By Mr. McLEOD: A bill (H. R. 12932) to amend section 204 of Public Act No. 212, Seventy-second Congress; to the Committee on Economy.

By Mr. CABLE: A bill (H. R. 12933) to provide for the sale of internal-revenue stamps by postmasters in cities of over 2,500 inhabitants; to the Committee on Ways and Means.

By Mr. BULWINKLE: Resolution (H. Res. 282) authorizing the appointment of a committee of seven Members of the House of Representatives to investigate the executive departments and independent offices; to the Committee on Rules.

By Mr. ALMON: Joint resolution (H. J. Res. 465) to amend the revenue act of 1932 by repealing section 751 imposing a tax on checks, drafts, and orders for the payment of money; to the Committee on Ways and Means.

By Mr. DISNEY: Joint resolution (H. J. Res. 466) relating to the payment of interest in connection with certain judgments and overpayments of taxes; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H. R. 12934) granting Robert C. O'Brien the privilege of filing application for benefits under the emergency officers' retirement act; to the Committee on Naval Affairs.

By Mr. CRAIL: A bill (H. R. 12935) for the relief of J. T. Roache; to the Committee on Military Affairs.

By Mr. EVANS of California: A bill (H. R. 12936) granting a pension to Anna B. Smith; to the Committee on Invalid Pensions.

By Mr. FOSS: A bill (H. R. 12937) for the relief of Emil Siegmund; to the Committee on Claims.

By Mr. McLEOD: A bill (H. R. 12938) to reinstate Norman B. Conger as senior meteorologist in the weather bureau at Detroit, Mich.; to the Committee on the Civil Service.

By Mr. SCHAFER: A bill (H. R. 12939) granting a pension to Mollie Withrow; to the Committee on Invalid Pensions.

By Mr. TREADWAY: A bill (H. R. 12940) for the relief of Dwight H. Merrill; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8516. By Mr. CRAIL: Petition of California Baby Chick Association, protesting the quarantining of baby chicks and other livestock shipments in interstate shipment; to the Committee on Interstate and Foreign Commerce.

8517. By Mr. HARLAN: Petition of 300 citizens of southwestern Ohio, favoring more adequate regulation of busses and trucks in interstate transportation, and protesting against Government subsidization of water and other forms of transportation; to the Committee on Interstate and Foreign Commerce.

8518. By Mr. STOKES: Petition of Philadelphia Board of Trade, advocating that it is essential to the public welfare that the question of the continuance of the eighteenth amendment, Constitution of the United States, be referred to a vote of the people at the next regular election, and that Congress be urged to take such action as may be necessary for confirmation of the vote thus recorded; to the Committee on the Judiciary.

8519. By Mr. TIERNEY: Petition concerning the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8520. By the SPEAKER: Petition of members of the Republican wet bloc of the House of Representatives, requesting the opportunity of voting on a bill legalizing the manufacture and sale of beer; to the Committee on the Judiciary.

SENATE

SATURDAY, JULY 9, 1932

(Legislative day of Friday, July 8, 1932)

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

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

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

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

PETITION AND MEMORIAL

The VICE PRESIDENT laid before the Senate the petition of the rank and file committee of the bonus marchers, signed by John T. Pace, chairman, praying that the $100,000 made available to be loaned to veterans for transportation to their homes be appropriated to feed and shelter the veterans now in Washington, D. C.; that Congress enact legislation for the immediate cash payment of adjusted-service certificates (bonus), and that final adjournment be not taken before such legislation is enacted, which was referred to the Committee on Finance.

Mr. COPELAND presented a memorial of sundry citizens of the United States, remonstrating against the entrance of the United States into the World Court, which was ordered to lie on the table.

DUTY ON PINEAPPLES—PUERTO RICAN VIEWS

Mr. BINGHAM. Mr. President, on April 4, 1932, there was read into the CONGRESSIONAL RECORD a statement by Mr. H. E. Miles, chairman of the Fair Tariff League, regarding the action taken by the Tariff Commission on the question of the duty on fresh pineapples. On May 2, 1932, a reply by Mr. J. N. McBride, general agricultural and land-settlement agent of the Seaboard Air Line Railway, giving Florida's side of this controversy, was read into the RECORD by the Senator from Florida [Mr. FLETCHER]. I now desire to present Puerto Rico's side of this question, and therefore ask permission to have printed in the RECORD a statement which I have recently received from the Fruit Growers' Improvement Committee of Puerto Rico.

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

The statement is as follows:

THE TRUTH REGARDING THE DUTY ON PINEAPPLES

It is indeed amusing to read the statement of Mr. H. E. Miles, chairman of the Fair Tariff League, which was read into the CONGRESSIONAL RECORD, Monday, April 4, 1932, by the Hon. THOMAS J. WALSH of Montana, regarding the tariff on Cuban pineapples. It is most amusing to read, especially, that part of the statement headed "When Is a Crime?" The very fact pointed out in this particular part of the statement is so applicable to the whole of Mr. Miles's statement that it should be brought to the attention of

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the Senate of the United States, of the Hon. Mr. WALSH, and the people of the United States.

Lord Kyslant's crime was that he falsified a public document, according to Mr. Miles, by saying nothing, by not telling all of the truth. Does not Mr. Miles commit the same offense, not probably of falsifying a public document but by deliberately endeavoring to mislead the august Senate body and the people of the United States regarding the whole truth of the pineapple tariff question and the whole truth of the production of pineapples?

What about Puerto Rico, possessed, owned, and governed by the United States of America, giving all of its trade to the mother country? Why does not Mr. Miles at least say something regarding the production of pineapples in Puerto Rico if he is to be free from the same charges that he points out in the crime of Lord Kyslant and the charges brought against the Tariff Commission? Why does he not go farther and speak the whole truth, explain to the Senate, have placed in the CONGRESSIONAL RECORD the fact that Cuba, even with the present tariff on pineapples, can still produce and place in the markets of the United States pineapples cheaper than Puerto Rico can do? Why does he not explain that on account of a ruling of the Supreme Court of the United States Puerto Rico can not defend herself against Cuba and can not be heard on tariff matters? Why does he not go farther and explain that there are at present over 4,000 acres planted to pineapples in Puerto Rico and the production ranges from 500,000 to 700,000 crates per year? Why does he not explain that this acreage is actually owned by American citizens, who depend upon this for their livelihood, and is not like Cuba, where the native Cuban planter is exploited by American corporations, who are in the business not for a living but for speculative purposes? Why does not Mr. Miles explain that the 4,000 acres in Puerto Rico provide a means of livelihood for 4,000 Puerto Rican families, but, nevertheless, American families, and counting 6 persons to a family, gives a living to 24,000 people? Why does he not explain that if the tariff on Cuban pines is lowered below what it is at present that Puerto Rican pineapple growers will have to go out of business, and these 24,000 American citizens will be deprived of their livelihood, with no chance of obtaining any further employment in the island? Why does not Mr. Miles be fair and explain to everyone that Cuba by coming into Key West can ship every market in the United States, but, nevertheless, dumps enough pineapples into the New York market to ruin this only market which Puerto Rico enters at the present time? Why does not Mr. Miles tell the whole truth and not place himself in the same position which he cites regarding Lord Kyslant? Why does he not explain what happened at the last hearing before the Tariff Commission in October, 1931, on this subject, and how Puerto Rico, the only part of the United States at present producing pineapples on a commercial basis, was prevented from being heard at the hearing? Why does not Mr. Miles explain that there are thousands of acres available for pineapple production in Puerto Rico which, if it were not for Cuba ruining the American markets, could be planted to pineapples and give employment to thousands of American citizens who are now unemployed and on the verge to starvation? Why does he not tell the Senate that Puerto Rico and Florida could supply all of the pineapples the United States could consume if they were given an opportunity by placing a higher duty on Cuba, so as to more nearly equalize the cost of production?

If he read all of the testimony, is fully familiar with all of the facts in the case, he surely knew the truth, but like Lord Kyslant, toward whom he points the finger of scorn, he did not tell all of the truth, but kept silent.

The truth of the pineapple-tariff situation follows, and Mr. Miles is aware of these things but avoided mentioning them.

Puerto Rico is the only part of the United States that produces fresh pineapples on a commercial basis at the present time. This industry is one of the most important industries of the island, giving work to thousands of American citizens. The pineapple growers in the island have always had a great deal to contend with, and their lot has not been easy. They had just built up their production to over 500,000 crates when the United States entered the war, and prices of potash, which is a necessary fertilizer, rose to such a point that it was prohibitive, and space for shipping became practically impossible to obtain. Production dropped to 116,000 crates in 1919. Then began a building up again after the war to 529,000 crates in 1929, at which time the hurricane hit the island. The tariff placed upon Cuban pineapples in 1929 stimulated plantings and in 1931 Puerto Rico shipped 704,000 crates. Due to the dumping of Cuban pines on the New York market in 1932, the extreme low prices that existed, the drought at the beginning of the season, heavy rains during part of the season, shipments in 1932 amounted to only 620,795 crates.

It costs Puerto Rico close to $3 per crate to produce, transport, and sell a crate of pineapples in the New York market. It costs Cuba less than $2 to produce, transport, and sell a crate of pineapples in New York. Even with the present tariff, Cuba can produce, transport, and sell pineapples in any market of the United States at less than can Puerto Rico.

One of the principal industries of Puerto Rico is constantly threatened by Cuba, and is doomed to destruction if the tariff on Cuban pineapples is lowered.

Puerto Rico buys from the mother country more products than all of the Central American countries combined, and more than any single South American country. The ability to continue to pay for this trade is dependent upon the protection that the United States gives Puerto Rican industries from foreign countries such as Cuba. There can be no argument about this—it is either protect her child by maintaining tariffs which will permit Puerto Rico to compete with the products from other countries or Puerto Rico will become a ward of the mother country and appropriations will have to be made for her maintenance.

It is true that Florida has tried repeatedly to obtain slips from Puerto Rico in order to again enter the pineapple business. There is to-day on my desk an order from Florida for 1,000,000 slips which will plant approximately 100 acres. If possible, this order is going to be filled, for it is Puerto Rico's desire to assist Florida in trying to build up their production of pineapples to the profitable business that it was before they were forced out of business by cheaply produced pineapples from Cuba.

Florida started Cuba in the pineapple business by supplying the slips necessary to set out their first acres. When the red wilt attacked the Florida plantings and the United States Department of Agriculture advised that Florida must obtain new, disease-free stock to replant with, Cuba placed an embargo on slips, knowing that Puerto Rico could not supply these. Puerto Rico also obtained their slips from Cuba at that time, and at one stroke of the pen the President of Cuba placed an embargo on slips in order to ruin the Florida pineapple business and to cripple Puerto Rico. Florida was ruined, as they had no place to obtain disease-free slips and could not use their own on account of the disease which was present. In Puerto Rico production was seriously crippled, but having no disease finally overcame the hardship placed upon them by the Cuban embargo.

What is the intention of the Senate of the United States, or the Government of the United States, toward this situation? Do they desire to lower the tariff recently placed upon Cuban pineapples, in order that the American speculators in Cuba can make a greater profit? Do they desire to create, during these times of economic distress and uncertainty, more jobs for foreign laborers in a foreign country? Do they desire to eliminate an industry from a part of the United States that at present feeds 24,000 American citizens? Do they desire to harken to Mr. Miles with his evasion of the truth, or do they desire to be fair, square, and honest with a portion of the great United States of America and grant Puerto Rico at least a chance to be heard upon a subject that is so vital to the economic structure of our small island?

We ask that some method be arranged whereby the pineapple growers of Puerto Rico can present their case before the Tariff Committee the next time there arises a hearing on the pineapple tariff. Imagine Mr. Miles, of the Fair Tariff League, through evasion, misstatement of facts, endeavoring to throw out of employment 4,000 American citizens, take the bread from 24,000 American mouths, throw into bankruptcy over 100 American pineapple producers, lessen the buying power of an American possession that buys more from the mother country than all Central American countries combined, and more than any single South American country, and all in the name of the Fair Tariff League. He speaks in his article of crime—the title of his article begins with the word "crime." Truly Mr. Miles's crime is greater than all, and he deserves no place on anything called fair, and a deaf ear should be turned to his statements and to the incomplete and untruthful statements of the so-called Fair Tariff League.

J. P. KLEIN,
General Manager, Fruit Growers' Improvement Committee of Puerto Rico.

REPORTS OF COMMITTEES

Mr. MOSES, from the Committee on Foreign Relations, to which was referred the bill (S. 4949) for the relief of Corinne Blackburn Gale, reported it without amendment and submitted a report (No. 991) thereon.

Mr. NORBECK, from the Committee on Indian Affairs, to which was referred the bill (S. 4024) authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge, reported it without amendment and submitted a report (No. 992) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. NORRIS:

A bill (S. 4964) to amend section 9 of the act of May 14, 1930; to the Committee on the Judiciary.

By Mr. COSTIGAN (for Mr. NEELY):

A bill (S. 4965) for the relief of James Evans Monroe; to the Committee on Claims.

A bill (S. 4966) for the relief of George Yusko; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4967) for the relief of the Mizrach Wine Co.; to the Committee on Claims.

By Mr. THOMAS of Idaho:

A bill (S. 4968) to amend the Federal farm loan act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. REED:

A joint resolution (S. J. Res. 195) granting permission to Hugh S. Cumming, Surgeon General of the United States Public Health Service; John D. Long, medical director United States Public Health Service; and Clifford R. Eskey, surgeon, United States Public Health Service, to accept and wear certain decorations bestowed upon them by the Governments of Ecuador, Chile, and Cuba; to the Committee on Foreign Relations.

AMENDMENT TO HOME LOAN BANK BILL

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, which was ordered to lie on the table and to be printed.

NEGOTIATION OF TREATY WITH CANADA RELATIVE TO LOAD LINES

Mr. JONES submitted a resolution (S. Res. 265), which was read and ordered to lie on the table, as follows:

Resolved, That the President of the United States be requested to negotiate a treaty in conformity with article 2 of section 2 of the International Load Line Convention of 1930 between the United States and Canada, whereby the vessels of each of said countries shall be exempted from the provisions of the act entitled "An act to establish load lines for American vessels, and for other purposes," approved March 2, 1929, so long as they shall remain in trade between ports on Puget Sound and adjacent waters of British Columbia and southeastern Alaska.

SETTLEMENT OF FOREIGN DEBTS

Mr. McKELLAR. Mr. President, I submit a resolution which is very short. I ask that it may be read and lie on the table.

The resolution (S. Res. 266) was read and ordered to lie on the table, as follows:

Whereas it is stated in Associated Press and other dispatches appearing in responsible newspapers that the United States Government has expressed to foreign nations indebted to it a willingness to consider further reductions in the indebtedness of said nations; and

Whereas the Congress of the United States (which alone has power to modify the debt settlements heretofore made) has officially declared by House Joint Resolution 147 its unwillingness further to reduce the indebtedness of said nations: Therefore be it

Resolved, That the President of the United States is requested to inform the Senate whether there is any foundation for the statements made in said dispatches, and, if so, by what authority any representative of the United States has taken such action.

TRANSFER OF COLONIAL POSSESSIONS

Mr. GORE. Mr. President, I submit a resolution and ask that it may be read and lie on the table in connection with the resolution submitted by the Senator from Tennessee [Mr. McKELLAR].

The resolution (S. Res. 267) was read and ordered to lie on the table, as follows:

Resolved, That the Secretary of State be requested to ascertain, if practicable, whether any of the European powers which are indebted to the United States as a result of the war and which received as a result of the war an allotment of Germany's colonial possessions would prefer to transfer such territory in whole or in part to the United States in payment in whole or in part of its indebtedness to the United States rather than to make payment in cash or whether any such power would prefer to assign to the United States in lieu of such cash payments any island or islands situated in American waters and subject to the jurisdiction of such government.

LOANS BY RECONSTRUCTION FINANCE CORPORATION

Mr. COUZENS submitted a resolution (S. Res. 269), which was ordered to lie over under the rule, as follows:

Resolved, That there is hereby created a select committee of the Senate to be appointed by the Vice President, consisting of five Senators, not more than three of whom shall be chosen from one political party, which committee shall be authorized and directed to investigate the loans made by the Reconstruction Finance Corporation and to ascertain any information or facts concerning such loans which the committee deems advisable that the Senate should have. The committee shall make a report to the Senate at the first meeting of the Senate in January of 1933, and shall also make such recommendations as the committee deems advisable.

DEDICATION OF REVOLUTIONARY CEMETERY, MORRISTOWN, N. J.

Mr. BARBOUR. Mr. President, I ask unanimous consent for publication in the RECORD of the address delivered by Commander William Seaman Bainbridge at the dedication of the Revolutionary Cemetery at Morristown, N. J., on May 30, 1932.

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

Efficient and distinguished mayor, comrades, ladies, and gentlemen, multitudes at Bunker Hill, Concord, and Lexington rose against those who invaded the rights of a liberty-loving people. At Valley Forge an unorganized army, almost hopeless, with little food and clothing and insufficient ammunition, faced almost certain defeat because of exhaustion, yet carried on with fortitude, courage, and determination. At Morristown there were similar privations and suffering added to the scourge of a pestilential disease. But it was here that the Continental Army was really raised and organized. The leaders here quietly evaluated the situation, took stock of the enemies not only at home but abroad, and laid their plans. We can well imagine how their hearts glowed with rejoicing when Lafayette, landing at Boston, came directly to Morristown with the stirring news that his King was sending a fleet with Rochambeau and De Grasse. With the aid, too, of that able general, Von Steuben, plans were worked out which resulted in the victory at Yorktown, and the foundation of liberty, justice, and a representative government. Among the historic shrines of our country, Morristown will loom large on the horizon, for if there had been no Morristown there would have been no Arlington and no Gettysburg.

Each one of these touchstones of remembrance helps rekindle that spirit of courage and indomitable will to which we all owe what we have become as a nation. Our forefathers laid the foundation; those who have come after have built the superstructure, and if, in our growth, we have made mistakes, it is seemly that we review the past in envisioning the future so that we may be worthy of the trust imposed upon us.

And so to-day it is wise to heed the sign—Stop! Look! Listen! The onrushing train, when nearing a danger point in the road, is warned by a red light to slow down and take account of what is ahead in order to avoid disaster. In the medical world we are advising everyone to have a human "garaging" at certain intervals so that, if there is any danger signal anywhere, he may be warned in time for proper care to be instituted. Any machine, as we all know, must be looked after constantly, and what is true of a machine is also true of an individual, of a country, of a world!

We are passing through a period of discouragement, for the clouds obscure our vision. The unhappy conditions in our own country are repeated, more or less, in every land. We are not facing a national problem—we are in the midst of a world crisis! In our homeland we see overproduction, taxation, unemployment, starvation, bank failures, crime, and a lack of moral standards in high and low places. We seem, indeed, to be in chaos.

We need a well-formulated plan. We need real leadership under which we must put our own house in order and cease megaphoning directions to the rest of the world. We need a changed country and a changed world—a new order. We need a wider horizon and a broader outlook.

Any country fit to endure must possess certain qualities—qualities foreseen by those who signed that masterpiece, the Constitution of the United States of America. These attributes are liberty of thought and belief, freedom of speech, and the right to life, liberty, and the pursuit of happiness. We know the fallacy that lies in the tenet that all men are created free and equal—our institutions for the blind, the deaf, the insane, the mental defectives, answer that point. Therefore, those who are better off must help bear the infirmities of the weak. But everyone in every country should be free to live his life respectably. No nation is fit to endure, or can long endure, if it does not give every man and woman who can work, and desire to work, an opportunity to do so, at a wage sufficient to enable them to live healthfully and respectably, with a margin to prepare those dependent upon them for life's battle, and also enough for a modicum of pleasure and recreation, which is re-creation.

Our whole civilization is on trial. Those forces that would destroy all that we hold dear are not born; they are evolved out of conditions that are dangerous and evil. Let us be careful to look to these conditions. Malignant organisms must have soil on which to grow and thrive before they can really do harm. In our effort to remove the cancer of the body politic, with its long tendrils in every direction seeking to strangle and destroy, we must, with even greater insistence, go back to causes and seek to eliminate them as far as is humanly possible, or dire consequences may follow.

It may be that the cry we hear from all humanity arises from the agony of a new birth—a new order, a new world, is being born. By actual personal necessity we are compelled to take an inventory of things as they are and look toward the future. The need for perfecting some economic plan to prevent the recurrence of the calamitous condition in which we now find ourselves is receiving more earnest consideration than ever before. We are no longer rushing onward at as mad and headlong a speed. We have observed the danger signal—stop! We are standing still and taking cognizance of our surroundings, realizing that we are almost at the brim of a precipice. The very fact of our realization is a

decided gain. Though we do this by compulsion, the result may be good. More and more we are thinking of others, of their present sustenance and future care. To-day news is universal and instantaneous. We can be of almost immediate help wherever needed. We are no longer detached groups of humanity. We are recognizing and must continue to recognize the fact that we are not an insular people surrounded by barbed wire, but a small part of the whole, and without the consideration of all the parts we can not go on successfully.

In endeavoring to find a way out of our difficulties one thing is essential—we must have national security, for without this our problems can not be solved, chaos will result, and destruction be invited. We must hold fast to that which is good and which was given to us by our forefathers, and stand firm upon our foundation until convinced that a proposed change should be incorporated in our life, by clear reasoning, experience, and judgment, and not by a cataclysm or an ignorant revolt from restraint.

The true patriot must review the past in order to protect the future. The history of the world has shown that nations rise and fall as a result of their efforts in the trade markets of the world. George Washington left this axiom for posterity: "To an active external commerce the protection of a naval force is indispensable." And we may add that an adequate guard is needed for the maintenance of internal order and the repulsion of external enemies.

We are told in the Book of Books: "When a strong man armed keepeth his palace, his goods are in peace" (St. Luke xi, 21). Surely no one desires to argue the fact that law and order deserve to be defended against the forces of crime, and that a city without a police force is open to depredations. A great nation without strength for defense of its rights is subject to the activities of others.

Recently Senator REED stated truly that racial rivalries persist in spite of everything we can say or do, and that so long as men can hurl a stone or lift a club they will fight if there is a will or need to fight. "And ye shall hear of wars and rumors of wars; see that ye be not troubled for these things must needs come to pass; but the end is not yet."

Our Regular Army to-day consists of 132,000 persons, one-third smaller than in 1921. Thus, 1 person out of every 900 is in our standing Army. In so-called "disarmed" Germany it is 1 person out of every 600, in Great Britain 1 out of every 200, in France and Italy 1 out of every 105, in Japan 1 out of 300, and in Russia 1 out of every 250. In this day, when there is so much talk of disarmament, and yet when every nation is working and striving for the fullest possible armament, we in our country in which there is much to protect should certainly not further lessen our strength or weaken our position, for in strength well controlled and directed there is safety. "A free people," said Washington, "ought not only to be armed but disciplined, to which end a uniform and well-digested plan is requisite. To be prepared for war is one of the most effectual means of preserving peace."

There is a picture that is indelibly impressed on my mind. A number of years ago, at the time of the war of the Druses, I went north on horseback with a friend and a dragoman over the hills of Judea. As I was visualizing in my mind's eye the events that had transpired in this region those many years ago, there suddenly appeared a mounted Bedouin chieftain. It was war time and everyone was not what he seemed to be. Our dragoman turned in his saddle and said: "Watch this man who approaches. When he comes near you he will say 'Salaam Alaikum'—Peace be to you—and you will answer, 'Alaikum Salaam'—To you be peace—but watch him when he comes near, watch him as he passes and as he disappears from sight. To go forward safely—look back."

The strength of a nation depends upon the youth harbored within its borders. Military training acts as a guide for the instability and restlessness of youth, which is always a great danger to any government. It is of value in affording work and association along rational lines, under self-imposed discipline, and makes for the ideal of good citizenship. The importance of doing a job at the right time and in the right way, so essential, is part of military training, and the young man is inculcated with a respect for organization and an ability to work successfully in an organization; such training induces promptness, definite and quick decisions coupled with good posture and bearing, and is one of the finest preparations for life in time of peace. Any course that aims toward the development of mental alertness, an eye for correct form, exactness and precision, mental and bodily coordination, the power and spirit of cooperation, initiative and self-discipline, courtesy, respect and obedience to authority, and the power and spirit of constructive leadership makes for the good of the man, his profession, his business, his country, and humanity.

You will remember Kipling's Ship That Found Itself. It is a very realistic picture of an imaginary ship caught in a gale at sea. The waves lashed against her, the wind blew madly, and soon each part of the ship was giving its opinion, arguing its cause, considering itself the main prop of the whole, for each could see only as far as its own vision. Meanwhile the forces from without became more aggravated; the gale was at its height. The ship plunged and swayed, nosed round and round, and seemed almost to capsize. Soon the deck beams, and sea valves, and capstan, and stringers, and cylinders, down to the smallest screw and rivet, began to realize that they must pull all together, that each part was dependent upon the other, and that in order to overcome the terrific forces attacking them from without, they had to combine their strength to enable them to carry their ship safely to port. In pulling together they had an awakened consciousness of the importance of each part, insignificant, or conspicuous, a confidence in and respect for the other's ability to do his job, which resulted in the success of the whole.

The good ship Uncle Sam is on the mighty deep. Storm signals are everywhere. The barometer is low. But this ship was constructed seaworthily. There is a jargon of voices, loud in misunderstanding. There are currents and countercurrents of effort to keep the ship in condition. The greater dangers are from within, but it is the gale from without that causes the various parts of the ship to realize that they must work together in harmony for their own safety, and that each part must do its share, for it is safe only as the ship is safe, and that there are other ships out in the same storm.

Let us to-day reawaken within us the spirit and ideals of the founders of this Republic. Times have changed and people with them. Relationships of time and space have altered. But the essentials remain. Let us put our antenna up and join in one great effort to get the direction from the Father of All, who can bring intelligent understanding, mutual confidence, and respect. We must heed the injunction, "Be strong," determined to do our part in this age as our forefathers did in theirs. Here in this sanctuary of historic remembrance let us rededicate the best that is in us to carry on—

"For the cause that lacks assistance,
For the wrongs that need resistance,
For the future in the distance,
And the good that we may do!"

LOANS TO STATES—SYSTEM OF HIGHWAYS—CONFERENCE REPORT

Mr. NORBECK submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate 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, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, 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:

"That this act may be cited as the 'emergency relief and construction act of 1932.'

"TITLE I—RELIEF OF DESTITUTION

"SECTION 1. (a) The Reconstruction Finance Corporation is authorized and empowered to make available out of the funds of the corporation the sum of $300,000,000, under the terms and conditions hereinafter set forth, to the several States and Territories, to be used in furnishing relief and work relief to needy and distressed people and in relieving the hardship resulting from unemployment, but not more than 15 per cent of such sum shall be available to any one State or Territory. Such sum of $300,000,000 shall, until the expiration of two years after the date of enactment of this act, be available for payment to the governors of the several States and Territories for the purposes of this section, upon application therefor by them in accordance with subsection (c), and upon approval of such applications by the corporation.

"(b) All amounts paid under this section shall bear interest at the rate of 3 per cent per annum, and, except in the case of Puerto Rico and the Territory of Alaska, shall be reimbursed to the corporation, with interest thereon at the rate of 3 per cent per annum, by making annual deductions, beginning with the fiscal year 1935, from regular apportionments made from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads, of an amount equal to one-fifth of the share which such State or Territory would be entitled to receive under such apportionment, except for the provisions of this section, or of an amount equal to one-fifth of the amounts so paid to the governor of such State or Territory pursuant to this section and all accrued interest thereon to the date of such deduction, whichever is the lesser, until the sum of such deductions equals the total amounts paid under this section and all accrued interest thereon. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the corporation an amount equal to the amount so deducted. If any

State or Territory shall, within two years after the date of enactment of this act, enter into an agreement with the corporation for the repayment to the corporation of the amounts paid under this section to the governor of such State or Territory, with interest thereon as herein provided, in such installments and upon such terms as may be agreed upon, then the deduction under this subsection shall not be made unless such State or Territory shall be in default in the performance of the terms of such agreement. In the case of a default by the State or Territory in any such agreement, the agreement shall thereupon be terminated and reimbursement of the unpaid balance of the amount covered by such agreement shall be made by making annual deductions in the manner above provided (beginning with the fiscal year next following such default) from regular apportionments made to such State or Territory from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads. Before any amount is paid under this section to the Governor of Puerto Rico or of the Territory of Alaska, Puerto Rico or the Territory of Alaska shall enter into an agreement with the corporation for the repayment of such amount with interest thereon as herein provided, in such installments and upon such terms and conditions as may be agreed upon.

