By Mr. BUCKBEE: A bill (H. R. 14112) granting an increase of pension to Marguerite Eustis; to the Committee on Invalid Pensions.

By Mr. FERNANDEZ: A bill (H. R. 14113) for the relief of A. H. Powell; to the Committee on Accounts.

By Mr. FINLEY: A bill (H. R. 14114) granting a pension to Richard B. Hammer; to the Committee on Pensions.

Also, a bill (H. R. 14115) granting an increase of pension to Frances A. Perdew; to the Committee on Invalid Pensions.

By Mr. GARBER: A bill (H. R. 14116) granting an increase of pension to Sarah E. Deem; to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 14117) granting an increase of pension to Mary Arnold; to the Committee on Invalid Pensions.

By Mr. LARRABEE: A bill (H. R. 14118) granting a pension to Mary Roberts; to the Committee on Invalid Pensions.

By Mr. SHANNON: A bill (H. R. 14119) granting a pension to Charles Arthur Collins; to the Committee on Pensions.

Also, a bill (H. R. 14120) for the relief of John F. Carlow; to the Committee on Military Affairs.

Also, a bill (H. R. 14121) granting a pension to Emma F. Wells; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14122) granting a pension to Levi Clark; to the Committee on Pensions.

By Mr. WOLVERTON: Resolution (H. Res. 346) providing for the payment of one year's salary to the widow of Frank Hazel Barto; to the Committee on Accounts.

PETITIONS, ETC.

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

9449. By Mr. ALDRICH: Petition of Beacon Pole Hill Chapter, Daughters of the American Revolution, of Rhode Island, favoring passage of the Dies bill; to the Committee on Immigration and Naturalization.

9450. By Mr. BOHN: Petition of citizens of Rapid City, Mich., urging the adoption of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

9451. By Mr. GARBER: Petition urging support of the railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9452. By Mr. KVALE: Petition of Woman's Home Missionary Society, Litchfield, Minn., urging enactment of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9453. By Mr. LAMBERTSON: Petition of P. H. Laha and 96 other citizens of Brown County, Kans., favoring the maintenance of the National Guard and for sufficient appropriations to maintain the 48 drills each year as provided for under the national defense act; to the Committee on Appropriations.

9454. By Mr. LINDSAY: Petition of the National Cooperative Milk Producers' Federation, Washington, D. C., favoring inclusion of dairy products in the pending allotment bill, H. R. 13991; to the Committee on Agriculture.

9455. Also, petition of Dairymen's League Cooperative Association (Inc.), New York City, favoring support of the Andresen amendments to domestic allotment farm aid plan; to the Committee on Agriculture.

9456. By Mr. REID of Illinois: Resolution adopted by Du Page County executive committee of the American Legion, Department of Illinois, protesting against any further reduction in the amount of foreign debt, and to any change in the agreed-upon manner of payment of interest or principal; to the Committee on Foreign Affairs.

9457. By Mr. RUDD: Petition of the National Cooperative Milk Producers Federation, favoring amendment with respect to the inclusion of dairy products in the allotment bill, H. R. 13991; to the Committee on Agriculture.

9458. Also, petition of the Shippers Conference of Greater New York; registering certain objections contained in Senate bill 4491; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

TUESDAY, JANUARY 10, 1933

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty God, who hast bidden the light to shine out of darkness, and who hast again wakened us to praise Thy goodness for the manifold blessings of life; grant that we may hear Thy loving-kindness in the morning, for in Thee is our trust. Teach us to do the thing that pleaseth Thee, for Thou art our God. Let Thy loving Spirit lead us forth into the land of righteousness, for we would ask nothing for ourselves save only leave to go where Thou mayest guide.

And if betimes our vision fails, eternal Light shine into our hearts; and if our understanding be darkened, eternal Wisdom deepen our faith, that we may ever live not far from Thee and die into Thy nearer life. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Friday, January 6, 1933.

Mr. FESS. Mr. President, I ask unanimous consent that the further reading of the Journal be dispensed with and that the Journal be approved.

Mr. LONG. I object, Mr. President.

The VICE PRESIDENT. The clerk will read the Journal.

