding that it be done.

In my judgment, Mr. Speaker, the first thing we should have done when Congress convened, before considering a revenue bill, before imposing additional taxes to burden those who are already heavily burdened, would have been to work out a well-considered plan of economy whereby the expenses of Government would have been reduced. We

should have balanced the Budget in this way. That is what the administration should have recommended instead of waiting until the closing hours of this Congress and then come forward with some plan which will only make slight reductions. Mr. Speaker, we should effect drastic reductions in the expenses of the Government. States are finding it necessary to economize to the limit. Counties are finding it necessary to economize. Municipalities, individuals, all classes of business and all conditions of people are finding it absolutely necessary to curtail expenses. I have the kindliest feeling for the Government employees, but those who are so fortunate as to have Government positions at this time, whose salaries are secure and safe and certain, should, with patriotic spirit voluntarily come before Congress and request their salaries to be reduced.

Mr. Speaker, we, the representatives of the people in the Congress, should show our good faith first by reducing our own salaries at least 20 or 25 per cent. Then we could with perfect justification proceed to reduce the salaries of others who work for the Government. The cuts should be smaller in salaries in the lower brackets; that is, from $1,200 to $2,000 per annum. In my judgment, they should be reduced 5 per cent; from $2,000 to $5,000, 10 per cent; from $10,000 to $20,000, 25 per cent, and above that a still greater reduction should be made.

Had this course been pursued, it would not have been necessary to impose additional taxes to burden the people at a time when they are unable to bear present burdens. If we are not willing to meet this just demand of our constituents, or if we fail to do so, in my opinion, they will send representatives here who will respond to their requests. Not a dollar of additional taxes should have been imposed until the most rigid economy possible, consistent, of course, with efficiency in Government, had been brought about.

It would not be necessary to explain to the people why burdensome and irritating taxes had been imposed if we had at the outset reduced expenses of the Government in keeping with present conditions existing throughout the country.

Mr. WOOD of Indiana. Mr. Speaker, I yield three minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I listened with interest to the advocacy of the pay-cut plan offered by the chairman of the conferees of the House in preference to the furlough plan, and I listened to the discussion by the distinguished chairman of the Committee on Appropirations of this body. The only argument for the pay-cut plan rather than the furlough plan was that it could be more readily understood by the intellectually indolent. [Laughter and applause.] There is no question at all that equal if not greater savings will result from the furlough plan rather than the pay-cut plan, but the pay cut provides a reduction in salary without any change of the days and hours of employment. With the savings effected throughout the appropriation bills and reduced appropriations for the various bureaus and divisions of the departments it will mean a discharge of thousands of employees who can be saved on the pay rolls if each of them will do a little less work and take a little less money. [Applause.] Because it is harder to understand the furlough plan than the pay-cut plan is no reason why we should be so mentally lazy as to turn thousands of employees out on the street to swell the army of unemployed when it is not necessary. [Applause.] Let no one fear to vote against the pay cut and vote for the furlough plan, lest the pay-cut plan carry, and he be in a position where apparently he may have voted against economy, because everybody interested in this question throughout the length and breadth of the land knows that the alternative is between the brutal pay cut, and the humane thing is the furlough system. That is the issue we will vote on.

Mr. McDUFFIE. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. McDUFFIE. Why is it that every other nation, every State, every municipality has dealt with it in the way that the gentleman says can be understood by the intellectually indolent?

Mr. LEHLBACH. That is the reason why we, the representatives of the people in their Federal Legislature, should point the right way. [Applause.]

Mr. WOOD of Indiana. Mr. Speaker, I yield three minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Speaker, this House has before it at this time an opportunity to accomplish more for working America than has been presented to this House at any time during my 14 years' service here. Everyone present knows that in this country to-day there are more than 8,000,000 workers out of employment. Everyone ought to know that one of the contributing factors to that unemployment is the production and use of labor-displacing machinery in this country, together with the continuation of the 6-day week and the 8-hour day. Everyone ought to know that our production capacity because of these labor-displacing devices has reached a point where we can supply everything we can consume in eight or nine months in the year if we continue to operate our institutions the accustomed number of hours per week. Everyone ought to know unemployment had become a serious problem in this country even in 1928 and 1929, the years when prosperity was at its height, and all because of the conditions I have just described. Everyone ought to know also that the time has come when mass production and the operation of labor-saving machinery for six days a week and eight hours a day has to stop. Otherwise we will have a continually growing army of unemployed.

The gentleman from Pennsylvania [Mr. KELLY] stated a moment ago that if we could adopt a 5-day week in this country, all of the 8,000,000 men who are now unemployed will be put back to work. We must go farther than that. We must establish not alone the 5-day week but in times of stress, such as we have now, we must reduce the hours of work per day.

Statistics show us that if we could distribute the present available work among all desiring work and put them upon a 5-day-week and a 6-hour-day basis, every unemployed man in this country could go to work; bread lines would disappear; those ragged, hungry, penniless, disheartened bonus marchers who are here would not be here to-day. They would each have a job, and, after all, that is what they most desire. There would be a job for everybody everywhere in this country, with a remuneration that would at least give to every family in the country the necessities of life.

I say to you, my friends, that the thing that confronts this House is the selection of the road which we must follow in the years to come. To adopt the pay-cut slash with no reduction of either the days per week or the hours per day, offered by the gentleman from Alabama [Mr. McDUFFIE], is to discourage all attempts to find the real solution of the problem facing the country, to retard or delay for no one knows how long, a return to more normal conditions, and after such return to hasten another advent of the present distressing conditions.

To adopt the 5-day week furlough plan is to really install the 5-day foundation upon which the work week should be based to give needed encouragement to industry everywhere to do likewise. When this has been accomplished we will have a happier, a more prosperous, a more contented people. By all means this House should go on record as favoring the policy which definitely will accomplish this result. [Applause.]

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. WOOD of Indiana. Mr. Speaker, I yield four minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, no man appreciates better than I do the importance of economy at this time and that the people of the United States are looking to us for economy measures. No man has worked harder than I have from the beginning of this session of Congress to keep down the appropriations. I also appreciate the fact that we must go even farther than that.

I fully appreciate the importance of the statement made by the chairman of your committee that it is impossible to overlook the $1,336,000,000 paid for Federal salaries. I agree with him that there must be at this time some decrease in that amount of money. The only difference between the gentleman from Alabama [Mr. McDUFFIE] and myself is the way in which to accomplish that result.

Personally, I am in favor of the furlough plan for two definite reasons. I am in favor of it, first, because it adopts the principle of the 5-day week. When this country gets back to the condition where every laboring man in America is employed for five days a week we will be mighty happy. [Applause.]

I am confidentially informed that several of the largest corporations of the United States at the present time either have adopted or immediately are going to adopt the 5-day-work week, and it is all right for the Federal Government to set the example.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. McDUFFIE. The gentleman from New York left the impression that by the adoption of the furlough plan we would soon be back to that happy condition in this country.

Mr. SNELL. We hope we are on the way toward realizing that condition, and I am sure we will arrive there quicker by the furlough plan than by adopting the straight-cut plan, for we will not separate any man from the pay roll under the furlough plan—just give him a month vacation without pay.

Mr. McDUFFIE. Then you will not save any money, will you?

Mr. SNELL. We are going to give every man, under the furlough plan, a month's vacation without pay, and that will save just about the same amount of money. Furthermore, I am opposed to reducing the basic-wage rate at the present time. This wage rate, or scale of Government employees' salaries, has been arrived at after very careful consideration by Congress and various committees, and we should not by one stroke of the pen cut it all off and destroy it.

This is exactly the same proposition the President suggested to the employers of labor two years ago: Stagger your employees, try and keep them all on the pay roll, give them all some work at a reasonable wage, and then the money will be equally distributed among all.

There is nothing indefinite about the furlough plan. Every single man or woman gets a month's leave without pay, and those employees that are indispensable have their wages cut 8⅓ per cent. So economy is accomplished clear down and it is absolutely definite. There is nothing indefinite about it, nothing that you can not understand.

Mr. PARSONS. How will there be any saving when you propose to add 35,000 employees to the pay roll?

Mr. SNELL. You simply put them on part-time pay, when the regulars are laid off.

Mr. PARSONS. If you do that you will only have a saving of $48,000,000 in the bill.

Mr. SNELL. No; you save just as much money, or a very little different amount than the 10 per cent straight cut.

And we must vote down this amendment in order to get a straight vote on the furlough plan.

Mr. McDUFFIE. I yield to the gentleman from Arkansas [Mr. FULLER] such time as he desires.

Mr. FULLER. Mr. Speaker, I favor the pay-cut plan because it is definite and certain. The furlough program, commonly called the staggering plan, is indefinite and uncertain.

Those who are most opposed to the pay-cut plan base their opposition upon the grounds that it sets a bad precedent to cut Government salaries. What the people of the country are demanding is a cut in Federal salaries. The cost of living has been reduced in the country generally in the neighborhood of 20 per cent; certainly Government employees ought to be willing to accept a 10 per cent cut. This proposition will make a savings of $112,500,000, whereas it is claimed that only $80,000,000 will be saved by the furlough plan. This furlough plan provides for a 5-day week. It means that an employee shall only work five days in the week and that some one else will be hired to fill in the rest of the week. I can not understand how there will be a saving to the Government by reason of this procedure, and no one can explain it successfully. The pay cut will not only be more economical and save the taxpayers more money but it will work to the great interest and benefit of the employees. Industries and railroads have cut their employees' salaries, and it is nothing more than right that Government employees should take a cut in their salaries.

This Congress has passed a tax bill to produce more than a billion dollars for the year ending June 30, 1933. Government employees should not complain at accepting a cut. I know that the Federal employees in my district are willing to accept a 10 per cent cut, and I know they will not be hurt as much by this cut as they would by the adoption of the furlough plan, which requires them to take a month's vacation without pay. Where these vacations are taken some one has to take their place and draw the same salary. In my opinion, the so-called furlough or staggering plan is just an easy way of putting this matter over until after the election and will amount to no saving and no economy for the Government. Both plans provide for the same cut in the Congressman's salaries. Considering the reduction in a Congressman's salary of $1,000, the increase he will have to pay on his income tax, the deductions for clerk hire, stationery, and mileage will mean that each Congressman is contributing in the neighborhood of $2,000 to this economy program, and none are complaining.

If we do not practice economy in the reduction of salaries, men are going to be sent to this Congress next fall who will make a radical reduction. The people of this Nation are justly demanding it, and it is poor policy to advocate that a pay cut should not be made simply because it would set a bad precedent. If we adopt a 5-day week plan—mark my prediction—with the organization back of the civil-service employees, they will come to future sessions of Congress and continue until they are successful in having enacted a law giving them their full pay for a 5-day week. It will mean more people on the pay roll and a greater expense instead of economy for the Government. The furlough plan is not practicable and not workable. It is just a question of deciding upon a certain plan of economy for an uncertain experiment.

Mr. McDUFFIE. Mr. Speaker, I yield two minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Speaker, the country is demanding economy in government. We have under consideration the conference report of the Economy Committee for the reduction of Federal salaries.

TWO PLANS

There are two methods. One is the reduction of 10 per cent of all salaries in excess of $1,000, known as the pay-cut plan, and the other method is the so-called furlough or staggering plan, advocated by President Hoover, which contemplates 12 months' work for 11 months' pay. The 10 per cent or pay-cut plan is definite and certain and would result in reductions in salaries aggregating $112,500,000. The furlough plan is indefinite and uncertain and is estimated to save in salaries $80,000,000.

It is said that the furlough plan provides for less work and less salary. It is advocated under the guise of promoting the 5-day week in industry. If the purpose is to do less work, there will not be much economy. Economy can only result by doing the same work for a smaller salary. The 5-day week really contemplates less compensation for fewer days. If industry is to pay the same compensation for five days' work that is being paid for six days' work, there will be no economy and there will be no opportunity for increasing the number of workers.

FURLOUGH INDEFINITE

Again it is said that the furlough plan will enable the Government to retain thousands of employees more than could be retained under the pay-cut plan.

It is urged that under the furlough plan 30,000 additional workers will be given employment. Where are the savings? Where are the ultimate reductions? Where does the taxpayer come in?

When the economy measure was being considered by the House on April 30, I stated that the real opportunity for economy in government was the reduction of the salaries of Federal employees. The statement stands. The Federal Budget is approximately $4,000,000,000. Federal salaries aggregate $1,341,670,730. We might as well face the facts. Economy in government means the reduction of salaries and it means the elimination of useless and unnecessary employees. One-third of the Budget is for salaries and one-fourth is for veterans.

Those who advocate the furlough plan are side-stepping the issue. The taxpayer is demanding economy. Where would be the benefit if one employee is retained at the same salary and then furloughed, to be replaced by a substitute at the same or similar salary? The President has been preaching economy. The furlough plan, as proposed by him, would enable the Chief Executive to expend the one-twelfth of all salaries in employing other Government clerks and officials. There would be no real economy. The argument for a 5-day week to support the furlough plan is deceptive and fallacious. There is a place for the 5-day week. It is not necessary, however, in order to foster the 5-day week, for the Government to pay for six days and only get five days' work.

The gentleman from New Jersey [Mr. LEHLBACH], frankly admitted that no State or municipality had adopted the furlough or staggering plan. He asserted that Congress will be setting the example to both States and municipalities, as well as to industry. But it will be a sorry example. Can it be that the 435 Members of the House and the 96 Members of the Senate are right, and that all of the States, municipalities, and industries of the country are wrong? Can it be that the wisdom of Congress surpasses the combined wisdom of the Nation? I suggest that we ought to follow wise examples rather than set unwise precedents. Congress should follow the examples of economy set by all States and municipalities, as well as by industry.

PAY CUT DEFINITE

I observe that the Members of Congress who opposed any salary reductions whatsoever are now supporting the staggering plan. I am, therefore, confirmed in the view that the reduction by the pay-cut plan is more economical. In other words, the definite and certain economy under the pay-cut plan would result in savings to the Government of at least $33,000,000 more than under the furlough plan. Those who opposed any salary reduction at all recognize this fact.

It is interesting that the opponents of salary reductions are now advocating the furlough plan. Evidently the taxpayers are being heard from. The issue should be met squarely. Taxpayers are asking for real reductions and not furloughs.

The furlough plan is indefinite in many particulars. It is difficult to determine whether it contemplates the payment of eleven-twelfths of the existing salaries by the month or whether the same salary shall be paid and work done for the last month without any salary. There is a stipulation in the bill, however, that provides for impounding the savings of salaries for one month. This provision should be safeguarded. There should be no provision for the employment of substitutes or additional employees out of this fund. Otherwise there will be no real economy.

REAL SAVINGS

The President of the United States urges economy. It is to be regretted that the administration is opposing the definite and certain economies, which all can understand, provided in the percentage reduction of all salaries and wages. The furlough plan is calculated to mislead. In pleading for the furlough plan the President has urged that opportunity will be given for taking on additional workers. In the next breath the President of the United States complains that Congress has not given him full authority to reorganize the executive departments of the Government, without any report to Congress. What does the reorganization of government mean? What does the elimination of waste mean? What is involved in governmental extravagance? Nothing more or less than the elimination and discharge of unnecessary employees. Reorganization without the elimination of unnecessary employees is worse than useless. It means no economy whatsoever. If the President side-steps the issue by substituting furlough for percentage reduction, he can very easily side-step the issue by reorganizing and combining with no resulting economy, for economy will come only and largely by the elimination of Federal employees. If our sympathy for those who are to lose employment is to get the better of our judgment there will never be any elimination of waste and duplication. It is noticeable that those who opposed the reduction of salaries of Government employees 60 days ago have reversed themselves. They see the fallacy of their former arguments. If high salaries with oppressive taxes will relieve the depression, it would follow that increased salaries with still higher taxes would cure the depression. Such an argument is absurd.

GOVERNMENT EMPLOYEES

The only people who have not been affected by world-wide economic conditions have been Government employees. Thus far their salaries have not been reduced. Ten million men and women are out of work to-day. Railroads are unable to earn their fixed charges. Stocks have declined from $200 to $10 in many cases. Invested capital is bringing smaller and smaller returns. Farm commodities are selling at new low prices. The Government employees who oppose salary reductions are selfish. If they oppose reductions during the depression, how can they be heard to advocate increases in prosperous times? All must bear their share of the public burdens.

The National Industrial Conference Board finds that during the past two years wages have been cut 14 per cent, subordinate salaries 16 per cent, and the salaries of executives over 20 per cent. The Government should follow the example of industry. When the economy bill was being previously considered in the House I urged a greater percentage of reduction in the higher salaries. I advocated graduated reductions. I maintained then, and I maintain now, that the higher salaries should be reduced, and I will gladly vote again for a 25 per cent reduction in salaries of $10,000 and more. There should be a greater percentage of reduction in the higher salaries than in the lower salaries. Under the pending bill the salaries of Members of Congress are reduced $1,000, office assistance one-twelfth, and mileage one-third.