"(c) The governor of any State or Territory may from time to time make application for funds under this section, and in each application so made shall certify the necessity for such funds and that the resources of the State or Territory, including moneys then available and which can be made available by the State or Territory, its political subdivisions, and private contributions, are inadequate to meet its relief needs. All amounts paid to the governor of a State or Territory under this section shall be administered by the governor, or under his direction, and upon his responsibility. The governor shall file with the corporation and with the auditor of the State or Territory (or, if there is no auditor, then with the official exercising comparable authority) a statement of the disbursements made by him under this section.

"(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law. Whenever an application under this section is approved by the corporation in whole or in part, the amount approved shall be immediately paid to the governor of the State or Territory upon delivery by him to the corporation of a receipt therefor, stating that the payment is accepted subject to the terms of this section.

"(e) Any portion of the amount approved by the corporation for payment to the governor of a State or Territory shall, at his request, and with the approval of the corporation, be paid to any municipality or political subdivision of such State or Territory if (1) the governor makes as to such municipality or political subdivision a like certificate as provided in subsection (c) as to the State or Territory, and (2) such municipality or political subdivision enters into an agreement with the corporation for the repayment to the corporation of the amount so paid, at such times, at such rates of interest, and upon such other terms and conditions, as may be agreed upon between the corporation and such municipality or political subdivision. The amount paid to any municipality or political subdivision under this subsection shall not be included in any amounts reimbursable to the corporation under subsection (b) of this section.

"(f) As used in this section the term "Territory" means Alaska, Hawaii, and Puerto Rico.

"TITLE II—AMENDMENTS TO RECONSTRUCTION FINANCE CORPORATION ACT

"SEC. 201. Section 5 of the Reconstruction Finance Corporation act is amended to read as follows:

"'SEC. 5. (a) To aid in financing agriculture, commerce, industry, and housing, including facilitating the exportation of agricultural and other products, and to assist in the relief of unemployment, 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 person when in the opinion of the board of directors of the corporation such person is unable to obtain funds upon reasonable terms through banking channels. Any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same.

"'(b) In the exercise of its powers under this section the corporation shall, so far as practicable, give preference to—

"'(1) Loans to, or contracts with (and the corporation is hereby empowered to make such loans and contracts), States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal instrumentalities of one or more States, to aid in financing projects authorized under Federal, State, or municipal law which are self-liquidating in character, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years;

"'(2) 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;

"'(3) Loans to private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, and markets devoted to public use and which are self-liquidating in character;

"'(4) Loans to private limited-dividend corporations to aid in the protection and development of forests and other renewable natural resources, which are regulated by a State or political subdivision of a State and are self-liquidating in character; and

"'(5) Loans 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 enacted before the date of enactment of the emergency relief and construction act of 1932; 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.

"'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, or by such other means (other than by taxation) as may be prescribed by the statutes which provide for the project. All loans and contracts made by the Reconstruction Finance Corporation in respect of projects of the character specified in paragraphs (1) to (5) of this subdivision shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive and administrative positions), so far as practicable, no individual employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such projects preference shall be given, where they are qualified, to ex-service men with dependents. The provisions of this subdivision shall apply with respect to projects in Puerto Rico and the Territories to the same extent as in the case of projects in the several States, and as used in this sub-

division the term "States" includes Puerto Rico and the Territories.

"'(c) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under this section, together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount involved in each case, except that such statement shall not show the names of borrowers of the classes to whom loans could be made under this section before its amendment by the emergency relief and construction act of 1932, unless the loan or advance was made under subdivision (b) of this section.

"'(d) In order that the surpluses of agricultural products which have accumulated in public and private warehouses and elevators may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans under this section, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses 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 corporation if, in its judgment, such sales will affect adversely the world markets for such products.

"'(e) The Reconstruction Finance Corporation is further authorized to create in any of the 12 Federal land-bank districts where it may deem the same to be desirable a regional agricultural credit corporation with a paid-up capital of not less than $3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 2 of this act. Such corporations shall be managed by officers and agents to be appointed by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Reconstruction Finance Corporation, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate-credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

"'(f) All loans made under this section, and all contracts of the character described in paragraph (1) of subdivision (b), shall be fully and adequately secured, except that in the case of loans (other than loans of the character described in paragraph (1) of subdivision (b)) to States, political subdivisions thereof, municipalities, instrumentalities or agencies of one or more States or municipalities or political subdivisions thereof, or public corporations, the loan may be made if, in the opinion of the board of directors of the corporation, the payment of the interest on the loan and the payment of the principal of the loan are adequately assured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve: *Provided*, That no loans or advances (except loans under subdivision (d)) shall be made upon foreign securities or foreign acceptances as collateral or for the purpose of assisting in the carrying or liquidation of such foreign securities and foreign acceptances. In no case shall the aggregate amount advanced under this section to any one person (including, in the case of a corporation, its subsidiary or affiliated organizations) exceed at any one time 2⅝ per cent of (1) the authorized capital stock of the Reconstruction Finance Corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully subscribed.

"'(g) Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally: *Provided*, That loans or contracts of the character described in subdivision (b) may be made for a period not exceeding 10 years: *Provided further*, That loans or contracts of the character described in paragraph (1) or (5) of subdivision (b) may be made for a period exceeding 10 years when it is the judgment of the board of directors of the corporation that it is necessary to purchase securities as provided in such paragraphs and that it is not practicable to require the reimbursement of the corporation, within 10 years, through the repurchase or payment of such securities, or in any other manner.

"'(h) The corporation may make loans under this section at any time prior to January 23, 1933; and the President may from time to time postpone such date of expiration for such additional period or periods as he may deem necessary, not beyond January 22, 1934.

"'(i) No fee or commission shall be paid by any applicant for a loan under the provisions of this section in connection with any such application or any loan made or to be made under this section, and the agreement to pay or payment of any such fee or commission shall be unlawful.

"'(j) No loan shall be made to a railroad or to a receiver of a railroad except on the approval of the Interstate Commerce Commission. Any railroad may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

"'(k) As used in this section and section 8, the term "person" means an individual, a trust or estate, a partnership, a corporation (public, quasi-public, or private), an association, a joint-stock company, a State, a political subdivision of a State, a municipality, and any instrumentality or agency of one or more States or municipalities or political subdivisions thereof. As used in this section and section 15 the term "State" includes Alaska, Hawaii, and Puerto Rico.

"'(l) No loans shall be made under this section to a State, a political subdivision of a State, a municipality, an instrumentality or agency of one or more States or municipalities or political subdivisions thereof, or a public corporation, except (1) loans to assist in the relief of unemployment, or (2) loans of the character specified in paragraph (1) of subdivision (b).

"'(m) The Reconstruction Finance Corporation may make such rules and regulations as may be necessary to carry out the provisions of this section.'

"SEC. 202. Section 8 of the Reconstruction Finance Corporation act is amended to read as follows:

"'SEC. 8. In order to enable the corporation to carry out the provisions of this act, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to

the condition of persons with respect to whom the corporation has had or contemplates having transactions under this act, or relating to persons whose obligations are offered to or held by the corporation as security for loans under this act, and to make, through their examiners or other employees for the confidential use of the corporation, examinations of applicants for loans. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examination as the corporation may require for the purposes of this act and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.'

"SEC. 203. (a) Section 9 of the Reconstruction Finance Corporation act is amended by striking out the words 'three times' each time such words appear in such section and inserting in lieu thereof 'six and three-fifths times.'

"(b) The first proviso of section 2 of the Reconstruction Finance Corporation act is amended by inserting after 'as set out in section 9' the following: '(as in force prior to its amendment by the emergency relief and construction act of 1932),' but the Secretary of Agriculture is directed to continue making loans to farmers under the provisions of such section 2.

"TITLE III—PUBLIC WORKS

"SEC. 301. (a) For the purpose of providing for 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, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $322,224,000, which shall be allocated as follows:

"(1) For expenditure in emergency construction on the Federal-aid highway system, $120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this paragraph may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this paragraph shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided,* That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further,* That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *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. As used in this paragraph, the term 'State' includes the Territory of Hawaii. The term 'highway,' as defined in the Federal highway act, approved November 9, 1921, as amended and supplemented, for the purposes of this paragraph only, shall be deemed to include such main State parkways as may be designated by the State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

"(2) For expenditure in emergency construction during the fiscal year ending June 30, 1933, $16,000,000, as follows: (A) For the construction and improvement of national-forest highways, $5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified in the paragraph commencing with the words 'Improvement of the national forests' under the heading 'National Forest Administration' in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), $5,000,000; (C) for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including areas to be established as national parks authorized under the act of May 22, 1926 (U. S. C., Supp. V, title 16, secs. 403 to 403c), and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, secs. 404 to 404c), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053), as amended, $3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), $1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of section 3 of the Federal highway act, as amended and supplemented (U. S. C., Supp. V, title 23, secs. 3 and 3a), $2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

"(3) For the prosecution of river and harbor projects heretofore authorized, $30,000,000.

"(4) For the prosecution of flood-control projects heretofore authorized, $15,500,000.

"(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V, title 43, ch. 12A), $10,000,000.

"(6) For expenditure by the Department of Commerce for air-navigation facilities, including equipment, $500,000.

"(7) For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce, $950,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, $2,860,000.

"(8) For the engineering work of the Coast and Geodetic Survey, Department of Commerce, heretofore authorized, $1,250,000.

"(9) For the construction of projects included in the report of the Federal Employment Stabilization Board, laid before the Senate January 25, 1932, which have heretofore been authorized or which do not require specific authorization, under the Bureau of Yards and Docks, Navy Department, $10,000,000, of which not to exceed $300,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

"(10) For emergency construction of public building projects outside the District of Columbia (including the acquisition, where necessary, by purchase, condemnation, or otherwise, of sites and additional land for such buildings, the demolition of old buildings where necessary, and the construction, remodeling, or extension of buildings), such projects to be selected by the Secretary of the Treasury and the Postmaster General from the allocated public-building projects specified in House Document No. 788, Seventy-first Congress, third session, $100,000,000. Such projects shall be carried out within the estimated limits of cost specified in such document, and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on

or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

"(11) For the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, $15,164,000, as follows:

"Albrook Field, Canal Zone: Quartermaster maintenance building, $20,000; post exchange, theater, and gymnasium, completion of, $42,000.

"Barksdale Field, La.: Noncommissioned officers' quarters, $252,000; officers' quarters, $609,000; barracks, $474,000; hospital, completion of, $225,000; garage, completion of, $30,000; quartermaster warehouse, completion of, $15,000.

"William Beaumont General Hospital, Texas: Noncommissioned officers' quarters, $7,000; warehouse, $15,000.

"Fort Benning, Ga.: Barracks, $650,000.

"Fort Bliss, Tex.: Noncommissioned officers' quarters, $50,000; officers' quarters, $150,000.

"Bolling Field, D. C.: Noncommissioned officers' quarters, $54,000; dispensary, completion of, $30,000; post exchange, theater, and gymnasium, completion of, $45,000; officers' mess, $50,000; enlargement of central heating plant to provide for quarters area, $95,000.

"Fort Bragg, N. C.: Barracks, completion of, $40,000; noncommissioned officers' quarters, $160,000.

"Carlisle Barracks, Pa.: Heating plant, $200,000.

"Chanute Field, Ill.: Noncommissioned officers' quarters, $137,000; central heating plant for technical and quarters area, $200,000.

"Camp Devens, Mass.: Roads and sidewalks, $75,000; service club, $30,000; post exchange and gymnasium, $50,000.

"Fort Douglas, Utah: Noncommissioned officers' quarters, $15,000.

"Dryden, Tex.: Barracks, $20,000.

"Duncan Field, Tex.: Quartermaster warehouse, $40,000; quartermaster maintenance building, $20,000; garage, $40,000; fire and guard house, $25,000.

"Fort Du Pont, Del.: Noncommissioned officers' quarters, $60,000.

"Edgewood Arsenal, Md.: Noncommissioned officers' quarters, $70,000.

"Fitzsimons General Hospital, Colorado: Gymnasium, recreation, and social hall, $150,000.

"Hamilton Field, Calif.: Officers' quarters, $215,000; noncommissioned officers' quarters, $120,000.

"Fort Hamilton, N. Y.: Noncommissioned officers' quarters, $100,000.

"Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, $120,000.

"Hensley Field, Tex.: Noncommissioned officers' quarters, $8,000; officers' quarters, $30,000; roads, utilities, and improvement of flying field, $25,000; replacement of pumping plant, $3,000; sewage-disposal plant, $3,000.

"Holabird quartermaster depot, Md.: Hospital, $120,000.

"Fort Sam Houston, Tex.: Noncommissioned officers' quarters, $150,000; officers' quarters, $350,000.

"Fort Howard, Md.: Hospital, $150,000.

"Fort Hoyle, Md.: Noncommissioned officers' quarters, $70,000.

"Fort Humphreys, Va.: Officers' quarters, $150,000.

"Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, $100,000.

"Fort Jay, N. Y.: Noncommissioned officers' quarters, $130,000; barracks, completion of, $70,000; officers' quarters, $125,000; nurses' quarters, completion of, $35,000.

"Jefferson Barracks, Mo.: Noncommissioned officers' quarters, $65,000; additions to kitchens and mess halls, $55,000.

"Camp Knox, Ky.: Hospital, $200,000.

"Langley Field, Va.: Central heating plant for quarters area, $60,000; quartermaster maintenance building, $20,000; fire house, $20,000; barracks, medical detachment, $30,000; garage, completion of, $15,000; magazine, completion of, $10,000.

"Fort Lawton, Wash.: Noncommissioned officers' quarters, $30,000.

"Fort Leavenworth, Kans.: Nurses' quarters, $60,000.

"Letterman General Hospital, California: Two wards, $150,000.

"Fort Lewis, Wash.: Barracks, completion of, $30,000; water main, $30,000; noncommissioned officers' quarters, $75,000; officers' quarters, $65,000.

"Fort Logan, Colo.: Noncommissioned officers' quarters, $53,000.

"Fort McClellan, Ala.: Headquarters, $50,000; recreation hall, $35,000; gymnasium, $45,000.

"Fort McPherson, Ga.: Nurses' quarters, $70,000; contagious ward for hospital, $70,000.

"Maxwell Field, Ala.: Officers' quarters, $940,000; officers' mess, $55,000.

"March Field, Calif.: Barracks for medical detachment, $25,000; contagious ward for hospital, $12,000; bakery, $15,000; laundry, $60,000; enlisted men's service club, $50,000; officers' mess, $50,000; theater, $40,000.

"Fort Mason, Calif.: Officers' quarters, $110,000.

"Fort Meade, S. Dak.: Riding hall, $25,000.

"Fort George G. Meade, Md.: Noncommissioned officers' quarters, $150,000; officers' quarters, $50,000.

"Mitchel Field, N. Y.: Noncommissioned officers' quarters, $118,000; bakery, $15,000; incinerator, $10,000; enlisted men's service club, $50,000; theater, $40,000; sewage-disposal plant, $40,000; fence, $31,000; quartermaster gasoline storage, $3,000; magazine, $15,000; officers' mess, $50,000; coal storage and handling system, $70,000; roads, walks, and surface-drainage system, $86,000.

"Fort Monmouth, N. J.: Addition to hospital, $75,000; noncommissioned officers' quarters, $170,000; band barracks, $35,000.

"Fort Myer, Va.: Barracks, $100,000.

"Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, $120,000.

"Fort Ontario, N. Y.: Noncommissioned officers' quarters, $50,000.

"Plattsburg Barracks, N. Y.: Additions to barracks, $25,000; barracks, $255,000.

"Pope Field, N. C., for the Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

"Post Field, Okla., for Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

"Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, $60,000; addition to headquarters, $50,000.

"Randolph Field, Tex.: Barracks, completion of, $56,000; gymnasium, completion of, $70,000; roads and utilities, $243,000; completion of chapel and school, $50,000.

"Raritan Arsenal, N. J.: Noncommissioned officers' quarters, $75,000.

"Walter Reed General Hospital, District of Columbia: Noncommissioned officers' quarters, $120,000; addition to nurses' quarters, $300,000.

"Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, $15,000.

"Rockwell Field, Calif.: Noncommissioned officers' quarters, $234,000; officers' quarters, $266,000.

"Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, $140,000.

"Selfridge Field, Mich.: Gymnasium and theater, $80,000; garage, $40,000; quartermaster maintenance building, $20,000; post exchange, $45,000; officers' mess, $60,000; enlisted men's service club, $50,000; bakery, $15,000; roads and utilities, $75,000.

"Fort Sill, Okla.: Barracks, $875,000; noncommissioned officers' quarters, $72,000; officers' quarters, $75,000; gun sheds, $48,000; stables, $30,000; vehicle shed, $10,000.

"Fort Snelling, Minn.: Quartermaster warehouse, $65,000; barracks, medical detachment, $40,000.

"Fort Totten, N. Y.: Noncommissioned officers' quarters, $30,000.

"Fort Wadsworth, N. Y.: Officers' quarters, $75,000.

"Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, $120,000.

"West Point, N. Y.: For addition to hospital, $250,000; barracks for service detachment, $250,000.

"Fort George Wright, Wash.: Noncommissioned officers' quarters, $60,000.

"(b) No part of the sum appropriated by this section, except the amount for expenditure under paragraph (1) or (2) of subsection (a), shall be expended if the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is not available and can not be obtained upon reasonable terms.

"SEC. 302. There is hereby authorized to be appropriated not to exceed $7,436,000, to be expended for the construction and installation at military posts, and at airports and landing fields, of such technical buildings and utilities and appurtenances thereto as may be necessary, as follows:

"Albrook Field, Canal Zone: Technical buildings and installations, completion of, $293,000; gasoline-storage system, completion of, $25,000.

"Barksdale Field, La.: Hangars, $350,000; headquarters and operations buildings, completion of, $89,200; gasoline-storage system, completion of, $20,000; paved aprons, $100,000.

"Fort Benning, Ga.: Hangar, combination, $88,000; gasoline-storage system, $10,000; improvement of landing field and building area, $25,000; heating plant, $20,000; paved aprons, $20,000.

"Benton Field, Alameda, Calif.: Completion of shops, including assembly and test hangars, dope storage, heating and engine test block, $605,500; depot warehouse, $500,000; administration building, $80,000; railroad spur, $8,000; quartermaster warehouse, maintenance and salvage building, $35,000; garage, $48,000; fire and guard house, $30,000; pier, $125,000; paint, oil, and dope storage and oil reclamation, $35,000; gasoline-storage system, $20,000; paved aprons, $80,000.

"Fort Bliss, Tex.: Operations building, $10,000.

"Bolling Field, D. C.: Paved aprons, completion of, $22,800; heating plant for technical area, completion of, $78,000; field shops, completion of, $6,000; improvement of landing field and building area, $615,000.

"Chanute Field, Ill.: Hangars, $170,000; paved aprons, $30,000; improvement of landing field and technical area, $15,000; enlargement of central heating plant and steam lines, $185,000.

"Dryden, Tex.: Paved aprons and hangar floor, $15,000.

"Duncan Field, Tex.: Depot administration building, $60,000; gasoline-storage system, completion of, $15,000.

"Hatbox Field, Muskogee, Okla.: Roofing and sidewalls for hangar, and paved aprons, $15,000.

"Hamilton Field, Calif.: Headquarters and operations building, to complete, $35,000; improvement of landing field and building area, $120,000.

"Langley Field, Va.: Remodeling two hangars into shops, and for ceilings in and additions to hangars, $91,000; gasoline-storage system, completion of, $21,000; bomb storage, $19,000; improvement of landing field and building area, $25,000; machine-gun range, $6,000.

"Luke Field, Hawaiian Department: Air depot, plane overhaul and assembly, $200,000.

"March Field, Calif.: Gasoline-storage system, completion of, $10,000; aircraft-bomb storage, $5,000.

"Maxwell Field, Ala.: Squadron officers' school and/or additions to school building, $150,000; gasoline-storage system, $10,200; improvement of landing field, $100,000; camera obscura, $4,000; bomb storage, $13,000; machine gun and bombing range, $6,000.

"Mitchel Field, N. Y.: Improvement of landing field, $80,000; gasoline-storage system, completion of, $5,000; bomb storage, $13,000; machine-gun range, $2,000.

"Panama Canal Zone: Improvement of emergency landing fields at Gamboa Reach and Camp Gaillard, $20,000.

"Patterson Field, Ohio: Hangars, headquarters and operations, and heating plant, completion of, $251,300; improvement of landing field and building area, $5,000; gasoline-storage system, completion of, $10,000.

"Pope Field, N. C.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000; paint, oil, and dope storage, $5,000.

"Post Field, Okla.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000.

"Randolph Field, Tex.: Engine-test stands and building, $40,000; oil storage, $15,000; gasoline-storage system, completion of, $10,000; aerial target range, $20,000.

"Rockwell Field, Calif.: Hangars, $576,000; Air Corps warehouse, $80,000; operations building, $20,000; remodeling a permanent building for radio, parachute, and armament building, $20,000; administration building, $80,000; photographic building, $36,000; paint, oil, and dope storage, $15,000; gasoline-storage system, $30,000; paved aprons, $95,000; central heating plants, $100,000; improvement of landing field and technical building area, $100,000; camera obscura, $5,000; bomb storage, $15,000.

"Schoen Field, Ind.: Grading landing field, $5,000.

"Scott Field, Ill.: Hangar, $90,000; headquarters and operations buildings, $80,000; barracks, $271,000; radio building, $10,000; photo building, $36,000; gas plant and chemical storage, $50,000; central heating plants, $145,000; gasoline-storage system, $10,000; paved aprons, $40,000; improvement of landing field and building area, $50,000; machine-gun butts, $3,000.

"Selfridge Field, Mich.: Gasoline-storage system, completion of, $10,000.

"Wheeler Field, Hawaiian Department: Gasoline-storage system, completion of, $31,000; paved aprons, $38,000.

"SEC. 303. No money shall be available for expenditure under this title in connection with a project in the District of Columbia, except as provided in section 301 (a) (11) and in section 302.

"SEC. 304. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (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. 305. After the date of the enactment of this act, in the acquisition of any land or site for the purposes of section 301 (a) (10):

"(1) The period of solicitation of proposals by public advertisement shall be 10 days in lieu of 20 days;

"(2) In any case in which such site or land is to be acquired by condemnation, the provisions of section 355 of the Revised Statutes, as amended, shall not apply; and

"(3) Notwithstanding the provisions of section 1 of the act entitled 'An act to expedite the construction of public buildings and works outside of the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain,' approved February 26, 1931 (U. S. C., Supp. V, title 40, sec. 258a), in any case in which any land or any interest therein is to be acquired by condemnation, the Secretary of the Treasury, through the Attorney General, may, prior to the institution of condemnation proceedings, file with the clerk of the district court of the district in which such land is located a declaration of taking, containing the matters required by such section to be included in a declaration of taking. The declaration of taking shall be accompanied by the deposit with such clerk, to the use of the parties who may be found to be entitled

thereto, of the amount of the estimated compensation stated in the declaration. As soon as practicable after the filing of such declaration of taking, the Secretary of the Treasury shall cause to be posted in a prominent place upon the land a notice reciting (A) that the land or the interest therein is taken by the United States for public use, (B) that a declaration of taking in respect of such land or interest therein has been filed with the clerk of the court of the district, and (C) that there has been deposited with such clerk, to the use of the parties who may be found to be entitled thereto, the estimated just compensation for the land or interest therein taken. The Secretary of the Treasury shall give written notice similar to the posted notice, by personal service in the case of actual occupants of the premises or, if with reasonable diligence such personal service can not be made, he shall send such notice by registered mail directed to the premises, and he shall send notice by registered mail directed to their last known address in the case of all parties whom the Secretary ascertains have or may have an interest in such land, and he may give such additional notice by newspaper publication or otherwise as he deems necessary. Upon posting notice on the land, title to the land or interest therein shall vest in the United States, and the right to just compensation therefor shall vest in the parties entitled thereto. The Secretary of the Treasury shall cause notice to be personally served upon, or if with reasonable diligence such service can not be made, to be sent by registered mail to actual occupants of the premises, setting a time (not earlier than 20 days after the service or sending of such notice) at which such parties shall surrender possession, and at the end of such time the right to possession shall vest in the United States. The Secretary of the Treasury may designate any person to serve any notice under the preceding provisions of this subsection and such person shall have power to enter upon such land for the purpose of posting notice or to make personal service of notice. If any such party fails or refuses so to surrender possession, upon summary petition for an order to surrender possession filed in such district court by or on behalf of the Secretary of the Treasury, the court may, by writ of assistance or other process, order the surrender of possession. A petition in condemnation shall be filed in such district court as soon after the filing of the declaration of taking as practicable. In any such condemnation proceeding, no further declaration of taking shall be required, and the provisions of section 1 of such act of February 26, 1931, authorizing the court to fix the time when parties in possession shall be required to surrender possession, shall not apply. If such petition for condemnation is not filed within a reasonable time after the filing of such declaration of taking, any person entitled to just compensation in respect of the property so taken shall be entitled to sue the United States in the court in which such declaration of taking was filed. The procedure in such suit shall be the same as in suits against the United States founded upon contract, except that such suit may be heard even if the amount of the claim is greater than $10,000 and except that the procedure for the ascertainment of the amount of just compensation shall be the same as such procedure in condemnation proceedings. If the petition for condemnation is filed prior to the time the commissioners in condemnation, jurors, or other persons charged with the duty of valuing the property are empaneled, such suit shall be dismissed, except that such suit and the condemnation proceedings may, in the discretion of the court, and under rules prescribed by it, be consolidated to such extent as the court may deem practicable. In any suit authorized to be brought under this subsection or in any condemnation proceeding involving land acquired in accordance with this subsection, the court shall enter judgment against the United States in favor of the parties entitled for the sum or sums awarded as just compensation, respectively, for the land or interest therein taken for the use of the United States and such judgment shall be paid out of the sums deposited with the court and such additional sums as may be awarded shall be paid in the same manner as sums awarded in judgments in cases in which the United States has consented to be sued. The provisions of such act of February 26, 1931, except as modified by this subsection, shall apply to all such suits or condemnation proceedings. The provisions of this subsection shall not be construed to be in substitution for, but shall be supplemental to, any method of acquiring land or interests therein provided in existing law.

"SEC. 306. In the construction of post offices and of buildings for post offices and other offices provided for in section 301 (a) (10), the Secretary of the Treasury with the cooperation of the Postmaster General may use such standard plans (heretofore or hereafter prepared) as may be most adaptable to the particular building to be constructed.

"SEC. 307. All contracts let for construction projects pursuant to this title shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive and administrative positions), so far as practicable no individual employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project preference shall be given, where they are qualified, to ex-service men with dependents.

"SEC. 308. For each fiscal year beginning with the fiscal year 1934, there is authorized to be appropriated, for the purposes of the sinking fund provided in section 6 of the Victory Liberty loan act, as amended, in addition to amounts otherwise appropriated, an amount equal to 2½ per cent of the aggregate amount of the expenditures made, out of appropriations made or authorized in this title, on or after the date of the enactment of this act and on or before the last day of the fiscal year for which the appropriation is made."

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the title proposed to be inserted by the Senate amendment insert the following:

"To relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program."

And the Senate agree to the same.

PETER NORBECK,
SMITH W. BROOKHART,
ROBERT F. WAGNER,
Managers on the part of the Senate.

J. W. COLLIER,
CHARLES R. CRISP,
HENRY T. RAINEY,
ISAAC BACHARACH,
Managers on the part of the House.

Mr. NORBECK. Mr. President, I ask unanimous consent for the immediate consideration of the conference report.

The VICE PRESIDENT. Is there objection? The Chair hears none. The question is on agreeing to the conference report.

Mr. NORBECK. Mr. President, the report submitted on the emergency relief bill, being H. R. 12445, as amended by the Senate, represents the best efforts of the Senate conferees to secure an agreement on the pending bill. It will be recalled that the Senate struck out all the House bill, which carried a large amount for public works, including rivers and harbors and especially public buildings all over the land. The report was printed in the RECORD about three days ago when presented to the House; it has also been printed as a separate House report. So I presume every Senator has had an opportunity of familiarizing himself with it.

I must say for the House conferees that they showed a conciliatory attitude and yielded on a great many of the questions in conference. They receded from practically all of the House bill, especially the large public-works program, so the bill now, as set out in this report, is, with very few exceptions, the bill as approved by the Senate.