The Chief Clerk read the Journal of the proceedings of the legislative day of Friday, January 6, 1933, and it was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The Secretary will call the roll.

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

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

Mr. MOSES. I desire to announce that the Senator from Pennsylvania [Mr. REED] is absent from the Senate because of illness. I ask that this announcement may stand for the day.

Mr. HASTINGS. I wish to announce that my colleague [Mr. TOWNSEND] is necessarily detained from the Senate on official business.

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

THE LATE REPRESENTATIVE BUTLER—APPOINTMENT OF FUNERAL COMMITTEE

The VICE PRESIDENT. Under the terms of Senate Resolution 320, agreed to on yesterday, relative to the death of Hon. ROBERT R. BUTLER, late a Representative from the State of Oregon, the Chair appoints as the committee on the part of the Senate the senior Senator from Oregon [Mr. MCNARY], the junior Senator from Oregon [Mr. STEIWER], the senior Senator from Washington [Mr. DILL], the senior Senator from Idaho [Mr. BORAH], the senior Senator from California [Mr. JOHNSON], the junior Senator from California [Mr. SHORTRIDGE], the junior Senator from Idaho [Mr. THOMAS], and the junior Senator from Washington [Mr. GRAMMER].

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

CLAIM FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 168)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation submitted by the Treasury Department to pay a claim for damages to privately owned property, in the sum of $79, which had been considered and adjusted under the provisions of law, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Council of the City of Naperville, Ill., favoring the issuance of national currency to municipalities on the pledge of their bonds, which was referred to the Committee on Banking and Currency.

Mr. STEIWER presented memorials numerously signed of sundry citizens of the State of Oregon, remonstrating against the legalization of the manufacture and sale of light wines and beer, and favoring the making of adequate appropriations for prohibition enforcement, which were ordered to lie on the table.

PURCHASING POWER OF FARM ORGANIZATIONS

Mr. CAPPER. Mr. President, I wish to call the attention of the Senate to the action of the Kansas farm organizations in unanimously indorsing the program of the National Conference of Farm Organizations for making effective the pre-war purchasing power of farm commodities, so as to make possible a fair exchange of goods between farm and factory and thus start the renewal of all business activity, and appealing to Congress to enact the necessary legislation.

The Committee of Kansas Farm Organizations represents the State Grange, the Farm Bureau, the Farmers' Union, the Union Oil Co. (cooperative), the Farmers' Union Jobbing Association, the Equity Union Grain Co., the Kansas Cooperative Wheat Marketing Association, the Farmers' Cooperative Commission Co., and the Farmers' Cooperative Grain Dealers Association. It speaks for the farmers of Kansas as much as it is possible for any group of organizations to do.

Mr. President, I desire to say that I am with the farm organizations in their program to restore pre-war purchasing power to agriculture. One of the measures proposed is to adopt the so-called voluntary domestic-allotment plan for surplus control. It is not my purpose at this time to discuss the domestic-allotment plan, other than to say that I am heartily for that kind of a program, and I hope this Congress will give early and favorable consideration to that program. It is the wish of the Kansas farm organizations and it is our plain and imperative duty to take steps to mitigate, at least, the foreclosures of farm mortgages, which threaten to postpone the return of prosperity through completing the ruin of agriculture.

Mr. President, the duty of Congress to the people of the United States is a higher duty than the allegiance of Members of Congress to their political party organizations. I say it will be inexcusable to postpone until a new administration comes in next March consideration of and favorable action on the domestic-allotment plan, and also some action to relieve the farm-mortgage debt situation.

I send to the desk a communication from W. O. Sand, secretary of the Committee of Kansas Farm Organizations, including resolutions adopted at the committee meeting at Topeka, December 17, 1932, and ask unanimous consent that it be printed in the RECORD and referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, that order will be made.

The resolution is as follows:

THE FARMERS' COOPERATIVE GRAIN DEALERS ASSOCIATION OF KANSAS,
Hutchinson, Kans., December 20, 1932.

Hon. ARTHUR CAPPER,
Washington, D. C.