It is fair to say, however, that the Classification Board of the Federal Government reports that Government employees receiving salaries of $2,000 and less are receiving larger compensation than is paid for comparable work in private enterprises.

I have voted for every economy measure thus far proposed. I shall continue to support all measures for retrenchment in Government. I prefer that Government employees take a reasonable reduction, as otherwise an outraged public will demand reduction not only in salaries but reduction in the number of employees. The wise policy is for all employees to accept gracefully and thankfully a reasonable reduction in their salaries. I have no patience with those who say that the morale of Government employees will be lowered by the reduction of their salaries. It is a reflection upon their loyalty and their patriotism. If they are not satisfied, others will gladly take their places and at greatly reduced salaries.

It has been said that "patriotism consists just as much in believing in one's country in a depression as in fighting for it in war." All should do their bit and play their part as good soldiers. There is no place for the selfish nor is there any place for the slacker.

On January 1, 1932, aside from the military and naval forces, there were 741,775 Federal employees, and of these 525,342 were permanent employees and 216,433 temporary employees. It becomes important, therefore, I repeat, if the

furlough plan is adopted, to impound the savings, if there is to be real economy, otherwise, every dollar taken from one employee will be given to another and no savings will result.

DEPRESSION

On March 21, 1932, Justice Brandeis, of the Supreme Court of the United States, in a notable opinion, among other things, said: "The people of the United States are now confronted with an emergency more serious than war." Many causes for the depression are assigned. Unbridled competition, labor-saving machinery, high and unduly excessive tariffs, unjustifiable inflation and wild speculation have been advanced as causes. All thinking men agree, however, that increased expenditures in government have had much to do with the depression. If these expenditures caused the crisis, their reduction will cure the depression.

The capitalistic system is on trial. There are those who advocate a choice between salvaging capitalism and embracing communism. The destiny of the United States, as well as the fate of democracy everywhere, is largely in the hands of Congress. The need of the hour is courageous statesmanship. To me the path of duty is plain. If citizens must economize, so must the Government. The steps are few but important. The expenses of government must be reduced; secondly, there should be no appropriations or new charges which are not necessary except for humanitarian purposes; and thirdly, taxes with as broad bases as possible should be levied to balance the Budget.

I therefore oppose the so-called relief bills providing for billions of dollars for public buildings in aid of unemployment. We now know that further borrowing by the Government means bankruptcy. The Government can no longer underwrite business. It is like administering oxygen and like blood transfusions. There is a saturation point in both appropriations and taxation. The Government can only spend as it collects. Governmental extravagance and overtaxation, like overdevelopment in industry, must be eliminated. We have had enough of palliatives and of artificial stimulants. We oppose a dole to the individual. We likewise oppose doles to industry and agriculture. They are temporary measures, but they will be burdensome to the taxpayers. They do not lead to the fundamental solution of our difficulties. There must be revival of trade and commerce. There must be the restoration of commodity prices. Confidence must be restored, faith must be instilled, and hoarding must stop. We should come more and more to realize that it is the duty of the citizen to support the Government and not the function of the Government to support the citizen.

Many causes contributed to the depression. There was extravagance in government and industry. There was mad speculation in the boom years. We sold our future in wheat, cotton, iron, and steel in advance. Sometimes we sold by wholesale and at other times in installments. Billions were loaned abroad by our bankers and foreign securities scattered throughout the Nation have shrunk in value. We know the way in. We are trying to find the way out. We now realize that it is not an easy way.

Government expenses must come down and duplication and overlapping must be eliminated. Bureaucracy, while firmly intrenched, must be reduced and controlled. It will take rare courage to do the job.

MOUNTING EXPENDITURES

Taxes—local, State, and national—took 6.4 per cent of the national income in 1913, and 14.4 per cent in 1930. Our income has decreased, and for the year 1932 the total tax burden will be approximately 20 per cent of the national income. The national income in our prosperous years amounted to about $70,000,000,000, and $14,000,000,000 of this amount was taken by the tax collector in 1929. This is twice the gross value of the farm production in 1929. The people are contributing directly or indirectly $33,000,000 a day for the support of local and State governments and $13,000,000 additional for the Federal Government. The Government takes the equivalent of one day's work a week for all of us in one form or another.

Whether we know it or not, we pay it just the same. Taxes have mounted silently but steadily. They have come upon us like a thief in the night. We did not mind so much in the fat years, but they are unbearable these lean years. At least 20 cents of every dollar earned on capital and labor goes to the expense of government, local, State, and National. Every man, woman, and child has to pay $100 a year to live in this free country. If not paid directly, it is paid indirectly in the increased cost of living.

It is fair to say, however, that the burden of taxes for the most part is local. The city taxes, county taxes, and State taxes are the taxes that are hurting and destroying. The taxes for schools and highways are burdensome. This is no excuse, however, for failing to reduce Federal taxes.

Statistics furnished by the Bureau of the Census show that State revenues increased from $458,232,597 in 1915 to $2,243,110,687 in 1930, while the expenditures increased from $494,907,084 to $2,290,270,069. There was a deficit, notwithstanding the tremendous increases in taxes of $1,290,270,059.

Counties have followed the same course. Revenues have been exceeded by expenditures. The revenues for 1912 were $370,043,046. The expenditures were $385,181,760. The gross debts were $395,207,409. In 10 years, the taxes collected amount to $745,000,000, and the gross debts were $1,386,430,000.

No factor contributed more to the economic distress that now prevails than the excess of current expenditures over current revenues in government. Deficits are largely responsible for the depression, hence the necessity for balancing all governmental budgets.

EXPENDITURES 1927 AND 1932

Members of Congress have received many letters from their constituents based upon statements that have been sent out by the Du Pont Co., of Delaware, the Standard Oil Co., Armour & Co., Marshall Field & Co., and other large institutions as to the increase in Federal expenditures from the year 1927 to the year 1932. The statement points out that there was expended by the major departments in 1927 $1,964,000,000, while the expenditures for 1932 amounted to $3,195,000,000. It was stated that there was an increase of $1,231,100,000. The statement unless explained and analyzed is startling. I do not undertake to justify Congress in the many expenditures that have been made. I believe that the Federal Budget should be reduced materially. It is fair to say that one-half of the Budget of approximately $4,000,000,000 is for fixed charges. The interest and sinking funds aggregate $1,000,000,000.

Veterans' relief takes another billion dollars. The ordinary expenditures are therefore approximately $2,000,000,000. Congress, during the present session, has already reduced the expenditures for 1933 by approximately $800,000,000. In his recommendations to Congress, the President asked for the expenditure of $369,000,000 less than the estimates for 1932. Congress has reduced the President's estimate by approximately $450,000,000. Apparently the President gets credit for economies while Congress really makes them. The apparent difference between the Budgets for 1927 and 1932 is easily explained. Practically all increases were due to emergency appropriations or are made in the interest of highways, agriculture, veterans, and public buildings. The postal deficit was approximately $167,000,000, the agricultural marketing fund was approximately $155,000,000, the merchant marine took $75,000,000, aircraft construction $47,000,000, veterans' expenses $246,000,000, and war claims $37,000,000, accounting for practically the differences referred to in the statement of $1,231,100,000.

In reality, there was an increase of only $69,000,000 from 1927 to 1932. It represented aid to agriculture, strengthening the activities of the Department of Justice, and providing facilities at the penal institutions, immigration and naturalization activities, and providing for the decennial census of 1930. The truth is that if we eliminate veterans' relief, public construction, and items having to do with creating labor for the unemployed, the proposed Budget for 1933 is

the lowest the Government of the United States has had since pre-war days.

In common with other Members of Congress, I welcome the interest of the citizen and taxpayer in governmental expenditures. I know that every American is ready to do his bit in paying necessary taxes, but he has the right to insist that these taxes be expended for the general welfare and not disbursed for the benefit of any particular class or group.

In the world-wide depression, it seems that everybody knows what ought to be done but nobody can do it. We have learned, however, that we have had enough credit. We now know that producers of cotton, corn, and wheat need prices and not credit. We know that labor needs work and not a dole. While we can not tax ourselves out of the depression, we know that there can be no return to stability and prosperity unless we pay as we go. The organized minorities have brought us to ruin in Government expenditures, but the unorganized majorities are now demanding that special favors be shown to none, that equal rights be given to all and that justice obtain in legislation.

While the depression is worse than war, the morale of the American people has always conquered. A spirit of defeatism is more dangerous now than it would have been in 1917. Panic and despair would precipitate indescribable disaster. Calm courage and triumphant confidence will win in the future as the combination of faith and work has always won in the past. The United States has never lost a war and will not lose this one. Economy is more desirable than taxation, and taxation is better than borrowing, but the reduction of the costs of government is the first step toward economic recovery. [Applause.]

Mr. McDUFFIE. Mr. Speaker——

Mr. GRIFFIN. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. GRIFFIN. It has been represented to me that if we vote for this pay-cut plan we are going to disturb the basis upon which retirement pay is determined.

Mr. McDUFFIE. I can not agree with the gentleman at all.

Mr. GRIFFIN. And that we will lessen the pay of Federal employees who are on the retired list.

Mr. McDUFFIE. That is true, if the retired pay amounts to more than $1,200; but it does not affect retired pay of enlisted men of the various services. Are you here to-day to fix a policy? On the other hand, are you here to-day to save something for the taxpayers of America? That is the question to be decided. The President of the United States has told the country that he will need $150,000,000 in addition to the savings in this bill. I would not be surprised if he needs $500,000,000 on the 1st day of July instead of $150,000,000. Here is an opportunity to come to the relief of the taxpayers and to save at least a part of the funds that the President of the United States says are absolutely necessary if we are to continue on an even keel financially in running the Government.

We live here in Washington in this keyed-up atmosphere and under pressure. We are surrounded by lobbyists of this minority and of that minority. These fine and splendid gentlemen and ladies are urging you to do this and do that, but do not be swept off of your feet, gentlemen, by them.

Go back in your minds to your homes. Think of those back home and the people who put up the money to pay these salaries. I appeal to you gentlemen on that side to join with us in a definite saving of at least $112,500,000. If this Congress does not take some affirmative action in making a reasonable cut in the salaries of those who are on the payroll of the Government let me warn you that the next Congress is coming here with a mandate and it will cut until it hurts. [Applause.] The people back home are going to speak to the next Congress in no uncertain terms. In behalf of the employees themselves, regardless of what Mr. Green says and regardless of what Mr. Steward says, I beg of you to save the employees from themselves and make a reasonable cut now, without serious hurt to anybody. It will place employees in better light before the country. In the light of the lower cost of living, the next Congress, representing the taxpayers will, I fear, cut salaries and in a way that will hurt the employees more than they can be hurt by this program. [Applause.]

In the next Congress you will see here the representatives of the taxpayers who will urge their cause before Congress. The great unorganized majority is going to organize; they will speak and in no uncertain terms. Let us not forget them to-day. Their eyes are upon us now and they will call us to give answer for what we do here.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired. All time has expired.

Mr. McDUFFIE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Alabama to recede and concur in the Senate amendment with an amendment.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 127, nays 243, answered "present" 4, not voting 56, as follows:

[Roll No. 102]

YEAS—127

Allgood	Dies	Lambeth	Pou
Almon	Dominick	Lanham	Rankin
Arnold	Doxey	Lea	Rayburn
Ayres	Driver	Linthicum	Romjue
Bankhead	Ellzey	Lozier	Sabath
Barton	Fishburne	McClintic, Okla.	Sanders, Tex.
Bland	French	McDuffie	Shallenberger
Blanton	Fulbright	McGugin	Simmons
Brand, Ohio	Fuller	McKeown	Sparks
Briggs	Fulmer	McLaughlin	Stafford
Browning	Garrett	McMillan	Steagall
Bulwinkle	Gilbert	McReynolds	Stevenson
Burch	Glover	McSwain	Stokes
Burtness	Green	Mansfield	Sumners, Tex.
Busby	Gregory	Miller	Swank
Byrns	Guyer	Milligan	Taber
Canfield	Hall, Miss.	Mitchell	Tarver
Cannon	Hall, N. Dak.	Mobley	Taylor, Colo.
Carden	Hare	Montague	Taylor, Tenn.
Cartwright	Hart	Montet	Thomason
Carey	Hill, Ala.	Moore, Ky.	Vinson, Ga.
Chapman	Hoch	Morehead	Vinson, Ky.
Clague	Holaday	Nelson, Mo.	Warren
Clark, N. C.	Hope	Norton, Nebr.	Weaver
Collier	Howard	Oliver, Ala.	West
Collins	Huddleston	Palmisano	Whittington
Cooper, Tenn.	Jeffers	Parker, Ga.	Williams, Mo.
Cox	Johnson, Okla.	Parks	Wingo
Cross	Johnson, Tex.	Parsons	Wood, Ind.
Crump	Jones	Patman	Woodrum
Davis	Kerr	Patterson	Wright
DeRouen	Kniffin	Polk	

NAYS—243

Adkins	Cole, Iowa	Garber	Karch
Allen	Cole, Md.	Gavagan	Kelly, Ill.
Amlie	Colton	Gibson	Kelly, Pa.
Andresen	Condon	Gilchrist	Kemp
Andrew, Mass.	Connery	Goldsborough	Kendall
Andrews, N. Y.	Connolly	Goodwin	Kennedy
Auf der Heide	Cooke	Goss	Ketcham
Bachmann	Cooper, Ohio	Granfield	Kinzer
Bacon	Coyle	Greenwood	Kleberg
Baldrige	Crail	Griffin	Knutson
Barbour	Crowe	Griswold	Kopp
Beam	Crowther	Hadley	Kunz
Black	Culkin	Haines	Kurtz
Bloom	Cullen	Hall, Ill.	Kvale
Boehne	Curry	Hancock, N. Y.	LaGuardia
Boileau	Dallinger	Hancock, N. C.	Lambertson
Bolton	Darrow	Hardy	Lamneck
Bowman	Davenport	Harlan	Lankford, Ga.
Britten	Delaney	Hartley	Lankford, Va.
Brumm	Dickstein	Haugen	Larrabee
Brunner	Dieterich	Hess	Larsen
Burdick	Douglass, Mass.	Hill, Wash.	Leavitt
Butler	Doutrich	Hogg, Ind.	Lehlbach
Cable	Dowell	Hollister	Lewis
Campbell, Iowa	Dyer	Holmes	Lichtenwalner
Campbell, Pa.	Eaton, Colo.	Hooper	Lindsay
Carley	Eaton, N. J.	Hopkins	Lonergan
Carter, Calif.	Englebright	Hornor	Loofbourow
Carter, Wyo.	Erk	Horr	Lovette
Cavicchia	Evans, Calif.	Houston, Del.	Luce
Celler	Evans, Mont.	Hull, Morton D.	Ludlow
Chase	Fernandez	Hull, William E.	McClintock, Ohio
Chinblom	Fiesinger	Jacobsen	McCormack
Chiperfield	Fish	James	McFadden
Christgau	Fitzpatrick	Jenkins	McLeod
Christopherson	Foss	Johnson, Mo.	Maas
Clancy	Frear	Johnson, Wash.	Magrady
Clarke, N. Y.	Free	Kading	Major
Cochran, Mo.	Gambrill	Kahn	Maloney

Manlove	Prall	Sinclair	Timberlake
Mapes	Pratt, Ruth	Smith, Idaho	Tinkham
Martin, Mass.	Purnell	Smith, Va.	Treadway
Martin, Oreg.	Ragon	Snow	Underhill
Mead	Ramseyer	Somers, N. Y.	Underwood
Michener	Ramspeck	Stalker	Wason
Millard	Ransley	Stewart	Watson
Moore, Ohio	Reed, N. Y.	Strong, Kans.	Weeks
Mouser	Reilly	Strong, Pa.	Welch
Nelson, Me.	Robinson	Stull	White
Nelson, Wis.	Rogers, Mass.	Sullivan, N. Y.	Whitley
Niedringhaus	Rudd	Summers, Wash.	Wigglesworth
Nolan	Sanders, N. Y.	Sutphin	Williamson
O'Connor	Sandlin	Swanson	Wilson
Oliver, N. Y.	Schafer	Sweeney	Withrow
Overton	Schneider	Swick	Wolcott
Parker, N. Y.	Schuetz	Swing	Wolfenden
Partridge	Seger	Temple	Wolverton
Perkins	Seiberling	Thatcher	Woodruff
Person	Selvig	Thurston	Wyant
Pettengill	Shannon	Tierney	Yates
Pittenger	Shott	Tilson	

ANSWERED "PRESENT"—4

Crisp	Doughton	Rich	Snell

NOT VOTING—56

Abernethy	Corning	Gillen	Pratt, Harcourt J.
Aldrich	Crosser	Golder	Rainey
Arentz	De Priest	Hastings	Reid, Ill.
Bacharach	Dickinson	Hawley	Rogers, N. H.
Beck	Disney	Hogg, W. Va.	Shreve
Beedy	Douglas, Ariz.	Igoe	Sirovich
Bohn	Drane	Johnson, Ill.	Smith, W. Va.
Boland	Drewry	Johnson, S. Dak.	Spence
Boylan	Estep	Keller	Sullivan, Pa.
Brand, Ga.	Finley	May	Tucker
Buchanan	Flannagan	Murphy	Turpin
Buckbee	Freeman	Norton, N. J.	Williams, Tex.
Chavez	Gasque	Owen	Wood, Ga.
Cochran, Pa.	Gifford	Peavey	Yon

So the motion to recede and concur in the Senate amendment with an amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Douglas of Arizona (for) with Mrs. Norton (against).
Mr. Corning (for) with Mr. May (against).
Mr. Gasque (for) with Mr. Boylan (against).
Mr. Dickinson (for) with Mr. Beedy (against).
Mr. Rich (for) with Mrs. Estep (against).
Mr. Wood of Georgia (for) with Mr. Shreve (against).
Mr. Rainey (for) with Mr. Snell (against).
Mr. Crisp (for) with Mr. Bacharach (against).
Mr. Doughton (for) with Mr. Aldrich (against).
Mr. Tucker (for) with Mr. Boland (against).