Mr. BORAH. Mr. President——

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

Mr. NORBECK. I yield.

Mr. BORAH. The Senator said the conferees yielded. Does he mean that the Senate conferees yielded to the House?

Mr. NORBECK. No; I mean the House conferees yielded. I thought I made it clear that the House conferees yielded in a great many cases, so we come much nearer having the Senate bill than the House bill.

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

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

Mr. NORBECK. Certainly.

Mr. PITTMAN. While I have read the report, I want to know whether I understand it correctly. I understand that under the Senate provision self-liquidating projects have a priority as to funds over loans to municipalities, corporations, and individuals. Is that true?

Mr. NORBECK. That is true.

Mr. PITTMAN. Let me ask a further question. I also understand that no loans shall be made to municipalities, private corporations, or individuals until they establish, first, that they have adequate and sufficient security for the loan requested, and, second, that they have exhausted every effort to obtain the loan on such security through banking channels. Is that correct?

Mr. NORBECK. That is correct, and there are further requirements. They can only secure loans for certain purposes.

Mr. PITTMAN. That is, purposes that will bring about employment?

Mr. NORBECK. Yes, sir.

Mr. President, briefly, theer are three subject matters or titles in the bill. The first one carried $300,000,000 for work relief. As it passed the Senate that was divided. The President was to disburse a part of it, and a part of it was divided among the States, to be disbursed by the governors of the States. The House bill provided only $100,000,000 for work relief, or relief work, all to be disbursed by the President through any agency that he might select, an existing agency or one to be created by him. The conference report leaves the amount at $300,000,000 as provided in the Senate bill, but in the disbursement features it comes nearer to the House bill and is not to be distributed by the President. It is in the form of a fund set aside, from which the Reconstruction Finance Corporation may make loans or advances to States to be disbursed by the governors and to be charged back afterwards against the Federal-aid-highway funds, starting at the end of two years and deducting 20 per cent each year for five years thereafter, with a further proviso that if there are municipalities within the States that want to avail themselves of some portion of the State quota, they may do so and may become responsible for it, providing they can make a satisfactory arrangement with the Reconstruction Finance Corporation and have the approval of the governor.

Title II deals with loans by the Reconstruction Finance Corporation. They come in two classes—those that are intended to help banks, railroads, business institutions, municipalities, and industries, as well as loans to private persons; the others are those that are self-liquidating, which are expected to pay out, and as to which it is assumed the Government loans nothing but its credit. Time will tell how well that has been calculated. I realize that with changing price levels and changing wage scales, no one can tell exactly what future values are going to be, but it is believed, I may say, by the great majority of Members of this body, as well as by the conference committee, that a pretty safe plan has been worked out for that, and that it will bring a great deal of employment without being a drain on the Treasury.

The limited public-works provision in the Senate bill was retained, but the provision for a special bond issue of $500,000,000 was stricken out, upon the request of the Secretary of the Treasury, Hon. Ogden L. Mills.

It will be recalled that the Senate bill carried a provision for a $500,000,000 bond issue. That led to the impression that there was provided an expenditure of $500,000,000 in that section, whereas the expenditure for public works was only $322,000,000. That was intended to help out on the Budget, but the Secretary of the Treasury came before the conference committee and convinced us that it was not wise to raise the amount by small bond issues and that the Government could finance itself better if we would give it a freer hand, so that when it wanted to sell bonds, it could sell them in larger quantities, that it now has authority to issue bonds and there was no need whatever for the requirements in the Senate bill. So it was agreed to strike that out and leave it optional with the Secretary of the Treasury.

For public works $322,000,000 are provided, but only $136,000,000 is definitely provided for, and that refers entirely to highway expenditures, including all classes of highways, forest trails, park roads, and so forth. That item is retained exactly as it left the Senate, but a provision was agreed on that other public works should not be undertaken unless the Treasury was in a position to bear the expense, though they will be proceeded with unless the Secretary of the Treasury certifies that the Treasury is unable to carry the burden at the particular time.

Briefly, the public-works program provided for in this bill is as follows:

Highways and roads	$136,000,000
Rivers and harbors	30,000,000
Flood control	15,500,000
Hoover Dam	10,000,000
Air navigation	500,000
Lighthouse Service and aids to navigation	3,810,000
Engineering work, Coast and Geodetic Survey	1,250,000
Yards and docks	10,000,000
Federal buildings	100,000,000
Construction at military posts	15,164,000

Of the public works, of the $322,000,000, $100,000,000 is for public buildings heretofore authorized. In fact, it deals with a group of buildings that figure up to about $130,000,000, so they can not all be built. But further there is, in effect, a provision that leaves it optional with the administration as to when to go ahead, and they will proceed with the construction when the Treasury and the Post Office Department decide that it is the proper time to go ahead, and it is not assumed that $100,000,000 will be required the first year. Buildings do not proceed with that speed; but some part of the $100,000,000 will undoubtedly be expended the first year, unless the financial situation is so hard that it is impossible to proceed with the construction.

As I said, however, the loan feature was the bone of contention. Originally, the view of the administration was that private loans should be made for certain purposes in a limited way. Secretary Mills came before the committee and asked that loans be authorized under certain conditions where they would lead to distinct employment; as, for instance, factories that wanted to install additional machinery—certain forms of capital investment. The president of Montgomery Ward & Co. came before us and advocated that plan. The president of the Baldwin Locomotive Co. came before the committee and indorsed that idea, and felt that something could be done if limited private loans were made—loans that would be safe, loans that would be sure to pay out, loans that would lead to undertakings, and loans that would bring employment, in the hope, of course, that it was going to bring on that long-hoped-for new psychology of confidence and that everything was going to start as a result of it.

Mr. WAGNER. Mr. President——

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

Mr. NORBECK. Certainly; I yield to the author of the bill. No one is so familiar with it as he is.

Mr. WAGNER. Mr. President, I do not know about that. The Senator is making a very clear explanation of the report. I thought this would be a good place to say that in

addition to a number of representatives of our largest business concerns who came before the committee advocating private loans, the Senator ought to call attention to the fact that the President of the United States, in his annual message to Congress, said that the Reconstruction Finance Corporation—

should * * * make temporary advances upon proper securities to established industries * * * which can not otherwise secure credit, and where such advances will protect the credit structure and stimulate employment.

In other words, the President of the United States in that annual message, with perhaps some other limitations—although they do not appear in the message—advocated the very private loans that are now being proposed.

I may also call the attention of the Senator to the fact that when the President issued his denunciatory statement of the so-called Garner bill, criticizing the so-called "pork" provisions, there was not a suggestion that his opposition was based upon the private-loan feature of the bill.

In a letter to the American Society of Civil Engineers, which appeared in the press on Monday, May 23, the President recommended—

the extension of the authority of the Reconstruction Finance Corporation not only in a particular to which I called attention last December—that is, loans on sound security to industry.

Reiterating it there; and in his address to the Senate on May 31, 1932, the President advocated that the Reconstruction Finance Corporation be authorized—

to make loans to established enterprise upon adequate security for advancement of sound projects.

I thought this was a suitable place to add the President of the United States to those who at that time sought this authority.

Mr. NORBECK. I was not familiar with all this, but I am certain the Senator from New York would not make an incorrect statement.

Mr. WAGNER. I am quoting from the President's language.

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

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Indiana?

Mr. NORBECK. I yield.

Mr. WATSON. I have not read this report. I did not know that it had ever been printed. Therefore, I am not familiar with its contents. I desire to ask whether or not there is a difference or a distinction between what the President originally recommended and what Title II of this bill asks for. Title II goes farther, does it not, and asks for loans to private individuals on private notes?

Mr. WAGNER. I may say to the Senator that an established industry may be owned by a private individual.

Mr. WATSON. Oh, well, it may be, of course.

Mr. WAGNER. It does not follow that it is necessarily owned by a corporation.

Mr. ROBINSON of Arkansas. Mr. President——

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

Mr. NORBECK. Yes; I yield.

Mr. ROBINSON of Arkansas. There is no distinction whatever with respect to security between the House provision and the President's recommendation, being (b) on page 4 of his message delivered in the Senate on the 31st of May, with respect to security, the provision reading:

To make loans to established enterprise upon adequate security for advancement of sound projects that will increase employment, but safeguarded by requirement that some portion of outside capital is also provided.

That is the President's recommendation, which was the original proposal to make loans to private industry. The House provision is broader, in the sense that it provides that—

to aid in financing agriculture, commerce, industry, and * * * unemployment—

Loans may be made "to any person," but the security required is the same as in the case of the President's recommendation.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield further?

Mr. NORBECK. I yield.

Mr. WAGNER. May I add that there is an additional precaution provided for in the conference report; namely, that the particular applicant must show that he was unable to secure credit in the ordinary banking channels. In addition, the Senator remembers that we put in the proposed act an authorization that the Reconstruction Finance Corporation may prescribe rules and regulations as a basis for procedure under this very section.

It may be added that the Secretary of the Treasury himself appeared before the Banking and Currency Committee and also urged a provision for loans to private industry, just as requested by these eminent industrialists from different sections of the country. At that time the Senator from New York, who was on that committee, if the Senator remembers, resisted the efforts to enlarge the base of the loaning power of the Reconstruction Finance Corporation; but I have eminent authority for the compromise which I agreed to when the President at some time advocated the same character of loan.

I want to say, in fairness to the Secretary of the Treasury, that, of course, he advocated these loans to private industry for capital expenditure; and I should think, under rules to be prescribed, the Reconstruction Finance Corporation could make similar limitations, perhaps.

Mr. NORBECK. Mr. President, of course, I can only confirm what the distinguished Senator from New York says as to his attitude on this matter, and, I am sure, I am within the facts when I say that the Senate conferees all felt that this House provision for loaning was too broad; that is, it was impossible to carry it out, that it held out a lot of false hopes to the average man, and would only lead to misunderstanding.

I do not want to be critical. I admit there are two sides to this question. The Senator from New York [Mr. WAGNER] is correct when he says the House provision contains certain safeguards, and I might add the conferees added other safeguards, but it does hold out the hope that the Reconstruction Finance Corporation is going to set up a new banking system—a Government bank where everybody can come and borrow. It would mean branches in every county in the Union—yes; in every village. Such a system could not be created hastily. There are not enough funds available for any such purpose. The Government has no money except the taxpayers' money and what money it can borrow from the taxpayers.

A system such as suggested might easily lend itself to political influence. It might become a great political machine, or if this force should be selected according to civil-service rules it might prove to be very incapable and inefficient. It might not only cause losses to the taxpayers but bring on other undesirable complications.

Speaker GARNER expresses my sentiments when he defines his position on that deal; but we all know that it is an impossible thing to carry it out. It is impossible to carry out the thought that is embodied in it. The conferees of the Senate shared the views of the Senate. We preferred not to hold out hope for something impossible—something misleading, but the House conferees had yielded on nearly everything in the House bill, and we finally reached the point where they stated frankly they would not yield any farther. To have insisted would have meant the breaking up of the conference. Realizing there are two sides to all questions, and that the House had a right to insist on their viewpoint, the Senate conferees yielded. We signed the report which is now before this body, and I shall vote to support it rather than take a chance on writing a new relief bill at this time.

Mr. JOHNSON. Mr. President, while something has been said this morning about the attitude of the President in regard to the matter that is most controversial in character, here, I want to make very plain by the utterances that have heretofore been made just exactly what that attitude is.

Permit me first, however, to say that the most important duty that is before us now, the most important obligation that we can fulfill as representatives of our people, is to pass a relief bill.

No one man can dictate, of course, all of its terms. To no one man will every single phrase of that relief bill be satisfactory. There may be embraced within it some policies which some of us may deem to be unsound. There may be within it some particular phrases that many of us would alter. But, sir, after all, the great desideratum is a relief bill for the American people; and it ill becomes us, it ill becomes a President of the United States, it ill becomes any individual charged with a conscientious duty unto the people of this land, to stand in the way of any measure, even though it may not be wholly satisfactory to him, which will in this hour of distress and of want, of depression and of worse, have some promise of relief to those who require relief.

As I understand the proposition that is presented here, that is in controversy—I may speak with plainness and frankness, I presume—between the Speaker of the House upon the one hand and the President of the United States upon the other, it is whether or not, under this bill, loans shall be made to private corporations or to individuals. That, apparently, is the crux of the controversy that now exists.

Personally, I should prefer that such loans be not made, perhaps; but that is apart from the question. Around them are thrown certain securities in the bill. About them are certain obligations in the conference report that will make it impossible, it seems to me, if the administration desires relief and will administer the bill in the spirit in which it comes to us, for any real wrong to be done.

Now, sirs, something has been said this morning about the attitude of the President heretofore. I have gathered, as well as I could in the limited time at my disposal, the remarks that he has made on different occasions respecting specific loans to private corporations or to individuals.

If I recall the genesis of the dispute—I may be in error in this, and therefore I ask my friend from Michigan to correct me if I am—it occurred originally in the Banking and Currency Committee, where on the one hand were those who believed that loans should be public in character, if I may use the term, and on the other hand was presented the idea that they might be made to industry private in character; and that difference resulted in the final presentation to this body of the bill that ultimately we passed.

When that difference arose I think the Committee on Banking and Currency, if I am not misinformed, accepted the position that the loans should be public in character, and presented a bill accordingly. But who was it who asked that the loans be private in character? That is the inquiry now. Who was it who demanded that the loans that should be made by the Reconstruction Finance Corporation under the terms of the measure should be made to private interests and to private corporations? It was the Secretary of the Treasury, representing the President of the United States, who made that demand. So the beginning of the demand for private loans came from where? Not out of the thin atmosphere that is surrounding us, nor from any man in this Chamber; it came originally from the President of the United States himself.

In order that Senators may see that his words have in each instance where there has been utterance by him of the character that I indicate, I refer to various of his communications and his particular messages now, that the record may be clear.

If any man is responsible to the American people for the lack of relief to human beings in this land, it is just one man, one alone, the President of the United States, and he must take the onus and the burden, he must take the responsibility, if there be no relief bill passed by the Congress.

Originally, sir, away back in December, he pointed the way in the matter of loans. That has been referred to this morning. But in order that chronologically we may have exactly what has transpired, I refer first to his message of December last, wherein he made distinct reference to the matter. I may be in error as to the date of the message, but I will come to that in a moment. Originally, when the question was bruited, who was the one who made the proposition that loans should be private in character?

Mr. WAGNER. Mr. President, I may suggest that the first request came in the President's annual message to Congress.

Mr. JOHNSON. In 1931?

Mr. WAGNER. Yes.

Mr. JOHNSON. That was my recollection of it. Then various other messages succeeded that particular one. It will be recalled that on May 23, 1932, the President sounded what was termed his warning on public-works bonds, and in that warning, to those who represented certain engineering associations, he detailed exactly what plan he desired to have presented in the matter of loans. He said then:

> The extension of the authority of the Reconstruction Corporation not only in a particular I called attention to last December—that is, loans on sound security to industry where they would sustain and expand employment—but also in view of the further contraction of credit to increase its authority to expand the issue of its own securities up to $3,000,000,000 for the purpose of organized aid to "income-producing" work throughout the Nation, both of public and private character.

So that we find him first in his message in 1931 advocating loans of that character. We find, then, that in the letter he wrote, with some degree of flamboyance, to engineers in this country, directing it by way of comment to some individual who did not represent the engineers, nor was an officer of them, he still advocated loans of a private character and loans to private industry.

Mr. NORRIS. Mr. President, I wish the Senator, for the sake of those who want to read the RECORD later, would put the date of that letter into the RECORD.

Mr. JOHNSON. That letter was addressed to Richard S. Parker, American Society of Engineers, New York, N. Y., and was dated May 21, 1932. It was stated on the floor here—I know nothing about the fact—that there was no Mr. Richard S. Parker, and that he was not the president of the Society of Engineers. Be that as it may, it was an official utterance of the President of the United States.

On May 31, 1932, the President came before the Congress and addressed us upon the relief of economic conditions, and in the latter part of his address he said:

> (b) To make loans to established enterprise upon adequate security, for advancement of sound projects that will increase employment, but safeguarded by requirement that some portion of outside capital is also provided.

So, in the message, that memorable message, in which we were exhorted to balance the Budget, in that memorable message, still the view of December, 1931, the view of May, 1932, was again emphasized, and we were urged to present a bill which would enlarge the scope of the ability to finance itself of the Reconstruction Finance Corporation that it might make loans from that enlargement to private industry.

Again, on May 12, 1932, a statement was given out by the President that was of like character. In that statement, as well, he referred again to the matter of loans that might be made, and in that statement he advocated lending to private industry and private corporations.

Mr. WATSON. Mr. President, will my friend from California yield for a question?

Mr. JOHNSON. I yield.

Mr. WATSON. Does the Senator recognize any difference between lending to private corporations, making loans to private corporations of a self-liquidating character, in which labor may be employed, and lending to a private individual on his note?

Mr. JOHNSON. Of course, there is a difference; but any man who seeks to say to me that there is a difference between lending to a corporation and lending to an individual is merely speaking of tweedledum and tweedledee, for the individual may very soon, under our system and our laws, erect himself into a corporation, and under that guise,

if it be that corporations alone are to receive loans, receive the loans for himself.

Mr. WATSON. After all, as I understand it, every recommendation made by the President, and adopted by some of our friends, was to the effect that any loan of that character, to what my friend pleases to call private corporations, must be secured, and must be for the purpose of producing more employment or labor; and, furthermore, if my friend will permit me, must be of a self-liquidating character.

Mr. JOHNSON. All right. Is the Senator from Indiana laboring under the delusion that this conference report provides for no security or for no overseeing of the loans that may be made?

Mr. WATSON. I have not read it. That is the trouble about it.

Mr. JOHNSON. Then, I think we had better not debate it if the Senator has not read it.

Mr. WATSON. Has the Senator from California read it?

Mr. JOHNSON. I have.

Mr. WATSON. I do not know when. When did the Senator get it? I never saw it.

Mr. JOHNSON. The conference report was available three days ago.

Mr. WATSON. The Senator from South Dakota [Mr. NORBECK], the chairman of the Senate conferees, said but a moment ago here that the proposition was to lend money to individuals everywhere, on their own private notes, all over the United States.

Mr. JOHNSON. Of course, Mr. President, there is not any such thing, as I read this particular conference report, in it.

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

Mr. JOHNSON. I yield.

Mr. WAGNER. Just to emphasize again a point which the President failed to state to the country in his criticism a few days ago, any loan which is made by the Reconstruction Finance Corporation must be fully and adequately secured, and the Reconstruction Finance Corporation is the final judge as to whether that security is adequate.

Mr. JOHNSON. Of course, the Senator is right.

Mr. ROBINSON of Arkansas. And the Reconstruction Finance Corporation is also the final judge as to the purposes for which the loan shall be made.

Mr. JOHNSON. Exactly.

Mr. ROBINSON of Arkansas. And is vested with unlimited discretion.

Mr. JOHNSON. When my distinguished friend from Indiana, who has not read the report yet, but who seeks to debate it——

Mr. WATSON. No; I am asking for information.

Mr. JOHNSON. All right. Then such information as I have the Senator is welcome to.

Mr. WATSON. I thank the Senator.

Mr. JOHNSON. The statement was made, not as a matter of information but as a statement of fact, as I understood it.

Mr. WATSON. I inquired of the Senator.

Mr. JOHNSON. In that statement, as well, the Senator from Indiana said that the Senator from South Dakota had stated that they might make loans to everybody in christendom upon a simple promissory note. The Senator from South Dakota has just called to my attention the fact that he said nothing of the sort. But leaving out of view matters of little consequence like that, here is the situation: Loans may be made that are private in character, but first, they must be made upon adequate security. Secondly, the loans are absolutely within the power of the Reconstruction Finance Corporation to determine. So that there are two checks.

Mr. WAGNER. Mr. President, may I add a third requirement? The applicant must also show that he was unable to secure credit through banking channels.

Mr. JOHNSON. Yes.

Mr. BORAH. Mr. President, will the Senator from California yield a moment?

Mr. JOHNSON. I yield.

Mr. BORAH. I want to ask the Senator from New York if he will construe that last statement, that a prospective borrower must exhaust his means of securing credit elsewhere? What does that mean?

Mr. WAGNER. As I would construe it, if the applicant showed that he presented his application to a bank, and that the bank was unable or refused to give him the credit which he desired, although the security was adequate, that is all that he would have to show to the Reconstruction Finance Corporation.

Mr. JOHNSON. Mr. President, I was stressing the fact that there were two conditions precedent to obtaining a private loan. The first condition precedent to obtaining a private loan is that a borrower must present absolute and ample and sufficient security. The second condition precedent is that the Reconstruction Finance Corporation shall deem that he is entitled to a loan, and that he has presented the adequate, ample, and sufficient security. So that if you have confidence in the Reconstruction Finance Corporation, of course, you are running no great risk by this particular provision.

While, of course, at first blush, to every one of us the idea of lending to private corporations and private industry is repellant, nevertheless where we must, in order to obtain a bill which will relieve the awful conditions that now exist, accept or reject that particular proposition, I prefer to weigh the advantages of relief under the bill to any thought of what might transpire with the Reconstruction Finance Corporation having its hand upon any private loans in the making of such private loans.

I have referred to certain of the things that have been said by the President. On Monday, June 5, again a statement was issued by the President upon this subject and again he said—and I read two paragraph so Senators may understand something of his mind upon the subject; that is, if their comprehension be sufficient and their discrimination acute, they may, if they think his view was of a certain character a brief period ago, indulge in the pleasing imaginative exercise of wondering why, if it were so for many months, it is different to-day. The two propositions that I read in the statement given out June 5 by the President are:

> Loans have been made to a number of agricultural, market, and livestock finance corporations, which, in turn, have enabled them to extend and continue loans, particularly upon livestocks, and loans to a great number of farmers. Beyond this, loans to the extent of $75,000,000 have been made directly to about 450,000 farmers for seed purposes through the Department of Agriculture. All together, probably 1,000,000 individual farmers have been directly or indirectly helped.

We are all glad to have aid extended to the farmers, but when we are speaking of the policy that is now before us as being one which is so bizarre in its character that it can not be considered, here is the boast of the President himself that 450,000 individual farmers have received loans from the Government of the United States, and his further boast that 1,000,000 men engaged in tilling the soil have been benefited. Then in the same statement he gives his conclusions as to policies:

> 1. In order at once to stimulate employment and to stiffen the whole agricultural situation, to extend the authority to the Reconstruction Finance Corporation to increase its issues of its securities to the maximum of $3,000,000,000 to enable it (a) to buy bonds from political subdivisions or public bodies or corporations so as to start construction of income-producing or self-liquidating projects which will at once increase employment; (b) to make loans upon security of agricultural commodities so as to assure the carrying of normal stocks of these commodities and, by stabilizing their loan value, thereby at once steady their price levels.

So in every official utterance which has been made by the President of the United States up to the time that the unfortunate disagreement occurred between him and the House, we find the President advocating the making of loans of a private character, and making those loans probably no differently from the loans that would be scrutinized by the Reconstruction Finance Corporation under the particular measure now before us.

Mr. President, I have shown those things in justice to the controversy that now rages throughout the country. I do not need to suggest to my brethren here that I resent the way in which propaganda has issued from Washington—not

only from the White House but in which some gentlemen who are in this Chamber have participated—reflecting upon the Congress of the United States and suggesting all sorts of remedies for the Government of the United States, either in the cessation of this session or the total abolition of Congress. I never had any use for the bird that fouls its own nest, and, sir, I unite with those of my brethren here who have stayed here these long hours in this grilling session—I unite with them in a resentment that is just, after these grilling hours and this difficult session, a resentment against the false, the unfair, the manufactured criticism which has been leveled upon the Congress of the United States.

Far greater, however, than any feeling respecting that propaganda, far more important than the difficulties which exist to-day between the House or the Speaker and the President—indeed, of far more transcendent importance than any of the things that may arise between any of us personally or with any administration—is the great subject with which we deal now and the necessity for acting upon that subject. I do not endeavor, sir, and I shall not, to paint the picture of what has happened in this land. I have said in days gone by, in talking upon kindred economic subjects in this body, that to-day every man I love, every man with whom I have associated for more than 40 years, every one of them is broke. Every one of them, thank God, has the stock in him that enables him to stand with his head high and in old age again fight the battle that he thought he had won by 40 or 50 years of clean endeavor. All over the land to-day are men and women who, through no fault of theirs, are suffering; suffering in some instances the direst want, suffering in other instances the loss of that which in a lifetime of fighting they had finally won.

These are the people of whom I think. We may call them "the forgotten men," and we may say that one who refers to them is a mere demagogue, if you wish, Mr. President. Sir, I take my place to-day and I take it in the months to come with God's own creatures, just men and women in this land, as good as you and as good as me, fit to live, with the right, by Heaven, to a job and to a little of God's sunlight. It is for them I appeal to-day for a relief bill. It may be, as has been asserted during the last few days, that we may pass this bill and the President will veto it. Let him take the responsibility of vetoing it if he desires. It is asserted, and I have heard it asserted, that immediately thereafter he will send another bill down here, and it will be crammed down the throats of the Members of the Congress, and because their hearts, the hearts of men who sit here that beat in unison with humanity demanding relief for just ordinary people to-day, the very holiest emotions that a human being can have, will be twisted and distorted to the demands and the dictatorial policy of one man in this land.

I cry out against it. Here is a measure of relief that we took weeks to pass. Here is a measure of relief that will do some good in this land. Here is a measure of relief, perhaps, to which we can not subscribe in every detail, but it is a measure of relief, Mr. President, and that measure of relief, no matter what the consequences may be, no matter what any man may wish, no matter what may be the exigencies of his political fortunes now, must not be halted or delayed, and no thought or consideration of any candidacy should be permitted to influence our view in the slightest degree. Greater, more important and compelling than all these, is relief to our people. The conference report ought to be approved, approved quickly, and we ought to stay here long enough, Mr. President, if the bill is vetoed, for us at least to vindicate ourselves and pass it over any presidential veto.

Mr. BULKLEY obtained the floor.

Mr. WAGNER. Mr. President, will the Senator from Ohio yield to enable me to ask the junior Senator from New Jersey [Mr. BARBOUR] a question?

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

Mr. BULKLEY. I do.

Mr. WAGNER. While we are on the subject, I would like to ask a question of the junior Senator from New Jersey. I want first to acknowledge his spirit of cooperation with the Banking and Currency Committee throughout our efforts to secure relief legislation. The Senator introduced a bill on behalf of the administration. I want to ask him whether that bill did not provide for loans to private industry?

Mr. BARBOUR. Yes; that is true. It did provide for such loans under the restrictions and regulations with which the Senator from New York is familiar.

Mr. JOHNSON. Mr. President, will the Senator from Ohio yield to enable me to ask a question of the Senator from New Jersey?

Mr. BULKLEY. I yield.

Mr. JOHNSON. I have those bills which were offered by the distinguished Senator from New Jersey before me, together with the amendments. I want to ask if they were not themselves both written by the Treasury Department at the instance of the administration?

Mr. BARBOUR. They were not. The bill which bears the earlier date I wrote myself and not at the instance of the administration, and it was introduced two days before the Senator from New York introduced his bill. Then at the request of the administration I did substitute the second measure for my original bill.

I would like to say at this juncture that, of course, there is a difference, as has already been pointed out by the distinguished Senator from Indiana [Mr. WATSON], between private industry and private individuals. There was nothing in my measures with reference to loans to private individuals.

Mr. WAGNER. May I ask the Senator from New Jersey if an established industry were owned by a private individual instead of a corporation, would not that individual have been qualified to make application for a loan?

Mr. BARBOUR. So far as I am concerned, that would be a question for determination by the Reconstruction Finance Corporation.

Mr. BORAH. Mr. President——

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

Mr. BULKLEY. I yield.

Mr. BORAH. I was desirous of asking the Senator from New York [Mr. WAGNER] a question or two, but if the Senator from Ohio is going to address the Senate I shall wait until he has concluded.

Mr. BULKLEY. Mr. President, when the committee which cooperated with the Senator from New York [Mr. WAGNER] in the drafting of what is known as the Wagner bill undertook its labors, it considered carefully the question of loans and advances to private industry, and it rejected that principle as being unsound, as being contrary to the principles and professed declarations of both of the major political parties. When the measure was considered in the Committee on Banking and Currency, again the question of advances to private industry was considered at length, and again it was rejected. The Senate itself rejected the principle of loans and advances to private industry.