DEAR SIR: At a meeting of the Committee of Kansas Farm Organizations, held at Topeka, Kans., December 17, consisting of the following groups—State Grange, Farm Bureau, Farmers' Union, Union Oil Co. (cooperative), Farmers' Union Jobbing Association, Equity Union Grain Co., Kansas Cooperative Wheat Marketing Association, Farmers' Cooperative Commission Co., Farmers' Cooperative Grain Dealers Association—the following resolution was unanimously adopted:

"We, your Committee of the Kansas Farm Organizations, hereby indorse the plan sponsored by the National Conference of Farm Organizations for making effective for agriculture the pre-war purchasing power of farm commodities so as to make possible a fair exchange of goods between farm and factory and thus restore a renewal of business activity.

"We favor the retention of the agriculture marketing act and insist that its functions be preserved.

"We recommend that a copy of these resolutions be forwarded to the chairmen of the Agriculture Committees of the United States House and Senate and that a copy of same be sent to each member of the Kansas delegation of Congress."

Respectfully,

COMMITTEE OF KANSAS FARM ORGANIZATIONS,
W. O. SAND, *Secretary.*

MAINTENANCE OF PENNSYLVANIA NATIONAL GUARD ORGANIZATIONS

Mr. DAVIS presented a letter from Raymond M. Steele, first lieutenant, One hundred and seventy-sixth Field Artillery, Pittsburgh, Pa., relative to the proposed reduction of appropriation for maintenance of Pennsylvania National Guard organizations, which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

PENNSYLVANIA NATIONAL GUARD,
Pittsburgh, Pa., January 7, 1933.

Subject: Proposed reduction of appropriation for maintenance of Pennsylvania National Guard organizations.

Hon. JAMES J. DAVIS,
The Senate, Washington, D. C.:

It has come to my attention that efforts are being made in certain circles to reduce the amount appropriated for the maintenance of Pennsylvania National Guard organizations. The present appropriation amounts to approximately $7,000,000, which makes provision, among other uses, for the pay of officers and men for 48 drills or assemblies of troops per year. The information I have received from, I believe, a reliable source, covers in effect the reduction of the appropriation to approximately $3,000,000, or less than half of the present amount, which means that with the necessary curtailment of other activities that the maximum number of drills per year would be less than 23.

For your information, in order to maintain the National Guard with any degree of efficiency, it is absolutely necessary and vital that the minimum number of drills should not be less than one per week, which means that the appropriation should remain as it now stands. As you know, the Army, like all other successful organizations, depends largely on the coordinated efforts of everyone connected with the organization in order to obtain a satisfactory degree of efficiency necessary in such an organization. To obtain this efficiency or teamwork means that a program of intelligent training will of necessity have to be followed out.

In the organization of which I am a member it is found that one drill per week is really not sufficient. In addition to the regular drill it has been considered necessary to conduct schools for commissioned and noncommissioned officers augmented by courses of instruction by correspondence from the Regular Army instructors at Fort Sill, Okla. The correspondence school courses are voluntary on the part of the individual, but it is satisfactory to note the interest evidenced by the men in that in an organization of 650 men approximately 200 courses have been completed since October 1, 1932.

In view of the present unemployment situation the reduction of this appropriation would have a far-reaching effect as to a number of men, and without exaggeration the pay received from National Guard service is a vital factor in their very existence. Furthermore, this pay is practically all spent in the community in which they live, which would have an effect on storekeepers and other places of business. It is my belief that if the contemplated reduction is made effective the present state of efficiency of the Pennsylvania National Guard could not be maintained, the men could not be trained properly on account of the length of time elapsing between drills, thereby losing their interest, the right kind of recruits would be difficult to secure, thereby virtually reducing the National Guard to an untrained, unorganized mob, wholly inadequate for the purpose for which they were organized.

In view of the facts outlined above I wish to ask you to use to the best of your ability your influence and powers against any reduction of appropriations affecting the Pennsylvania National Guard.

RAYMOND M. STEELE,
First Lieutenant, One hundred and seventy-sixth Field Artillery.