Until further notice:

Mr. Hastings with Mr. Johnson of South Dakota.
Mr. Keller with Mr. Reid of Illinois.
Mr. Williams of Texas with Mr. Gifford.
Mr. Abernethy with Mr. Buckbee.
Mr. Drewry with Mr. Arentz.
Mr. Brand of Georgia with Mr. Beck.
Mr. Disney with Mr. Finley.
Mr. Smith of West Virginia with Mr. Hawley.
Mr. Rogers with Mr. Pratt.
Mr. Spence with Mr. Turpin.
Mr. Crosser with Mr. Murphy.
Mr. Buchanan with Mr. Cochran of Pennsylvania.
Mr. Flanagan with Mr. Hogg of West Virginia.
Mr. Drane with Mr. Golder.
Mr. Sirovich with Mr. Bohn.
Mr. Igoe wth Mr. De Priest.
Mr. Yon with Mr. Sullivan of Pennsylvania.
Mr. Gillen with Mr. Freeman.
Mr. Chavez with Mr. Peavey.

Mr. DIETERICH. Mr. Speaker, I wish to announce that my colleague the gentleman from Illinois, Mr. KELLER, is unavoidably absent. If present at this roll call, he would vote "no."

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from New Hampshire, Mr. ROGERS, is unavoidably absent on account of the illness of his wife. If he were here, he would vote "no."

Mr. CULLEN. Mr. Speaker, my colleagues, Mr. BOYLAN and Mr. SIROVICH, both of whom are ill, are unable to be here. If present, they would vote "no."

Mr. CRISP. Mr. Speaker, may I ask if the gentleman from New Jersey, Mr. BACHARACH, is recorded?

The SPEAKER pro tempore. The gentleman from New Jersey did not vote.

Mr. CRISP. Mr. Speaker, I had a pair with the gentleman. I therefore ask to withdraw my vote of "yea," and to be recorded as present.

Mr. TEMPLE. Mr. Speaker, my colleague the gentleman from Pennsylvania, Mr. COCHRAN, is unavoidably absent. I am requested to say that if he were here he would vote "no."

Mr. SNELL. Mr. Speaker, I have a pair with the gentleman from Illinois, Mr. RAINEY. If he had been present, I understand he would have voted "aye." I therefore withdraw my vote of "no," and answer "present."

Mr. RICH. Mr. Speaker, I wish to inquire if the gentleman from Pennsylvania, Mr. ESTEP, has voted.

The SPEAKER pro tempore. The gentleman is not recorded.

Mr. RICH. I have a pair with the gentleman from Pennsylvania, and if he were present, I understand he would vote "no." I therefore request that I be recorded as present.

Mr. DOUGHTON. Mr. Speaker, I have a general pair with the gentleman from Rhode Island, Mr. ALDRICH. Had he been present, he would have voted "no." I inadvertently voted "aye." I therefore withdraw my vote and let the pair stand.

The result of the vote was announced as above recorded.

Mr. McDUFFIE. Mr. Speaker, I move that the House recede and concur in the Senate amendment with the following amendment:

The Clerk read as follows:

Mr. McDUFFIE moves that the House recede from its disagreement to the amendment (Senate amendment No. 46) and concur in the same with an amendment as follows:

TITLE I.—FURLOUGH OF FEDERAL EMPLOYEES

FURLOUGH PROVISIONS

SEC. 101. During the fiscal year ending June 30, 1933—

(a) The days of work of a per diem officer or employee receiving compensation at a rate which is equivalent to more than $1,000 per annum shall not exceed five in any one week, and the compensation for five days shall be ten-elevenths of that payable for a week's work of five and one-half days: *Provided*, That nothing herein contained shall be construed as modifying the method of fixing the daily rate of compensation of per diem officers or employees as now authorized by law: *Provided further*, That where the nature of the duties of a per diem officer or employee render it advisable, the provisions of subsection (b) may be applied in lieu of the provisions of this subsection.

(b) Each officer or employee receiving compensation on an annual basis at the rate of more than $1,000 per annum shall be furloughed without compensation for one calendar month, or for such periods as shall in the aggregate be equivalent to one calendar month, for which latter purpose 24 working days (counting Saturday as one-half day) shall be considered as the equivalent of one calendar month: *Provided*, That where the nature of the duties of any such officer or employee render it advisable, the provisions of subsection (a) may be applied in lieu of the provisions of this subsection: *Provided further*, That no officer or employee shall, without his consent, be furloughed under this subsection for more than five days in any one calendar month: *Provided further*, That the rate of compensation of any employee furloughed under the provisions of this act shall not be reduced by reason of the action of any wage board during the fiscal year 1933.

(c) If the application of the provisions of subsections (a) and (b) to any officer or employee would reduce his rate of compensation to less than $1,000 per annum, such provisions shall be applied to him only to the extent necessary to reduce his rate of compensation to $1,000 per annum.

SEC. 102. No officer or employee shall be exempted from the provisions of subsections (a) and (b) of section 101, except in those cases where the public service requires that the position be continuously filled and a suitable substitute can not be provided, and then only when authorized or approved in writing by the President of the United States. The Director of the Bureau of the Budget shall report to Congress on the first Monday in December in 1932 and 1933 the exemptions made under this section, divided according to salary, grade, and class.

SEC. 103. All rights now conferred or authorized to be conferred by law upon any officer or employee to receive annual leave of absence with pay are hereby suspended during the fiscal year ending June 30, 1933.

DEFINITIONS

SEC. 104. When used in this title—

(a) The terms "officer" and "employee" mean any person rendering services in or under any branch or service of the United States Government or the government of the District of Columbia, but do not include (1) officers whose compensation may not, under the Constitution, be diminished during their continuance in office; (2) Senators, Representatives in Congress, Delegates, and Resident Commissioners; (3) officers and employees on the rolls of the Senate and House of Representatives; (4) carriers in the rural mail delivery service; (5) officers and members of the police department of the District of Columbia, of the fire department of the District of Columbia, of the United States park police in the District of Columbia, and of the White House police; (6) teachers in the

public schools of the District of Columbia; (7) public officials and employees whose compensation is derived from assessments on banks and/or is not paid from the Federal Treasury; (8) the enlisted personnel of the Army, Navy, Coast Guard, and Marine Corps; (9) postmasters and postal employees of post offices of the first, second, and third classes whose salary or allowances are based on gross postal receipts, and postmasters of the fourth class; (10) any person in respect of any office, position, or employment the amount of compensation of which is expressly fixed by international agreement; and (11) any person in respect of any office, position, or employment the compensation of which is paid under the terms of any contract in effect on the date of the enactment of this act, if such compensation may not lawfully be reduced.

(b) The term "compensation" means any salary, pay, wage, allowance (except allowances for subsistence, quarters, heat, light, and travel), or other emolument paid for services rendered in any civilian or noncivilian office, position, or employment; and includes the retired pay of judges and the retired pay of all commissioned and other personnel of the Coast and Geodetic Survey, the Lighthouse Service, and the Public Health Service and the retired pay of all commissioned and other personnel (except enlisted) of the Army, Navy, Marine Corps, and Coast Guard; but does not include the active or retired pay of the enlisted personnel of the Army, Navy, Marine Corps, or Coast Guard; and does not include payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of employees.

(c) In the case of any office, position, or employment the compensation for which is calculated on a piece-work, hourly, or per diem basis the rate of compensation per annum shall be held to be the total amount which would be payable for the regular working hours and on the basis of 307 working days, or the number of working days on the basis of which such compensation is calculated, whichever is the greater.

COMPENSATION REDUCTIONS

SEC. 105. During the fiscal year ending June 30, 1933—

(a) The salaries of the Vice President and the Speaker of the House of Representatives are reduced by 15 per cent, and the salaries of Senators, Representatives in Congress, Delegates, and Resident Commissioners are reduced by 10 per cent.

(b) The allowance for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners is reduced by 8⅓ per cent, such reduced allowance to be apportioned by the Representative, Delegate, or Resident Commissioner among his clerks as he may determine, subject to the limitations of existing law, but the compensation of such clerks shall not be subject to reduction under subsection (c) of this section.

(c) The rate of compensation of any person on the rolls of the Senate or of the House of Representatives (other than persons included within subsection (a)), if such compensation is at a rate of more than $1,000 per annum, is reduced by 8⅓ per cent, except that, if the rate of compensation is $10,000 or more, such rate shall be reduced by 10 per cent.

(d) In the case of the following persons the rate of compensation is reduced as follows: If more than $1,000 per annum but less than $10,000 per annum, 8⅓ per cent; if $10,000 per annum or more, but less than $12,000 per annum, 10 per cent; if $12,000 per annum or more, but less than $15,000 per annum, 12 per cent; if $15,000 per annum or more, but less than $20,000 per annum, 15 per cent; if $20,000 per annum or more, 20 per cent:

(1) Persons exempted, under section 102, from the provisions of subsections (a) and (b) of section 101;

(2) Carriers in the rural mail delivery service, but in the case of such carriers the term "compensation" shall not include the allowance for equipment maintenance;

(3) Officers and members of the police department of the District of Columbia, of the fire department of the District of Columbia, of the United States park police in the District of Columbia, and of the White House police;

(4) Teachers in the public schools of the District of Columbia;

(5) Postmasters and postal employees of post offices of the first, second, and third classes whose salaries or allowances are based on gross postal receipts, and postmasters of the fourth class;

(6) Officers and employees (as defined in section 104 (a)) occupying positions the nature of the duties and periods of work of which make it impracticable to apply the provisions of subsections (a) and (b) of section 101; and

(7) Officers and employees (as defined in section 104 (a)), not otherwise provided for in this section, to whom the provisions of subsections (a) and (b) of section 101 do not apply.

(e) Subsections (c) and (d) of this section shall not operate (1) so as to reduce any rate or compensation to less than $1,000 per annum, or (2) so as to reduce the rate of compensation of any of the postmasters or postal employees provided for in paragraph (5) of subsection (d) of this section to a rate which is less than 91⅔ per cent of his average rate of compensation during the calendar year 1931.

RETIRED PAY

SEC. 106. During the fiscal year ending June 30, 1933, the retired pay of all judges (except judges whose compensation may not, under the Constitution, be diminished during their continuance in office) and the retired pay of all commissioned and other personnel (except enlisted) of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Lighthouse Service, and the Public Health Service shall be reduced as follows: If more than $1,000 per annum but less than $10,000 per annum, 8⅓ per cent; if $10,000 per annum or more, but less than $12,000 per annum, 10 per cent; if $12,000 per annum or more, but less than $15,000 per annum, 12 per cent; if $15,000 per annum or more, but less than $20,000 per annum, 15 per cent; if $20,000 per annum or more, 20 per cent. This section shall not operate so as to reduce any rate of retired pay to less than $1,000 per annum.

SPECIAL SALARY REDUCTIONS

SEC. 107. (a) During the fiscal year ending June 30, 1933—

(1) The salary of each of the members of the International Joint Commission, United States section, shall be at the rate of $5,000 per annum;

(2) The salaries of the following officers shall be at the rate of $10,000 per annum: Commissioners of the United States Shipping Board, members of the Federal Farm Board (except the Secretary of Agriculture), members of the Board of Mediation, commissioners of the Interstate Commerce Commission, commissioners of the United States Tariff Commission, the American commissioner of the General Claims Commission (United States and Mexico), and the umpire and American commissioner of the Mixed Claims Commission, United States and Germany);

(3) No officer or employee of any of the boards or commissions enumerated in paragraph (1) or (2) shall (except as provided in paragraph (4)) receive salary at a rate in excess of $10,000 per annum;

(4) No officer or employee of the United States Shipping Board, the United States Shipping Board Merchant Fleet Corporation, or the Reconstruction Finance Corporation shall receive a salary at a rate in excess of $10,000 per annum, except that in the case of any position the salary of which at the date of the enactment of this act is at a rate in excess of $12,500 per annum such salary may be at a rate not in excess of $12,500 per annum; and

(5) The salaries and retired pay of all judges (except judges whose compensation may not, under the Constitution, be diminished during their continuance in office), if such salaries or retired pay are at a rate exceeding $10,000 per annum, shall be at the rate of $10,000 per annum.

(b) The furlough provisions and the compensation reductions contained in other sections of this title shall not apply to any office, position, or employment the salary or retired pay of which is reduced or fixed under the provisions of subsection (a) of this section.

GOVERNMENT CORPORATIONS

SEC. 108. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such action as may be necessary to apply the provisions of sections 101, 102, 103, 105, and 107 to offices, positions, and employments under such corporation and to officers and employees thereof, with proper allowance for any reduction in compensation since December 31, 1931.

REMITTANCES FROM CONSTITUTIONAL OFFICERS

SEC. 109. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

APPROPRIATIONS IMPOUNDED

SEC. 110. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose, but shall be impounded and returned to the Treasury.

LIMITATION ON JURISDICTION OF COURTS

SEC. 111. No court of the United States shall have jurisdiction of any suit against the United States or (unless brought by the United States) against any officer, agency, or instrumentality of the United States arising out of the application of any provision of this title, unless such suit involves the Constitution of the United States.

RURAL CARRIERS' EQUIPMENT ALLOWANCE

SEC. 112. During the fiscal year ending June 30, 1933, payments for equipment maintenance to carriers in the rural mail delivery service shall be seven-eighths of the amount now provided by law.

Mr. McDUFFIE. Mr. Speaker——

Mr. LaGUARDIA. Mr. Speaker, will the gentleman yield for a parliamentary inquiry?

Mr. McDUFFIE. Yes.

Mr. LaGUARDIA. Mr. Speaker, will there be an opportunity to offer an amendment to the present motion? Would the Speaker recognize a Member for that purpose?

The SPEAKER pro tempore. The gentleman from Alabama is in control of the measure.

Mr. McDUFFIE. Mr. Speaker, I think the gentleman will agree with me that if we start amending this proposal we will be here a week or perhaps two weeks or three weeks. This is the furlough plan that the gentleman has suggested or, rather, it is a policy which the gentleman has indorsed.

Mr. LAGUARDIA. The House amendment had a limitation of $2,500, the Senate had a limitation of $1,200, and the gentleman brings it down to $1,000.

Mr. McDUFFIE. Yes.

Mr. LAGUARDIA. That is the point to which I want to offer an amendment, if the gentleman will yield for that purpose.

Mr. McDUFFIE. I do not want the gentleman to feel that I am arbitrary in the matter.

Mr. LAGUARDIA. The gentleman is entirely within his rights.

Mr. McDUFFIE. If we bring it up to $1,200, why not carry it on to $1,500, or $2,000, or $2,500?

Mr. LAGUARDIA. I would favor bringing it up to $2,100.

Mr. McDUFFIE. The gentleman can see that we would never stop the amendments.

Mr. Speaker, I yield five minutes to the gentleman from Iowa [Mr. RAMSEYER].

Mr. RAMSEYER. Mr. Speaker, this amendment which has just been offered by the gentleman from Alabama is the furlough plan, almost identical with the plan I originally offered on the floor of the House when the economy bill was before you.

The gentleman from Alabama, and the other conferees on the part of the House, Saturday worked out two amendments; one was the one that you have just voted down, and the other is the furlough amendment that is now before us for consideration.