Now we are asked to approve a conference report which proposes that the Reconstruction Finance Corporation shall be authorized to make advances, with a very liberal enumeration of purposes, to all persons, including corporations, municipalities, and so forth.

If we are to surrender the views that were entertained by the authors of the Wagner bill, by the Committee on Banking and Currency, and by the Senate itself, to whom are we surrendering? It is true that the conferees on the part of the other House have firmly insisted on this principle. It is also true, as stated by the able Senator from California, that the suggestion to make loans available to private industry emanated from the President of the United States. It is not necessary to add to the evidence which the Senator from California has just presented to show that the President personally has advocated and insisted upon loans of this character. I desire, however, to take a moment of the

time of the Senate to cite the testimony before the Committee on Banking and Currency by the Secretary of the Treasury, Mr. Mills, to show how recently and how urgently the President's view has been insisted upon and how direct is its bearing upon the very question that is before us. On June 7 Secretary Mills appeared before the Banking and Currency Committee, and when I suggested to him that he was criticizing the Wagner bill, he replied:

I did not mean to criticize it. I am here to talk in favor of the Barbour bill. I thought I had done all the criticizing of the Wagner bill that was necessary. I was prepared to let it sleep.

There can be no doubt that the Secretary's intention was to argue before the committee in favor of the Barbour bill as compared with the Wagner bill.

In order that the distinction between the two may be clear to the Senate, let me quote the following in Secretary Mills's own words:

There is one fundamental difference between the bill proposed by Senator WAGNER and the Barbour bill, and that is that the Barbour bill would permit the loans to be made to private corporations to finance the construction, replacement, or reconstruction of economically sound and useful projects, the construction, replacement, or reconstruction of which will provide employment at an early date for a substantial number of persons, provided, of course, that the project can be shown to be self-supporting and self-liquidating.

Again the Secretary of the Treasury says:

Now, Mr. Chairman, the real difference between Senator WAGNER's bill and Senator BARBOUR's bill is that Senator BARBOUR's bill goes farther, in that it includes loans by the Reconstruction Finance Corporation for capital purposes to private industry.

The distinction is clearly drawn. The force of the administration has definitely, as recently as June 7, been placed behind the principle of loans to private industry. If there be any distinction between the course which the Secretary of the Treasury advocated at that time and the conference report as it now lies before us, it is only in that the conference report has liberalized the provision as to loans so that they may be made to all citizens and not merely to the big interests.

The Barbour bill is limited to corporations, which, as the Senator from California has well pointed out, is a futile limitation; but it is also limited to those projects which will "provide employment at an early date for a substantial number of persons," and perhaps that is intended to confine the loans to large corporations and large enterprises. If that is not the intent of it, if that is not the distinction between the Barbour bill and the conference report, I fail to see any sound and vital distinction in principle.

Mr. President, if we are to yield the judgment of the Committee on Banking and Currency and of the Senate, if we are to accept the view that the Government is going to make loans to private industry, I submit that we are surrendering not only to the House of Representatives but we are surrendering to views expressed by the President of the United States and by the Secretary of the Treasury in behalf of the administration.

Mr. BORAH. Mr. President, I want to ask a question of the Senator from New York [Mr. WAGNER], who I know is familiar with the measure. I want to ascertain the exact condition upon which loans may be made to private corporations and to individuals and what safeguards are thrown around such loans.

Mr. WAGNER. Mr. President, in the first place, such loans must be either to aid commerce, industry, or agriculture, or to aid in relieving unemployment, and the applicant must show that he has attempted to secure the credit through banking channels; secondly, he can not obtain the loan unless it is fully and adequately secured. That, of course, is the matter which the Reconstruction Finance Corporation must determine.

Mr. BORAH. There is no difference with reference to the conditions under which loans may be made to private corporations and individuals, so far as the kind of security is concerned and the purpose for which the loan may be made, is there?

Mr. WAGNER. No.

Mr. BORAH. Mr. President, I do not desire to discuss this question at any length. I preface what I desire to say by stating that the whole theory of the Reconstruction Finance Corporation is objectionable and would not be tolerated, of course, if it were not for the great exigency with which we have to deal. We have provided, however, through the Reconstruction Finance Corporation for the extraordinary program which, to some extent, is now being carried out throughout the country. As I understand, the only difference now between those who take different sides on this question is on the question of affording loans to private corporations and to individuals instead of to public institutions.

I do not understand, Mr. President, why there should be any serious objection, leaving aside now the question of practical administration, to loaning to an individual or to a private corporation, in view of the policy which has already been inaugurated and the program which has been initiated under the Reconstruction Finance Corporation. If a private corporation has sufficient security to satisfy the board, and if it is to use the loan for the purpose provided in the bill, and upon which the board must pass, or if an individual has security which is satisfactory to the board and is to use the loan for the purpose provided in the law and which is to be passed on also by the board, I can not see any objection to authorizing such a loan, in view of the fact that all loans are being made and the entire program is for the purpose of aiding the present situation and giving employment to the unemployed. If an individual or a private corporation has a plan or a program which will give employment to a thousand or five thousand people and has sufficient security to satisfy the board and proposes to invest the proceeds of a loan in a way which will give assurance that employment will be provided, in view of the fact that the entire program is for the purpose of giving employment to the unemployed, I can not see any objection to authorizing loans to the private corporation and to individuals. This is not a banking bill but a relief bill, and if individuals have the security and are prepared to bring themselves within the law and to give employment I feel like permitting them to do so.

I realize that such a provision may be difficult of administration, but when we consider the limitations which are placed upon the advancement of these loans to private corporations and to individuals, it does not seem to me that very many individuals will ever be accommodated under this proposed law. In the last analysis, it is not the many who will be accommodated, but the few who will be accommodated, in my judgment, which will be a disappointment to the country, and not, as has been indicated in some quarters, that it will establish a socialistic system throughout the United States.

Therefore, Mr. President, I am supporting the conference report purely as a program to aid unemployment and relieve the economic situation, to better conditions, if it be possible through this kind of a program to better them, and I can not see any difference between the proposition of loaning to public institutions and that of loaning to individuals and private corporations.

Mr. McKELLAR. Mr. President, will the Senator yield before he sits down?

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

Mr. BORAH. I yield.

Mr. McKELLAR. I should like to call attention to what the President said about it on May 31, in his message to Congress:

I have favored an authority to the Reconstruction Finance Corporation to increase its issues of its securities to the maximum of $3,000,000,000 in order that it may extend its services, both in aid to employment and agriculture on a wide scale. Under the methods proposed the corporation is to be authorized (a)—

I omit "(a)" and read—

(b) To make loans to established enterprise upon adequate security for advancement of sound projects that will increase employment, but safeguarded by requirement that some portion of outside capital is also provided.

Is not that exactly what is proposed in the conference report?

Mr. BORAH. I think so, but it is immaterial to me whether the President has changed his mind or whether he has not. I am looking at it purely, Mr. President, as to whether or not it will accomplish that which we have in mind, to wit, to relieve unemployment throughout the United States. I would under no consideration vote for anything of this kind were it not the hope I entertain that we may give some people employment.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. FESS, Mr. VANDENBERG, and others asked for the yeas and nays.

The VICE PRESIDENT. The yeas and nays are demanded. Is there a second?

The yeas and nays were not ordered.

Mr. FESS. Let us have the other side.

The VICE PRESIDENT. There is no other side.

Mr. FESS. There is. We want a count.

The VICE PRESIDENT. The Chair holds there is no other side on the question of ascertaining whether the demand for the yeas and nays is seconded. The requirement is that the demand must be seconded by one-fifth of the Senators present, and there were not one-fifth who seconded the demand.

Mr. FESS. Let us have the yeas and nays.

The VICE PRESIDENT. The Chair will again put the request. Is the demand for the yeas and nays seconded?

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

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. HOWELL (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. I understand that he would vote as I intend to vote. Therefore I vote "yea."

Mr. JONES (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON]. I understand that he would probably vote as I expect to vote. Therefore I feel at liberty to vote, and vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING] and therefore withhold my vote.

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. I understand that if he were present, he would vote as I intend to vote. Therefore I vote "yea."

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WALSH]. Not knowing his views, I withhold my own.

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Colorado [Mr. WATERMAN], and will vote. I vote "nay." I desire to state that the Senator from Colorado, if present, would vote "nay."

The roll call was concluded.

Mr. ROBINSON of Arkansas. The senior Senator from Montana [Mr. WALSH] is necessarily absent. He is paired with the Senator from California [Mr. SHORTRIDGE]. If the Senator from Montana were present and at liberty to vote, he would vote "yea."

Mr. COSTIGAN. The Senator from West Virginia [Mr. NEELY] is necessarily absent. I am authorized to say that if present he would vote "yea."

Mr. BULKLEY (after having voted in the negative). I am paired with the junior Senator from Wyoming [Mr. CAREY]. If he were present, he would vote "yea." I therefore withdraw my vote.

Mr. McNARY. I desire to announce a pair between the junior Senator from Nevada [Mr. ODDIE] and the senior Senator from Maryland [Mr. TYDINGS]. If the Senator from Nevada were present, he would vote "yea," and if the Senator from Maryland were present he would vote "nay."

Mr. FESS. The Senator from Vermont [Mr. DALE] has a general pair with the Senator from Alabama [Mr. BANKHEAD]. I do not know how either Senator would vote.

Mr. SHEPPARD. I desire to announce that the Senator from Missouri [Mr. HAWES] is necessarily detained on official business. If present, he would vote "yea."

The Senator from Kentucky [Mr. BARKLEY], the Senator from Montana [Mr. WALSH], the Senator from West Virginia [Mr. NEELY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Maryland [Mr. TYDINGS], the Senator from Virginia [Mr. SWANSON], and the Senator from Montana [Mr. WHEELER] are necessarily out of the city.

The result was announced—yeas 43, nays 31, as follows:

YEAS—43

Ashurst	Copeland	Jones	Pittman
Barbour	Costigan	Kendrick	Robinson, Ark.
Borah	Dill	Lewis	Robinson, Ind.
Bratton	Fletcher	Long	Schall
Brookhart	Frazier	McGill	Sheppard
Broussard	George	McKellar	Steiwer
Bulow	Harrison	McNary	Stephens
Byrnes	Hayden	Morrison	Trammell
Caraway	Howell	Norbeck	Wagner
Cohen	Hull	Norris	Walsh, Mass.
Coolidge	Johnson	Nye	

NAYS—31

Austin	Fess	Hebert	Shipstead
Bailey	Glass	Kean	Smoot
Bingham	Glenn	Keyes	Townsend
Black	Goldsborough	La Follette	Vandenberg
Blaine	Gore	Metcalf	Walcott
Capper	Hale	Moses	Watson
Connally	Hastings	Patterson	White
Couzens	Hatfield	Reed	

NOT VOTING—22

Bankhead	Davis	Oddie	Tydings
Barkley	Dickinson	Shortridge	Walsh, Mont.
Bulkley	Hawes	Smith	Waterman
Carey	King	Swanson	Wheeler
Cutting	Logan	Thomas, Idaho	
Dale	Neely	Thomas, Okla.	

So the report was agreed to.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The VICE PRESIDENT. The question is upon the amendment of the Senator from Idaho [Mr. BORAH].

Mr. ASHURST. I call for the yeas and nays upon the amendment.

Mr. BORAH. Mr. President, I have been urged to withdraw this amendment in view of the fact that it is thought to compromise the pending bill and perhaps defeat it. I am the only one interested in it; and personally I should be willing to do so, provided we can have a definite time set for voting upon it as an original measure in the immediate future.

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

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

Mr. BORAH. I yield.

Mr. WATSON. To that end, I ask unanimous consent that the measure sponsored by the Senator from Idaho may be made the special order for next Tuesday afternoon at 2 o'clock.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. I object.

Mr. ROBINSON of Arkansas. Mr. President, I shall not approve of that action unless there is an agreement to vote on this bill; and that, as I understood, was the suggestion of the Senator from Idaho.

Mr. BORAH. Yes.

Mr. ROBINSON of Arkansas. It has been debated here now for a full day, and probably not very much further

debate will be necessary to enable the Senate to reach a conclusion on this measure. I have no objection to making it a special order and segregating it from this bill if an arrangement can be entered into that will assure its final disposition; but we are getting down now to the heel of the session. Conference reports remain undisposed of; and I do not wish to be put in the attitude of taking a whole day to debate this amendment, as we took several days to debate the amendment of the Senator from Connecticut, and then have both of them withdrawn with no decision on either measure.

I suggest a modification, that after the measure has been under consideration for one hour——

Mr. WATSON. Make it two.

Mr. ROBINSON of Arkansas. Two hours, that no Senator shall speak more than once or longer than 10 minutes on the bill.

Mr. WATSON. I accept the modification.

Mr. LONG. Mr. President, I object to that on behalf of myself and several others. We have had this matter up for a whole day. Have I the floor?

The VICE PRESIDENT. The Senator from Idaho has the floor.

Mr. BORAH. I will yield to the Senator, but before I do so allow me to say that of course, if there can not be an agreement to take up this bill at a definite time in the immediate future and vote upon it, I shall not withdraw the amendment. The Senator from Indiana was urging me to do so because he thought it imperiled the pending measure, which I do not desire to do, but if we can not have a definite time to vote on it in the immediate future, I shall leave the amendment where it is. I am in favor of the home loan bill and I am very much in favor of the amendment I have offered. If I can not get an agreement to vote on this amendment as an original bill, I must endeavor to put it on this bill.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Objection has been made by the Senator from Louisiana.

SEVERAL SENATORS. Regular order!

Mr. BORAH. The Senator from Virginia is about to ask me a question, which I should like to hear.

Mr. GLASS. Mr. President, I desire to suggest that even if there could be an agreement to vote on this matter as an independent proposition, we are so far advanced in the session, and probably so near the end of the session, that as an independent proposition we might not get action on the bill in the House.

Mr. BORAH. In view of the suggestion of the Senator from Virginia, I certainly shall not withdraw the amendment.

Mr. FLETCHER. Mr. President, instead of fixing a time to vote on this particular amendment which the Senator offers, I suggest that we fix a time to vote on the House bill, H. R. 11499, which contains the amendment. Then there might be a chance of getting it to conference.

Mr. BORAH. Of course, my proposition included the original bill. I did not ask for a vote on this amendment, but upon the bill as it was reported to the Senate.

Mr. FLETCHER. I see. Then that might go to conference.

Mr. BORAH. But it is useless to delay the matter, because there is objection.

The VICE PRESIDENT. Objection is made.

Mr. WATSON. Mr. President, I am aware of the fact that if this amendment be attached to the home loan bill there are enough Senators on this side who are opposed to the amendment to defeat the bill. That would end the bill.

I want to do anything and everything in the world to keep this bill from being defeated, because I think at this particular time it is absolutely essential that it shall be passed.

Therefore, in order that we may definitely fix a time when we shall vote upon H. R. 11499 as a separate proposition—that is the measure that is now being sponsored by the Senator from Idaho as an amendment to the pending home loan bill—I move that it be made a special order next Tuesday afternoon at 2 o'clock, and that the conditions stated by the Senator from Arkansas shall be appended to it; that is to say, that after two hours of debate no Senator shall be permitted to speak oftener than once or longer than 10 minutes.

Mr. LONG. I object to that.

Mr. MOSES. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. MOSES. A proposition to make a piece of legislation a special order, which requires a two-thirds vote of the Senate, can not be "hooked up," as the Senator from Indiana expresses it, with that which requires a unanimous-consent agreement, namely, a limitation of debate and a time for a vote.

Mr. WATSON. I assume that is so, but I would like to have the ruling of the Chair on it.

The VICE PRESIDENT. That is correct.

Mr. LONG. Mr. President——

Mr. WATSON. Without any limitation then, I move that the bill referred to by the Senator from Idaho be made the special order for next Tuesday afternoon at 2 o'clock.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator will pardon me——

Mr. WATSON. I yield.

Mr. ROBINSON of Arkansas. I do not believe it is in order to make this motion because House bill 11499 is not under consideration. It would be necessary to lay aside, temporarily or otherwise, the pending bill, the home loan bank bill, in order to take up the motion of the Senator, unless it were done by unanimous consent.

Mr. WATSON. That is quite true, I will say to the Senator. I appreciate that parliamentary difficulty. Of course, if I were to move, as the Senator from Arkansas well knows, to proceed to the consideration of House bill 11499, that would displace the home loan bank bill.

Mr. ROBINSON of Arkansas. Certainly.

Mr. WATSON. And I do not want to do that.

Mr. ROBINSON of Arkansas. The Senator has no remedy, as I see it now, except to have a vote on the pending amendment, unless the Senator from Idaho should see fit to withdraw it, in which event somebody else would probably offer it.

Mr. BORAH. Mr. President, I am not going to withdraw it, unless we can have a definite time to vote fixed.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho.

SENATOR BINGHAM'S WITHDRAWAL OF HIS SUPPORT FOR BEER

Mr. LONG. Mr. President——

The VICE PRESIDENT. The Senator from Louisiana is recognized.

Mr. WATSON rose.

Mr. LONG. I am recognized, and I will yield to the Senator from Indiana, but I do not want to yield the floor. It was taken away from me once before.

What I want to say is that the Senate has been treated to an immense amount of horseplay from the other side of the Chamber——

The VICE PRESIDENT. The Chair would suggest that it is hardly proper to charge Senators with horseplay.

Mr. LONG. I mean that in a charitable sense. I will explain what I mean. I do not mean to reflect upon anyone.

The Senator from Connecticut [Mr. BINGHAM] took up about three days' time of the Senate with a beer amendment to the home loan bank bill, as the beer leader of the Senate, and after taking up three days' time haranguing the Democratic Party to the effect that he wanted them to assist him, to my amazement and surprise this morning I read that he has withdrawn the beer amendment, and left us here, with three days gone, and no beer amendment, and hence no beer. [Laughter.]

I am unable to understand just what we are to make out of this very queer situation. I was told by some of my colleagues when I first came to the Senate that my friend from Connecticut [Mr. BINGHAM] had only within the last year or

so, perhaps a little longer, absorbed such immense enthusiasm for the return of beer, but after the fervor with which he has waged this war here for three days, Senators sitting here ready to vote with him for his amendment, with three days' time of Congress gone, with the session about to close, lo and behold, with no rhyme or reason or excuse, the beer amendment has been withdrawn by the Senator from Connecticut [Mr. BINGHAM], and now the Senate is here without any beer amendment before it in any form.

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

Mr. LONG. I yield.

Mr. BINGHAM. If the Senator had read further in the morning paper——

Mr. LONG. I did not read it in the paper.

Mr. BINGHAM. I thought the Senator had read it in the paper.

Mr. LONG. No; in the RECORD.

Mr. BINGHAM. I did not know that the Senator had not read the paper. He would have discovered that the reason for withdrawing the amendment was so as to offer it later in order that we might get a direct vote upon it. As soon as the amendment offered by the Senator from Idaho, which was used as a cloak to prevent a vote on the beer amendment, has been disposed of, the beer amendment will be offered again.

Mr. LONG. Mr. President, I can not understand that. The Senator has evidently misunderstood his own motion, because he offered the beer amendment as a part of a home loan bank bill, and now he makes the explanation that because somebody else offered something that was not germane to the subject he had to retreat from the beer proposition and lose three days' time and withdraw his amendment.

I have only a very illiterate, lay mind in matters of legislation, but in common, ordinary, sawmill understanding I can not for the life of me apprehend how the thirsty people of this Nation are going to understand and appreciate a beer amendment having been withdrawn under fire and three days' time gone and the Senate apprised that Congress is soon to adjourn.

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

Mr. LONG. I yield.

Mr. LEWIS. I am curious to know whether my eminent friend the Senator from Louisiana feels that in the present situation he has just described he has no opportunity for further drinking in any inspiration?

Mr. LONG. I think the Senator has misunderstood my motive. It was not inspiration or the opportunity to drink I sought, but it was my unselfish desire to place others in the same position I occupy in this respect since the eighteenth amendment.

Mr. President, I now am going by circumstantial evidence to be led into the belief from what I now see in the morning paper that evidently this was not an act of mistake but a design of the Republican organization. Here is a statement in this morning's paper from Mr. Garfield, who I understand presided over the committee on resolutions of the Republican National Convention which nominated Mr. Hoover. I now quote from Mr. Garfield's statement, in which he tells the attitude of the Republican Party:

> We will be unalterably opposed to any modification of the Volstead Act, opposed to repeal, and everything else except to give the people the right to vote on the issue. Until they have expressed their sentiment at the polls, there will be no change in the administration attitude on prohibition.

So I take it, having attended a conference at the White House and announced this as the attitude of the President of the United States, at least the Senator from Connecticut [Mr. BINGHAM] has acted in consonance with the President of the United States, after consuming three days' time of the Senate debating about beer, in having withdrawn the amendment.

What kind of folderol would it be to come here with another beer amendment now, after the Senator has withdrawn one which has taken the time of the Senate for three or four days? Would a man now undertake to try to make the people of this country believe that the party offering such a thing as that acted sincerely at all, when they have taken up all this time of the Congress, and, after debating the question ad libitum for three or four days, shoving everything else out of the way, trying to put a beer bill onto a bank bill? Now, after having surrendered, "flown the coop," withdrawn the advocacy of two years, the Senator says he has the idea that he may come back again after the President has made his pronouncement and offer this beer bill again?

What kind of leadership have we beer advocates here if we are going to be left in this way? Certainly some of us would have had an amendment of our own if we had known the Senator from Connecticut would withdraw from the fight. If I had had a bill here under similar circumstances, with the whole Nation leaning on my words, in the thirst that has come, with lips just waiting for it, I would have carried on. But now, behold, the leader of the army has fled, and there is no beer here, and no beer near here, nor any beer that can be near here during this session of the Congress. [Laughter.]

THE POSTPONEMENT OF THE GENEVA DISARMAMENT CONFERENCE—THE CALCULATED INJURY TO THE UNITED STATES

Mr. LEWIS. Mr. President, there have been suggestions in the addresses just closed that the Senate is on the eve of an adjournment. The intimations are that such measures as will come before us will quite occupy the time that is left us.

I want the liberty at this moment to bring to the attention of the Senate an international situation which ought not to escape its consideration. I feel that whatever urgency there may be in the affairs of the Senate looking to the close of the legislation resting upon us, we ought not to be oblivious to the surrounding conditions of international feature greatly imperiling the prospect both of the peace and of the prosperity of the United States. We should not present to the country at large an aspect that we can become so absorbed in matters of minor importance, aggregating, it may be, in number and multiplying themselves in the march of the procession, to the degree that we will be wholly blind to what we owe to the Chief Executive of our country, to what we owe to the legislative body—this Senate—and what we owe to the people of our country.

A sense of protection that is due America ought ever to be expressed whenever the necessity arises, and in no place may that be looked for with greater propriety than here in this deliberative body.

On yesterday we listened to a notable address from an eminent colleague. I refer to the senior Senator from Idaho [Mr. BORAH], as our personal association since almost our boyhood—coming to the bar together in the West—enforces upon me a degree of affection and regard, as well as a very high esteem of his views, personal or impersonal.

The Senator brought to our attention that the financial situation of America was of a nature that unless something were done to prevent these constant modulations and undulations of the world that were greatly affecting the rise and fall in the prices of commodities, or the value of the currencies of the countries, particularly that of the United States, a possible chaos would be the result. Sir, let me say that it is to avoid that threat of danger, as I see it, that I bring to the attention of the Senate one or two present working international conditions which I feel have produced a result which is about to impale us upon very serious consequences.

Mr. President, I rose to bring to the attention of the Senate an announcement of European public news of this morning. We observe that, after several months, a meeting for disarmament at Geneva, in which we, the United States, have representatives, is now announced as a failure. With that announcement comes the statement that there will be a reassembly in the fall. This is but an excuse for not announcing at this time the concluding views, or decided action, if there be any, on the part of these eminent gentlemen who represent the different countries as delegates to that convention.

Mr. President, the President of the United States, as the representative of a people looking for peace, a great Republic that leads toward the body of world harmony, says that this gathering at Geneva, having been given out as being the last of seven such assemblages, would reach results and pronouncements and in the promulgation giving some encouragement to mankind, to those who are looking for peace by honorable and communal relations between nations. The President assumed to join in it and offered to the American public his reasons, and in pursuit we sent delegates to attend in obedience to the suggestion.

Mr. President, I beg to call to your attention that the real reason for this diplomatic fiasco at Geneva, to be resumed in some form of a renewed siege at Lausanne, is a deliberate and constructive arrangement to injure the prospects of the United States. We have the announcement that in the fall there will be some form of revival. The object is to avoid any impression of what is their intention either to reduce the armament on the one hand or to attempt to avoid a conflict between the nations where a conflict is possible on the other hand. One would assume that this aspect is intended only for the foreign lands. Mr. President, let us speak to the truth. We are told in Holy Writ that a mere shepherd in Israel dared say to the king, "Thou art the man." Mr. President, it was not only because evidences of this Nation, such as shown by the Senator from Idaho [Mr. BORAH] and the Senator from Nevada [Mr. PITTMAN] and those speaking in line with the similar subject, that threatened the United States with precipitation of the loss of its gold-standard position on the one hand or the complete depression of its credit before the world as to destroy in the world of finance its position as the first power on the other. But these eminent masters of European policy have concluded that by taking no result and pronouncing, if you please, no decision, they will trick the United States again into the position where it shall be uncertain in all its public action. From the situation they present of dangers and threats to show that there is a prospect of world peace. There is therefore nothing to assure the coming reduction of expenses in these multiplied armaments, and also there is nothing to come forth from these nations that looks to the reduction of the expenses of government by release of debts for war organization.

After all, each one of these countries or all are looking forward to a conflict with our Nation. They are anxious to keep us financially to where we dare not send forth our credits to the world because of the need we will have for its use here in America. Second, they will keep us in such a situation of assumed expense and such multiplied burdens of debt that it will become impossible for the United States to rejuvenate itself in commerce and to extend its commerce to the foreign lands that may seek to be supplied. The real purpose is to drive us to where the financier, feeling the uncertainty of the situation, the business man without any form of stability, will hesitate to extend his money in financing, on the one hand, his business or undertaking. The result will be that in America there will be that tremulous, constant agitation and instability as will lead us to where we will have no direct course of action in behalf of our own people. These eminent gentlemen, master delegates, are being stimulated by the financial interests of Europe which have borrowed such vast sums of money from the United States to now disclose the proposition boldly that they are ready to offer to Germany to withhold from Germany all demands for obligations and exempt her from debts, but only upon the condition, soon to be presented to us, that we relinquish all debts upon these lands who propose or suggest the possibility of relinquishing all debts due to them from Germany.

The real purpose of the present situation, which we have not paused to consider, is to place us in a position before the world where, if yielding to the cancellation or abrogation of debt, we yield a certain share of revenue that is anticipated to the Nation that would lessen her obligation of taxes and obligation of burdens upon her citizens. Second, it would lessen the opportunity of money to be employed in the undertaking of giving employment to citizens.

The final is to leave the matter of disarmament in such shape where Japan finds herself at direct variance with France, where France finds herself at opposition and in contrast and in contest with England. To leave us where the countries will put us before the world as being a nation so situated in embarrassment that no one can tell what step we will take. They will insist we are neither a member of the League of Nations, on the one hand, and have only the position of an observer of the conference on the other. The theory, very clearly, of these projectors of confusion is to adjourn all proceedings under such circumstances as to leave us in such condition that will lessen the credit of the United States before the world in every form and then will force us to the conclusion that in order to obtain money to put our peoples at employment, on the one hand, or, sir, to give strength to the credit of those who possess that they may lend money out in advancement of commerce on the other, we will have to make the demanded concessions these European masters demand along the lines of their demands. Now, to leave us with the statement that nothing shall be done until after the fall is one of those subtle, insidious inducements to each political party practically saying "which of you gentlemen shall do the more in carrying out the suggestions we have to make as will come on in the fall—you will have the more to gain from us"; and thus do they appeal directly to the American political campaign. They advance these insidious suggestions both to the President of the United States as well as his opposing party for the object of having them both offer some form of dealing by which those master imperialist managers in Europe can assure those who may be in partnership, association, or in commingling position with them that they have the United States at last pledged; that they have been assured by an understanding from Republican managers of their great party and the Democratic managers of their great party that they are going to do the kind of things that these masters seek which will relieve them from all debts and insure the rise of the prices of their foreign bonds for speculation before the world to draw the cash out of the different coffers of the world, particularly the United States, and to leave us pauperized by the action.