THE WORLD COURT, THE KELLOGG-BRIAND PACT, AND DISARMAMENT

Mr. KING. Mr. President, I present a statement, in the form of a petition of the New York Peace Society, on the World Court, the Kellogg-Briand pact, and disarmament.

I ask that it be printed in the RECORD and referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Without objection, that order will be made.

The petition is as follows:

STATEMENT ADOPTED BY THE NEW YORK PEACE SOCIETY ON THE WORLD COURT, THE KELLOGG-BRIAND PACT, AND DISARMAMENT

1. The New York Peace Society renews its petition to the Senate of the United States to ratify without further delay the three pending treaties which provide for the full membership of our Nation in the Permanent Court of International Justice. This court, first proposed by the United States at the First Hague Conference in 1899 and again advocated by us in the second conference in 1907, has admirably performed the important functions intrusted to it. The Senate's reservations with respect to our participation in the court have, it is conceded, been fully met in the pending protocols. It is a national humiliation that we should under these circumstances any longer refuse or neglect to associate ourselves with this indispensable agency of international justice and peace.

2. The New York Peace Society hereby associates itself with the agencies which aim to give increased effectiveness to the outlawry of war through the Kellogg-Briand pact by the adoption of a protocol or subsidiary treaty providing for meetings of the signatories to the pact for consultation in the event of any breach or threatened breach thereof, with the view of checking or minimizing the effects of such breach or threatened breach by united action. The fact that two of the greatest world powers—the United States of America and Soviet Russia—are not members of the League of Nations robs that body of much of its effectiveness in such a contingency, and this lack is not adequately compensated by the casual association of individuals representing those powers in conversations with representatives of the league. In the plan proposed no rivalry with the League of Nations is contemplated, nor, indeed, any formal organization of the signatories to the pact. All that is aimed at is to give every member of the family of nations, whether associated with the league or not, a sense of responsibility for the due observance of the pact by its signatories and the opportunity to exercise a direct influence in securing such observance.

3. The New York Peace Society hails the improving prospects of the disarmament conference now in progress and urges upon our Government the highest degree of magnanimity and cooperation in securing a substantial world-wide reduction in equipment for warfare, a result which can not be secured without sacrifices in our own naval program and assumption of international responsibilities. In this matter, whatever fears and rivalries may exist in Europe, our example would be of commanding influence.

DECEMBER 20, 1932.

CALIFORNIA ELECTRIC LIGHT RATES

Mr. NORRIS. Mr. President, on the 12th of July last I had printed in the RECORD what I supposed was a report of the committee of the Commonwealth Club of California on electric-light rates, on the comparative merits of public and private development and distribution of electricity.

Yesterday I received a letter from the executive secretary of the club, in which he complains that because of the heading of the report which I had printed at that time it purported to be a report of the Commonwealth Club of California, when as a matter of fact, the executive secretary says, it was a majority report of a committee; and there is some objection because, on the face of it, it seemed to be a report of the entire committee. I was not aware that there was a minority report. I understand that one member of the committee made a minority report.

I am very sorry that I did not get this letter in time so that I could have had the correction made in the permanent RECORD; but, since the permanent RECORD is already made up, the best I can do is to ask that the letter of Mr. Ward, the executive secretary, be printed in the CONGRESSIONAL RECORD. I ask also, in that connection, that a letter received the same day from Mr. Bartlett, the chairman of the committee who made the original report, and from whom I received it, calling attention to what he thinks are some inaccuracies in the letter of Mr. Ward, be printed in the RECORD.

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

The letters are as follows:

COMMONWEALTH CLUB OF CALIFORNIA,
San Francisco, December 6, 1932.

Hon. GEORGE W. NORRIS,
Washington, D. C.

DEAR SENATOR NORRIS: Several members of our club have called to the attention of the board of governors the fact that in printing the majority report of a committee of the section on public utilities of the Commonwealth Club of California in the CONGRESSIONAL RECORD of Tuesday, July 12, 1932, as presented by you, there occurred two rather unfortunate errors in the headings, which I'm sure you will be glad to have called to your attention.

1. The first heading reads:

"Report of the Commonwealth Club of California relating to the comparative merits of public and private development and distribution of electricity."