The gentleman from Alabama has carried out his word to the letter, and nobody expected him to do otherwise; he has retained control of the time on conference report and offered the pay-cut amendment, and then, after that was lost, he has offered this furlough-plan amendment.

There is a provision in here that I have been asked to explain, and that is the treatment of the rural letter carriers. As it was in the original plan, the pay of the rural carriers was reduced by reducing the equipment allowance. That reduction on an average standard route was about a month's pay. But we discovered afterwards that as the mileage increased it reduced them out of all proportion to the reduction in pay of other Government employees. So in this amendment the rural carrier is reduced in his compensation just 8⅓ per cent and on his equipment allowance he is reduced one-eighth. I suggested 8⅓ per cent reduction on both compensation and equipment allowance, but the House conferees think that the reduction as carried in the amendment is fair.

Mr. DYER. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. DYER. In the House provision it carried an exemption of $1,200, and in this you reduce it to $1,000.

Mr. RAMSEYER. Yes; that is a change in the plan as originally offered, but really there is not much difference.

Mr. DYER. How much is the Government going to gain by reducing the exemption from $1,200 to $1,000?

Mr. RAMSEYER. About $2,500,000.

Mr. KELLY of Pennsylvania. In the proposed amendment in reference to postmasters, supervisors and employees, it states that they shall not be reduced below 91⅔. What does that mean?

Mr. RAMSEYER. It means that they can not reduce them again, if they have been reduced to 91⅔ of the 1931 compensation.

Mr. DYER. What would be the total saving under this plan?

Mr. RAMSEYER. Between $90,000,000 and $100,000,000. I hope the House will speedily adopt this furlough-plan amendment.

Mr. SUMNERS of Texas. Mr. Speaker, I would like to ask the gentleman from Alabama to explain the difference between the amendment that he has offered and that adopted by the Senate.

Mr. McDUFFIE. Mr. Speaker, if the House will bear with me, I will be glad to do so. Under the Senate provision for the furlough, or staggering plan, as some call it, employees, excepting those determined to be indispensable in the service of the Government, are to be furloughed for one month without pay.

Under the provisions of the furlough plan as presented and changed by this amendment every man, even though he be held indispensable in the service must contribute from his salary just as those who are furloughed for a month without pay. [Applause.]

In other words, in the last analysis, this is a pay cut disguised as a furlough. The only difference between the two is that my plan proposed 10 per cent on all salaries above $1,200, and this plan takes 8⅓ per cent of the salaries above $1,000. When the salary amounts to $10,000, the salary of a Member of Congress, the cut is 10 per cent, rather than 8⅓ per cent.

The furlough plan as originally presented to this House and as passed by the Senate took from the rural mail carriers five-eighths of their equipment allowance. As the amendment is changed and now presented to you, the rural carriers give up only one-eighth of their allowance plus 8⅓ per cent of their base pay. It prevents such gross discrimination as that of the Senate bill and saves them on an average about $45 per annum more than the Senate bill. It results in approximately 9 per cent cut in their total compensation. As this amendment now reads it means they sacrifice two-thirds of 1 per cent more than the other employees.

The clerk hire of Members of the House is reduced under this amendment 8⅓ per cent. The mileage was taken care of in the conference report already adopted cutting it 25 per cent. When the salary amounts to $12,000, and there is no furlough, that man gives up 12 per cent. When it gets to $15,000 he gives up 15 per cent, and when it gets to $20,000, he gives up 20 per cent. I say "gives up." I mean that much is deducted from his annual salary. That is the difference, in short, between the two plans. The amount saved under this plan, as best I could figure it—I am not an actuary by any means—is approximately $100,000,000, whereas the amount saved under the other pay-cut plan would be $112,500,000, under the $1,200 exemption and 10 per cent applied on all salaries above that. Provided, of course, that no substitutes are hired; the more substitutes hired the less the savings. That is the trouble about the furlough.

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

Mr. McDUFFIE. Yes.

Mr. BURTNESS. In order to answer a question in respect to a reduction from $1,200 to $1,000 of the exemption the gentleman's first proposal excepted all those receiving not more than $1,200. This proposal exempts only those receiving up to $1,000. I am sorry the gentleman has changed that figure.

Mr. McDUFFIE. I regret very much that the gentleman does not agree with those of us who believe that is fair. In the first place, this is an 8⅓ per cent cut rather than a 10 per cent cut, and because of that it occurred to us that since we are lowering the percentage of cut, we might well lower the exemption.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Alabama to recede and concur with an amendment.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 326, nays 45, answered present 1, not voting 58, as follows:

[Roll No. 103]

YEAS—326

Adkins	Bachmann	Bolton	Busby
Allen	Bacon	Bowman	Butler
Allgood	Baldrige	Brand, Ohio	Byrns
Almon	Bankhead	Briggs	Cable
Amlie	Barbour	Browning	Campbell, Iowa
Andresen	Barton	Brumm	Campbell, Pa.
Andrew, Mass.	Bland	Bulwinkle	Canfield
Andrews, N. Y.	Blanton	Burch	Cannon
Arnold	Boehne	Burdick	Carden
Ayres	Boileau	Burtness	Carter, Calif.

Carter, Wyo.	Goodwin	Luce	Sandlin
Cartwright	Goss	Ludlow	Schafer
Cary	Green	McClintic, Okla.	Schneider
Cavicchia	Greenwood	McClintock, Ohio	Seger
Chapman	Gregory	McDuffie	Seiberling
Chase	Griswold	McFadden	Selvig
Chavez	Guyer	McGugin	Shallenberger
Chindblom	Hadley	McKeown	Shannon
Chiperfield	Haines	McLaughlin	Shott
Christgau	Hall, Ill.	McLeod	Simmons
Christopherson	Hall, Miss.	McMillan	Sinclair
Clague	Hall, N. Dak.	McReynolds	Smith, Idaho
Clancy	Hancock, N. Y.	McSwain	Smith, Va.
Clark, N. C.	Hancock, N. C.	Maas	Snow
Clarke, N. Y.	Hardy	Magrady	Sparks
Cochran, Mo.	Hare	Major	Stafford
Cole, Iowa	Hartley	Maloney	Stalker
Cole, Md.	Haugen	Manlove	Steagall
Collier	Hess	Mansfield	Stevenson
Collins	Hill, Ala.	Mapes	Stokes
Colton	Hill, Wash.	Martin, Mass.	Strong, Kans.
Connolly	Hoch	Martin, Oreg.	Strong, Pa.
Cooke	Hogg, Ind.	Mead	Stull
Cooper, Ohio	Holaday	Michener	Summers, Wash.
Cooper, Tenn.	Hollister	Millard	Sumners, Tex.
Cox	Holmes	Miller	Sutphin
Crail	Hooper	Milligan	Swank
Crisp	Hope	Mitchell	Swanson
Cross	Hopkins	Mobley	Swick
Crowe	Hornor	Montague	Taber
Crowther	Houston, Del.	Montet	Tarver
Crump	Howard	Moore, Ky.	Taylor, Colo.
Culkin	Huddleston	Moore, Ohio	Taylor, Tenn.
Dallinger	Hull, Morton D.	Morehead	Temple
Darrow	Hull, William E.	Mouser	Thatcher
Davenport	James	Nelson, Me.	Thomason
Davis	Jeffers	Nelson, Mo.	Thurston
DeRouen	Jenkins	Nelson, Wis.	Tierney
Dies	Johnson, Mo.	Niedringhaus	Tilson
Disney	Johnson, Okla.	Nolan	Timberlake
Dominick	Johnson, Tex.	Norton, Nebr.	Tinkham
Doughton	Jones	Oliver, Ala.	Treadway
Dowell	Kading	Overton	Underhill
Doxey	Kahn	Palmisano	Underwood
Driver	Kelly, Pa.	Parker, Ga.	Vinson, Ga.
Dyer	Kemp	Parker, N. Y.	Vinson, Ky.
Eaton, Colo.	Kendall	Parks	Warren
Eaton, N. J.	Kerr	Parsons	Wason
Ellzey	Ketcham	Partridge	Watson
Englebright	Kinzer	Patman	Weaver
Erk	Kleberg	Patterson	Weeks
Evans, Calif.	Kniffin	Perkins	Welch
Evans, Mont.	Knutson	Pettengill	West
Fernandez	Kopp	Pittenger	White
Fiesinger	Kurtz	Polk	Whitley
Fish	Lambertson	Pou	Whittington
Fishburne	Lambeth	Pratt, Ruth	Wigglesworth
Foss	Lamneck	Purnell	Williams, Mo.
Frear	Lanham	Ramseyer	Williamson
Free	Lankford, Ga.	Ramspeck	Wilson
French	Lankford, Va.	Rankin	Wingo
Fulbright	Larrabee	Ransley	Withrow
Fuller	Larsen	Rayburn	Wolcott
Fulmer	Lea	Reed, N. Y.	Wolfenden
Gambrill	Leavitt	Reilly	Wolverton
Garber	Lehlbach	Rich	Wood, Ind.
Garrett	Lewis	Robinson	Woodruff
Gibson	Lichtenwalner	Rogers, Mass.	Woodrum
Gilbert	Linthicum	Romjue	Wyant
Gilchrist	Loofbourow	Sabath	Yates
Glover	Lovette	Sanders, N. Y.	
Goldsborough	Lozier	Sanders, Tex.	

NAYS—45

Auf der Heide	Curry	Johnson, Wash.	Prall
Beam	Delaney	Karch	Ragon
Black	Dickstein	Kelly, Ill.	Rudd
Bloom	Dieterich	Kennedy	Schuetz
Britten	Douglass, Mass.	Kunz	Somers, N. Y.
Brunner	Fitzpatrick	Kvale	Stewart
Carley	Gavagan	LaGuardia	Sullivan, N. Y.
Celler	Granfield	Lindsay	Sweeney
Condon	Griffin	Lonergan	Swing
Connery	Harlan	McCormack	
Coyle	Horr	O'Connor	
Cullen	Jacobsen	Oliver, N. Y.	

ANSWERED "PRESENT"—1

Snell

NOT VOTING—58

Abernethy	De Priest	Hastings	Reid, Ill.
Aldrich	Dickinson	Hawley	Rogers, N. H.
Arentz	Douglas, Ariz.	Hogg, W. Va.	Shreve
Bacharach	Doutrich	Igoe	Sirovich
Beck	Drane	Johnson, Ill.	Smith, W. Va.
Beedy	Drewry	Johnson, S. Dak.	Spence
Bohn	Estep	Keller	Sullivan, Pa.
Boland	Finley	May	Tucker
Boylan	Flannagan	Murphy	Turpin
Brand, Ga.	Freeman	Norton, N. J.	Williams, Tex.
Buchanan	Gasque	Owen	Wood, Ga.
Buckbee	Gifford	Peavey	Wright
Cochran, Pa.	Gillen	Person	Yon
Corning	Golder	Pratt, Harcourt J.	
Crosser	Hart	Rainey	

So the motion to recede and concur with an amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Douglas of Arizona (for) with Mrs. Norton (against).
Mr. Shreve (for) with Mr. Boylan (against).
Mr. Arentz (for) with Mr. Gasque (against).
Mr. Beedy (for) with Mr. Sirovich (against).
Mr. Hart (for) with Mr. Boland (against).
Mr. Buckbee (for) with Mr. Rogers (against).

General pairs:

Mr. Rainey with Mr. Snell.
Mr. Hastings with Mr. Johnson of South Dakota.
Mr. Keller with Mr. Reid of Illinois.
Mr. Williams of Texas with Mr. Gifford.
Mr. Brand of Georgia with Mr. Beck.
Mr. Smith of West Virginia with Mr. Hawley.
Mr. Spence with Mr. Turpin.
Mr. Crosser with Mr. Murphy.
Mr. Buchanan with Mr. Cochran of Pennsylvania.
Mr. Flanagan with Mr. Hogg of West Virginia.
Mr. Drane with Mr. Golder.
Mr. Igoe with Mr. De Priest.
Mr. Yon with Mr. Sullivan of Pennsylvania.
Mr. Corning with Mr. Bacharach.
Mr. Drewry with Mr. Aldrich.
Mr. Tucker with Mr. Doutrich.
Mr. May with Mr. Bohn.
Mr. Wood of Georgia with Mr. Estep.
Mr. Dickinson with Mr. Pratt.
Mr. Abernethy with Mr. Finley.
Mr. Wright with Mr. Person.
Mrs. Owen with Mr. Freeman.
Mr. Gillen with Mr. Peavey.

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleagues the gentleman from Massachusetts, Mr. GIFFORD, and the gentleman from Rhode Island, Mr. ALDRICH, are unable to be present. If present, they would vote "aye."

Mr. SNELL. Mr. Speaker, I have a general pair with the gentleman from Illinois, Mr. RAINEY, and I withdraw my vote and answer "present."

Mr. CHIPERFIELD. Mr. Speaker, my colleague, Mr. BUCKBEE, is necessarily absent. Were he present, he would vote "aye."

Mr. SWICK. Mr. Speaker, my colleagues the gentleman from Pennsylvania, Mr. COCHRAN, and the gentleman from Pennsylvania, Mr. ESTEP, are unavoidably detained. If present, they would vote "aye."

Mr. CULLEN. Mr. Speaker, my colleagues the gentleman from New York, Mr. BOYLAN, and the gentleman from New York, Mr. SIROVICH, are both at home in New York, ill. If present, they would vote "no."

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from New Hampshire, Mr. ROGERS, is unavoidably absent, due to the illness of his wife. If present, he would vote "no."

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

EXTENSION OF REMARKS—LEGISLATION APPROPRIATION BILL

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to extend their remarks on the conference report just adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I am opposed to any salary cut affecting the incomes of the thousands of loyal men and women who work for our Government in humble capacities and receive meager pay which we see fit to give them for their services. I have before me a chart prepared from official sources which shows that out of the 732,460 men and women who receive pay or compensation from the Federal Government 124,618 or approximately one-fifth of the entire total employed by our Government receive less than $1,000. It is proposed not to cut the salaries of those whose pay is $1,000 or less.

I am wholly in accord with that, but it does not require a great deal of imagination to see that these employees whose salaries are as low as $1,000 per year can not possibly be subject to any cut in salary, because if their salaries were

to be cut you may as well close all Government offices and make Government employment disappear from the face of the earth.

But do not deceive yourselves into thinking that by exempting from proposed salary cuts the lowest paid employees of the Government you will have done your duty by them. Do not forget that in addition to cutting the pay of Government employees you have seen fit to recommend to Congress that hereafter no promotions should be had in the Government service unless the President should, in a special case, order such promotions. In other words you are holding out the prospect to the 124,618 employees of the Government that no matter what happens and no matter how valuable they should become in the future, and no matter how much their needs require by way of additional compensation or salary they should not receive it. One thousand dollars is hereby established as a dead line of their earnings in the future. Is this to be our new standard of Government pay?

I am particularly afraid that this policy if brought into effect would result in "emulation" by our States and cities, and just as the Federal Government is now establishing a standard of pay at $1,000 per year our cities and States will very soon fall in line and do the same with their employees.

If the ultimate object of our present economic legislation was to restore confidence in our Government and reestablish prosperity, then we shall surely miss our aim if, instead of bringing happiness and well-being into the homes of thousands of Americans, we shall create a condition of gloom, fear, and depression.

After all, these 124,618 persons receiving a salary of $1,000 or less and the others composing the balance of the 732,460 Government employees affected by this proposed legislation are not producers but consumers of goods. Any money received by them is not invested in public or private securities but is spent for the necessities of life, and only to the extent to which these low-paid employees have the money to spend on necessities of life can the wheels of our industry turn and keep on producing.

If we stop this source from which this great purchasing power of our Nation comes and if by our own action we prevent these thousands of employees from spending for the necessities of their lives, we will be thereby diminishing the recuperative powers of the Nation and prevent great industries from turning out goods to satisfy the wants and needs of these thousands. Every cent withdrawn from circulation in this manner will simply mean that by that we shall retard and not advance a resumption of normal business and national prosperity.

We shall find a condition wherein ultimately the price of goods will keep on falling, and there will not be enough to purchase goods even at the lowered or falling prices.

Let us not deliberately bring about a ruin of our whole economic structure by this unscientific attempt to curtail our national expenditures. I have seen figures which claim that by doing what Congress sees fit to do we shall be able to cut down our national expenditures by $300,000,000 a year. While I doubt very much whether these figures are correct, and in fact I am inclined to believe they are not, yet I can not conceive the necessity of lopping off this comparatively small sum of money from our National Budget of $4,000,000,000 and thereby curtail the possibility of economic recovery of this country.

I believe our economic recovery can be advanced only if the well-being of thousands is looked after and if there will be no diminution in the purchasing power of the masses.