If you doubt, sir, in your own good sense that these views of mine have foundation, look you this morning and see that for the first time in three and one-half months foreign bonds have risen higher than they have been at any time since we have been sitting here, and risen higher proportionately than all American bonds for the first time since this unhappy devastation that we call depression has set upon America. Is it possible that gentlemen on both sides of the Chamber, such as I see around me, bankers learned in their profession, statesmen conscientious in their patriotism, shall consider with indifference such a situation as surrounds us now?

This is the time when this honorable body, the Senate, in some form should give notice to these world nations that they may play with art of trickery among themselves and use deception there as they choose, but that we behold their purpose and understand their object; that it is no purpose of ours to yield to it; that this is a trick now advanced for the seventh time out of seven, a fulfillment indeed of the scriptural limitation—the seventh failure of the seventh call. So out of the international meets, of which there shall come no announcement and no intention to make announcement of any result, there shall be nothing to indicate that they desire a world peace, and no expression of appreciation of entrance upon the effort. They leave the President of the United States flouted before the world. It is time the United States Senate should say, "This is the end, gentlemen. You have done this deed of deception—or folly—too often." The policy of the United States hereafter shall be, first, to take such steps touching her finances as shall be that which shall revive and renovate America. Second, we shall pursue such course in commerce as shall

cause the employment of the vast millions who now are needed for that which is the sustenance of life. Third, we shall look to the world in our own manner for such peace as might be agreed upon, and in such way as we feel would be reliable. We will be no longer the subject of a trick upon the credulity of Christian humanity; and, lastly, with the open statement that we propose now, sir, to proceed with our political elections, with our own measures, with our own policies. It is time we cry out that we Americans shall do the thing along the line of that which we feel will achieve the purpose of our own country in completeness that she may by her example lead mankind to follow her example of honesty to nations and fidelity to the people. The hour has come when the United States of America should announce to the nations of the world the detection of their hypocrisy and trickery before the earth, both in the matter of peace and provision of friendship to the United States. The hour is now for us to proclaim and behold the new and independent future of the United States.

Mr. President, I thank the Senate for its complimentary audience.

RETURN OF UNRATIFIED TREATIES TO STATE DEPARTMENT

Mr. BORAH. Mr. President, I wish to submit a resolution directing the Secretary of the Senate to transmit to the Secretary of State, to be deposited in the archives of the State Department, certain conventions and treaties therein named heretofore transmitted to the Senate by the President of the United States and not definitely acted upon. The resolution, Mr. President, covers a number of treaties running from 1859 to 1903 which have been transmitted to the Senate but which have not been acted upon and which the State Department desires to have returned, to be placed in its archives and to be kept for historical purposes. In other words, they are treaties which have become obsolete by reason of inaction, and it is simply desired to have them in a place where historically they may be preserved. I offer the resolution and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER (Mr. JONES in the chair). The clerk will read the resolution.

The Chief Clerk read the resolution (S. Res. 268), as follows:

Resolved, That the Secretary of the Senate be directed to transmit to the Secretary of State, to be deposited with the archives of the State Department, the following conventions and treaties heretofore transmitted to the Senate by the President of the United States and not definitely acted upon:

Date	Country	Subject or title	Submitted to the Senate
Dec. 14, 1859	Mexico	Transits and commerce	Jan. 4, 1860
Do	do	To enforce treaty stipulations	Do.
Apr. 6, 1862	do	Loan	June 24, 1862
Do	do	Compensation	Do.
Oct. 24, 1867	Denmark	St. Thomas and St. John	Dec. 4, 1867
July 28, 1868	Hawaii	Extension of time	Jan. 7, 1869
Oct. 15, 1868	Denmark	do	Do.
Jan. 14, 1869	Great Britain	Water boundary	Jan. 19, 1869
Do	Colombia	Ship canal	Feb. 16, 1869
May 8, 1869	Hawaii	Extension of time	Dec. 8, 1869
Oct. 14, 1869	Denmark	do	Do.
Oct. 23, 1869	Mexico	Protocol to convention of July 4, 1868 (T. S., No. 212).	Do.
Nov. 29, 1869	Dominican Republic.	Samana Bay	Jan. 10, 1870
Jan. 26, 1870	Colombia	Ship canal	Apr. 1, 1870
May 14, 1870	Dominican Republic.	Extension of time	May 31, 1870
Feb. 17, 1872	Samoa	Naval station	May 22, 1872
June 16, 1897	Hawaii	Annexation	June 16, 1897
June 16, 1899	Great Britain	Commerce (Barbados)	Dec. 6, 1899
July 10, 1899	Argentina	Commerce	Do.
July 18, 1899	Great Britain	Commerce (British Guiana)	Do.
July 21, 1899	do	Commerce (Turks and Caicos Islands).	Do.
July 22, 1899	do	Commerce (Jamaica)	Do.
July 24, 1899	do	Commerce (Bermuda)	Do.
Do	France	Commerce	Do.
Oct. 20, 1899	Nicaragua	Commerce	Dec. 5, 1900
June 25, 1900	do	Extension of time	Do.
Mar. 16, 1900	Great Britain	do	Mar. 19, 1900
Do	do	do	Do.
Do	do	do	Do.
Do	do	do	Do.
Mar. 21, 1900	France	do	Mar. 21, 1900
June 5, 1900	Denmark	Commerce	Dec. 5, 1900
July 10, 1900	Ecuador	do	Do.
Mar. 8, 1901	France	Extension of time	Mar. 9, 1901
Mar. 15, 1901	Great Britain	do	Dec. 5, 1901
Apr. 27, 1901	do	do	Do.
May 6, 1901	Argentina	do	Do.
May 9, 1901	Denmark	do	Do.
Jan. 27, 1902	Multilateral	Codes of International Law	May 6, 1902
Do	do	Practice of learned professions	May 15, 1902
Jan. 28, 1902	do	Extradition	May 6, 1902
Mar. 15, 1902	Great Britain	Extension of time	Mar. 18, 1902
Apr. 26, 1902	do	do	Apr. 29, 1902
Sept. 12, 1902	do	do	Dec. 4, 1902
Sept. 16, 1902	France	do	Do.
Oct. 17, 1902	Great Britain	do	Do.
Nov. 6, 1902	Denmark	do	Do.
Nov. 8, 1902	Great Britain	Commercial relations, Newfoundland.	Do.
Jan. 31, 1903	France	Reciprocity, Puerto Rico	Feb. 3, 1903
July 2, 1903	Cuba	Isle of Pines	Nov. 11, 1903
		PROTOCOLS	
July 27, 1868	Wurttemberg	Protocol	Dec. 14, 1868
Aug. 1, 1868	Hesse	do	Do.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution submitted by the Senator from Idaho?

There being no objection, the Senate proceeded to consider the resolution.

Mr. COPELAND. Mr. President, I hope the resolution submitted by the Senator from Idaho does not provide for sending back to the State Department the safety-at-sea treaty and the Canadian salmon treaty?

Mr. BORAH. There is nothing in this resolution providing for transmitting to the State Department any treaty sent to the Senate later than 1903.

Mr. COPELAND. I hope there will not be such delay on the other treaties as that they will finally be returned to the State Department.

Mr. BORAH. I agree with the Senator from New York in that expression.

The PRESIDING OFFICER. The question is on agreeing to the resolution submitted by the Senator from Idaho.

The resolution was agreed to.

Mr. BORAH. In connection with the resolution just adopted I ask to have inserted in the RECORD a letter from the Under Secretary of State.

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

DEPARTMENT OF STATE,
Washington, May 6, 1932.

The Hon. WILLIAM E. BORAH,
Chairman Committee on Foreign Relations,
United States Senate.

SIR: It is supposed that certain treaties between the United States and foreign powers which from time to time were submitted by the President to the Senate but not definitely disposed of by that body may be among the archives of the committee of which you are chairman. A list of such treaties, none of which, as you will observe, is dated later than 1903, is herewith inclosed.

All of these treaties are of course long since obsolete. Many of them are of interest to students of American history and it would be desirable if the original documents could be in the archives of the department.

Accordingly, I suggest that you cause an examination to be made on this subject and to take into consideration the expediency of moving for the return of the instruments under reference to this department.

I may say that a somewhat similar request was made by Secretary of State Hamilton Fish to Senator Simon Cameron, then chairman of the Committee on Foreign Relations of the Senate, under date of February 9, 1876. Following that request the Senate, on February 14, 1876, passed a resolution in the following terms (list of treaties omitted):

"*Resolved*, That the Secretary be directed to transmit to the Secretary of State, to be deposited with the archives of the State Department, the following conventions and treaty, heretofore transmitted to the Senate by the President of the United States, and not definitely acted on."

Very truly yours,

W. R. CASTLE, *Acting Secretary.*

Inclosure: List of treaties.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a few of the many letters and telegrams I have received from farm leaders and others residing in Kansas, urging favorable action by the Senate upon the Goldsborough bill to direct the Federal Reserve Board to use all its powers to stabilize the purchasing power of the dollar. The measure as it came from the House also carried a provision, intended to meet a present emergency, directing the board to attempt to stabilize the dollar at the average commodity price level of the period 1921–1929. The Senate Banking and Currency Committee, I am sorry to say, amended the measure so as to take away some of its effectiveness, simply giving the Federal reserve system more power without direction how it shall be used.

However, Mr. President, I am going to support the amendment to which I have just referred, now offered by the Senator from Idaho, to the pending bill. I would much prefer to have a chance to vote on the Goldsborough bill as it came from the House. To me it is fundamentally sound and proposes to do something that will count far more in the present emergency, and in the future, than will the provisions of the amendment as offered by the Senator from Idaho.

The Goldsborough bill directs the Federal Reserve Board to use its powers to stabilize the purchasing power of the dollar, and, in addition, it directs the board to use those powers now to effect a controlled expansion of the currency. The amendment, written by the Senator from Virginia, reported by the Banking and Currency Committee, and now offered by the Senator from Idaho as an amendment to the pending home loan bank bill, is, in my judgment, much weaker. But it is a step in the right direction, and I am supporting it in lieu of what I regard as the more effective method.

In my judgment, it is of the highest importance that the Congress should exercise such powers as it has under the Constitution to deflate the dollar. Agriculture, labor, industry, commerce, wages, commodity values generally—all have been deflated. Only the dollar and debts, and to a large degree taxes, have not been deflated.

If we force a reasonable and controlled currency and credit inflation, which, in my judgment, can be accomplished through the Federal Reserve Board, the immediate effect will be to deflate the dollar and give us a dollar with a constantly dependable purchasing power. That will result in a deflation also of debts and taxes. I believe it will result in a rise in farm and other commodity prices; such a rise in commodity prices must come before we can hope for an upturn in business, before we can hope for the return of millions of unemployed to the ranks of wage earners. Mr. President, I am aware of the dangers of inflation, but we are going deeper and deeper in the abyss of deflation.

This country needs more dollars, more credit, more confidence, more dollars at work, and more men at work.

The opening wedge to the return of prosperity under present conditions is more dollars in circulation. Call it inflation, call it reflation, call it stabilization—the need is the same, more money in circulation.

More dollars in circulation will mean an expansion of credit even more important than the expansion of the currency. More important than all, it will mean a return of public confidence in the future of the country. Then the dollars now in hiding will come out into the open and go to work.

When the dollars go to work basic commodity prices will rise. Then the men will go to work.

When the dollars and the men go to work we will have purchasing power for the products of farm and mine and factory; loading for our railroads; business for our merchants; even more business for our bankers, who now are the worst offenders through hoarding of hundreds of millions of money sadly needed by the productive elements of our civilization.

Deflation such as we have been going through penalizes the producing, employing, and working elements of the community for the benefit of the unproductive elements—the money lenders.

We need a permanent monetary policy of the Federal Government. That policy is to stabilize the purchasing power of the dollar.

We need more dollars now. We need "honest dollars" instead of "rubber dollars" for future permanent prosperity.

I just want to reiterate my position that this Congress should exercise its responsibility under the Constitution to regulate the value of money and consider something like the Goldsborough bill to stabilize the purchasing power of the dollar and should do it before adjournment.

Let me say again, as I have said to the Senate many times, that we can not have a return of prosperity until the prices of farm commodities and other basic commodities go up. And the situation is too serious for Congress to sit back and wait for basic commodity prices to rise, when Congress has the power and the duty, under the Constitution, to assist in bringing that very necessary result.

I send to the desk the letters and telegrams to which I have referred, with the request that they be printed by unanimous consent in the RECORD in connection with my remarks.

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

The letters and telegrams are as follows:

KANSAS STATE FARM BUREAU,
Manhattan, Kans., June 28, 1932.

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SENATOR CAPPER: Our farmers are in a very nervous state of mind. I think I have heard more of them express themselves during the last month as impatient that Congress does not either do something or quit and come home than I have ever heard in the same length of time before. They feel that entirely too much stress is being placed on the idea of balancing the Budget and too little on the problem of bringing about real relief for the distressed conditions.

I am going to make bold to suggest that our Kansas delegation should do everything possible to put through the composite farm relief bill, S. 4536, and the Goldsborough bill for money stabilization. I am also suggesting that fairly liberal treatment for agencies in charge of the agricultural marketing act be urged.

I attended the feeders' day meeting to-day. There was a big crowd present. Most of the talk I heard centered not around methods of feeding cattle but what might be done to relieve the distressed economic situation.

I fully realize that you are up against a very difficult problem and sympathize with you in that. I am satisfied, however, that the suggestions I have outlined will more nearly meet the general idea that I hear expressed by farmers and business men all over the State than anything else.

Yours very truly,

RALPH SNYDER, *President.*

TOPEKA, KANS., *July 3, 1932.*

Hon. ARTHUR CAPPER,
United States Senate, Washington, D. C.:

With wheat selling at 15 to 20 cents and other farm prices at similarly low levels, disaster threatens the greatest industry of the Nation. Your appeal for favorable action on pending farm-relief measures before Congress adjourns is most commendable. There is desperate need for legislation that will increase farm prices, and it is our hope your efforts in this direction will be successful.

J. H. MERCER.

SALINA, KANS., *July 6, 1932.*

Senator ARTHUR CAPPER,
Senate Office Building, Washington, D. C.:

It is up to Republican Party to pass emergency-allotment plan or Goldsborough bill. No legislation has been passed in this session to give direct and very little giving indirect help to agriculture. Emergency treatment has been given to banking, utilities, and business. If all we get from this Congress is promise to give emergency in next session, we will be loser. About all agriculture has received is conversational relief. This Congress should not adjourn until emergency legislation is passed that will give farmers money on the barrel head instead of conversation. If Hoover does not force through Goldsborough bill and dollar is not deflated before election, there is trouble ahead.

R. J. LAUBENGAYER.

CONCORDIA, KANS., *June 25, 1932.*

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SENATOR: I read your letter in Kansas Farmer for this week, and want to tell you that you have hit the nail square on the head, as the old saying goes.

That last paragraph, in which you say, "To direct the Federal Reserve Board by law to stabilize the purchasing power of the dollar at approximately the 1926 level. What this country needs is a 100-cent dollar that will stay honest, is pure common sense."

* * * * * * *

There is no time to waste, and the quicker you can get action on it the better it will be for the millions of people concerned. Something has to be done or the whole country will be in bankruptcy as the producers are at the present time.

I know that there is a growing sentiment among the people that this depression could be overcome through the Federal reserve system if they were compelled to change things. * * *

Sincerely yours,

RAYMOND A. HANSON.

WHEATON, KANS., *June 25, 1932.*

Hon. Senator CAPPER,
Washington.

DEAR SIR: Hundreds of farmers in this part have talked and thought inflation for two months as the only means of saving them. * * * If they don't make this dollar more honest, there's a lot of them will find themselves in same fix, and we can't hang on forever. We have paid our interest and taxes up until this time, but now we have failed to make the interest on the farm, and they gave us 30 days to pay the taxes. We could sell every animal on this farm and not make it. Can't they do something? As I said, there are hundreds of us that are trying to save our homes.

Yours truly,

MRS. MARGARET CLARK.

THE AMORTIBANC INVESTMENT CO.,
Wichita, Kans., June 21, 1932.

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SIR: It cost three and a half billion bushels of wheat each year to run the Government five years ago. Now it costs 16,000,000,000 bushels of wheat a year at the price at the country market. Five years ago it cost 9,000 bushels of wheat to pay a Congressman. Now it costs 40,000 bushels of wheat. You have been back there a long time. Are many Congressmen worth 40,000 bushels of wheat a year?

The bankers are saying, "The country is fundamentally sound," while they know it is gradually going broke, and that only the subsidy from the Reconstruction Corporation has delayed the announcement of the receivership for many banks * * *.

* * * The dollar was formerly a happy medium of exchange. When it takes 25 pounds of cotton or 4 bushels of wheat or 12 dozen eggs or 40 pounds of pork or 16 pounds of copper to buy a dollar, the tail not only is wagging the dog but it is stopping the dog's progress, and the dollar can no longer be deemed a medium of exchange. Either it should be trimmed down to where it can accelerate trade and commerce again instead of hampering it or the Government expenses should be trimmed 75 per cent in line with commodities.

How long are you boys going to play along back there, quibbling over 10 per cent reductions and trying to cure a credit-sick country with further attempts to expand credit and further subsidies to financial organizations, when everything is cheap except the dollar, "whose integrity has been preserved," and when the only thing that has stood up is Government appropriations?

Yours truly,

R. H. GARVEY.

LARNED, KANS., *June 27, 1932.*

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR MR. CAPPER: * * * Frankly, Mr. CAPPER, unless something is done to relieve the condition, the people are going to turn to revolution if the threats we hear every day are sincere. Such a means will only make conditions worse. People are losing confidence in national leaders. I personally hope and believe every leader realizes the grave situation and would like to help better conditions to return. The thing the world bows down to and calls money evidently is responsible for most of the trouble.

Is there not some way to shrink the debts in proportion to the lowering of values? Why should a mortgage on a piece of land remain at 100 per cent when the land is worth only 50 per cent of the 1926 value? It seems to me that a proration of debts to values would have to only be talked of to restore a lot of confidence. If the loaning class thought they were going to have to bear a proration, they would become bulls in confidence instead of bears as they are now. There is no logic in forcing a person to liquidate several times the amount of property to pay a loan. Shrink the loans in proportion to the values and we will all be on the same basis with a much better chance of paying loans and interest charges. Unless a more stable balance is soon made, the loans will never be paid and the chaotic condition will grow worse. It is pretty hard to make most people see how a cloudburst of money on a gullied hillside can do any good unless the channels that drained away the previous deluge are restricted and checked a bit.

Yours very truly,

H. C. COLGLAZIER.

Mr. COPELAND. Mr. President, I think I heard the Senator from Kansas say that what we want is credit, currency, and confidence. I think we ought to add another word to this alliteration, and that is circulation; yes, and courage, as a Senator sitting near me suggests. However, I can not for the life of me see how the measure is going to put any more money in circulation. As I see it, what will happen will be that the banks now having Federal reserve notes will take them back, get the credit for them, issue the new currency, according to the plan now proposed, and there will be in the banks practically the same amount of money that we have to-day. After it is there, how are the people to get it? How is it to be put in circulation?

Mr. President, without going into any detail—it would not be worth while from my lips—I am as confident as I can be of anything that this bill has in it no hope of any degree of help to our existing economic distress; and it seems to me a futile waste of time for us to be giving consideration to this measure while, on the other hand, we have here pending, at the present moment, though in an emasculated form, a home loan bank bill which has in it the possibility of the relief of the suffering of thousands of home owners who are now in distress because of the foreclosure or the threatened foreclosure of their mortgages. I wish for my part, Mr. President, that we could return to the discussion of a measure which is of such vital concern to the people instead of spending our time in speculation over a proposal which has in it very little prospect of any benefit whatever to the American people.

Mr. FLETCHER. Mr. President, I have no desire to delay action on the pending bill; I should like to see it speeded as rapidly as possible to a final vote, but there is pending here an amendment which has been offered by the Senator from Idaho [Mr. BORAH] which I think has great merit and which I think, if adopted, ought to strengthen rather than harm the bill or interfere with its prospect of passage.

The question of the expansion of currency and credit is of very great importance and has a direct bearing on the matters involved in the pending legislation. Financial conditions and the financial situation generally have a bearing on the question of the ownership and making financial arrangements for the building of homes and that sort of thing.

The amendment offered by the Senator from Idaho does not contemplate any undue or improper or questionable inflation. If it does anything at all, it is in the line of reflation; the thing accomplished by it would be to halt, in a measure, the deflation that has been going on and to put some brakes both on the liquidation and the deflation which have been in process ever since the fall of 1929. Those who engineered that great debacle in Wall Street in connection with the stock-exchange speculation and gambling that took place there in 1928 and 1929 through combination, cooperation, and, in some instances, collusion between great bankers and their affiliates and brokers in New York, or exchanges of similar nature, are themselves responsible, to a large degree, for the deflation which took place; and they are now, as I gather from their expressions, doing their best to put a check on deflation and to stop the liquidation which is taking place and which is causing the monstrous decline in prices and the fearful destruction of values generally. They would like, as I understand, to see that movement checked. Of course, the people of the country are suffering by reason of what has taken place and by reason of the policy of deflation; and, while this measure would not, in my judgment, accomplish what the Goldsborough bill would accomplish, it would have some effect in that direction. It would, as I say, check to some extent deflation and bring about reflation and halt the liquidation which is taking place all over the country and which is causing an immense amount of financial distress.

It would increase circulation to the amount of about a billion dollars. That is not a very large sum. There are said to be in circulation something like $6,500,000,000, but a good deal of that is hoarded. This $1,000,000,000 increase in circulation would not equal the amount of money that is now not in circulation, although it is charged up to circulation, but which is withdrawn from circulation and put away,

hoarded, in some instances, perhaps, by the banks themselves, and certainly to a large extent by individuals throughout the country.

The Goldsborough bill, being House bill 11499, passed the House almost unanimously, there being very few votes against it, as I recall, after quite extensive hearings, and those hearings have been repeated from time to time. The subject involved in that bill has been under consideration by the Banking and Currency Committee of the House of Representatives for some 10 or 11 years. Mr. GOLDSBOROUGH especially has given great study and attention to the subject, and there is every reason to believe that sound economic principles underlie that bill which if put into effect would very largely relieve our financial situation.

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

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

Mr. FLETCHER. I yield.

Mr. WATSON. I understood the Senator to begin his remarks by saying that it might change the complexion of some of the votes on the other side if this amendment were attached or appended to the home loan bank bill; that is to say, that there would be a more friendly feeling for it if the amendment were adopted as a part of the bill.

Mr. FLETCHER. I think it would, of course, strengthen the bill.

Mr. WATSON. I have not the right and, of course, I have no desire to ask the Senator a direct ad hominem question, but will the Senator vote for the bill if this amendment shall be added to it?

Mr. FLETCHER. I think I will.

Mr. WATSON. That is a vote made out of the whole cloth, and I thank the Senator.

Mr. FLETCHER. I do not like to commit myself as yet, because I do not know what is going to be put in the bill. The bill has been changed very extensively even since we began to consider it.

Mr. WATSON. And very frequently.

Mr. FLETCHER. And very frequently, so that I do not know just what is going to be added to it, but I will say to the Senator that I am not inclined to throw any obstacles in the way of this proposed legislation and never have been. When the pending bill came over from the House and was referred to the Committee on Banking and Currency, a special committee was appointed. That committee held hearings on the subject embracing several volumes. I was disposed to be in sympathy with the whole idea and plan and purpose. I was not on the subcommittee; I did not attend the hearings; and I was told after inquiring from time to time about the progress of the bill that it would probably be changed in many respects and that there would be many amendments offered to the Senator's bill, known as the Watson bill here, and to the bill as it came over from the House. I tried to keep up with it as well as I could. To my astonishment, after all these hearings were held by the Banking and Currency Subcommittee of the Senate, instead of reporting out the bill with amendments, or anything of that sort, they simply contented themselves with reporting the House bill just as it was.

I presume that was done for the purpose of speeding action, for fear that a bill amended here might not meet with favor in the House and a long conference would be involved, so the committee concluded to report the House bill and made no report at all on the Watson bill. Practically no amendments were suggested.

If I had been disposed to interfere and oppose the legislation, I could easily enough have held it up in the committee. I do not think the Banking and Currency Committee of the Senate considered the report of the subcommittee 30 minutes. It was simply rushed right through. I threw no obstacles in the way. I did not like the bill as it came from the House for several reasons, and I thought certain features in it ought to be changed. We did not take time to do that. I could easily enough have taken time to do that if I had desired to obstruct or to oppose the legislation in any way.

So I have been in sympathy with the general idea, but I do not want to commit myself to the provisions of the bill before I know what they are going to be. I hesitate to do that. I can only say that I am not disposed to block it or interpose any objections to an early conclusion with reference to it.

I think this amendment would add to the bill, because, as I say, its purpose is to bring about a financial condition that would be helpful to the carrying out of the policies of the bill, to bring about some expansion of currency and credit which would be helpful in any constructive undertaking.

Reference has been made to the Goldsborough bill, H. R. 11499, and some people have said—people who are experts, perhaps even more than that, trained students of economical problems—that they do not understand the bill; that it is Greek to them.

I see nothing at all that is complicated in the bill. It is very brief, and just what it does mean is very clear and very plain. It is based upon the opinions of those who have been students of the subject for a great many years.

The hearings in the House show that the bill was favored there. The hearings on the subject in the Senate are quite extensive, too; but I happen to have here the hearings in the House, where Edward A. O'Neal, the president of the American Farm Bureau Federation, favored the bill; Henry A. Wallace, of Des Moines, Iowa, author and writer and student of this subject; Charles R. White, president of the New York Farm Bureau Federation; Charles E. Hearst, president of the Iowa Farm Bureau Federation; L. J. Taber, master of the National Grange; John A. Simpson, national president Farmers' Union; Hon. Robert L. Owen, former Senator from Oklahoma; Dr. Willford I. King, professor of economics, New York University; Ethelbert Stewart, United States Commissioner of Labor Statistics. This bill, by the way, is based upon the report and findings of the Bureau of Labor Statistics after examining the price levels of 744 commodities, showing that that bureau is well equipped to furnish the data upon which the price level would be based. It is a bureau which has the highest commendation; and it is virtually impossible to find a better price index than that of the Bureau of Labor Statistics. Then Prof. Irving Fisher, of Yale University, and Mr. George Shipley and others testified, favoring this legislation and giving their arguments and their reasons for it.

The proposition is a very simple one. After reading the House hearings—and I endeavored to keep up with them as well as I could while they were going on—I was favorably impressed with the idea, and introduced in the Senate myself, on April 19, a bill (S. 4429) entitled "A bill to restore and maintain the average purchasing power of the dollar by the expansion and contraction of credits and currency, and for other purposes." It is a very simple and perfectly plain and clear proposition, it seems to me, and is very brief. I will read it:

Be it enacted, etc., That it is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the year 1926—

Which is an average between 1922 and 1929—

shall be restored and maintained by the expansion and contraction of credits and currency through the powers of the United States and its agencies.

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

SEC. 3. To enable the Federal reserve banks to achieve this end they are hereby given the right to receive, and the Federal reserve agents are directed to deliver, Federal reserve notes at par for United States obligations deposited as security therefor.

That is all of it. The bill does not confer any extraordinary power on the Federal Reserve Board. It is not anything new. As a matter of fact, the Federal Reserve Board are doing precisely that to-day, and have been for several months past, ever since the Goldsborough bill passed the

House—going into the open market and purchasing bonds—and that money has gone out into circulation. I think they have purchased some $700,000,000, or maybe a little more. They are doing precisely what this bill contemplates. They are doing it for the very purpose of accomplishing the thought in this bill—that is, to increase circulation, to expand the currency. That is what they are doing it for. The only real change in the law made by these proposals—the Goldsborough bill and my bill—is that we make it the duty of the Federal Reserve Board to do this thing, whereas under the law now it is discretionary with them to do it or not. They can proceed with that policy for this week and this month; they can drop it the next week and the next month. They can indulge in that practice precisely when they wish to do it, and drop it when they wish to drop it. This would make it their duty to go out and buy these bonds until the commodity-price level is raised to the average wholesale-price level of 1926. Then they would discontinue. They would maintain it at that level, and begin again when the price level dropped.

That is a great thing to accomplish, because it is well recognized everywhere that this drop in commodity prices is unprecedented and is causing distress. Professor King said, in an article which I have here, published in the Burroughs Clearing House of April, 1930, at page 16:

> In view of the fact that falling prices are inimical to the welfare of the vast majority of our people, it is not surprising that there is to-day a widespread demand that measures be taken at once to remedy the evil. Prominent officials of the Treasury Department and the Federal reserve system admit readily enough that the price level ought to be raised, but they interpose the question: "How can it be done safely?"