The inference from this heading is that the report which follows is a report of the entire Commonwealth Club of California, whereas it was in fact a majority report by three members of a 5-member committee of the section on public utilities of the Commonwealth Club of California, which had never received the indorsement of either the section or the club. It was simply presented at the meeting and printed as part of the record. In your introductory remarks you call attention to the fact that it is a committee report, but do not mention that it was one of two opposing reports from that committee.

2. The second heading immediately preceding the report reads:

"Comparative electric rates in California—Report of the committee on power rates appointed by the public utility section of the Commonwealth Club of California, by Louis Bartlett, chairman."

This title may have been used by Mr. Bartlett on his personal manuscript, but in presenting this report for the record the following title was used in the interests of exactness:

"Majority report of section's committee on power rates, by Louis Bartlett, chairman Pacific coast power rates committee of public utilities section."

To summarize, the report printed in the CONGRESSIONAL RECORD represents what, so far as the record goes, is a report of three members of a committee of five of the section on public utilities plus the comments of the chairman of the committee. A minority report was presented. The majority report did not receive the indorsement of either the section on public utilities or the Commonwealth Club as a whole, but was presented at a regular monthly meeting and printed as a part of the record of that meeting. No canvass of the 3,800 members of the club was had on the subject.

We know that you would not knowingly be a party to encouraging a misunderstanding, which if used by opponents of public ownership of public utilities you would vigorously criticize, and so we are writing you to set the record straight.

Very truly yours,

STUART R. WARD,
Executive Secretary.

SAN FRANCISCO, *December 8, 1932.*

Senator GEORGE W. NORRIS,
Washington, D. C.

DEAR SENATOR NORRIS: You have just received a letter from Stuart R. Ward, executive secretary of the Commonwealth Club of San Francisco, relative to the report of a committee of the section on public utilities of the Commonwealth Club on comparative power rates, which you placed in the CONGRESSIONAL RECORD July 12, 1932. I am writing this inasmuch as his letter may suggest that I misled you with relation to the document forwarded.

The first heading to which Mr. Ward objects was prepared in Washington without suggestion from me. The second, as I sent it to you, is correct; the report which I sent you was the report of the committee on power rates appointed by the public-utility section of the Commonwealth Club of California. The committee consisted of five men—Franklin Hichborn, whom you know; A. J. Milligan, a public-spirited man in the restaurant business; Carl I. Wheat, attorney for a number of public utilities, including power companies, who specializes in work before the State railroad commission; Adolph Uhl, who is on the side of the public-utility companies; and myself. The report was signed by the first three. Mr. Uhl presented a minority report which was not signed by Mr. Wheat. Mr. Wheat and I together devised the form in which the tables submitted in the report should be prepared, but he subsequently left the city and took no further part in the work of the committee. After a first draft of the report had been prepared it was submitted to Mr. Lester S. Ready, formerly chief engineer of the California Railroad Commission and now consulting engineer employed by the Bureau of Water and Power of Los Angeles in rate matters. Mr. Ready made additional suggestions as to some of the tables, all of which were incorporated in the report. At the meeting of the Commonwealth Club, May 19, 1932, as appears from volume 8, No. 25 of The Commonwealth, at page 159, Mr. Ready said: "As to comparison of rates, I think the figures submitted by Mr. Bartlett are correct, although I have not checked them all."

I may add that the regular attendants at the Commonwealth Club, section on public utilities, are about three to one in favor of private ownership, and that representatives from all of the major public utilities in this part of California are in regular attendance. The committee's report was before the subsection for over a month, and not a single objection was raised by anybody to the correctness of a single table. Mr. Uhl presented a minority report in which he attempted to compare noncomparable things. It was bruited about at the time that his report was to be made a basis of wide-spread publicity by the power companies, but his

figures were so palpably bogus and the falsity of his comparisons so easily exposed that it was not used further.

Pardon the length of this letter, but I do not wish to have you left under the impression that I have misled you in any way.

Sincerely yours,

LOUIS BARTLETT.