Seven hundred and thirty-two thousand four hundred and sixty persons receiving their pay from the Federal Government are a large mass of people who can easily affect the economic life of the country, and if we add to that amount the many thousands of proposed millions employed by the cities, counties, and States whose salaries may likewise eventually be cut, if they follow the example set by our Government, there surely is nothing but disaster staring us in the face in the future.

Some years ago, when the prosperity of the farmer was threatened by a drop in the price of the commodities raised or sold by him, it was our aim and ambition to accord relief to him, and Congress did not hesitate a minute to pass appropriate legislation to enable the farmer to get back on his feet economically in a manner in which Congress then saw the light. However, at the present time the tendency seems to be the other way.

We care nothing for the little fellow; let him shift for himself; if he is economically unable to care for himself, let him go under. Such, at least, seems to be the policy of the Economy Committee.

I do not believe that by any stretch of imagination can such a position be justified. I believe our duty to the country is to restore as speedily as possible confidence in our Government and in our economic well-being; by not doing anything to affect the progress of our business life, by letting the economic situation take care of itself, by permitting trade and business to readjust itself, and particularly by not curtailing the purchasing power of the masses we will be able to put an end speedily to the intolerable business conditions as they affect our Nation, will bring happiness to the many and prosperity to the country.

Mr. HORR. Mr. Speaker, this bill, H. R. 11267, under consideration to-day, which provides that no person holding a civil office or a position, appointive or elective, under the United States Government or the municipal government of the District of Columbia or any corporation the majority of stock of which is owned by the Government, shall be entitled to retired pay from the United States under the emergency officers' act, meets with my approval.

If I should be critical of this section and should make any suggestions, I would amend the section to read that no person who receives retired pay and a Government salary that total $2,000 a year would be entitled to draw retired pay for his disability.

However, since the conferees of the House and Senate have agreed upon $3,000 as the maximum amount, I am willing to abide by their findings.

Several months ago I spoke to members of the Economy Committee of the House and called attention to the fact that, in my opinion, no Member of Congress or anyone in the employ of the Government should draw both retired pay and the salary of that office. This might be permissible in better times, but even then I doubt as to whether or not two salaries should ever be paid out of the moneys of the United States Treasury to one person.

I realize, as has been said in the House, that this retirement pay is to compensate for a disability, and I also realize that some are not entitled to receive it at all. However, there are many officers who are entitled to it, and I believe it is for the good of those who are really entitled to it and who are incapacitated for work and carrying on that a law should be passed compelling those receiving retired pay to elect as to whether or not they should receive retirement pay or their Government salaries.

Personally I received compensation and retirement pay a great many years before I became a Congressman, and I have always felt since I have been elected, as is evidenced by my appearance before the committee, that retired pay and salaries should not be paid at the same time.

Several Members of Congress who have also been receiving compensation and retired pay feel as I do, and we welcome this opportunity of going on record as being against payment of salaries and retired pay to Members of Congress and those employed in Government positions.

I am happy, indeed, to support this section of the economy bill. I am of the opinion, however, that provision should be made in case of disabled men who are in civilian and Government employ that after they cease this employment they may again take advantage of compensation or retired pay, providing their physical condition at that time shows them to be entitled to it.

This bill makes ample provision along these lines. I am sure that no one who is able to earn $3,000 a year should object to having his retired pay taken away, as there are many, many people in the United States who are getting along with a great deal less.

As I have said, if I had my way, I would make the amount $2,000 instead of $3,000.

I compliment the committee upon having brought out this saving, and I only regret that the bill was not brought out for vote before this time. I also desire to thank the committee for having listened to some of my suggestions along these lines in reporting this bill that will not permit retired pay to those holding civil and elective office. I shall of course vote for and support the bill.

Mr. GRISWOLD. Mr. Speaker, I want to call the attention of the Members of the House to a grave injustice that is being worked by the economy bill whether we place in effect the furlough plan or the straight wage-reduction plan. If we are to have a wage reduction, it should affect all alike. I am sorry that this bill is brought out under a rule that will not permit of amendment. I regret that so long a time has elapsed that this bill must be disposed of in a hurry. I think that if we had been given the proper information as to the condition of the Treasury in the first place, and had been given correct figures by the Secretary of the Treasury, that many of the injustices in this bill could have been eliminated.

I sympathize with the committee. I know that it was hard on them to be in a position where they had to accept Mr. Mellon's and Mr. Mills's figures as approved by the President and build a plan thereon, only to be called in by the President each time they had perfected a plan and told that the figures given had been in error and that they must change their whole plan of economy to fit a new set of figures. Such negligence on the part of the Secretary of the Treasury, when he has a vast army of experts at his command, seems to me most inexcusable.

Whether we adopt the straight percentage-cut plan or the furlough plan recommended by the President, in the final analysis it means a cut in wages. To call the plan a furlough plan does not change the result. That result is a reduction in purchasing power of the employee. That result is a further depletion of the money in circulation. And the result is that it falls heaviest on those least able to stand the reduction. On the man with an income from between $1,000 and $2,500 per year. I am sure that there is not a Member here who would insist that a man in that class is drawing too much money, that he is likely to become a menace to the country because of the wealth that he may amass. Yet he is the great burden bearer of this cut.

VETERANS' BUREAU EMPLOYEES

This bill is particularly unjust to the employees in United States Veterans' Bureau hospitals and in national military homes. I have such a hospital in my district. The employees there are faithful Government servants. The vast majority of them come within the lower income brackets. Many of them are married men with families and receive less than $1,400 per year. Some of them receive as low as $120 per month. Some receive lower than that. They are under the civil service. Under the civil service act they are supposed to work only eight hours per day. The intent of the act was that a civil-service employee was to work 8 hours and then have 16 hours for his own. This is not the fact in many of these hospitals and military homes if the information that I have is correct. Many of these employees are required to sleep at the institution. They are required to eat there. The orderlies or attendants are housed in dormitories. They do not have private rooms. Many are required to sleep in one room. Yet for this bed space they are required to pay the Government.

It is a violation of the intent of the civil service act to require these men and women to sleep on the premises. It is a violation of the spirit of the civil service act, because it means that the Veterans' Bureau exercises authority over them more than eight hours a day. They are not free from duty 16 hours a day as contemplated by the act, and they do not receive extra compensation for this extra time they are required to spend on the premises. Far from it. They are actually charged by the Government for that extra time. The Government uses these employees as a means of making a profit. They are required to pay to the institution $35 per month for room and board. For room and board, the equal of which, they can get in the city of Marion, Ind., for $20 to $25 per month.

These employees pay the Government at the rate of 83⅓ cents a day for board. They eat the same food as the patients. I have been informed that in the same hospital the patients are fed at a cost of 35 cents per day. Is this just to these employees?

Many of them have families that they are supporting. If allowed to remain at home with their families this $35 per month would go far toward maintaining that family. After deductions are made by the Government for board and the deduction is made for the civil-service retirement and pension fund with other authorized deductions, many of these employees have only $70 a month left to pay rent and buy food and clothing for their children and dependents. We need economy in government. But it is not fair or just on the part of the administration to argue that wages of Government employees should be reduced because the cost of living has been reduced and at the same time not reduce the amount that it is charging these employees for the cost of living that the Government supplies. A year ago we gave a moratorium of $250,000,000 to citizens of foreign countries. We are finding the answer to that gift now when to help make up that two hundred and fifty million we cut one hundred million off the family budgets of our own citizens. I opposed the moratorium, because I foresaw this result.

GOVERNMENT COMPETITION

In a way, and to the extent that the Government rooms and boards these employees, it is entering into competition with the owner of rental property and the business men of the district. Every dollar that the Government deducts from the salary of these employees means just that many dollars less for circulation among the business men in the communities where these institutions are located. I am opposed to the Government entering into competition with its citizens that it taxes for the benefit of government.

EFFECT ON DOCTORS AND OFFICIALS

This bill is also unjust to those employees for whom the Government provides private living quarters. The doctors and officials of these institutions. The cost of these homes located on the institution grounds were figured in on the basic salary. Now we cut the salary. But we do not cut the prices that were figured in on the basic pay for those living quarters. If the salary of the officer was based on $3,500, and he is compelled to accept living quarters in the institution when available, and the charge for such living quarters is $500 per year, he has left $3,000 per year due him from the Government. By this bill you would cut that $3,000 eight and one-third per cent. If you do so, it is only fair that you should give him the benefit of an 8⅓ per cent cut in the living quarters. The cost of his living quarters should be cut, too, and the benefit of that cut added on to his salary.

As before stated I regret that this conference report is not subject to amendment under the rules. I shall vote for the furlough plan as the least objectionable of the two plans. I wish that we might amend the bill so as to prevent this injustice. Since we can not, it is my intention to introduce a resolution, the intent of which is to remove the mandate requiring these employees to live and eat in the institution and to make such residence within the institution optional with the employee.

A law, whether it be an economy measure or any other legislation, should operate on all citizens alike. There should be no discrimination and under the conference agreement as given to the House this legislation does not place the employees of the Veterans' Bureau in hospitals on an equal basis with other employees.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate disagrees to the amendments of the House to the concurrent resolution (S. Con. Res. 29) authorizing the printing and distribution of copies of the Federal laws relating to the veterans of various wars, requests a conference with the House on the dis-

agreeing votes of the two Houses thereon, and appoints Mr. SHIPSTEAD, Mr. MOSES, and Mr. FLETCHER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3847) entitled "An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings."

FEDERAL AID IN CONSTRUCTION OF RURAL POST ROADS

Mr. ALMON. Mr. Speaker, I move to suspend the rules and pass the bill (S. 36) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes, with certain amendments.

The Clerk read the bill, as amended, as follows:

Be it enacted, etc., That for the purpose of carrying out the provisions of the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, and all acts amendatory thereof and supplementary thereto, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the following additional sums, to be expended according to the provisions of such act as amended: The sum of $100,000,000 for the fiscal year ending June 30, 1934; the sum of $100,000,000 for the fiscal year ending June 30, 1935: *Provided*, That in apportioning the foregoing sums among the several States and the Territory of Hawaii for said fiscal years deductions shall be made as reimbursement to the United States of the $80,000,000 emergency advance funds apportioned to such States and the Territory of Hawaii and used in road work, such deductions to be made at the rate of $16,000,000 each fiscal year, in accordance with the item "Federal-aid highway system" of the act approved December 20, 1930 (46 Stat. 1031).

SEC. 2. That for the purpose of carrying out the provisions of section 23 of the Federal highway act, approved November 9, 1921, there is hereby authorized to be appropriated for forest roads and trails, out of any money in the Treasury not otherwise appropriated, the following additional sums, to be available until expended in accordance with the provisions of said section 23: The sum of $7,500,000 for the fiscal year ending June 30, 1934; the sum of $7,500,000 for the fiscal year ending June 30, 1935.

SEC. 3. That for the purpose of carrying out the provisions of section 3 of the Federal highway act as amended June 24, 1930 (46 Stat. 805), there is hereby authorized to be appropriated for the survey, construction, reconstruction, and maintenance of roads through unappropriated or unreserved public lands, nontaxable Indian lands or other Federal reservations other than the forest reservations, the sum of $2,000,000 for the fiscal year ending June 30, 1933, the sum of $2,000,000 for the fiscal year ending June 30, 1934, the sum of $2,000,000 for the fiscal year ending June 30, 1935, available until expended.

SEC. 4. That for the purpose of carrying out the provisions of the act of April 9, 1924 (43 Stat. 90), entitled "An act authorizing the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and monuments under the jurisdiction of the Department of the Interior," as amended by the act of January 31, 1931 (46 Stat. 1053), and the act of March 4, 1931 (46 Stat. 1553), there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the following additional sums, to be available until expended in accordance with the provisions of said acts: The sum of $5,000,000 for the fiscal year ending June 30, 1934; the sum of $5,000,000 for the fiscal year ending June 30, 1935; of which sums $1,000,000 may be allocated each year, in the discretion of the Secretary of the Interior, for the construction, reconstruction, and improvement of approach roads to national parks and national monuments, inclusive of necessary bridges: *Provided*, That in lieu of the total cash appropriations herein authorized the Secretary of the Interior may approve projects, incur obligations, and enter into contracts for additional work each fiscal year not exceeding the difference between the amount of the unobligated appropriation for the particular fiscal year and the amount herein authorized for said fiscal year and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof, and appropriations hereafter made for the construction of roads in national parks and national monuments shall be considered available for the purpose of discharging the obligation so created.

SEC. 5. In every case in which, in the judgment of the Secretary of Agriculture and the highway department of the State in question, it shall be practicable to plant and maintain shade trees along the highways authorized by the act of November 9, 1921, and by this act, the planting of such trees shall be included in the specifications provided in section 8 of said act of November 9, 1921, and the Federal highway act of November 9, 1921, is amended accordingly.

SEC. 6. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921 (42 Stat. 212, U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith."

SEC. 7. All acts or parts of acts in any way inconsistent with the provisions of this act are hereby repealed, and this act shall take effect on its passage.

Mr. STAFFORD and Mr. BRAND of Ohio rose.

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

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

Mr. COLTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. COLTON. The gentleman from Ohio [Mr. BRAND], a member of the committee, was on his feet seeking recognition to demand a second.

The SPEAKER pro tempore. Under such circumstances the gentleman from Ohio [Mr. BRAND] is entitled to demand a second.

Mr. STAFFORD. Mr. Speaker, a point of order. I wish to inquire whether the gentleman from Ohio is opposed to the bill.

The SPEAKER pro tempore. Is the gentleman from Ohio opposed to the bill?

Mr. BRAND of Ohio. I am opposed to the Senate bill.

The SPEAKER pro tempore. The gentleman qualifies and says he is opposed to the Senate bill, which is being considered.

The gentleman from Alabama asks unanimous consent that a second be considered as ordered.

Is there objection?

There was no objection.

Mr. ALMON. Mr. Speaker, this is the same character of bill that has been enacted at the long session of Congress every two years since 1916, when we commenced national aid to roads. The Senate bill now being considered, with amendments by the Committee on Roads——

Mr. STAFFORD. Will the gentleman yield for me to propound a parliamentary inquiry?

Mr. ALMON. I yield.

Mr. STAFFORD. Mr. Speaker, the gentleman from Ohio [Mr. BRAND] stated he was opposed to the Senate bill. The Senate bill is not being considered. The bill being considered is the Senate bill with certain amendments. I would like to inquire whether the gentleman from Ohio can qualify in stating he is opposed to the Senate bill?

The SPEAKER pro tempore. Answering the inquiry of the gentleman, the gentleman from Ohio qualified by saying he was opposed to the Senate bill.

Mr. STAFFORD. The Senate bill is not under consideration.

The SPEAKER pro tempore. The gentleman from Alabama [Mr. ALMON] moved to suspend the rules and pass the Senate bill.

Mr. STAFFORD. Oh, no, Mr. Speaker. The bill that has been read is the Senate bill with certain House amendments. That is what is pending for consideration.

The SPEAKER pro tempore. The Chair is not in disagreement with the gentleman on the facts, but the gentleman from Ohio did qualify by saying he was a member of the committee and that he was opposed to the Senate bill which has been reported.

Mr. STAFFORD. No, Mr. Speaker; with all respect, I wish to assert he did not qualify. I would like——

The SPEAKER pro tempore. The Chair is of the opinion that the gentleman from Ohio is qualified.

The gentleman from Alabama will proceed.

Mr. ALMON. I will state that this comes with a unanimous report from the Committee on Roads. It reduces the authorization in the Senate bill by $34,000,000.

The Senate bill authorized $125,000,000 a year for each of the fiscal years 1934 and 1935. We reduced that to $100,000,000, with the proviso that $16,000,000 in each of those years should be deducted or subtracted on account of the emergency highway bill that was passed by the last Congress which was expended last year. So that the bill reported by the Committee on Roads provides for only $84,000,000 as national aid to roads for the fiscal year 1934 and the fiscal year 1935.

Mr. MICHENER. Will the gentleman yield?

Mr. ALMON. I yield.

Mr. MICHENER. This bill authorizes an appropriation for 1934. We have just been trying to balance the Budget for 1933. What is the necessity of authorizing an additional appropriation for the building of roads throughout the country at this time until we have some idea as to what our income and our revenue for 1934 will be? [Applause.]

Mr. ALMON. I shall be very glad to answer that question. The national aid for highways law provides and requires the Secretary of Agriculture to report on or before the 1st day of January the allocations that are to be made for the two subsequent years. This has been done every two years since 1916. That is necessary in order that the States may be prepared to meet those allocations.

I have telegrams and requests from the State highway commissions of practically all the States urging that this be done at this time. This is a reduction, and I do not think anybody should object to it.

Mr. MAPES. Will the gentleman yield?

Mr. ALMON. I yield.