That is conceded everywhere. Take, for instance, our commodity prices. Here is a recent clipping. I have not the exact date, but it is a clipping from a newspaper printed within a month, and it says:

> For the last four weeks the all-commodities' index number, which includes 784 commodities or price series, has fluctuated about two-thirds of 1 per cent around 66. Early in March the general index number leveled off at 66.5 for four weeks.
>
> Based on the figures of 65.8 for all commodities, the wholesale purchasing power of the dollar is computed at $1.59.
>
> After rallying last week, the index of farm products again dropped off from 50.1 to 49.7.

That is the index as to the price of farm products, 49.7. The purchasing power of the dollar has gone up to about $1.59. We can not have prosperity in this country with the price level constantly decreasing. What good does it do for a farmer to produce a product, for instance, if he can do it—and they are doing it successfully everywhere—if he can get practically nothing for it, if he can not get the cost of production out of his product?

So that underlying all this situation is the question of a proper financial system. All that this bill, the Goldsborough bill, proposed was to make it the duty of the Federal Reserve Board to do precisely what they are doing now, instead of leaving it wide open to their discretion. They are pursuing this very policy; and there is not any doubt, in my judgment, but that it would be a sound policy, just as has been contended by Mr. GOLDSBOROUGH in the House.

Professor King further says in this article:

> The only sure way to raise prices is to increase the supply either of bank deposits subject to check or of money.

I think that is perfectly sound. The article is a very interesting one. The hearings in the House and before our committee on this subject demonstrate clearly the soundness of that proposition.

In the absence of that, however, not being able to vote for that proposal here under this amendment, which is the amendment the Banking and Currency Committee put on the Goldsborough bill, striking out all after the enacting clause and inserting this provision, we have to deal with the proposition now submitted by the Senator from Idaho, which is to authorize the issuing of currency against bonds.

As has been stated—and I need not repeat it or dwell upon it—that would mean an increase in circulation and an expansion of the currency to the amount of about $1,000,000,000, which in itself would not be as much as is now being hoarded in this country. That would be helpful, I think; and, therefore, I am strongly in favor of that, although I would rather vote straight out for the Goldsborough bill, or the bill as I have it here, which is practically the same in principle.

Mr. President, this country is suffering from this deflation, the liquidation that has been going on. The Banking and Currency Committee has been investigating some of the underlying causes for that, including the operations on the New York Stock Exchange. It is perfectly amazing what has taken place there. The evidence shows that bankers, officers of the leading banks of the country, the strongest financial institutions of the country, in combination with brokers, dealt in stocks and bonds on the stock exchange, making enormous profits for themselves, and finally unloading them on the public and causing an immense loss to the people of this country. It is estimated that the decrease in the value of securities on the stock exchange in October, 1929, amounted to $29,000,000,000. There was some little effort to stimulate the market, but again in October, 1930, the decrease in the value of securities amounted to $20,000,000,000. There, upon that one exchange, the financial center of this country, there was a depreciation in the value of securities of $49,000,000,000. All the real money in all the world does not amount to over $50,000,000,000, and by the operations on that exchange, under the spirit of gambling and speculation, assisted and encouraged by the brokers, this terrific loss has fallen upon the people of this country.

The effect of that depreciation in securities was to destroy the value of lands and other property, and to interrupt business. Many business men have gone out of business entirely because they became bankrupt, and lost everything on the stock exchange. I hold in my hand a circular issued by Kerr & Co., of San Francisco, Calif., dated October, 1931. The opening statement is as follows:

> The Wall Street panic of 1929 rocked the financial foundations of the world.
>
> Millions of people lost billions of dollars in the greatest swindlefest of all time.
>
> Financial racketeering habitually practiced on investors by predatory wealth and the greatest protected gambling hell on earth. The following tabulation shows a few of the 1,286 "safe" securities listed on the New York Stock Exchange.

The circular goes on to show that the high mark of these stocks was attained in 1929, and it gives the quotations of October, 1931. I have checked the figures recently, as of July 2, and have indicated the changes up to the present time. For instance, the high of American Can in 1929 was $184.50. The low, in October, 1931, was $71.50. On July 2, 1932, it was $33.25.

Vanadium: High, 1929, $116.50; July 2, 1932, $7.

United States Steel: High, 1929, $261.75; in October, 1931, $62.25; on July 2, 1932, $23.75.

Bethlehem Steel: High, 1929, $140.75; October, 1931, $24.25; July 2, 1932, $18.

Midland Steel is not now quoted. It went from $321 in 1929 to $7 in October, 1931.

Kennecott Copper: High, 1929, $104.75; now, $5⅛.

Anaconda Copper: High, 1929, $174.75; now, $3⅛.

On the margin appear these statements:

> United States Steel common, off $1,735,923,514.
> General Motors, off $3,023,250,000.
> Radio, off $1,368,718,000.

I ask that this whole statement be printed in the RECORD.

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

THE WALL STREET PANIC OF 1929 ROCKED THE FINANCIAL FOUNDATIONS OF THE WORLD—MILLIONS OF PEOPLE LOST BILLIONS OF DOLLARS IN THE GREATEST SWINDLEFEST OF ALL TIME

Financial racketeering habitually practiced on investors by predatory wealth and the greatest protected gambling hell on earth. The following tabulation shows a few of the 1,286 "safe securities" listed on the New York Stock Exchange:

Name	1929 high	July 2, 1932
American Can	$184.50	$33¾
Vanadium	116.50	7
United States Steel	261.75	23¾
Bethlehem Steel	140.75	18
Midland Steel	321.00	(1)
Kennecott (copper)	104.75	5⅛
Anaconda (copper)	174.75	3⅛
Calumet & Hecla (copper)	61.75	(1)
Great Northern R. R	128.75	6⅜
Baltimore & Ohio R. R	145.25	6½
Atchison R. R	269.75	40½
Pennsylvania R. R	110.00	7⅞
Southern Ry	167.25	3½
Union Pacific Ry	297.50	31⅞
Sinclair (oil)	45.00	(1)
Standard Oil of California (oil)	81.75	(1)
Standard Oil of New Jersey (oil)	83.00	(1)
Richfield (oil)	49.50	⅜
Auburn (auto)	514.00	48
Chrysler (auto)	135.00	6⅛
General Motors (auto)	91.75	8
Marmon (auto)	104.00	(1)
Nash (auto)	118.75	9⅛
Studebaker (auto)	98.00	3⅜
Hudson (auto)	93.50	4¾
Radio	114.75	5
American Tobacco	235.00	50½
Goodyear	105.75	6½
Goodrich	115.75	2⅜
Case, J. I	509.00	22¾
Du Pont	231.00	23¾
Eastman Kodak	264.75	40⅝
Standard Gas	243.75	10¼
Montgomery Ward	156.75	4½
Sears Roebuck	181.00	10¼
Safeway Stores	195.25	34¾
Penney, J. C	412.00	16½
Fox Film	105.50	(1)
Transamerica	166.50	2⅞
American Telephone & Telegraph	310.25	78⅞
Average	176.75	----------

Average depreciation, 83 per cent to October, 1931. Depreciation increased since.

(1) Not quoted.

United States Steel common, off $1,735,923,514.
General Motors, off $3,023,250,000.
Radio, off $1,368,718,000.

WOLVES OF WALL STREET

Wall Street: The alma mater of mergers—where business men lured by promises of great gain turn over unit concerns to big business—accept stock in mergers and learn a merger is often a mirage—and that they "sold themselves down the river."

The stock exchange is regarded as the greatest protected gambling hell on earth, where it is always open season for suckers. Investors pit their feeble wits against fraudulent propaganda—frenzied market rigging—manipulation—the swindling margin game—ballooned stocks and vicious short selling. Millions of investors lose billions of dollars in a "shell game" that can't be beat.

Depreciation of 1,286 "safe securities" on the New York Stock Exchange from the 1929 high to recent low is reported at $60,000,000,000. The mind can comprehend that only by comparison. If in gold loaded on express cars—12 tons per car—it would make a train 124 miles long. It approximates $31 for every acre of land in the United States—$480 per head of population.

That vast sum of money represents false values squeezed out of "safe securities" on the New York Stock Exchange. It does not include depreciation of stocks on other exchanges, or loss on stock of 1,345 bank failures in 1930 and 932 for the first eight months of 1931.

Financial and corporation racketeers—allied with stock exchanges—investment bankers—thousands of big and little banks—sold at swindling prices—clearly evidenced by present prices—billions of dollars of stocks, "rights," mortgages, bonds, investment-trust shares—as "safe securities." Sedulously promoting stock gambling, taking billions of dollars from legitimate business, and, as a result, the panic followed.

These same interests exchanged billions of dollars for scraps of paper of decadent monarchies, puling republics, and blustering dictatorships, and that bunk and junk were loaded on the American investor and he will later have to pay the allied debts of the World War.

Investors learn financial throat-cutting is an indoor sport of Wall Street—followed by wreck and ruin—panic and unemployment—a long, long trail of disaster, suicide, and death. That Wall Street politically and financially dominates Government—even Presidents—formulating laws it finds Washington and Congress a convenient branch office.

People are slowly learning that financial and political racketeering dominate governments of the world, where money talks, prints, broadcasts, reigns, and kicks into the gutter parliaments, kingdoms, and republics, buncoing the political peasantry of this and other countries by propaganda, making democracy a farce.

A few years ago Tom Lawson threw a monkeywrench in Wall Street machinery when he called the big boys liars and thieves, and the tricks of the game downright thievery.

The Armstrong Commission resulted from the Lawson exposé. Hughes, the present Chief Justice of the United States Supreme Court, head of the commission, made the big boys "cough up" and reform. Some fled the country as frightened rats desert a sinking ship. History shows what happened to some of the crooks.

Demand of the next Congress an "Armstrong" investigation of the stock exchange. Demand of your Senator and Representative legislation that will make felons of the wolves of Wall Street. Had this been done years ago there would have been no panic. And the millions now unemployed would have jobs, shelter, and food.

Mr. FLETCHER. Mr. President, there has been a gradual decline since, and with that decline there has been a decline in commodity prices. The average of the listed stocks was $176.75 in 1929, and the low in October, 1931, was $30.32. I have not figured out what the average low would be to-day, but it is lower than that.

There has been a continuation of this depreciation in values. Those are the kinds of stock which the financiers unloaded on the public, and the public have suffered these losses. We have to do something about it. It is a situation which is intolerable, and we can do something in the direction of expanding the currency and credit in order to supply the necessary funds with which to carry on our business.

For these reasons I am going to support the amendment, and then I will have an amendment to offer a little later myself.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Idaho [Mr. BORAH].

Mr. BORAH. Mr. President, I think the Senator from Wisconsin [Mr. BLAINE] desires to be present before this amendment is voted on, so I shall have to call for a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

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

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

Mr. BLAINE. Mr. President, I desire to offer an amendment to the amendment offered by the Senator from Idaho, in the nature of a substitute; but before offering it I am going to ask that the pending amendment be reported.

The VICE PRESIDENT. The amendment will be read.

The LEGISLATIVE CLERK. The Senator from Idaho moves to insert, on page 39, after line 19:

That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of five years from the date of enactment of this act all outstanding bonds of the United States heretofore issued or issued during such period bearing interest at a rate not exceeding 3⅜ per cent per annum shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national-banking associations, and upon the deposit with the Treasurer of the United States by a national-banking association of any such bonds, such association shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege; except that the limitation contained in section 9 of the act of July 12, 1882, as amended, with respect to the amount of lawful money which may be deposited with the Treasurer of the United States by national-banking associations for the purpose of withdrawing bonds held as security for their circulating notes, shall not apply to the bonds of the United States to which the circulation privilege is extended by this section and which are held as security for such notes. Nothing contained

in this section shall be construed to modify, amend, or repeal any law relating to bonds of the United States which now bear the circulation privilege.

As used in this section, the word "bonds" shall not include notes, certificates, or bills issued by the United States.

There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Mr. BLAINE. Mr. President, I offer the following amendment in the nature of a substitute and ask that it be reported.

The VICE PRESIDENT. Let it be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Wisconsin offers the following amendment in the nature of a substitute:

That paragraph "eighth" of section 4 of the Federal reserve act, as amended, is amended by adding before the period at the end thereof a colon and the following: "*Provided*, That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of five years from the date this paragraph, as amended, takes effect, all outstanding bonds of the United States heretofore issued or issued during such period and bearing a rate of interest of 3⅜ per cent or less shall be receivable by the Treasurer of the United States as security for the issuance of Federal reserve bank notes to Federal reserve banks, and upon the deposit with the Treasurer of the United States by a Federal reserve bank of any such bonds, such bank shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations as now provided by law; except that the total amount of such circulating notes issued by the Comptroller of the Currency to any Federal reserve bank shall not exceed the amount of the paid-in capital stock and surplus of the national banking associations within the district of such Federal reserve bank, less an amount equal to the circulating notes of all national banking associations within such district which are outstanding upon the date this paragraph, as amended, takes effect. Nothing contained in this paragraph, as amended, shall be construed to modify, amend, or repeal any law relating to bonds of the United States which bear the circulation privilege on the date this paragraph, as amended, takes effect."

As used in this section, the word "bonds" shall not include notes, certificates, or bills issued by the United States.

There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Mr. REED. Mr. President, will the Senator from Wisconsin yield for a question?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. BLAINE. I yield.

Mr. REED. This in effect would abrogate the 40 per cent gold-coverage requirement of the Federal reserve notes at the present time, would it not?

Mr. BLAINE. That is not the way the proposition should be stated. This substitute amends section 4, paragraph 8, of the Federal reserve act, which reads as follows:

Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as with reference to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve banks.

It amends that provision of the Federal reserve act and makes eligible for the circulation privilege all bonds bearing a rate of interest of 3⅜ per cent or less, and limits the issue of circulation to the paid-in capital stock and surplus of the national banks and the member banks of the Federal reserve system, less outstanding national bank notes and outstanding Federal reserve notes.

Mr. REED. Why would not the same result be more directly attained if the Senator were to propose an amendment to the amendment offered by the Senator from Idaho limiting the bonds that are thereby given the circulation privilege to bonds bearing an interest rate of 3⅜ per cent and less? Then the proposal of the Senator from Idaho would be much less harmful, because the bonds that would be given the circulation privilege would be much less in amount. It would not apply at all to the first or fourth Libertys which are now outstanding in such large amounts.

I am in sympathy with the Senator's idea that we ought not to make a Christmas present to the banks, and that is exactly what I think is done by the amendment offered by the Senator from Idaho. The Senator from Wisconsin ameliorates that proposition by restricting the circulation privilege to the lower-interest issues of bonds of the United States, and I am in full sympathy with that, but I think he can get the same result more effectively and directly by offering it as an amendment, instead of a substitute, to make the notes national bank notes instead of Federal reserve bank notes.

Mr. BLAINE. But let me point out to the Senator that I am doing more than the Senator has suggested. I am also avoiding an invitation to banks that are not national banks to join the system of national banks in order to have the circulation privilege, by taking away the enormous profits that go to the national banks on the issuance of national bank notes. The result flows from the method I have used. I have proposed to amend the Federal reserve act, specifically section 4, paragraph 8, and if this were adopted then whatever profits are made out of the issue will be governed by section 7 of the Federal reserve act, which provides that there shall be an annual dividend of not more than 6 per cent of the paid-in capital to the stockholders of the Federal reserve bank, and that the surplus over and above that is a franchise tax which goes into the Treasury of the United States. By making that set-up we do not offer an invitation to State banks to join the national banking system. We will not induce State banks to join the national banking system because they will be limited in this undertaking to 6 per cent, which is a very reasonable return, while if the amendment offered by the Senator from Idaho is taken as the basis for legislation, the franchise tax does not attach to the profits that are made on the circulation of national bank notes.

Mr. REED. That is quite true. All we would get out of them would be the one-half of 1 per cent circulation tax.

Mr. BLAINE. That is all we would receive, the circulation tax.

I want to present a few statistical facts for the information of the Senate. I called up the Federal Reserve Board, and I found that on December 31, 1931, the most recent report the board has, the total paid-in capital stock and surplus of the 6,368 national banks was, in round numbers, $2,996,000,000. I am omitting the thousands. There were 878 member banks or State banks having a capital stock and surplus of $2,026,000,000 in round numbers. The total of the two is $5,022,000,000. The basis for the circulation of the Federal reserve bank notes is to start with that figure and then deduct therefrom the following items as provided in the substitute:

The national-bank notes, as stated by the Senator from Pennsylvania yesterday, outstanding, and for which there is no cash deposited, $627,000,000. The amount on December 31 last of the Federal-reserve notes was $2,624,000,000; but at the present time that has been increased slightly over $200,000,000. Taking the two figures, the national-bank notes and the existing Federal reserve notes make a total in round numbers of $3,500,000,000. Subtracting that from the total paid-in capital stock and surplus of the member banks and the Federal reserve system makes an available additional circulation of $1,500,000,000.

If we were to discuss this from the standpoint of expanding the currency, of course my substitute offers a greater expansion, but it does the two things which I have pointed out. It protects the low-interest-bearing bonds from depreciation. I invite attention to the fact that on yesterday all United States bonds bearing a rate of interest of 3⅜ per cent sold under par, and some of them sold at a considerable discount, while bonds bearing a rate of interest above 3⅜ per cent were selling above par. The member banks of the Federal reserve system have the lower-interest-bearing bonds in their portfolios. They can send those bonds to the Federal reserve bank in the districts in which the member bank is located, and through the Federal re-

serve bank they may have Federal reserve bank notes issued against those bonds. Under my proposal there will be no inducement for an appreciation of the premium on bonds, and it will absolutely prevent any depreciation on the lower-interest-bearing bonds. It will not induce State banks to join the national banking system for the privilege of issuing national-bank notes for the reason, as I pointed out, that the incentive, the great profit involved, will not be present. In my opinion it would seem that we are protecting the stability of our bonds, we are assuring against a depreciation of the low-interest-bearing bonds, and as well assuring against a tremendous appreciation in the higher-interest-bearing bonds, which appreciation would not, of course, come into the Treasury of the United States, and we are not interested in boosting the premium on bonds after the Government has parted with those bonds; but I am interested in maintaining the stability of our bonds and also maintaining those bonds at par.

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER (Mr. GOLDSBOROUGH in the chair). Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. BLAINE. I yield to the Senator from Pennsylvania for a question.

Mr. REED. It occurs to me that the Senator's proposal amounts to a revival and extension of the plan of issuing Federal reserve bank notes as distinguished from Federal reserve notes. The large amount to which the Senator referred as being in circulation, $2,700,000,000, are Federal reserve notes secured at least 40 per cent by gold and the balance by eligible paper or United States securities.

Mr. BLAINE. That is correct.

Mr. REED. The other section of the act which provides for the issuance of Federal reserve bank notes provides for circulating notes very much like national-bank notes, but that section has been gradually falling into disuse; at the present time there are only a couple of million dollars of such bank notes outstanding, and the money has been deposited in the Treasury to redeem them all. It does not seem to me that it is wise policy to revive that system. I think all the Federal reserve currency ought to have the 40 per cent gold coverage and that the other system of issuing notes without gold, merely backed by United States bonds, is unwise, because it creates an inelastic and undesirable form of currency. I defer, however, to the Senator from Virginia, as he knows all about the Federal reserve system while I do not know very much about it.

Mr. BLAINE. May I suggest to the Senator from Pennsylvania that we are confronted with a condition here; we are confronted with the proposition of——

Mr. GLASS. Mr. President——

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

Mr. BLAINE. I merely wish to make a few more observations, and then will yield to the Senator from Virginia.

My position is that under the amendment offered by the Senator from Idaho we are broadening the field for the issuance of national-bank notes which have no gold back of them but which are backed only by United States bonds. The national banks have availed themselves of the privilege of issuing national-bank notes practically to the full extent, and if we broaden the circulating privilege of bonds or include other bonds and give them the circulating privilege, I am of the opinion that the national banks would seize the opportunity and issue additional bank notes, because they are especially inviting from the standpoint of profit and convenience, and all that sort of thing. I think it has been demonstrated by the testimony before the Committee on Banking and Currency that if authority be granted to issue additional circulating medium of this character it will be found that the large national banks will take advantage of it, and their desire for profits will not result in that circulating medium's filtering back into the various sections of the country, but in going to those sources where the profits will be greatest, and that means the stock market; that means speculation. By increasing the number of banks which may avail themselves of the circulation privilege, we at least scatter the benefits over the country; we give the privilege to 878 State banks of obtaining the benefit of Federal reserve bank notes. Now I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, I have had an opportunity only to glance at this proposition and not to consider its details; but it seems to me that the major purpose of the Senator from Wisconsin could readily and instantly be accomplished by accepting the suggestion of the Senator from Pennsylvania, which had been previously made to me by the Senator from Nebraska [Mr. NORRIS], of confining the issuance under the proposed amendment of the Senator from Idaho to outstanding bonds bearing not exceeding 3⅜ per cent interest. That would cover the objection raised as to suggested profits of national banks, which I do not concede is involved, because the national banks now own these bonds and derive the rate of interest, whatever it may be, from their possession. I think the suggestion offered by the Senator from Pennsylvania is feasible, and it is altogether acceptable to me, except that I do not know—and I should be glad if the Senator from Pennsylvania would inform us if he has the information—in what volume these particular bonds are held by the 7,600 national banks of the country and what their distribution is.

Mr. REED. Mr. President, will the Senator from Wisconsin yield in order that I may reply to the question of the Senator from Virginia?

Mr. BLAINE. I yield.

Mr. REED. The total outstanding amount of Treasury bonds bearing 3⅜ per cent interest or less is slightly over $2,900,000,000, or about three times the estimated requirements for the purpose of the Senator from Idaho. How large a number of them is owned by national banks it is difficult to say; but we all remember that the banks got pretty well stuck with the 3 per cent issue which was last put out, and most of them doubtless still have the bonds they took on their original subscriptions.

Mr. GLASS. Yes; the trouble with the suggestion, as I have indicated, is that we do not know here the total amount of these bonds that may be included in the $4,199,000,000 of bonds held by the national banks; we do not know what is their distribution. They all may be held in one or two money centers; and if that be true, the 7,600 national banks throughout the country would not derive much advantage from this proposition.

Furthermore, I should like to inquire of the Senator from Wisconsin just how it is expected that the notes under this proposal will get into the possession of the individual national banks? As I read his proposed amendment, only Federal reserve banks are authorized to issue these notes, and the Federal reserve banks have no reason to issue them; they have no use for them. The Federal reserve banks have in their portfolios now assets they can not utilize, and which they are only utilizing for the purchase in the open market of United States bonds which they do not need. Just exactly how could 7,600 national banks get possession of these notes?

Mr. BLAINE. Mr. President, I rather think the Senator from Virginia is quite familiar with how that is done. Many banks throughout the country can avail themselves of the benefit of the Federal reserve notes.

Mr. GLASS. But these are not Federal reserve notes; these are Federal reserve bank notes.

Mr. BLAINE. I understand that; but let me finish my statement. The banks that belong to the system could avail themselves of the Federal reserve bank notes identically the same as they avail themselves of Federal reserve notes.

Mr. GLASS. No; they get Federal reserve notes by putting up commercial paper.

Mr. BLAINE. Exactly.

Mr. GLASS. They do not get them through the Treasury of the United States; they get them through the agents of the Government at the Federal reserve banks.

Mr. BLAINE. I understand that; I do not believe that I am confused in this proposition. Presently the member banks of the Federal reserve system avail themselves of the benefits of Federal reserve notes by depositing their commercial paper, and, under the Glass-Steagall bill, 60 per cent may be United States bonds. Under my substitute the member banks would do identically the same thing. They would not offer gold, they would offer United States bonds; the Federal reserve system would make application to the Treasury Department, and, in turn, the Treasury Department or the Comptroller of the Currency of the Treasury Department, exactly as the law now provides, would authorize such notes, and in return the Federal reserve bank would credit the member bank.

Mr. GLASS. There is nothing in the Senator's amendment which provides for any such process.

Mr. BLAINE. Mr. President, surely the Senator is mistaken. The present law provides for that procedure.

Mr. GLASS. For the issuance of Federal reserve notes; yes.

Mr. BLAINE. For the issuance of Federal reserve bank notes. Paragraph 8, section 4, of the Federal reserve act provides for that very thing. The members of the Federal reserve system can obtain Federal reserve bank notes now upon the conditions set forth in the law. This is simply extending the privilege of circulation to any United States bond that bears a rate of interest of 3⅜ per cent or less, and the modus operandi in obtaining the circulating medium is identically the same as now set out by law.

Mr. GLASS. It would have to go through the process of the individual bank making application, assembling its commercial paper, and having it passed upon by the Federal reserve bank officials. It would be a very complicated procedure, at best, and if that is to be proposed seriously I would suggest to the Senator from Idaho that he had better withdraw his amendment altogether.

Mr. BLAINE. Mr. President, the matter is only complicated by reason of the efforts of the Senator from Virginia to complicate it. He assumed when he began his interrogatories that this could not be done. I have pointed out that it can be done under the present law as to the 2 per cent bonds. My provision merely extends the circulation privilege to bonds having 3⅜ per cent or less instead of limiting the privilege to the 2 per cent bonds. Two per cent bonds are no longer available to any appreciable amount.

Mr. GLASS. It concentrates the matter here in Washington, with the requirement that it go through the present complicated process of presenting commercial paper and having it passed upon by the agents of the Government at the respective Federal reserve banks, whereas under this process it is an application made by the impounding of bonds by each of the individual 7,600 banks. I again suggest to the Senator from Wisconsin that his major proposition is covered fully by the suggestion of the Senator from Pennsylvania as to the possible profits that the banks might make, which suggestion is altogether unobjectionable to me, except, as I have said, none of us now knows what is the distribution of these bonds among the individual banks.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

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

Mr. BLAINE. I yield.

Mr. FLETCHER. Under the amendment proposed by the Senator from Idaho it is estimated there will be an increase in circulation and expansion of the currency to the extent of about $1,000,000,000. Does the Senator's substitute have the effect of reducing that amount?

Mr. BLAINE. No; my substitute would permit additional circulating currency to the extent of about $1,500,000,000, a little under $1,500,000,000. I have not the exact figures, but it would run to $1,450,000,000, at least.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. BLAINE. I yield.

Mr. NORRIS. I think the Senator's point is well taken that the amendment of the Senator from Idaho covering all bonds at any rate of interest is probably too broad. The object, I think, of those who favor this amendment, or anything like it, is to increase the circulating medium, and that is the object the Senator from Wisconsin has in view.

There is not any doubt but that there are enough bonds drawing 3⅜ per cent interest or less to much more than cover the applications that could be made if all the banks applied for everything they were entitled to in the way of bonds. I think it would be conceded, too, that under existing law 2 per cent interest is not sufficiently attractive to cause the banks to apply for this increased circulation, because a large number of them do not do it. So that rate must be increased, and we must put it at a point where it will be profitable. After all, the object to be attained is an increased circulation of the currency.

Mr. BLAINE. Mr. President, as a matter of fact, the 2 per cent bonds are exhausted.

Mr. NORRIS. Yes.

Mr. BLAINE. And if a bank attempts to buy them, it must pay, according to the last available data I have very recently, a premium of about 2⅓ per cent, or about 102.

Mr. NORRIS. I think they have been still higher than that.

Mr. BLAINE. So that 2 per cent bonds actually command a premium.

Mr. NORRIS. The point I want to make to the Senator, no matter whether it is his substitute or the amendment offered by the Senator from Idaho, is this:

Nobody can tell accurately in advance just how high the interest rate on bonds bearing the circulating privilege should be in order to make them sufficiently attractive to bring about this increased circulation. I want to suggest to the Senator from Idaho that he amend his amendment by inserting, on line 9, page 2, after the word "period," these words:

Bearing interest at a rate not exceeding 3⅜ per cent.

Mr. BORAH. Mr. President——

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

Mr. BLAINE. I do.

Mr. BORAH. I shall not object to that amendment.

Mr. NORRIS. The Senator can modify his amendment by himself putting it in, without a formal vote, if he wants to.

Mr. BORAH. Very well.

Mr. NORRIS. And, of course, we are entitled to vote on that before we vote on the substitute, under the rule.

Mr. BORAH. Mr. President, I propose, by way of perfecting the amendment, to insert after the word "period," in line 9, on page 2 of the amendment, the words:

Bearing interest at a rate not exceeding 3⅜ per cent premium.

Mr. BLAINE. I yield for that purpose.

The PRESIDING OFFICER. The amendment will be so modified.

Mr. BLAINE. Mr. President, that amendment accomplishes just one thing, and that is to protect the value of the low-interest-bearing bonds; but it fails to deal with another and very important thing, and that is the enormous profits that national banks can make and do make on account of this circulating privilege. Those profits are not due to the rate of interest on the bonds—not at all.

Take the 2 per cent Panama Canal bonds: The rate of interest on those bonds is only 2 per cent; but as a matter of fact, those bonds sold at a premium, and it took $102.338 to buy a $100 bond. Notwithstanding that premium, the circulating privilege is profitable. A national bank exercising that privilege receives first the interest on the bond, whatever that rate of interest may be. Then it takes 95 per cent of that money, or $95,000 out of every $100,000 it puts up, and it receives all the way from 6 to 12 per cent return on it in ordinary transactions; and when there was a great stock-speculative spirit abroad in the land some of

the New York banks and banks in the interior received as high as 20 per cent on their money. So you can make up your minds that if we extend the circulating privilege to these additional bonds, when the time comes, if it does come, that there is an upturn in affairs, and the stocks and bonds of our industries and transportation concerns begin to rise, and there is a speculative spirit created, all of that circulation will immediately be diverted into the stock market, into speculation, and the banks will make an enormous profit from a circulating medium back of which they have an investment of only 5 per cent, the amount that they must deposit in the redemption fund.

Mr. President, the national-bank question was fought out a long, long time ago by Andrew Jackson. I am not going into that political history.

Mr. GLASS. Mr. President——

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

Mr. BLAINE. I am not going into that. I simply referred to that in passing.

Mr. GLASS. I should like the Senator to go into it to this extent——

Mr. BLAINE. I prefer to have the Senator speak in his own right. I do not want to be discourteous, Mr. President, but I am not concerned about the political history. Finally, the United States Congress fixed the policy of limiting the circulation privilege of United States bonds to the 2 per cent Panama bonds.

The time was when this privilege extended to bonds drawing 6 per cent and 5 per cent; and eventually it was restricted to bonds drawing only 2 per cent. That policy has been maintained, and it has been maintained for a very good reason.

When the able Senator from Virginia [Mr. GLASS] wrote the Federal reserve banking law, he saw to it that there were no additional privileges extended to national banks in the issuing of national-bank notes.

The opportunity for profits, of course, will be an inducement to drag into the national-banking system additional banks that are not now members of that system, and finally we will be extending the circulating privilege to all banks—a monetary system which, of course, has been denounced by economists and those who have had any official responsibility respecting a monetary system for America in recent times.

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

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

Mr. BLAINE. I yield.

Mr. FESS. I should like to have the Senator's opinion upon the proposal of making the period 1 year instead of 5, with the privilege of renewal each year for not exceeding 5 years upon the approval of the Federal Reserve Board.

I share the Senator's views in much of what he is saying; but the thought I had was that since the purpose of this is to increase circulation—whether or not that is necessary is in doubt—we do limit the circulation to Federal reserve banks, under the approval of the Federal Reserve Board, to be responsive to the money needs—at some times so much, and at other times less. If that be a correct policy, would it not be better, if this measure becomes law, instead of making the time 5 years, to make it 1 year, with the privilege of renewal each year, not beyond 5 years, upon the approval of the Federal Reserve Board?

Mr. BLAINE. Mr. President, of course in either case either of these two propositions is a trial proposition. There is no doubt about that. I doubt if it should be limited to one year. I have no objection to making the modification, making it two years and then extending the privilege beyond those two years. Even as a tryout I have no objection to making it two years, without any reference to extension, and on that basis I have no objection to the suggestion.

Mr. FESS. It would appear to me that that is consonant with the method in which we have been proceeding under the Federal reserve act. While I look with askance upon this sort of legislation to a considerable extent, if this is written in I think that limitation ought to be put on.

Mr. BLAINE. I should prefer to leave the extension of the matter to the Congress. I should be very willing to accept the Senator's suggestion to strike out the word "five" where it has reference to the term and insert the word "two." I know it is a trial proposition, and in either case it is to be limited.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. BLAINE. I do.

Mr. BROOKHART. Under this proposition as amended, nearly three billions of new bonds are made available as a basis for these bank-note issues. Under the Senator's argument of profits, to which I agree so far as that is concerned, would not the banks which are entitled to use these bonds as a basis for these issues acquire them, whether they have them now or not; and would it not lead to an expansion of the currency to the full amount authorized?

Mr. BLAINE. The maximum expansion possible under the proposition I have presented——

Mr. BROOKHART. Under the proposition as amended, as the Senator from Idaho has perfected his amendment, I understood that to be about $3,000,000,000.

Mr. BLAINE. I do not know how much the additional circulating medium would be.

Mr. BROOKHART. The Senator from Pennsylvania gave the figures.

Mr. BLAINE. Was it $2,900,000,000?

Mr. BORAH. Two billion, seven hundred million dollars, I think.

Mr. BLAINE. The total additional circulation available under the Senator's amendment, as I understand, would be $995,000,000, in round numbers.

Mr. BROOKHART. What is the provision which limits that?

Mr. BLAINE. That is due to the restriction as to the capital stock.

Mr. BROOKHART. Unless new banks come into the system.

Mr. BLAINE. Unless new banks come into the system. Then, of course, it might be quite unlimited.

Mr. BROOKHART. Under the Senator's idea, if the currency could be expanded this full amount, that would have a tendency to lower the rate of interest to the whole public, would it not?

Mr. BLAINE. It would depend upon whether or not the national-bank notes would filter back into the pockets of the people or go into the stock market in speculation. I think if the testimony before the Committee on Banking and Currency were examined closely, it would be disclosed that the tendency is, under such a medium of circulation, for it to find its way, first, into the speculative market rather than back into the pockets of the people, and I think that is correct.

Mr. BROOKHART. That may have been true in the past, but I think the public has lost confidence in this speculation, so that it may be hard to develop again.

Mr. BLAINE. I can not speculate on what the people may think about the future.

Mr. BROOKHART. Does the Senator think that a $900,000,000 expansion would amount to much in the restoration of commodity prices?

Mr. BLAINE. A $900,000,000 expansion, if it actually went into the pockets of the people who produce, might have a material influence.

Mr. BROOKHART. In this case it would go into the pockets of the customers of the banks, whether they produce or not.

Mr. BLAINE. It is very evident that even to-day there is an enormous amount of circulating medium that is in the banks, and that medium is not going into the pockets of the people. It is very probable that the banks would use this money for identically the same purpose for which they use the money which is borrowed from the Reconstruction

Finance Corporation, to provide more liquidity for the banks and to retire obligations which the banks owe to other banks.

That is my view of it, Mr. President. I do not care to extend the debate beyond these expressions of my own views.

Mr. VANDENBERG. Mr. President, I want to offer one observation. It seems to me that if there is any hazard whatever in the pending proposition submitted by the Senator from Idaho it lies in the possible repercussion as a result of its misrepresentation. I am thinking, for example, of the comment in the editorial column of the Washington Post this morning, which is typical of the danger I have in mind. Referring to the proposal as submitted by the Senator from Idaho, and its alleged inflationary characteristics, the editorial says:

> If Congress should approve a scheme for debasement of the currency the people would demand gold for hoarding, and the backbone of the American monetary system would be broken.

The thing I am trying to say is that there is no remote, direct, or indirect characteristic of debasement of the currency in the proposition to which I refer. I think it is, to begin with, an axiom that the distinguished Senator from Virginia [Mr. GLASS] never would lend himself in any degree to a debasement of the currency. Meanwhile the facts speak for themselves.

Mr. GLASS. It would be as utterly impossible for me to do that as it would for that newspaper to be fair in its comments.

Mr. VANDENBERG. The Senator has used the editorial for a double purpose. I am using it solely for the purpose of typifying the ease with which this type of a thing can be misunderstood, and I am trying to say again that it is emphatically important—and in this I know the Senator from Virginia will agree, and the Senator from Idaho will agree—that it should be unequivocally understood that this is simply an extension of the existing national-bank-currency method, which has been pursued for years and that it has in its purview and lengthened shadow no remote element of debasement of the currency.

Whether or not we agree with the principle of the bill, it is beside the immediate point I am making. If this amendment is agreed to, let it be distinctly understood that it would not debase the currency. It would leave us with the same sound money which we now possess.

Mr. GLASS. Mr. President, I wanted to inquire of the Senator from Wisconsin just exactly why State banks would transform themselves into national banks and join the system because of the alleged temptation of the alleged profit to the national banks in bank circulation. If that were true, why do they not transform themselves now? Why have they not done it all along? There are in the United States 17,000 State banks and only 7,600 national banks. If the profit in circulation is so inviting, is so enormous, as the Senator from Wisconsin pronounces, why should not these 17,000 State banks abandon their State charters and go into the national system and participate in these enormous profits which are supposed to be accruing to the national banks?

Mr. President, of course, if the amendment presented by the Senator from Wisconsin should be adopted, the whole purpose of the amendment offered by the Senator from Idaho would be instantly abrogated. There is not a member bank of the system that would go to the trouble to assemble its commercial paper to be presented to the agent of the Government at a Federal reserve bank for rediscount purposes, to assemble that paper and offer it to a Federal reserve bank for Federal reserve notes. They are not doing that now. The capacity of the Federal reserve banks to respond to the commercial requirements of the country is almost inexhaustible. They can get Federal reserve notes now, Government obligations in the final analysis, by assembling their commercial paper and presenting it.

The proposition of the Senator from Wisconsin does not involve an expansion of the currency to the extent of one single dollar.

USE OF AMERICAN GOODS IN FILLING GOVERNMENT CONTRACTS

Mr. CONNALLY. Mr. President, it is evident that the Senate is not going to conclude action on the home loan bank bill to-day. Therefore, I desire to speak on another matter for just a moment.

I ask that the clerk read section 5 of the appropriation bill for the Treasury and Post Office Departments, which was passed several days ago.

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

The Chief Clerk read as follows:

> SEC. 5. In the expenditure of appropriations in this act or appropriations hereafter made, the Secretary of the Treasury in the case of the Treasury Department, and the Postmaster General in the case of the Post Office Department, shall, unless in his discretion the interest of the Government will not permit, purchase, or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable. In giving effect to this section special consideration shall be given to the domestic article where the raw material of which the article is made is grown in the United States and the article is manufactured in the United States.

Mr. CONNALLY. Mr. President, the administration and the Post Office Department made a great play some time ago by stating that this provision in the appropriation bill would permit the Post Office Department and the Treasury Department to buy American-made and American-produced goods. It will be noted that the language is, "shall, unless in his discretion the interest of the Government will not permit, purchase or contract for," and so on, "only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more"—notwithstanding these articles may cost more—"if such excess of cost be not unreasonable."

The the Congress went farther, to show its intent that the department should use American-grown and American-manufactured goods, and said:

> In giving effect to this section special consideration shall be given to the domestic article where the raw material of which the article is made is grown in the United States and the article is manufactured in the United States.

I want to call the attention of the Senate to the manner in which the Post Office Department is administering this new section. Immediately when the law went into effect it awarded a contract for twine, amounting to $142,400, to a jute manufacturer known as the Ludlow Sales Corporation, in Boston. The difference between the amount to be paid that company and the amount that would have been paid had cotton twine been used was only $2,000. The bid on the jute was 8.9 cents per pound. The bid on the cotton was 9 cents per pound, 800 yards to the pound. For 840 yards to the pound of cotton, the bid was 9.15 cents, as against 8.9 for jute of 814 yards to the pound.

Mr. President, if the Post Office Department had carried out the spirit and the intent of the act, it would have resulted, over a year's period, in the consumption of between 7,500 and 8,000 bales of American-produced cotton. I am advised that this would have given employment to two small cotton mills. But, instead, the Post Office Department awarded the contract for jute, an article of foreign production, I suppose from India. Under the pretext that it is manufactured in this country the Post Office Department said it felt compelled to buy the jute, notwithstanding the language of the statute, which is that the Postmaster General shall, unless in his discretion the interests of the Government will not permit, even though the American article may cost more, purchase the American-grown and American-manufactured article. Further it was directed that special consideration should be given to articles of American growth and American manufacture, and yet the Postmaster General finds that a difference of $2,000 in a contract of $142,400 is of such great consequence that he can not purchase the article of domestic production and manufacture.

Mr. President, I denounce the policy of the Post Office Department as being absolutely in the face of the spirit and intent of the statute. Its action is a fraud on the law. It is a perfect betrayal of all of its profession that it intends to use articles of the growth and manufacture of the United States. There was a loud display and profession some time ago that it was the purpose of the administration and of the Post Office Department to encourage the use of articles of growth and manufacture in the United States. Now at a time when agriculture, one of whose chief branches is that of the cotton industry, is suffering a reduction in price, the greatest in the history of the cotton industry; when cotton is lower than it has been for 75 years; and when the American people are in distress, in the face of an almost obligatory command of Congress, the Postmaster General finds this one little loophole, an infinitesimal hole through which he was able to crawl, and he awards this contract in this amount of money to a foreign product and gives preference to foreign laborers in India and acts directly against the American farmer and the American producer. It is an outrage upon American agriculture and upon the American people and is an absolute slap in the face of the Congress which enacted the statute.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. BROOKHART obtained the floor.

Mr. McNARY. Mr. President, will the Senator from Iowa yield to enable me to submit a unanimous-consent request?

Mr. BROOKHART. I yield for that purpose.

Mr. McNARY. I desire to propose a request for unanimous consent that when the Senate shall have concluded its business to-day it adjourn until Monday morning at 11 o'clock; and that after the routine morning business on that day the Senate shall proceed to the consideration of unobjected bills on the calendar under Rule VIII, and shall continue the call of the calendar until 1 o'clock.

The VICE PRESIDENT. Is there objection?

Mr. ASHURST. Mr. President, of course, I have no objection, but I hope the Senator will couple with his request an agreement not to adjourn to-day until we shall have disposed of the amendment of the Senator from Idaho [Mr. BORAH].

Mr. McNARY. I have made no reference to that. I have provided merely that "when the Senate shall conclude its business to-day," whether it be an hour from now or four hours from now, we shall adjourn until 11 o'clock on Monday.

Mr. ASHURST. Very well.

The VICE PRESIDENT. Is there objection to the unanimous-consent request. The Chair hears none, and it is so ordered.

Mr. BROOKHART. Mr. President, the junior Senator from Michigan [Mr. VANDENBERG] and the Senator from Pennsylvania [Mr. REED] have discussed the nature of our currency. The Senator from Michigan said we should avoid all appearance of "defacement" of the currency, and based that on a comment in the newspapers. The Senator from Pennsylvania described our currency as "the honest dollar." The Senator from Pennsylvania has left the Chamber, but I should like to ask the Senator from Michigan if our dollar fixed the value of commodities in 1926, and if a rural community issued bonds to build a schoolhouse at that time and would now, in 1932, come to pay those bonds, and our currency would require two and one-half times as much of the commodities to pay those bonds as of the date they were contracted, would he believe we are operating under a "defaced" currency now?

Mr. VANDENBERG. Of course, the net value of the Senator's arithmetic is unanswerable; but so far as the term "debasement" is understood as an idiom of the day, he well knows that it refers to something else, and I am sure he will agree with me that it is inadvisable to have any misunderstanding.

Mr. BROOKHART. Did the Senator use the term "debase" or "deface"?

Mr. VANDENBERG. Debase.

Mr. BROOKHART. I misunderstood the term, but taking it on the basis of the term "debase" I want to add to the definition of a debased currency a currency that is unduly inflated in value as well as one that is unduly deflated in value. One is just as much a debasement as the other and does just as much injustice to the people of the country as the other.

The Senator from Pennsylvania [Mr. REED] talked about an honest currency. A currency that changes the values in that way for the payment of debts is not an honest currency. It is just as dishonest when it is inflated in value, thereby deflating the value of commodities, as it is when it is deflated in value and commodities rise to an undue price level. Either one of those is debasement, and one is just as much to be condemned as the other. We are in a situation where the value of the dollar has been inflated, and inflated enormously, and the prices of commodities deflated accordingly, and this debasement or dishonesty, whatever it may be called, is what we are seeking to correct by the amendment.

The Senator from Virginia [Mr. GLASS] pointed out in his speech yesterday that—

> In pursuance of that system the Federal reserve banks have gone into the open money market in the metropolitan districts purchasing bonds, for which they had not one particle of use, to the amazing extent of $900,000,000—now owning a total of one billion eight hundred million of United States securities—with the idea that these great banks in the money centers would trickle their liquidity down to the member banks throughout the country districts, and thereby induce the member banks throughout the country to embark on a more liberal discounting program and a broader resumption of banking business. The theory was that when this should be done there would be a very appreciable increase in commodity prices. It simply has not worked.

Mr. President, I think the statement of the Senator from Virginia is substantially correct. I think it has worked out substantially as he said, but all that was done in that so-called inflation was to transfer the bonds from the hands of one party to the hands of another party. There really was no inflation at all. We have the bonds, and we have the money just as we had before. They are in different hands, that is all. An inflation of bonds, of course, has a similar effect to an inflation of currency, and the high prices of the war were due to bond inflation and somewhat to currency inflation; but when we simply transfer from one to the other I think the position of the Senator from Virginia is correct, and we will not get much increase in commodity prices out of that sort of operation.

The present situation is a little different. The banks will buy the bonds if they do not already have them. That will be such an operation as the Senator from Virginia described. In addition to that after they get the bonds they will be put up as security for the new currency, and there will actually be a currency expansion to the amount of the issue of new money. That will have a tendency to raise commodity prices. There is that different situation from what has preceded in the open-market operations. I never had any confidence in the open-market operations as a control of commodity prices to anything like a normal level. The question with me is whether or not a mere $1,000,000,000 will raise these commodities whereas in agriculture we require two and one-half times as much as in 1926 to pay our debts. I do not think it will.

There is another objection to it that has been raised by the Senator from Wisconsin [Mr. BLAINE], and that is that this expansion is to be made because it is profitable to banks. These notes have been issued throughout the history of the national banking system on that basis. I agree that was contrary to the Andrew Jackson principles of Democracy in the old days. Therefore, while this will indirectly do some good and will indirectly have some effect on commodity prices, it is not enough, it is not anything like enough, and we will find when we have tried it that this

little $1,000,000,000 of expansion, if it occurs, has only slightly affected the general level of commodity prices.

There are two ways, as I said, of bringing about expansion, one by bond issues and the other by money issues. In this case it is to be a money issue. If we had paid the soldiers' bonus with a money issue, we would have expanded the currency directly and it would have had a direct effect on commodity prices much greater and without having the profits taken up by the banking institutions that have not earned them. If we had issued Treasury notes to handle the agricultural surplus, which would take about $1,000,000,000, that would have given us a direct expansion that would affect commodity prices. The same would result if we issued them for unemployment relief. The whole trouble with this bill is that we are not doing enough to give us any substantial benefit in the way of restoring commodity prices to where they belong. We are not restoring the debased dollar by inflation, by reducing it down to where its value should be. We are only taking a little nibble at the situation.

Mr. President, there is one other statement the Senator from Virginia made in his speech of yesterday which I can not allow to pass without a brief analysis. It was to the effect that the deflation policy of 1920–21 was not the cause of the reduction of commodity prices. The Senator from Virginia has always taken that view, and, as I see it, that conclusion comes from a failure to analyze all the facts. I want to discuss those facts now from the standpoint of the speech which the Senator from Virginia himself made upon the question of the Whole Truth About the Federal Reserve System, which was delivered January 16 and 17, 1922.

Mr. President, I am not going to dispute any fact which the Senator from Virginia stated in that speech; I know all the facts he recited to be correct and true according to the record; but I am going to state some additional facts that are not set forth in his speech, and then point out what I deem to be the logical conclusion in reference to that deflation.

Mr. President, the Senator from Virginia says in the speech referred to that it was during a period of the expansion of Federal reserve credits that the falling in the prices of commodities occurred. That is correct as a chronological statement, but, there were some other things that happened in that chronology that are left out of the speech. I have here the letter of the governor of the Federal Reserve Board, sent to the United States Senate on May 25, 1920, in answer to a resolution of the Senate to this effect:

Resolved, That the Federal Reserve Board be directed to advise the Senate what steps it proposes to take or to recommend to the member banks of the Federal reserve system to meet the existing inflation of currency and credit and consequent high prices, and what further steps it proposes to take or recommend to mobilize credits in order to move the 1920 crop.

So by formal resolution of the 25th of May, 1920, the United States Senate had taken a position in that it inquired at least about methods of deflation of commodity prices especially relating to currency inflation. That was the idea of the resolution it adopted, which went to the Federal Reserve Board on the 17th of May; on the 18th of May the board held its meeting, and in response to that resolution a letter was written by the governor of the Federal Reserve Board to the United States Senate. In that letter, the date of which is important, much is said about this deflation policy. I quote from the letter, as follows:

Liquidation during these months is entirely natural and healthy, and is necessary in order that the banks may be prepared to meet the demands made upon them during the crop making and harvesting seasons, but there has been no such liquidation and, on the contrary, commercial loans have steadily increased.

Criticizing the increase of commercial loans.

Then again this letter says:

Upon receipt of a notice that the council would hold its regular meeting on May 17, the board extended an invitation to the three class A directors of each Federal reserve bank, who are the representatives of the stock-holding banks, to come to Washington at the same time for conference with the Federal Reserve Board and the Federal advisory council. This conference was held on the 18th instant, and it was developed at the meeting that the present credit expansion is due in great part to the abnormally high prices of goods and commodities now prevailing throughout the country and to the congestion of foodstuffs and essential raw materials at or near points of production because of lack of transportation facilities.

Again, Mr. President, pointing out that the clear object of these meetings, the Senate proceeding and all, was the deflation of the abnormally high prices.

The board is convinced that if the unsold portions of last year's crops can be brought to market before the new crop matures, the liquidation of credits which are now tied up in carrying the old crops will be sufficient to offset to a considerable degree the credit demands which will be made upon the banks in moving the crop of 1920.

Then again the letter states:

Banks were cautioned, however, that drastic steps should be avoided and that the method adopted should be orderly, for gradual liquidation will result in permanent improvements, while too rapid deflation would be injurious and should be avoided.

Again using the direct term "deflation" in describing this situation. Then again the letter states:

On the other hand, there is nothing in the Federal reserve act which requires a Federal reserve bank to make any investment or to rediscount any particular paper or class of paper. The language of both sections 13 and 14 is permissive only. Section 4 of the Federal reserve act, however, requires the directors of a Federal reserve bank to administer their affairs "fairly and impartially and without discrimination in favor of or against any member bank" and subject to the provisions of law and the orders of the Federal Reserve Board to extend "to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks." Thus the directors of a Federal Reserve Board have the power to limit the volume and character of loans which, in their judgment, may be safely and reasonably made to any member bank.

Again pointing out distinctly to the banks of the country their power to bring about the deflation.

Again, this letter says:

This amendment, however, does not repeal or modify sections 4 and 13, and a Federal reserve bank is still free to decline to discount any paper which in its judgment does not constitute a desirable investment for it or which in its opinion would not constitute a safe and reasonable investment within the meaning of section 4.

There are many other quotations in this letter to the same effect. I ask that the entire letter may be inserted in the RECORD; I will not take the time to read it all.

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

The letter referred to is as follows:

FEDERAL RESERVE BOARD,
Washington, May 25, 1920.

SIR: On May 17, 1920, the Senate adopted the following resolution:

"*Resolved*, That the Federal Reserve Board be directed to advise the Senate what steps it purposes to take or to recommend to the member banks of the Federal reserve system to meet the existing inflation of currency and credits and consequent high prices, and what further steps it purposes to take or recommend to mobilize credits in order to move the 1920 crop."

In response the board desires to say that it has recognized for many months past that the expansion of bank credits in this country was proceeding at a rate not warranted by the production and consumption of goods. It has repeatedly admonished the Federal reserve banks that influence should be exerted upon the member banks to induce them to avoid undue expansion of loans and to keep their volume of outstanding credits within moderate bounds.

Beginning six months ago, the rates of discount on various classes of paper at the Federal reserve banks were advanced. During the latter part of January the present rates were put into effect. These advances, while undoubtedly checking credit transactions which otherwise would have been made, have not been entirely effective in bringing about the reduction in loans desired and which might normally have been expected during the early months of the year. Liquidation during these months is entirely natural and healthy, and is necessary in order that the banks may be prepared to meet the demands made upon them during the crop making and harvesting seasons, but there has been no such liquidation and, on the contrary, commercial loans have steadily increased. Thus it appears that the public has anticipated demands for banking credit which are usually made later on in the year. The average reserves of the Federal reserve banks are now a little over 42½ per cent, as against 45 per cent at the beginning of the year and about 51 per cent 12 months ago.

The Federal advisory council, which is composed of one member from each Federal reserve district elected annually by the board of directors of the Federal reserve bank, is required by section 12 of the Federal reserve act to meet in Washington at least four times each year. The council is authorized "to confer directly with the Federal Reserve Board on general business conditions; to make oral or written representations concerning matters within the jurisdiction of said board; to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system."

Upon receipt of a notice that the council would hold its regular meeting on May 17, the board extended an invitation to the three class A directors of each Federal reserve bank, who are the representatives of the stockholding banks, to come to Washington at the same time for conference with the Federal Reserve Board and the Federal advisory council. This conference was held on the 18th instant, and it was developed at the meeting that the present credit expansion is due in great part to the abnormally high prices of goods and commodities now prevailing throughout the country and to the congestion of foodstuffs and essential raw materials at or near points of production because of lack of transportation facilities.

The board is convinced that if the unsold portions of last year's crops can be brought to market before the new crop matures the liquidation of credits which are now tied up in carrying the old crops will be sufficient to offset to a considerable degree the credit demands which will be made upon the banks in moving the crop of 1920.

At the conference above referred to the board's views were outlined by its governor substantially as follows: The member banks should lean less heavily upon the Federal reserve banks and rely more upon their own resources, unnecessary and habitual borrowing should be discouraged, and the liquidation of long-standing, nonessential loans should proceed. Banks were cautioned, however, that drastic steps should be avoided and that the methods adopted should be orderly; for gradual liquidation will result in permanent improvement, while too rapid deflation would be injurious and should be avoided. The board pointed out the necessity for extending such credits as may be necessary to promote essential production, especially of foodstuffs, and that if for any reason it should prove impracticable to increase essential production, there should be greater economy in consumption and more moderation in the use of credit. The problem of the banking system of the country is to check further expansion and to bring about a normal and healthy liquidation without curtailing essential production and without shock to industry, and, as far as possible, without disturbance of legitimate commerce and business. In order to effect this it seems necessary to distinguish between essential and nonessential loans; but the Federal Reserve Board feels it would be a most difficult task, which it should not undertake, to attempt by general rule of country-wide application to make this distinction. During the war there was a broad underlying principle that essentials must be "necessary or contributory to the conduct of the war"; but notwithstanding the sharp outline of this principle, much difficulty was experienced by the various war boards in defining essentials and nonessentials. All the more difficult would it be for the Federal Reserve Board to make such a general definition in the present circumstances.

Section 13 of the Federal reserve act defines the eligibility of paper for discount by the Federal reserve banks and lays down a general rule that any paper maturing within the time prescribed and "issued or drawn for agricultural, industrial, or commercial purposes or the proceeds of which have been used or are to be used for such purposes" is eligible. No expressed condition is made regarding the essential or nonessential character of the transactions giving rise to notes which may be offered for discount, and the Federal Reserve Board is not required, and properly could not be expected, generally to adopt such a criterion of eligibility. It is too much a matter of local conditions and local knowledge to justify at this time any general country-wide ruling by the board, even if such a ruling were deemed helpful.

On the other hand, there is nothing in the Federal reserve act which requires a Federal reserve bank to make any investment or to rediscount any particular paper or class of paper. The language of both sections 13 and 14 is permissive only. Section 4 of the Federal reserve act, however, requires the directors of a Federal reserve bank to administer its affairs "fairly and impartially and without discrimination in favor of or against any member bank" and, subject to the provisions of law and the orders of the Federal Reserve Board, to extend "to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made, with due regard for the claims and demands of other member banks." Thus the directors of a Federal reserve bank have the power to limit the volume and character of loans which in their judgment may be safely and reasonably made to any member bank.