Mr. MAPES. Is it not true that Congress is being criticized now because the appropriations for the current year are not materially reduced? They were made nearly 18 months ago, and few, if any, could foresee then the economic conditions as they exist to-day. No one can tell now what the economic condition of the country will be one year or two years from now, and is it not a great mistake for us to authorize an appropriation of $100,000,000 or more for 1934 until we know what the economic condition then will be? [Applause.]

Mr. ALMON. I yield to the gentleman from Utah.

Mr. COLTON. May I say to the gentleman from Michigan that the Budget estimates for 1934 are made up before Congress convenes again, and unless this authorization is passed the budget for road work can not be included.

Mr. MAPES. That is all the more reason, let me say to the gentleman, why we ought not to be building up a lot of expense here now when none of us know whether conditions are going to be any better then than they are now.

Mr. COLTON. Does the gentleman believe we might as well stop all road building?

Mr. MAPES. I do, until we are able to pay for it.

Mr. PARSONS. Will the gentleman yield?

Mr. ALMON. I yield.

Mr. PARSONS. I may say to the gentleman in reply to his question that the authorization for the appropriation does not make it necessary or mandatory that the money be appropriated. If conditions are such at the next session of Congress that Congress does not want to make them, the appropriations do not have to be made.

Mr. MAPES. But the gentleman knows we are making an authorization and that the State highway departments will plan upon the money if we pass this bill, and the pressure brought to bear upon Congress to make the appropriation will be almost irresistible when the time comes. [Applause.]

Mr. ALMON. Now, Mr. Speaker, let us not get excited about this. It is a very plain, simple duty we have to perform. I have got the Bureau of Public Roads to furnish me a statement showing the amount that will be allocated to the various States. You will find it at the end of the report. It is as follows:

Apportionment of $84,000,000 under Federal highway act

Alabama	$1,785,037
Arizona	1,233,845
Arkansas	1,464,002
California	3,268,798
Colorado	1,578,697
Connecticut	545,526
Delaware	420,000
Florida	1,140,443
Georgia	2,184,134
Idaho	1,055,940
Illinois	3,554,071
Indiana	2,142,187
Iowa	2,221,445
Kansas	2,293,433
Kentucky	1,581,754
Louisiana	1,218,137
Maine	749,420
Maryland	710,707
Massachusetts	1,198,941
Michigan	2,648,225
Minnesota	2,361,492
Mississippi	1,512,440
Missouri	2,632,710
Montana	1,767,576
Nebraska	1,790,378
Nevada	1,104,617
New Hampshire	420,000
New Jersey	1,161,385
New Mexico	1,373,638
New York	4,240,575
North Carolina	2,023,142
North Dakota	1,358,227
Ohio	3,150,748
Oklahoma	2,025,170
Oregon	1,397,290
Pennsylvania	3,682,736
Rhode Island	420,000
South Carolina	1,166,545
South Dakota	1,401,453
Tennessee	1,826,830
Texas	5,367,617
Utah	971,033
Vermont	420,000
Virginia	1,580,738
Washington	1,333,939
West Virginia	921,704
Wisconsin	2,094,707
Wyoming	1,078,568
Hawaii	420,000

The above statement was prepared by the Bureau of Public Roads at the request of the committee.

Mr. MICHENER. Will the gentleman yield?

Mr. ALMON. No; I want to make my statement first.

We have heard a great deal about carrying out the recommendations of the Budget Bureau. The report here shows that the Bureau of the Budget, the Department of Agriculture, and the Department of the Interior have indorsed these amounts.

Mr. MICHENER. Will the gentleman yield right there?

Mr. ALMON. Yes.

Mr. MICHENER. The gentleman has suggested a list showing what the States will get. The point I am about to make is that we have got too much of this "pork-barrel" stuff.

Mr. ALMON. Will the gentleman ask his question?

Mr. MICHENER. And it is not a question of what the States are going to get, but a question of how much is coming out of the Federal Treasury.

Mr. ALMON. There is nothing unusual about this. We have been doing it every two years since 1916. We have cut down the amounts fixed in Senate bill 36, which passed the Senate on June 8, 1932, $34,000,000 on account of the financial condition of the Treasury and in accordance with the recommendations of the Bureau of the Budget, the Secretary of Agriculture, and the Secretary of the Interior. Now, that ought to satisfy you.

It is necessary that these allocations be made and authorized in order that the States may make their plans to meet them, and as has been said by the gentleman from Illinois, if the next Congress does not see fit to appropriate the amounts they do not have to.

Mr. MOUSER. Suppose the Senate passes the $132,000,000 Federal aid bill that we passed. Would not that have some effect upon this bill?

Mr. ALMON. No. That bill authorizes an emergency appropriation to give employment to many who are unemployed and must be spent on or before July 1, 1933. It has no connection with this. This is for the fiscal years 1934 and 1935.

Mr. MOUSER. What happens to the $132,000,000?

Mr. ALMON. If that bill passes the Senate, as I have said, it will be expended on or before July 1, 1933.

Mr. MOUSER. In addition to what has already been appropriated?

Mr. ALMON. Yes; and the same thing was done by the last Congress when the $80,000,000 emergency appropriation was made. There are many more unemployed now than then.

The emergency bill of $132,000,000 the gentleman is talking about was to be used prior to the 1st of July, 1933, to give employment to the unemployed. It is considered that there is a greater percentage of every dollar expended in highway construction which goes into labor than that expended for any other purpose—at least 85 or 90 per cent.

Mr. MOUSER. If the Senate adopts that bill, we will be expending for Federal aid to the States $132,000,000 more than we commonly would expend.

Mr. ALMON. We would then be spending $125,000,000 less than we spent last year.

Mr. LAGUARDIA. What I am concerned about is this: In the House bill which was passed in the hope of providing employment we had a provision against convict labor. Where is that provision in this bill that the gentleman is calling up under suspension of the rules?

Mr. ALMON. That is provided for in another bill.

Mr. LAGUARDIA. But not in this bill.

Mr. ALMON. That could be provided for when the money is appropriated.

Mr. BLANTON. Will the gentleman yield?

Mr. ALMON. Yes.

Mr. BLANTON. I want to ask my friend, the distinguished gentleman from Alabama, if he believes the House in its present mood and environment can sanely legislate? Certainly it can not, and I think we ought to adjourn. At least it would be wise to withdraw the bill and not vote upon it under a suspension of the rules.

Mr. ALMON. I think this will be settled in a few minutes. Nobody is going to oppose this bill unless it is someone who is opposed to national aid to roads.

Mr. Speaker, I reserve the balance of my time.

Mr. BRAND of Ohio. Mr. Speaker, the question before the House is to decide whether or not it wants to go ahead with the regular road program which we have followed for at least the last 10 years. We began in about 1922 by authorizing two years ahead about $75,000,000 a year. We went ahead with that until 1930 and then we changed the amount to $125,000,000 a year, and the Senate has passed a bill for that amount for 1934 and 1935. Our road committee after a whole week's consideration of this question every day decided that we should not authorize more than $100,000,000 for the road program. The main reason we found for changing from $125,000,000 to $100,000,000 was that you can build just as many miles of road with $100,000,000 a year now as you could two years ago with $125,000,000. The cost of building roads and the cost of the materials has materially declined, and we, therefore, reported out a bill unanimously for $100,000,000 in place of the Senate bill for $125,000,000.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. COCHRAN of Missouri. If the gentleman's committee would have waited, say, six months or nine months, it might have discovered that the same amount of work could be done for $80,000,000. [Applause.]

Mr. BRAND of Ohio. Here is another point. We have agreed to take off $16,000,000 that the States used last year so that there is only $84,000,000 in this program left.

Why should we pass this now? That is the point I want to get at. The legislatures will be meeting next winter. Some of them meet only once in two years. They could take up their program of matching this national Federal aid at that time, and they ought to know, and they always have known, what they could depend upon from the National Government when they meet.

Mr. MAPES. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. MAPES. The point has been made that this is only an authorization and that Congress can determine a year or two years from now as to whether or not it will actually make the appropriation. Is not the gentleman making a conclusive argument that Congress must make the appropriation when the time comes, because after all these States have matched our authorization they will demand that our authorization or promise be carried out.

Mr. BRAND of Ohio. I will say this, that we are not under absolute obligations to appropriate this $100,000,000 if conditions are against us at that time. If conditions are against us at that time, we can appropriate less.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. CHIPERFIELD. Under the arrangement by which we have advanced money to the States and made deductions we would not know how much ought to be deducted from the various States, and that would seriously interfere with the road program.

Mr. BRAND of Ohio. We have only obligated ourselves to take off $16,000,000 a year. If it were more, then that would be our responsibility.

Mr. ALMON. When the $80,000,000 was appropriated it provided an additional deduction for the next year, so it was not necessary to put that in the bill, because the law requires that to be deducted.

Mr. CHIPERFIELD. The point I make is, How would the legislatures know what they could depend upon if that program goes through?

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. COCHRAN of Missouri. In regard to the argument of the gentleman that this is simply a notification to the States, is not the action of the House to-day practically a mandate upon the State legislatures to appropriate money to meet the Federal aid?

Mr. BRAND of Ohio. No; I would not say it is mandatory upon the States, but it gives them some idea that we are going ahead with the program under the same method we have followed for the last 10 years.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. LAGUARDIA. The gentleman knows I have always been friendly to our Federal-aid system. When the House passed the bill providing $132,000,000 we wrote in the bill a limitation prohibiting the use of convict labor. We wrote the same limitation in the appropriation bill and here comes a Senate bill which it is proposed to pass under suspenson of the rules, where we can not offer an amendment. Unless we can get the convict-labor provision in the bill I am going to vote against it and the bill will be lost because you will need a two-thirds vote. I do not think that is treating us quite right.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. CHINDBLOM. As I recall it, we passed the $132,500,000 authorization bill for work to be done in 1933. Is that correct?

Mr. BRAND of Ohio. It has failed to become law.

Mr. CHINDBLOM. We have also passed the regular appropriation of $125,000,000 for the fiscal years 1932 and 1933, under the act approved April 4, 1930, as I recall it.

Mr. BRAND of Ohio. That is correct. However, the amount was not $125,000,000.

Mr. CHINDBLOM. How much was it?

Mr. BRAND of Ohio. One hundred million dollars.

Mr. CHINDBLOM. In the Garner bill, in section 321, we authorized an appropriation of $150,000,000, to be immediately available, for expenditure in emergency construction on the Federal highway systems, to be performed before

June 30, 1933. That makes $132,500,000 plus $100,000,000 plus $150,000,000 that have been passed during this session by the House, and now you are proposing to add $100,000,000 for each of the years 1934 and 1935. Will there be any end to this construction program?

Mr. BRAND of Ohio. I am not yielding for a speech. The gentleman has asked his question, and I will say to the gentleman that the only thing this bill does is to provide an authorization for the appropriation of $100,000,000; and the other bills he mentions have not become law, and the only thing we are to consider is whether we are to continue the regular program year after year.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. OLIVER of Alabama. Irrespective of what one's attitude may be as to the wisdom of building roads in the future, this should be said in justification of the action of the committee:

Evidently they were prompted to report this bill since they recognized that in order that the President and the Bureau of the Budget might have an opportunity to at least consider whether they would submit recommendations to Congress when it meets in December they had to have this authorization. The appropriation bill for the year 1934 must be taken up and acted on in the months of December, January, and February, since this Congress will adjourn on March 4, next.

Mr. BRAND of Ohio. Yes.

Mr. OLIVER of Alabama. And this authorization was necessary in order to put the matter in shape so that Congress and the President could give it consideration. It carries no appropriation.

Mr. BRAND of Ohio. Yes.

I may say, in conclusion, we carefully investigated the wishes of the administration, so far as we could, and we did think we were doing exactly what the other end of the Avenue wanted done.

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

Mr. BRAND of Ohio. Yes.

Mr. WHITTINGTON. Is it not true that this authorization has the approval of the Secretary of Agriculture and the Bureau of the Budget?

Mr. BRAND of Ohio. It has; yes.

Mr. WHITTINGTON. And it is necessary to pass this authorization if the Congress is to make any appropriation whatsoever at the next session so the matter can be submitted by the Bureau of the Budget.

Mr. BRAND of Ohio. That is what the committee concluded.

Mr. WHITTINGTON. And this is the usual authorization?

Mr. BRAND of Ohio. Yes.

Mr. MICHENER. When was this approved by the Secretary of Agriculture? I notice the date here is January 26, 1932. Conditions have vastly changed since last January. We found this to be true in attempting to balance the Budget.

Mr. WHITTINGTON. But the Secretary of Agriculture has not changed and he has not changed that report.

Mr. STAFFORD. How does the gentleman know that? The Secretary was not asked about it.

Mr. BRAND of Ohio. I may say that we had this matter up with the Secretary of Agriculture about three weeks ago when we passed the bill out of committee.

Mr. Speaker, I yield to the gentleman from New York [Mr. TABER] two minutes.

Mr. TABER. Mr. Speaker, it seems to me it is about time that the House of Representatives really went on record for economy. [Applause.]

We have come to the point in our Government where we have to cut the pay of the Federal employees $100,000,000 a year.

We have now got to stop authorizing large expenditures if we are going to stop large appropriations. [Applause.] This is the only possible way to do it. We can not say, "You can have all this money," and then turn around in a year and say, "No." We have got to put our foot down now. We must not go further with Federal-aid programs until the country is in a position to go ahead with them and pay the bill. [Applause.]

We have about "busted" every State in the Union by extravagant highway programs and there will not be any bottom left in any treasury of any State in the Union or in the Federal Treasury if we go on with such things as this.

The only thing for us to do and the only way we can meet our responsibility to the taxpayers back home is by beating this bill, and beating it by a majority vote. [Applause.]

Mr. ALMON. Mr. Speaker, I yield five minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, it is easy to mislead the general public by the kind of speech which my learned friend the gentleman from New York [Mr. TABER] has just made. There are many people who fail to distinguish between an authorization and an appropriation, because they are unacquainted with the rules under which the House acts in matters of this kind.

It so happens that the House is on record at this session in saying, and I think it will say the same thing in December, if conditions are unchanged, that we will not approve any appropriation for which a Budget estimate has not been submitted. The House has adhered to that policy. You have given no initial approval to any activity for which the President has not first submitted a Budget estimate.

Now, what has happened? This committee was not without justification in doing the orderly thing of providing an authorization for 1934 so that the Budget officer and the President might consider whether they desired to submit to the short session a Budget estimate for a road-building program in the fiscal year 1934.

It does not mean that this Congress is extravagant, when, pursuing the orderly way of legislation, you grant an authorization to give the President the opportunity of considering what he desires to submit in connection with a road program to the December session, which by operation of law ends on March 4 next.

Now, let me say that, before this Congress adjourns, whether you adjourn this week or next, this House, as well as the Senate, is going to give serious consideration to some form of aid or relief to the unemployed. I do not know what you will approve, but you will find, in view of the information now available, that if you are to avoid the dole system you must find employment for those now idle, yet willing and able to work. [Applause.]

Mr. ALMON. Mr. Speaker, it seems that it was not generally known that this bill would be brought up to-day, and in order to give you an opportunity to read the report. I intend to ask unanimous consent to withdraw my motion. I am firmly of the opinion that the Members of the House of Representatives are almost unanimously in favor of a continuation of Federal aid to roads, a system that was begun in 1916 and has proved universally popular. If this is brought up again later, I hope you will have read the report, and will vote for the bill. [Applause.]

Now, I ask unanimous consent to withdraw the motion.

The SPEAKER pro tempore. The gentleman from Alabama asks unanimous consent to withdraw the motion to suspend the rules and pass the bill. Is there objection?

Mr. MOUSER. Reserving the right to object, I do not want to step on anybody's toes, but I think this House to-day, when we have reduced salaries of Government employees—the Members of the House are in a better frame of mind to remember from one hour to the next what they have done in the way of economy, in being asked to authorize the expenditure of a hundred million dollars for roads. However, in view of the situation, I will not object.

The SPEAKER pro tempore. Is there objection? The Chair hears none.

CREATING A COMMISSION TO HOLD HEARINGS AND DRAFT SUITABLE BILLS FOR THE PROPER HANDLING OF PRIVATE CLAIMS AGAINST THE GOVERNMENT

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to call up House Joint Resolution 412, and pending this I wish to state to the Members of the House that this is a resolution calling for the appointment of a commission, composed of four Senators and four Representatives, to call witnesses and take testimony upon the adjournment of Congress and prepare a bill or bills to be submitted to the Congress in December designating some agency to handle private claims.

We passed a resolution exactly the same as this last year by unanimous consent, but it was not brought up for consideration in the Senate.

I have two amendments the purpose of which is to limit the expense to $5,000. It is my judgment that if we should designate an agency like the Comptroller General's office to settle private claims in an amount not to exceed $1,000 and to make recommendations to Congress on those above $1,000 in amount, that these claims will be speedily settled, save approximately $20,000,000, and at the same time save Members of Congress a great deal of time which is now spent in the consideration of trivial claims bills. No parliamentary body but ours wastes times with small-claims bills.

Mr. COCHRAN of Missouri. May I ask the gentleman is this called up by unanimous consent?

Mr. COLLINS. It is.

Mr. COCHRAN of Missouri. I object.

ORDER OF BUSINESS

Mr. WARREN. Mr. Speaker, I would like to present a unanimous-consent request. On account of the fact that we have consumed so much time to-day in debate on the conference report the Consent Calendar has, of course, been displaced. I have been requested to ask unanimous consent that to-morrow, immediately after the consideration of the Sabath resolution, that it will be in order to call the Consent Calendar.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I hope the gentleman will postpone that request until the majority leader makes it to-morrow. I object.

Mr. WARREN. Mr. Speaker, will the gentleman withhold his objection?

Mr. O'CONNOR. Yes.

Mr. WARREN. In order that I may state to the gentleman that I am doing this at the request of the leadership of the House.

The SPEAKER pro tempore. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I object.

Mr. WARREN. Then, Mr. Speaker, I am instructed by the majority leadership to present this unanimous-consent request, that to-morrow afternoon the House shall stand in recess until 8 o'clock p. m. at which time bills unobjected to on the Private Calendar shall be considered, beginning where we left off, and that the House shall adjourn at 10.30 o'clock p. m.

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object, and I hope the gentleman will also withhold that until it can be made to-morrow by the majority leader.

Mr. WARREN. I am doing this at the request of the majority leader.

The SPEAKER pro tempore. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I object.

LAWS RELATING TO VETERANS

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Concurrent Resolution 29, authorizing the printing and distribution of copies of Federal laws relating to veterans of various wars, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees:

Mr. STEVENSON, Mr. LAMBETH, Mr. SHOTT.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, if we do not have the Unanimous Consent Calendar to-morrow, will the Chair kindly inform us the program that will be taken up?

The SPEAKER pro tempore. The Chair, on the floor Saturday before the House adjourned, announced that he would give to the gentleman from Illinois [Mr. SABATH] an opportunity to have a rule considered in respect to his resolution. After that it was contemplated that by unanimous consent we would take up the Consent Calendar to-morrow afternoon. The gentleman from New York [Mr. O'CONNOR] objects, and the matter of to-morrow's program, of course, under those circumstances can not be determined until the session begins to-morrow.

Mr. LAGUARDIA. Mr. Speaker, in the event that unanimous consent is granted to-morrow to take up the Consent Calendar, would that include also suspensions?

The SPEAKER pro tempore. It would not include suspensions.

AMELIA EARHART PUTNAM

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Joint Resolution 165, authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam, and agree to the same with an amendment which I shall offer.

The SPEAKER pro tempore. The gentleman from South Carolina asks unanimous consent for the present consideration of Senate Joint Resolution 165, which the Clerk will report.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Mr. Speaker, as a member of the committee, I reserve the right to object. I understand that the gentleman is going to offer an amendment to provide the distinguished-service medal instead of the distinguished-flying cross.

Mr. McSWAIN. That is correct.

Mr. SNELL. That will have nothing to do with granting rights to the floor of the House?

Mr. McSWAIN. Not at all.

The SPEAKER pro tempore. Is there objection?

Mr. CONNERY. Mr. Speaker, I reserve the right to object. With the amendment suggested by the gentleman from South Carolina, it is satisfactory to me, because that is the amendment put on the Boardman-Polando bill.

Mr. McSWAIN. This lady is to be decorated to-morrow night by the National Geographic Society, and will be the guest of the House in the gallery to-morrow afternoon at 3 o'clock. We think it becoming to recognize her flight in this way at this time.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Senate Joint Resolution 165

Resolved, etc., That the President of the United States is authorized to present the distinguished flying cross to Amelia Earhart Putnam for displaying heroic courage and skill as a navigator, at the risk of her life, by her nonstop flight in her plane, unnamed, from Harbor Grace, Newfoundland, to Londonderry, Ireland, on May 20, 1932, by which she became the first and only woman, and the second person, to cross the Atlantic Ocean in a plane in solo flight, and also established new records for speed and elapsed time between the two continents.

With the following committee amendment:

Page 1, line 4, strike out the words "flying cross" and insert the words "service medal."

The amendment was agreed to and the Senate Joint Resolution 165 was ordered to be read a third time, was read the third time, and passed.

The title was amended to read: "Joint resolution authorizing the President of the United States to present the distinguished-service medal to Amelia Earhart Putnam."

Mr. MILLARD. Mr. Speaker, Miss Amelia Earhart happens to be a friend, a neighbor, and a constituent of mine, and I ask unanimous consent to extend my remarks in the RECORD at this point with reference to Miss Earhart.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MILLARD. Mr. Speaker, it is a great honor to be permitted to say a few words concerning the joint resolution now before the House authorizing the President of the United States to present the distinguished-flying cross to a constituent of mine who lives in the town of Rye, Westchester County, N. Y., Amelia Earhart Putnam, for displaying heroic courage and skill as a navigator at the risk of her life by her nonstop flight from Harbor Grace, Newfoundland, to Londonderry, Ireland, on May 20, 1932, by which she became the first and only woman and the second person to cross the Atlantic Ocean in a plane in solo flight and established new records for speed and elapsed time between the two continents.

Mrs. Putnam was born in Atchison, Kans. She was reared in California. Her early schooling was in Los Angeles. Her whole life story is one of absorbing interest. She was one of the earliest woman flyers, gaining her training in Los Angeles and San Diego. It was in California in 1918 she made her first solo flight, after but 10 hours' instruction. She held the altitude record for woman flyers with a mark of 14,000 feet for many years and other flying records for women.

While she was doing settlement work in Boston, the opportunity was presented to her to fly the Atlantic with Wilmer Stultz, pilot, and Louis Gordon, co-pilot. Mrs. Putnam has stated that the opportunity came as casually as an invitation to the matinee, and over the telephone.

Aviatrix, settlement worker, business woman, poet, student of literature, and possessed of enough wealth to make her independent of outside offers—such is one picture drawn of Amelia Earhart Putnam, the first successful woman to make a trans-Atlantic flight. The other side, her femininity, charming manners, perfect poise, and her sense of humor present a most delightful personality.

She made her notable trans-Atlantic flight on exactly the fifth anniversary of the flight of Col. Charles A. Lindbergh on May 20, 1927, which startled the whole world. She is the only person who ever crossed the Atlantic twice by airplane. She and Colonel Lindbergh are the only people who have crossed the Atlantic in solo flight.

Colonel Lindbergh went from New York to Paris in 33 hours and 30 minutes. Mrs. Putnam went from Harbor Grace to Ireland in 14 hours and 56 minutes, in record time. She is an extraordinary person. I know of no man who has more courage than she.

And in conclusion I wish to read to you some verses that were written by Mrs. Putnam. As has been well said by a friend of hers, they are eloquent of the spirit with which she meets each new developmnt in her own work.

Courage is the price that life exacts for granting peace.
The soul that knows it not, knows no release
From little things:
Knows not the livid loneliness of fear,
Nor mountain heights where bitter joy can hear
The sound of wings.
How can life grant us boon of living, compensate
For dull gray ugliness and pregnant hate
Unless we dare
The soul's dominion? Each time we make a choice, we pay
With courage to behold resistless day
And count it fair.

[Applause.]

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks on this resolution at this point.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. THATCHER. Mr. Speaker, I desire to indicate my hearty approval of the action of the Senate and House in passing this measure, Senate Joint Resolution 165, authorizing the President of the United States to present the distinguished-service cross to Amelia Earhart Putnam because of her heroic courage and marvelous skill in negotiating the first airplane solo flight by a woman across the Atlantic; because, also, she is the second person ever to cross the Atlantic in a plane in solo flight; and, in addition, because she also established new records for speed and elapsed time between the continents of North America and Europe.

A young woman of great energy and purpose, a doer of the deeds of high adventure, this second lone eagle of the seas has written her name across the heavens in letters of immortal flame. Only Lindbergh before, five years before to the day, had crossed the vast and treacherous expanse of water between the New World and the Old. He thrilled the entire earth by that unparalleled achievement. On May 21, 1927, I was in France, and I recall the great excitement and amazement of the French people occasioned by his great exploit. Since then it has been doubted whether ever again in this generation his deed would be matched or rivaled. Yet within one-fifth of a generation it has been rivaled by one of the opposite sex, possessing all of the characteristics of superb courage, cool judgment, perfect skill, endurance, and modesty which have so greatly distinguished the lone pilot of the *Spirit of St. Louis*.

In this day of gross materialism the accomplishments of men and women of this type stand out as the highest marks of inspiration for the youth of the world. The spirit which wrought these miracles of the air is greater than the things actually done, however dramatic and outstanding they may be.

Measured by all the qualities of mind and spirit Amelia Earhart Putnam has earned her place in the front rank of the world's doers of great deeds. We are honoring ourselves in this Chamber by according her the highest honor which is in our power to accord. To-morrow night the officials of that great scientific and travel organization, the National Geographic Society, in this city, will present to her its special medal, conferred only in rare instances for outstanding achievements. In recent years the few who have been likewise honored have included a Lindbergh, a Byrd, and an Eckener. Thus, for her wonderful achievement she will receive the distinguished-service medal, authorized by Congress, and the special medal of the National Geographic Society. These trophies of appreciation and others that will swiftly come to her she will wear with the quiet modesty that is so great and appealing an attribute of her character, and which has won for her a permanent place in the love and affection of the people of her own and other lands.

EXTENSION OF REMARKS—AGRICULTURAL RELIEF

Mr. HART. Mr. Speaker, this Congress will shortly adjourn. I have heard the question asked at both ends of the Capitol, "What have we done for agriculture?" The answer invariably is, "Nothing." If we were asked, "What have we done for the country at large?" I would answer, "Practically nothing."

True we have passed the moratorium, which has eased off our foreign creditors. We passed the Reconstruction Finance Corporation act, which has assisted the railroads and aided in the orderly liquidation of banks. These are merely palliatives, and but little assistance and little good have filtered down to the average business man or working man. Credit has not been loosened in the banks. Bank failures have only been checked, not stopped. Banks again are failing day by day and business is at a lower ebb than before we passed any of these measures. These measures were but stop-gap measures and were not fundamental. Our basic trouble is lack of trade. This I think will be admitted by everyone. Coupled with it is lack of confidence in the future. But once trade beings to pick up, confidence will be restored. If we accept as a fact that lack of trade, which naturally produces unemployment, is our basic trouble, then it is in order to ask what has become of our trade.

Mr. Hoover in his speech made on September 27, 1928, in Newark, N. J., said:

More than 2,000,000 families in the United States earn their living to-day producing goods for export, and another million families earn their living in the manufacture of raw materials which we import in exchange for our exports.

I will add that a half million more families did earn their living in the handling and distribution of the foreign goods which we imported.

In the same address Mr. Hoover said:

Foreign trade is no artificial stimulant to employment. Its development is a vital contribution to the welfare of the American workman and the American merchant and the American farmer.

This was Mr. Hoover speaking before election.

I am quoting from a book called "The New Day," edited by Ray Lyman Wilbur, Secretary of the Interior, which contains all of Mr. Hoover's campaign speeches. I would advise my Democratic friends to obtain a copy of this book. It reads like Grimm's Fairy Tales. The picture he portrayed was glorious, but the reality is grim indeed.

Mr. Grundy had not yet called on him with reference to what his administration owed the manufacturers who put up the campaign funds. Immediately on the convening of Congress these manufacturers began their plans to stifle this foreign trade, which Mr. Hoover stated was so vital to the American workman and the American farmer. After the passage of this trade-destroying act, known as the Hawley-Smoot tariff bill, American capitalists accepted it as a permanent policy and began the exportation not of goods but of their capital for the building of plants in foreign lands. Between two and three thousands of these plants have now been established not for the employment of American workmen but for the employment of foreign workmen, leaving American labor to join the lengthening bread lines.

What has this to do with agriculture? The throwing out of work of these men has reduced the buying power of labor at home and started us on the down grade. But this was not the most vital factor. Retaliatory tariffs, the quota system, the licensing of processors of agricultural products in Europe so as to control the amount of foreign agricultural products practically barred our agricultural shipments to European nations. The world took the position that if we desired an isolation policy they would help us carry it out and they raised higher tariff walls. These higher tariffs have not only barred the sale of his surplus crops to Europe but have increased the proportionate cost between what the farmer has to sell and what he must buy. His foreign outlet being blocked, huge surpluses have weighed his markets down until he can no longer meet his fixed expenses to say nothing of buying goods produced in the cities.

What have we done in this session of Congress to relieve his conditions? Almost immediately upon the convening and the organization of this House by the Democrats we passed a Democratic tariff bill which authorized the President to call an economic conference for the purpose of reestablishing this lost trade with the world. Notwithstanding that the Senate is controlled by the opposition, there were enough fair-minded men that this measure was passed by the other body. It met a political veto. I think this veto can be well described as "playing politics with human misery." The excuse for the veto was the fear of "foreign entanglements." Statements made on the floor of the House were to the effect that we were going to inquire of our foreign neighbors what our tariffs should be.

We have recently sent representatives to Europe to discuss armaments. Shall we inquire of foreign nations what our armaments shall be? If we can discuss our armaments with Europe, we can surely discuss our trade relations. It is an old axiom that it takes two to make a trade. The Republicans ignored this axiom and decided that we would sell, but we would not buy. Trade means buying and selling. It is my contention that any uneconomic attempt to lift agriculture by its own boot straps will result in failure and more damage to the farmer. We have witnessed the interference with the normal course of the markets by the Federal Farm Board. We have also recorded the disastrous results and we have not yet seen the end. Our Republican brethren in convention assembled at Chicago resolved to carry on their Farm Board operations and decided to keep up their smoke screen to befuddle the farmer's mind, namely, cooperative marketing. To cooperative marketing I am not opposed, but I contend that it is not the business of this Government to drive any people into business nor to drive any people out of business. The Farm Board has been engaged in both, and should be eliminated at the very earliest date possible. No Washington bureau can direct the marketing forces of this Nation.

I am glad to note that one of the outstanding candidates whose name will be presented to the coming Democratic convention has had the courage and the foresight to outline a program that will not only aid agriculture but aid unemployment. In the meantime he is in favor of protecting the unemployed from want and hunger, recognizing that no palliatives will lead us out of this depression.

I here quote a wire sent by Franklin D. Roosevelt and printed in Collier's Weekly for June 25 which says:

This Nation needs progressive leadership. We must recognize two parts of the problem: First, adequate immediate national, State, and local aid to prevent actual want in the present and immediate future. Second, a comprehensive plan covering all phases of our economic and social difficulties. I can cite only one phase of this in this limited space. The farming interests represent half our population. They have lost buying power, and this has been largely responsible for depressing industry. We must at once take the Farm Board out of speculation in wheat and cotton, try out a new plan to insure getting surplus crops out of the country without putting the Government in business, and set up machinery to save the mortgaged farm by cutting down amortization and lowering interest rates. These immediate steps must be followed by a land-utilization survey in order to eliminate marginal lands and start a very large reforestation and flood-control program. Finally, we must give assistance to those families in cities who may wish to return to good land. I use these as illustrations of the broad planning and active leadership which must extend to all the other problems because it is clear that the solution lies not in opportunism or in last-minute remedies but in going to the sources of the trouble.

I am glad to note that this outstanding candidate for the Presidency is in favor of taking the Government out of business. I am glad to note that he has the courage to do this in the face of so-called farm leaders. He will be denounced by those who are in favor of the Government's appropriating huge sums to back these political farmers. They have intimidated Congress. The halls and lobbies are filled with them daily endeavoring to get another fifty or one hundred million dollars to keep up their high salaries until the next session of Congress. These so-called farmer leaders have joined in with the high-tariff advocates and sold the farmer into bondage. They will not only sell the farmer but they will sell political parties. They will trade anything for power. I want to call attention to some facts brought out in the Caraway lobby investigation. If you will read the testimony, beginning on page 2954 and continuing to the bottom of page 2955, you will find that Mr. Chester Gray testified and admitted that he consulted with Claudius H. Huston, chairman of the Republican National Committee, with reference to a plank that was to be presented by the American Farm Bureau Federation at the Democratic convention held at Houston, Tex. Imagine, my Democratic friends, the American Farm Bureau Federation consulting with the chairman of the Republican National Committee on a plank to be presented to you to be written into our platform. And yet I notice my Democratic friends still consulting with this Uriah Heep of the farmers. To those of you who are not students of Dickens, I will call him the Gaston B. Means of the farmers.