The recent amendment to paragraph (d) of section 14 distinctly authorizes each Federal reserve bank on its own account, without reference to action taken by any other Federal reserve bank, to establish a normal discount or credit line for each member bank and permits the imposition of graduated rates on discount lines in excess of the normal line. This amendment, however, does not repeal or modify sections 4 and 13, and a Federal reserve bank is still free to decline to discount any paper which in its judgment does not constitute a desirable investment for it or which, in its opinion, would not constitute a safe and reasonable investment within the meaning of section 4.

It is the view of the board, however, that while Federal reserve banks may properly undertake in their transactions with member banks to discriminate between essential and nonessential loans, nevertheless that discrimination might much better be made at the source by the member banks themselves. The individual banker comes in direct contact with his customers; he is better qualified than anyone else to advise the customer because of his familiarity, not only with the customer's business, but with the general business conditions and needs in his immediate locality. In making loans he is bound by no general rule of law as to the character of the purpose for which a loan is being asked. He is entirely free to exercise discretion and can make one loan and decline another as his judgment may dictate. He can estimate with a fair degree of accuracy the legitimate demands for credit which are liable to be made upon him, as well as the fluctuations in the volume of his deposits. He knows what industries sustain his community, and is thus qualified to pass upon the essential or nonessential character of loans offered him. He knows, or should know, what rediscount line he may reasonably expect of his Federal reserve bank, and he ought not to regard this line as a permanent addition to his capital. With knowledge of the limitations or penalties put upon his borrowings from the Federal reserve bank, the banker may be depended upon to use a more discriminating judgment in granting credit accommodations to his customers, and that judgment he must exercise if the present situation is to be remedied fundamentally.

It is true that under existing conditions the volume of credit required in any transaction is much greater than was the case in pre-war times; but it is also true that the resources of the member and nonmember banks would be ample to take care of the essential business of the country and to a large extent of nonessentials as well if there were a freer flow of goods and credit. If "frozen loans" were liquefied, and if commodities which are held back either for speculative purposes or because of lack of transportation facilities should go to the markets, and if large stocks of merchandise should be reduced, the resultant release of credit would have a most beneficial effect upon the general situation. In the meantime everything must be done to expedite the release of these credits and to restrict nonessential credits in future.

While the problem of credit regulation and control is national and even international in its scope, yet in the last analysis it is merely an aggregation of individual problems, and the proper working out of the situation must depend upon the public and upon the banks which deal with the public. The public must be made to realize the necessity of economy in expenditures and in consequent demands for banking credit. The banks themselves are best able to impress the importance of this policy upon the public.

For the further information of the Senate the board quotes from the report of the Federal advisory council made to it on May 18, signed by James B. Forgan, president:

"The council has given consideration to the matters included in your communication of April 17, and begs to reply thereto in the following manner, following the order set out by you:

"'(a) Causes of continued expansion of credits and of Federal note issues.'

"There are many contributing causes, of which the following may be regarded as paramount:

"1. We recognize, of course, that the first cause is the Great War.

"2. Great extravagance—national, municipal, and individual.

"3. Inefficiency and indifference of labor, resulting in lessening production.

"4. A shortage of transportation facilities, thus preventing the normal movement of commodities.

"5. The vicious circle of increasing wages and prices.

"'(b) How can the reserve position of the Federal reserve banks be materially strengthened before the seasonal demand sets in next fall without undue disturbance of the processes of production and distribution?'

"By urging upon member banks through the Federal reserve banks the wisdom of showing borrowers the necessity of the curtailment of general credits, and especially for nonessential uses, as well as continuing to discourage loans for capital and speculative purposes; by checking excessive borrowings through the application of higher rates.

"'(c) If steps can not be taken at this time leading to a more normal proportion between the volume of credits and the volume of goods, when can they be taken?'

"In our opinion, steps should be taken now, as outlined in answer to the last question.

"'(d) What is the effect upon the general situation of the increased Treasury borrowings and what should be the policy of the Federal reserve banks in establishing rates of discount on paper secured by certificates of indebtedness?'

"It is obvious that the borrowings of the Treasury have the same effect upon the general credit situation as those of other borrowers. The council would suggest the wisdom of congressional relief from the burden of Government financing by a policy of rigid economy; the revision of the tax laws for the sake of a more equitable distribution of the burden without reducing the revenue; the enactment of the Budget system, the Budget to include provision for the gradual payment of the short-time obligations of

the Treasury. These would of necessity preclude unwise appropriations, such as the proposed soldiers' bonus.

"In view of the large volume of Treasury certificates of indebtedness carried by member banks at the instance of the Treasury Department, we believe that rates established by the Federal reserve banks on paper secured by them should not be materially greater than the rates borne by the certificates."

The board feels assured that the banks of the country now realize the necessity of more conservatism in extending credits and of a reasonable reduction in the volume of credits now outstanding. The board will not hesitate, so far as it may be necessary, to bring to bear all its statutory powers in regulating the volume of credit, but wishes to point out that the more vital problems relating to the movement of the 1920 crop are physical rather than financial.

This was the unanimous view of those present at the conference on the 18th instant, at which the following resolution was adopted:

"The whole country is suffering from inflation of prices with the consequent inflation of credit. From reports made by the members of this conference, representing every section of the country, it is obvious that great sums are tied up in products which if marketed would relieve necessity, tend to reduce the price level, and relieve the strain on our credit system.

"This congestion of freight is found in practically all of the large railroad centers and shipping ports. It arises chiefly from inadequate transportation facilities available at this time and is seriously crippling business. We are informed that the per ton-mile of freight increased in three years—1916, 1917, and 1918—47 per cent, while the freight cars in service during the same period increased 1.9 per cent.

"A striking necessity exists which can only be relieved through the upbuilding of the credit of the railroads. This must come through adequate and prompt increase in freight rates. Any delay means the paying of greater cost directly and indirectly and places a burden on the credit system which in the approaching time for season expansion may cause abnormal strain. Even under the load of war inflation, high-price level, and extravagances the bank reserves would probably be sufficient if quick transportation could be assured during the time of the greatest strain: Therefore be it

"*Resolved*, That this conference urge as the most important remedies that the Interstate Commerce Commission and the United States Shipping Board give increased rates and adequate facilities such immediate effect as may be warranted under their authority and that a committee of five, representing the various sections of the country, be appointed by the chairman to present this resolution to the Interstate Commerce Commission and the United States Shipping Board with such verbal presentation as may seem appropriate to the committee."

Much will depend upon the restoration of the normal efficiency of railroad and steamship lines. If adequate transportation facilities can be provided, the board sees no occasion for apprehension in connection with the movement of crops now being grown.

Respectfully,

W. P. G. HARDING, *Governor*.

The PRESIDENT OF THE SENATE.

Mr. BROOKHART. I have thus particularly gone into these quotations to show that it was the distinct policy of the Federal reserve system and of the United States Senate, too, on the 17th day of May, 1920, to bring about a policy of deflation of commodity prices in the United States. There can be no doubt of that conclusion; and I will have to say to the Senator from Virginia that that fact was entirely omitted from his speech in 1922.

What happened as the result of that condition? There are some things, of course, that do not appear in the record; but this policy, so far as I have read it here, was made public. The Senate knew, and the country knew, that the deflation was coming. There was a further secret policy adopted at that meeting of the board of raising the discount rate so high that it would force the deflation. That, however, was not made public at the time.

Mr. President, the big financial crowd in this country had been calling for deflation, they had been preparing for it, and they knew what it meant when it came along. I think the ordinary people of the country had little idea or understanding of what deflation would mean. But high finance knew what it meant, and here is what it did. I am able to give some specific instances.

Armour & Co. went out immediately after this meeting—and a banker attended it—for a loan of $60,000,000; they offered 8 per cent in order to get the money, and they got it in a short time. I do not think one can find another case in the whole history of Armour & Co. where that organization went out for a 10-year loan and paid 8 per cent to get the money. Swift & Co. did likewise for a $50,000,000 loan; the Sinclair Oil Co. did likewise for a $46,000,000 loan. They were forehanded and went after the loan even before this meeting was held. Those three instances, which I have run down specifically and know about, are only samples of what happened. All of the other big oil companies did the same thing; the International Harvester Co. did the same thing; and all the other big businesses of the country, save and except Henry Ford. He is the only one I know of who did not appreciate or was not tipped off to the situation. The others, however, went out and gathered up these loans.

It has been said to me—and many Senators seem to entertain the idea—that the big organizations would not obtain loans like those when deflation was coming along. It is said that prices were going down and it would be harder to pay those loans, and hence it would be unreasonable that they would get the loans in the face of the deflation.

Mr. President, there is a fundamental idea underlying the action which the big interests took which is not understood and not appreciated by some of the most distinguished Senators on this floor. If the organizations to which I have referred had obtained the loans and bought commodities with the money, then, of course, they would have lost in the deflation, because commodity prices were deflated; but as commodities are deflated credit money is inflated, and if they held their investment in credit or in money, which they did, then they were on the rising side and not upon the falling side. The fact that this was an investment of credit itself in money is overlooked by those Senators who say that the big interests would not borrow money preceding a deflation of commodity prices.

Here is the way it worked out in reference to Government bonds: The farmers who had borrowed money from the banks to buy Liberty bonds during the campaigns which were undertaken and other people who had borrowed money from the banks in order to buy those bonds had their obligations called as a result of the deflation. The very credit which they had was transferred to the big financial interests that gathered up this vast amount of credit in the United States; and the little investors, in order to meet their obligations on the call of the banks, were forced to sell their Government bonds, and so Government bonds went as low as 79 cents on the dollar. I found one case in Ohio where these Government obligations sold for as low as 79 cents, and in many instances they sold for 80 and 85 cents on the dollar.

It is claimed that those who had obtained this credit, who had stored up the credit, who had control of the credit, and who still had it, if they wanted to, could buy these bonds at the low figures, and they did. A large part of this transaction was occasioned for the purpose of speculation in Government bonds at the expense of the common people of the country, so they would buy these bonds back when they were low. They had the credit facilities to do it. If they just held their credit in the banks and did not invest it at all, all they could lose would be the interest rate on it, and they would get some interest from the bank. Then if commodities went down they could buy the cheap commodities and then expect, as they did in 1928 and 1929, to reap an enormous profit because of the general rise of commodities, except agricultural commodities, which did not rise so much.

Mr. President, I think that explains how the control of credit was taken by the big financial interests of the country and how they took advantage of the deflation policy of the Federal reserve system.

The Senator from Virginia tells in his speech entitled "The Truth About the Federal Reserve System" that there was no deflation of Federal reserve credit; that it was, in fact, inflated and that the Federal reserve loans were, in fact increased; and, Mr. President, that statement is true, but it fails to meet the analysis of the whole situation. Why did they increase these Federal reserve loans after this 18th of May meeting, when it was unanimously decided and unanimously reported to the United States Senate that we had too many of them?

There were two reasons that would justify a further increase. One is, the date was May 18, and a little later the question of moving the crop would come along, and that called for a greatly increased credit every year. Then there

was another reason, and that was the most potent reason at that time. That was because this big financial crowd wanted to store up this extra credit of the country for the deflation that was sure to follow, and they went out, and those notes that I have described were sent out all over my State. One Congressman in my State bought $2,000 of that Armour paper. They were bought all over the United States; and in order for the banks to accommodate these big fellows and take care of their paper, it was necessary to rediscount more in the Federal reserve system. So there was an increase instead of a decrease, although this meeting had unanimously decided that there were too many Federal reserve loans, and that we were overinflated, and they ought to be reduced.

The Senator from Virginia, on page 17 of his printed speech, points out that in January the loans of Federal reserve banks on agricultural and livestock paper for 1920 were only $56,000,000, but by December they had increased to $246,000,000. I am leaving off the odd thousands. That, again, is absolutely true; and that increase would be the natural increase for financing the crop each year, except that it is not enough.

Now, let us see about the $246,000,000. Those are all of the loans to agriculture for all of the Federal reserve banks in the whole United States; and yet I have told you here of three loans that amounted to $156,000,000 to three companies, and there were thousands of other companies that got big loans in that way. So after we get out of the Senator's speech the total figures of what was done for agriculture we find that it is only a drop in the bucket. The agricultural crop of 1920, before this deflation of values began, was worth $17,000,000,000. What is $246,000,000 toward financing a $17,000,000,000 crop? Again, it shows that agriculture was not considered in any due proportion in figuring out these matters.

Now about the reduction of prices, I want to call the attention of the Senate to the Senator's own figures as to when these reductions occurred.

In January, 1920, cotton was worth 35.9 cents. In October it was worth 25.5 cents. In September it was still worth 31.1 cents. The 31.1 cents would probably be about the natural decline that would occur at crop time on cotton, from 35.9 to 31.1. That probably would be about what would happen in the ordinary year, because at the harvesting time all these crops are depressed and reduced; but, beginning with that, in October it dropped to 25.5, in November to 19.4, and in December to 14.

When this deflation policy was put on that I have outlined to you, on the 18th day of May, cotton was still up to 36 or 37 cents a pound; but the operation of this deflation policy, which was inaugurated and declared both by the Senate and by the Federal Reserve Board back in May, and then the operations of the financial crowd in deflating the credit by going out and taking control of it, although the Federal reserve loans were increased, started the decline in cotton; and it was that deflation policy that did it. It was not the decline in cotton that started the deflation policy.

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

Mr. BROOKHART. I yield.

Mr. LONG. What was the reason given at the time for this deflation policy?

Mr. BROOKHART. The reason given was that commodity prices were too high and the cost of living was too great. We heard a great howl about the cost of living at that time.

Now, Mr. President, when the acts of all are considered, the acts of those outside of the Federal reserve system as well as those inside, when what actually happened is considered, there can be no doubt but that the policy of the Federal Reserve Board, together with the policy of the Congress, started this great deflation of 1920.

I have said, and I say now, that neither the Federal Reserve Board nor any other board has any right ever even to consider a general policy of deflation. I say that that is always an economic crime.

They have a right to stop inflation. They have a right to say "no" when those loans are asked, and to prevent an inflation; but after they had approved these loans, then I say they had no right to turn around and call them. In this case they not only had approved these loans, but every Federal reserve bank in the United States in the spring of 1919 had solicited loans of this kind from its member banks. They had written letters to those that were not borrowing, and had pointed out to them that they were not taking advantage of their privilege in the Federal reserve system.

So in this case they encouraged this inflation, and then turned around and adopted a policy of general deflation; and that policy worked out indirectly, because as soon as the big financial crowd knew it was coming they wanted to get control of the one commodity that was going to rise in price during this deflation and that commodity was credit or money. Credit or money is the one thing and the only thing that rises when we have a deflation. Everything else falls. Wanting to get control of that, they went out and for that purpose the Federal reserve loans were increased. By taking the bare figures we would say we did not deflate; we inflated; but the deflation occurred because that credit was sealed up and held. It was not invested in commodities. It was held for the purpose of safety after the deflation had occurred.

Mr. President, somewhat of that deflation policy has been continued ever since. We have never gotten free from it; and that is one reason why this bill is proposed for a certain degree of inflation of the currency. It is not enough of an inflation, however. This bill might do a little bit of good, but it will not do much good. It is a small, little bite out of the cherry. It is just like everything else this Congress has done for the relief of this country. Everything has been inadequate.

We passed to-day another bill amending the Reconstruction Finance Corporation act. We have already poured about $2,000,000,000 into that gigantic economic rat hole, and it has gone down without generally affecting commodity prices. Now we are going to pour in $1,800,000,000, and it is not done in any way to handle the proposition. That is the trouble about all of these measures. They have all been fearful and afraid, and they have all been inadequate. The result is going to be, and has been so far, that commodity prices, instead of advancing, have declined. Only one or two agricultural commodities have advanced in any substantial way in price, and those have not yet advanced anywhere near to a cost-of-production level.

So, Mr. President, while this amendment has a little merit in it, and while it will give us some little bit of expansion, I hope the country will look upon it at its true face value, and that means it has only a small value to the general situation in the country.

FAIR TRADE AND CHAIN STORES

Mr. CAPPER. Mr. President, notwithstanding the unprecedented volume of important legislation which the Congress has enacted at the session now nearing its close, there remains one great urgent question with which we have not dealt. I feel that we will be remiss if we adjourn without taking up S. 97, a bill now on the calendar, which if enacted will do more, and more quickly, to counteract the industrial stagnation and start the resumption of trade activity and employment than anything that we could do.

In 1925, during the Sixty-ninth Congress, the bill known as the fair trade bill, to legalize resale price agreements, was introduced by myself in the Senate and by Representative CLYDE KELLY, of Pennsylvania, in the House of Representatives.

In 1926, the Committee on Interstate and Foreign Commerce in the House held extensive hearings at which abundant opportunity was given to proponents and opponents.

As a result of these hearings a subcommittee was appointed to make a careful study of this important business problem. This subcommittee, in 1927, reported that such legislation is in the public interest and should be enacted.

In 1929 the Committee on Interstate and Foreign Commerce again considered the bill, and on January 27, 1930, made a favorable report urging that prompt action be taken.

The Rules Committee of the House made the bill a special order, and it was passed by the House of Representatives with amendments on January 29, 1931.

The Senate found it impossible to act during the short period before adjournment on March 4.

The measure was reintroduced on the first day of this Congress. The Interstate Commerce Committee of the Senate held hearings early in the session and reported the bill to the calendar. Surely there should be no further delay in acting. For seven years at least there has been need for its enactment, but no action has been taken. During that period at least 400,000 independent merchants have been destroyed by the predatory competition this measure seeks to prevent.

I want to serve notice now that I shall insist upon action at the beginning of the next session and hope to have the help and cooperation of every upholder of fair competition in American business.

Mr. President, this bill does not deal directly with agriculture; yet, as one who comes from the great farm area, I know that there can be no prosperity for agriculture while other sections of the population have not the means to purchase the products of the farm. This bill is not designed primarily for employment relief, yet it holds within its effects the best, the only genuine relief—the starting of the wheels of industry, which means jobs rather than doles.

If there is any single lesson which stands out with unmistakable clearness from our experience since 1929, it is that our great "captains" of industry, commerce, and finance have failed to supply the leadership to show the way out of our difficulties. Not to the few but to the many must a democracy look for relief in time of trouble. Contrasting with the helplessness of the mammoth organizations to meet the emergency, we find the smaller ones leading the way to more stable conditions.

The reason, says the Manufacturers Record, of Baltimore, is that—

> They are more readily adaptable to the changes taking place; their close-knit organizations, under the control of direct ownership, have been more responsive to initiative and energetic management.

It says much more in substantiation of these facts.

Few of us here have had the experience or time to make vivid what is going on in the commercial world around us. We fail to realize what has been revealed by the Census of Distribution, now making known for the first time many vital statistics of our country.

We labor under false impressions of assumed superior efficiency on the part of big business, and many think the passing of the small business man is inevitable. Sad the day for any nation, Mr. President, when the farm-owning farmer is turned into a peasant, the mechanic into a proletarian, and the merchant into a clerk! Yet, unless something happens very soon to alter the current, the middle class in the United States is going to be wiped out—not from inferior ability to serve the public, but from unjust and artificial handicaps which it is our duty to understand and to remove here to-day.

Two strangely contrasting views are revealed. On the one hand it is said that nothing can be done because the tendency to consolidation has gone so far. On the other I find small realization of the desperate importance of the issue of the small business man.

The point of what I am talking about may be found in the retail market.

Most of what is raised by agriculture, dug from mines, or made in factories finds its way into use by the consumer across the counter of the retail store.

Mr. President, the retail business of the country amounts to more than $50,000,000,000 annually. Whoever controls this market holds in his hands the destiny of both the producer and the consumer. Our long-time progress has depended upon fair and active competitive conditions among retail stores.

Everyone has noted the rapid concentration of retailing in many lines of business into mammoth chains. Few have analyzed the cause or understood the threatening significance to us as a people. Many have regretted the development for sentimental or emotional reasons. Few perceive how it reaches back to the farm, the wage earner, and the manufacturer as the market is narrowed into the control of fewer and fewer hands.

Yet, Mr. President, the situation has not, as some of my colleagues believe, gone so far as to be irretrievable. Over 78 per cent of the retail trade is still in the hands of independent dealers, shared by some 1,300,000 merchants. The remaining 22 per cent is done by about 7,000 corporations, the largest of which operates about 18,000 grocery stores, and does a business of over $1,000,000,000 annually—more than enjoyed by such industrial giants as the United States Steel Corporation or the General Electric Co.

In the five years from 1924 to 1929 the growth of these chains absorbed from the total business done at retail an added 7 per cent of the country's sales. In other words, they did 14 per cent of the total in 1924 and over 21 per cent in 1929. The chains' own increase was more than 50 per cent during these five years. At this rate how long before the independent will become extinct?

If this was the result of better value giving or superior merit of any sort, as is superficially assumed by some, we might view the declination of our independent fellow citizen with complacency. But when it is accompanied by cruelly artificial and unfair tactics no right-spirited man who sees what is going on, and why, can remain passive. This thing goes on, because in our law we have elevated and sanctified property ownership so as to allow it privileges by which it is devouring us. In other words, we allow a corporation which owns 2 stores or 10 stores in a town or neighborhood, and which if owned separately by individuals would be considered competitors, to establish a uniform price on any or all articles in its different stores, while we make it illegal for the independent competitors to reach any understanding about uniform prices but compel them to fight each other and the chains. Ownership, which large capital permits over many stores, gives privileges denied the smaller man. Is that the equal opportunity our country was dedicated to afford?

Again, take the small manufacturer as against the great one. Our law permits the great concern to consign its merchandise to the dealers, calling them its agents. It owns the goods in its dealer's stores. It can then direct them as to the prices at which these goods may be sold. The dealer can not cut prices on goods that belong to the manufacturer. That manufacturer is saved the disaster of a cut-price war among his dealers. They can make a living profit on his goods. They will push them to the public in preference to the goods of other factories on which they must meet prices of competing dealers. The small manufacturer is not allowed to enter into arrangements with his dealers to whom he sells his goods for distribution. One dealer cuts. Others must meet him. Profits are gone. There is no incentive to handle. The small manufacturer is the victim of competition on his own goods among his dealers and loses business. If he were big enough and had capital enough to be able to consign his goods and own them in the retail stores, he would escape this penalty. What a travesty on equality of opportunity to permit the wealthy corporation to accomplish legally what we forbid the smaller competitor to accomplish at all.

These restrictions have fostered many unsound consolidations and mergers. Giant chains fighting each other are being merged. Great factories absorb smaller competitors. We are forcing consolidations that lead to monopoly. We are sick industrially and commercially to-day because of the unhealthy environment our false course has bred. Billions of unsound securities have wiped out the savings of many who bought them, thinking that a merger and a big one was in itself assurance of safety. Yet our legal monstrosity

of putting ownership above contractual rights has forced many of these hot-house plants into existence.

Any community, any country, which tolerates, nay stipulates by its laws, such injustices as between its citizens can not hope forever to escape retribution. Now it has overtaken us. Let me not be misunderstood, Mr. President. I am arguing for, not against competition. But let it be fair, honest, and genuine, not deceptive and ruthless. The small dealer is being extinguished not because he can not compete, but because he is made to appear to be unable to do so.

The chief device which accounts for this deceptive appearance is the offering of so-called "loss-leader" bargain bait to the public at cut prices. In a sense it is trick merchandising. The trick is this. The big outlets, which can afford to stand temporary losses, take well-known standard articles such as Campbell's soup, or Colgate's tooth paste, or kodaks, or the Ingersoll dollar watch and advertise them at great reductions in conjunction with other articles of unidentified origin but ostensibly representing the same reduction below market values. Amidst a newspaper page of items, all purporting to be perhaps a third below real worth, will be sprinkled a few genuine bargains on standard articles whose values are known in every household. In other words, the names and public confidence of these nationally accepted goods are utilized to give credence to the claims for unknown goods, much as the old-time huckster packed his best apples on the top of the basket. Often, indeed, usually this amounts to misrepresentation by using the good names earned by others to cover doubtful transactions.

The owners of these names under the decisions of our courts are powerless to prevent these abuses. The makers of these articles which have earned public acceptance are forbidden to protect the multitude of independent dealers against the oppressive misuse of their good names in deceptive price cutting. Their trade-marks and good will may be employed against their will by big distributors who have no interest in them, but by predatory price cutting undermine the multitude of independents who wish to handle their products wholesomely and at reasonable but not ruinous prices. It is the underselling on these recognizable articles that is largely responsible for the notion that the chains give better values than the independents on everything. People have no way of knowing that the losses are recouped on bulk merchandise which they can not definitely compare. It is somewhat analagous to the practice by which the oil monopoly was established, when competitors were destroyed by selling at a loss in a given area while the losses were recouped through excessive prices in areas where competition had been eliminated. We have since then passed statutes forbidding these practices.

There is an impression that the big outlets can undersell because they can underbuy through quantity purchases. They can not and do not undersell in the main. To-day the independents in large measure have established cooperative joint purchasing agencies to get the benefit of bottom quantity prices. But apart from this the heavier overhead expenses of the chains offset most of their buying advantages. The average operating expense of the chain grocery is 18.2 per cent of its sales, according to the Harvard University Bureau of Retail Research. The ordinary service grocery runs at 13.8 per cent expense, or 4.4 per cent below the chain, according to the Alexander Hamilton Institute report. Similar advantages are found for independent shoe, drug, and other retailers over chains.

Dr. R. S. Alexander, professor of marketing, Columbia University, who conducted an investigation of the comparative values given to the public by chain stores and independent stores, says in a report of findings:

> On the whole * * * our survey indicates * * * that neither chains nor independents have any material price advantages.

Mr. President, it is a shame which we should not tolerate, that tens of thousands of small business men are being driven to the wall or turned into hired clerks for absentee-owned stores by practices which are socially and economically harmful.

Like the proverbial snowball, this movement has gained enormous momentum in the past five or six years. Its destructive force, the speed of its spread is increasing with every passing day. The important truth, however, is that the situation is still redeemable. Seventy-eight per cent of the country's $50,000,000,000 annual retail business is still in the hands of over a million and a quarter of independent retail merchants. If we act promptly, we can arrest the threatening tendency. We can preserve the business sections of our towns and cities in the hands of self-respecting and independent citizens. We can make it possible for the moderate-sized manufacturers permanently to find outlet for their products to the public without submitting to the terms imposed by monopolistic middlemen. We can assure to the public that the avenues of trade will be kept open so that people may continue to have a free choice among the market's varieties.

It is the chief objective of the Capper-Kelly bill, Senate bill 97, to restore the equality of opportunity for the smaller business man in his competition with the big corporation. We take nothing from the big concern, but we do put the small man on an equal footing in one important respect.

We simply make it permissible for the owner of trade-mark brands to enter into agreements with his distributors that his name shall not be made the cat's-paw to pull trade away from his many smaller dealers by using his goods as loss leaders and bargain bait.

We stop one of the unwholesome deceptions of business, which is not only working havoc among retailers by the thousands but is building monopolistic middlemen, who hold the welfare of the moderate-size manufacturers and the wage earners in their factories in their power as well as the buying public. We want no middlemen in such a position of power.

When this bill has become law the man with one store or a hundred men each owning a store will not be at a disadvantage in competing with the corporation operating a hundred stores in respect of branded merchandise. The moderate-size manufacturer will no longer be at a disadvantage as compared with the industrial giant with capital enough to consign its goods and use the dealers as agents. He will accomplish equality by means of contracts instead of capital. This is genuine economy which public policy ought to encourage. As Professor Seligman, of Columbia University, puts it, we will have taken one more forward step in the direction of fair competition. We will have wiped one more blot from our commercial escutcheon.

ADJOURNMENT

Mr. WATSON. I move that the Senate adjourn until next Monday at 11 o'clock a. m.

The motion was agreed to; and the Senate (at 3 o'clock and 50 minutes p. m.), under the order previously entered, adjourned until Monday, July 11, 1932, at 11 o'clock a. m.

SENATE

MONDAY, JULY 11, 1932

The Senate met at 11 o'clock a. m.

Rev. Joseph R. Sizoo, minister of the New York Avenue Presbyterian Church of the city of Washington, offered the following prayer:

Gracious Father, in whose keeping are all our days, grant that we may labor this day with such devotion to country, such loyalty to truth, and such humbleness of mind that at the end of the day we may hear Thy voice, "Well done, good and faithful servant." Unto that end open our eyes that we may see Thee, our ears that we may hear Thee, our wills that we may obey Thee, and our hearts that we may love Thee. This we pray through Jesus Christ our Lord. Amen.