These organizations do not represent the rank and file of agriculture. They misrepresent them.

I have opposed and will continue to oppose any political nostrums to mislead the farmer. We must return to the basic principles upon which agriculture was built, namely, an equal opportunity to buy and sell on a fair basis not only in this country, but in the markets of the world. This is my program for farm relief. It is the Democratic program, which the Democratic House tried to put into effect and upon which I am willing to go back to my farmers and stand or fall.

One more thing must be done to assist the farmer to carry and liquidate his burden of debt. He must be provided with low interest rates, his taxes must be reduced, and some revaluation of the dollar must take place. He can not

deliver 4 bushels of wheat where he once delivered 1 bushel to obtain a dollar. He can not deliver 20 pounds of cotton where he formerly delivered 5 pounds. This burden is too great. The creditor class will have to recognize the situation or repudiation of agricultural debts and bankruptcy will follow.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SPENCE, at the request of Mr. CHAPMAN, on account of illness.

To Mr. DOUGLAS of Arizona, indefinitely, on account of illness.

To Mr. SIROVICH, for an indefinite period, on account of illness.

ORDER OF BUSINESS

Mr. BLACK. Mr. Speaker, in view of the request of the chairman of the Committee on Patents, the gentleman from New York [Mr. SIROVICH], to be excused indefinitely on account of illness, I ask unanimous consent that Wednesday of this week be set aside for consideration of the Private Calendar.

The SPEAKER pro tempore. The Chair did not understand the request of the gentleman from New York.

Mr. BLACK. Inasmuch as the chairman of the Committee on Patents, the gentleman from New York [Mr. SIROVICH], according to the announcement of the Chair just made, is to be excused indefinitely on account of illness, I ask unanimous consent that the Private Calendar be considered on Wednesday. The gentleman from New York is chairman of the Committee on Patents, which, as I understand, was to have the call on Wednesday.

The SPEAKER pro tempore. The Chair had information that the gentleman from New York expected to be here on Wednesday. The Chair undertook to protect the interest of the gentleman.

Mr. BLACK. Mr. Speaker, in view of the statement just made by the Speaker, I withdraw the request.

EXTENSION OF REMARKS—THE ECONOMIC SITUATION

Mr. MILLIGAN. Mr. Speaker and Members of the House, many causes and cures have been offered for the widespread depression that confronts the American people. Commodity prices in many cases are the lowest in our history. Eight to nine million men are walking the streets without employment. The buying power of the farmer is gone. Fifty million of our people are out of the market as purchasers. Our foreign markets in which we sold our surpluses have been destroyed. Until the purchasing power of these people is returned and our foreign trade reestablished prosperity will not return.

In order to correct these conditions we must first know the causes. One of the elements that enters into the depression was the intense stock speculation prior to October, 1929. Men in high places of Government became "ballyhooers" for the stock exchange and were parties to the crime of selling to an unsuspecting public unsound securities at grossly inflated prices. Departments of Government approved foreign bonds which were sold by international bankers to the public as sound investments. When the crash came in October, 1929, it carried a destructive loss to the American public, reducing the purchasing power of the United States in the sum of sixty to one hundred billion dollars.

FOREIGN DEBTS AND MORATORIUM

In order to insure the payment of the privately owned debts their holders, organized by the international bankers, have been advocating cancellation of loans made by the United States during and after the war to our allies. A debt-funding commission was created. This commission and Congress canceled 50 per cent of these debts, amounting to $10,705,618,006.90. By this course this amount was transferred from the foreign nations to the backs of the American taxpayers.

The 50 per cent that was not canceled was extended in loans over a period of as much as 68 years and at rates of interest as low as 1½ per cent, while the American taxpayer is paying rates of interest as high as 4¼ per cent on the Government bonds that carry this loan. Not satisfied with this 50 per cent reduction in these foreign loans, during the recess of Congress President Hoover sent telegrams to the Members of the House and Senate inquiring of them as to their position granting a moratorium of one year, suspending the payments under our foreign-debt arrangements. This meant transferring this year's payment, which amounted to $252,000,000, to the American taxpayer. The foreign taxpayer was relieved of this burden, and the American taxpayer paid the bill. It was said a moratorium was necessary because Germany was not able to make her reparation payments for this year.

There is no connection between reparations and our foreign debts. Eight of the foreign powers that are relieved by the moratorium do not receive any sum from Germany in reparations. No one who is conversant with the facts will say that England, France, and Italy can not make these payments. These three nations would pay to us during the fiscal year of 1932 the sum of $224,227,125, while under the terms of the moratorium the American taxpayer is called upon to pay this amount instead.

I voted against these propositions as I am here charged with the duty of representing the best interests of the American taxpayer and not those of foreign nations and as long as I am a Member of this body I will not vote to shift an honest and fair foreign debt to the American taxpayer.

INCOME-TAX REFUNDS

Additional burdens were placed on the rank and file of the American taxpayer by refunds that have been made in Federal income taxes by the Treasury Department since 1921 to certain corporations and individuals in the amount of $3,000,000,000; $12,000,000 going to Mr. Mellon's own corporations without a court decision. You and I know that these corporations have the best of income-tax experts to make their tax returns.

TAXES

For years there has been an increase in Federal Government activities. New commissions, boards, and bureaus have been created which have become irritants to the public and costly to the taxpayer. Federal expenditures have increased until the cost of Federal Government is over $4,000,000,000 per year.

We are faced this year with a deficit of two and one-half billion dollars. Although the Nation is confronted with the greatest panic in our history, it became necessary to levy additional taxes in order to balance our books and maintain our national credit. The income, gift, and estate tax rates were doubled, yet this would not produce enough revenue, and it became necessary to find other means of taxation. When the bill was before this body I voted for a general manufacturers' excise tax of 2¼ per cent, to be paid by the manufacturer, exempting food, clothing, medicines, fertilizer, and farm implements. I am opposed to a general sales tax as a permanent taxing policy. The provision carried was a temporary tax for one year. Due to conditions that existed, I believed this was the best method of raising a part of the deficit. However, this provision was not adopted. I was opposed to the conference report on the bill in the House, as it carried many provisions placed in the bill by the Senate that I could not support. Tariff provisions, tax on electrical energy placed directly upon the consumer, a 2-cent tax on bank checks, and many other unfair and discriminatory provisions were included.

ECONOMY

No Congress had attempted to reduce Federal expenditures until this Congress met in December. Up to date the appropriations have been reduced for the next fiscal year $663,000,000 below the appropriations for the current year, with other measures pending that will increase this amount to over $700,000,000.

Realizing that it was imperative to reduce expenditures the House created a special committee, known as the Economy Committee, to make a survey of the situation with the view of weeding out useless boards, bureaus, and commissions, and, where there was overlapping, to consolidate them. The committee, with the very able and conscientious gentleman from Alabama [Mr. McDUFFIE] as chairman, after proper investigations and hearings, reported a bill to the House. This measure carried a saving of from two hundred to two hundred and fifty million dollars.

Through the insistence of the President, members of his Cabinet, and other administrative officers many controversial provisions were combined in one omnibus bill. This, of course, made possible a coalition of those opposed to the various items in the bill. I supported the bill reported by the committee, as I believed that Congress should reduce expenditures to a minimum in this time of great financial distress.

TARIFF

I hestitate to remind my Republican friends that their party has been in complete control of every branch of the Federal Government since March, 1921, except the House of Representatives, which was organized by the Democrats with a slim majority of five in December, 1931. With this complete control you could put into effect any policy that you desired.

President Hoover in his speech of acceptance at Palo Alto in 1928 stated that "if allowed to continue in effect the policies of the last eight years of Republican administration, poverty would be abolished and the poorhouse would vanish from among us."

Now, if President Hoover is so positive that the policies of his party brought about whatever prosperity we may have had, with a continuation of those same policies under his own administration he must accept the responsibility for the conditions that now exist.

President Hoover in a speech in Brazil following his election said: "International trade is the lifeblood of civilization." Yet he signed the Smoot-Hawley tariff bill which has destroyed our foreign trade. We must have foreign markets for our surplus farm commodities, as well as our manufactured articles. Since the passage of that measure 45 foreign nations have passed retaliatory tariff legislation against American goods. American capital has been driven to foreign countries and is there using foreign labor and raw materials to manufacture their products because of the discrimination against American goods brought about by our own prohibitive tariff law.

President McKinley, a great Republican authority on the protective tariff, said:

> The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. * * * Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

Our condition would not be what it is to-day if President Hoover had followed the statement of this great Republican when the Smoot-Hawley tariff bill was presented to him for his signature. Under the flexible provision of the tariff law the President can lower or raise a tariff rate 50 per cent. The President has failed to use this authority to renew our foreign trade in this emergency.

AGRICULTURE

After his election in 1928 President Hoover called the Congress into extraordinary session in order to put agriculture on a parity with industry. Two recommendations were made by him to do this—by a limited provision of the tariff for the benefit of agriculture, which as enacted became a general revision for the benefit of industry, and the enactment of the law creating the Federal Farm Board, which authorized the appropriation of $500,000,000 of the taxpayers' money to carry out its provisions. Through these two methods he proposed to lift the farmer of America out of the financial mire into which he had fallen. By the tariff the foreign markets for his surpluses have been destroyed and prices in the home market have been beaten down by the Farm Board until now all that he has left is the Hyde.

RECONSTRUCTION FINANCE CORPORATION

This corporation was created to loan money to the railroads and other transportation companies, banks, insurance, and other financial companies. Five hundred million dollars of the taxpayers' money was authorized to be appropriated. Securities four times this amount could be issued making a capital of $2,000,000,000 guaranteed by the taxpayers of America. Yet after passing such a bill we hear those who voted for this measure talk about granting subsidies, Government going into business, and so forth. I could not bring myself to make a guarantor out of the Federal taxpayers for the obligations of private business institutions over the management of which they have no control. What the railroads need is more freight, not more debts. What the banks need are more depositors, not more debts. What the insurance companies need are more policy payers, not more debts. What the farmers need are better prices for his commodities, not more debts.

CONCLUSION

We can not by any magic wave of the hand dispel this depression. We can not legislate the natural laws of economics out of existence. We can not build a prohibitive tariff wall around us and expect to retain our foreign markets in which to sell our surpluses. We can not extend moratoriums and cancel our foreign debts and not overburden the American taxpayer. We can not assume the financial obligations of private business without cost to the taxpayers. We can not refund $3,000,000,000 of taxes paid into the Federal Treasury without having a deficit. We can not maintain the present elaborate machinery of the Federal Government and reduce taxes.

ADJOURNMENT

Mr. McDUFFIE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 28 minutes p. m.), the House adjourned until to-morrow, Tuesday, June 21, 1932, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LINTHICUM: Committee on Foreign Affairs. House Joint Resolution 416. A joint resolution to extend the time for filing claims under the settlement of war claims act of 1928, and for other purposes; without amendment (Rept. No. 1672). Referred to the Committee of the Whole House on the state of the Union.

Mr. GILBERT: Committee on the Library. H. R. 6490. A bill authorizing the erection of a memorial to Brig. Gen. Casimir Pulaski at Savannah, Ga.; with amendment (Rept. No. 1673). Referred to the Committee of the Whole House on the state of the Union.

Mr. SIROVICH: Committee on Patents. H. R. 8984. A bill to authorize the licensing of patents owned by the United States; without amendment (Rept. No. 1674). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PITTENGER: Committee on Claims. H. R. 3434. A bill for the relief of Mrs. Agnes M. Allsop; with amendment (Rept. No. 1675). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 363. An act for the relief of Nannie Swearingen; with amendment (Rept. No. 1676). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 2732. A bill for the relief of Charles C. Flippen; with amendment (Rept. No. 1677). Referred to the Committee of the Whole House.

Mr. ROGERS: Committee on Military Affairs. H. R. 2734. A bill for the relief of James Taylor; with amendment (Rept. No. 1678). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KLEBERG: A bill (H. R. 12730) to provide temporary aid to agriculture for the relief of the existing national economic emergency; to the Committee on Agriculture.

By Mr. HORR: A bill (H. R. 12731) to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States; to the Committee on Military Affairs.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 12732) to amend section 5219 of the Revised Statutes of the United States; to the Committee on Banking and Currency.

By Mr. NORTON: A bill (H. R. 12733) to secure cost of production to producers of agricultural commodities, and for other purposes; to the Committee on Agriculture.

By Mr. SHANNON: Resolution (H. Res. 271) relative to the expenses of conducting investigation authorized by House Resolution No. 235; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOYLAN: A bill (H. R. 12734) for the relief of Jarade Hudson Archer; to the Committee on Naval Affairs.

By Mr. CRAIL: A bill (H. R. 12735) for the relief of J. S. Mott; to the Committee on Military Affairs.

By Mr. CHINDBLOM: A bill (H. R. 12736) for the relief of Charles J. Riesner; to the Committee on Military Affairs.

By Mr. KLEBERG: A bill (H. R. 12737) granting an increase of pension to Esther V. Dick; to the Committee on Invalid Pensions.

By Mr. RANKIN: Resolution (H. Res. 270) authorizing the Committee on World War Veterans' Legislation to employ James W. Boyer, jr., as an expert legal adviser on legislation pertaining to World War veterans at the rate of $4,200 per annum; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8385. By Mr. GARBER: Petition of the International Typographical Union, protesting against reduction of extra compensation for night work in Government service and other provisions of the economy bill, and indorsing Senate amendment to section 210; to the Committee on Economy.

8386. Also, petition of Alvin G. Winner, president of the Substitute Letter Carriers' Association, Tulsa, Okla., urging support of the furlough plan as approved by the Senate as against the probability of any reduction of personnel in the Postal Service; to the Committee on Economy.

8387. By Mr. KELLER: Petition of Local Union No. 790, United Mine Workers of America, Zeigler, Ill., indorsing the soldier bonus, and asking that that legislation be passed at this session of Congress; to the Committee on Ways and Means.

8388. By Mr. LINDSAY: Petition of Consolidated Lithographing Corporation, Brooklyn, N. Y., opposing increased governmental expenditures; to the Committee on Economy.

8389. Also, petition of National Association of Postal Supervisors, New York City, favoring the furlough plan in preference to the percentage pay cut; to the Committee on Economy.

8390. Also, petition of Gillespie & Co. (Inc.), of New York, favoring the reduction of governmental expenditures; to the Committee on Economy.

8391. By Mr. SMITH of Idaho: Resolution adopted by the assembly of the Swedish Evangelical Mission Church, of Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8392. Also, resolution adopted by the congregation of the First Church of the Nazarene, Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8393. Also, resolution adopted by the congregation of the third ward, Latter Day Saints Church, Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8394. Also, resolution adopted by Iona ward, Latter Day Saints, Iona, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8395. Also, resolution adopted by the congregation of Bishop Alma Williams, Church of Latter Day Saints, Osgood, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8396. Also, resolution adopted by Milo ward, Latter Day Saints, Idaho, signed by Bishop Fred J. Storer, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8397. Also, resolution adopted by a congregation of 145 people, signed by W. F. Burtenshaw, Rigby, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8398. Also, resolution adopted by the congregation of the Trinity Methodist Episcopal Church, Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

8399. Also, resolution adopted by Market Lake Grange, No. 263, Roberts, Idaho, officially signed by Bert Higgins, master, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8400. Also, resolution adopted by Mount Deary Grange, No. 277, Deary, Idaho, officially signed by William Smith, master, and G. W. Kitch, secretary, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8401. Also, resolution adopted by Wood River Center Grange, No. 87, Hailey, Idaho, officially signed by Tressa M. Jones, secretary, urging the enactment of legislation to stabilize the price of farm products; to the Committee on Agriculture.

8402. Also, resolution adopted by Castleford Grange, No. 176, Castleford, Idaho, officially signed by Margaret Thomas, secretary, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8403. Also, resolution adopted by Orchard Avenue Grange, No. 73, Payette, Idaho, officially signed by Luha F. Medaris, secretary, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8404. Also, resolution adopted by the Falls City Grange, No. 267, Jerome, Idaho, officially signed by Cora Thompson, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8405. Also, resolution adopted by the Ten Mile Heights Grange, Meridian, Idaho, officially signed by Francis Fountain, master, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8406. Also, resolution adopted by the Gem Valley Grange, No. 266, Grace, Idaho, officially signed by Alice Sorensen, secretary, urging the enactment of legislation to stabilize the prices of farm products; to the Committee on Agriculture.

8407. Also, resolution adopted by the congregation of Ammon ward, Latter-Day Saints, Ammon Town, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on Agriculture.

8408. Also, resolution adopted by the congregation of the First Baptist Church, Idaho Falls, Idaho, opposing the resubmission of the eighteenth amendment; to the Committee on Agriculture.