REPORTS OF COMMITTEES

Mr. COUZENS, from the Committee on Banking and Currency, to which was referred the bill (S. 5126) to extend the provisions of the Reconstruction Finance Corporation act and the emergency relief and construction act of 1932 to the Virgin Islands, reported it without amendment and submitted a report (No. 1023) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 3870) for the relief of Curtis Jett, reported it without amendment and submitted a report (No. 1024) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 5305) to authorize the Secretary of War to acquire 5 acres of land, more or less, opposite the Mobile National Cemetery, Alabama, for use as an addition to said cemetery, and for other purposes, reported it with amendments and submitted a report (No. 1025) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 5161. An act for the relief of Louis Vauthier and Francis Dohs (Rept. No. 1026);

S. 5233. An act to provide for the protection of national military parks, national parks, battlefield sites, national monuments, and miscellaneous memorials under the control of the War Department (Rept. No. 1027);

S. 5270. An act to authorize the adjustment of a part of the western boundary line of the Plattsburg Barracks Military Reservation, N. Y. (Rept. No. 1028); and

S. 5304. An act to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department (Rept. No. 1029).

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. SMOOT:

A bill (S. 5364) to provide for the purchase of a certain lot of land in Cedar City, Utah; to the Committee on Public Buildings and Grounds.

By Mr. BINGHAM:

A bill (S. 5365) to establish a commercial airport for the District of Columbia; to the Committee on the District of Columbia.

By Mr. CAREY:

A bill (S. 5366) to extend the provisions of section 201 of the emergency relief and construction act of 1932 to certain self-liquidating projects; and

A bill (S. 5367) relating to security for certain loans under section 201 of the emergency relief and construction act of 1932; to the Committee on Banking and Currency.

By Mr. ODDIE:

A bill (S. 5368) for the relief of Laurinda Wines; to the Committee on Claims.

A bill (S. 5369) granting an increase of pension to George Fawcett, sr.; to the Committee on Pensions.

By Mr. HOWELL:

A bill (S. 5370) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 5371) for the relief of Arabella E. Bodkin; to the Committee on Claims.

By Mr. DICKINSON:

A bill (S. 5372) relating to the paid-in surplus of Federal land banks; to the Committee on Banking and Currency.

A bill (S. 5373) authorizing C. A. Dupue, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the foot of Fifth Avenue south, Clinton, Iowa; to the Committee on Commerce.

By Mr. COPELAND:

A bill (S. 5374) for the creation of a housing board and authorizing the incorporation of limited-dividend housing corporations in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mrs. CARAWAY:

A bill (S. 5375) granting a pension to Jessie B. Auer;

A bill (S. 5376) granting a pension to Norfleet Hughes;

A bill (S. 5377) granting a pension to Edie A. Kimberly; and

A bill (S. 5378) granting a pension to Theta B. Spring; to the Committee on Pensions.

By Mr. COPELAND:

A joint resolution (S. J. Res. 228) authorizing the American National Red Cross and certain other organizations to exchange Government-owned cotton for articles containing wool; to the Committee on Agriculture and Forestry.

HOUSING, FEEDING, AND CLOTHING OF UNEMPLOYED PERSONS

Mr. COUZENS. Mr. President, I send to the desk a bill to provide for the housing, feeding, and clothing of certain unemployed persons at military posts of the United States. I ask unanimous consent to have the bill printed in the RECORD and referred to the Committee on Military Affairs.

There being no objection, the bill (S. 5363) to provide for the housing, feeding, and clothing of certain unemployed persons at military posts of the United States was read twice by its title, referred to the Committee on Military Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed to provide for the admission to any military post of the United States, without enlistment in the Army, of any unmarried male person beween the ages of 17 and 24, both inclusive, who is without means of support and who shall apply at any such post within one year after the date of enactment of this act and give satisfactory evidence to the commanding officer thereof that he is unemployed at the time of application and that he has been continuously unemployed for at least six months prior to such time. The Secretary of War shall further provide for housing, feeding, and clothing any such person upon his admission to any such post for a period of not to exceed one year from the date of enactment of this act.

SEC. 2. Any person admitted to any military post pursuant to the provisions of section 1 of this act shall, so far as practicable, be subject to the customary discipline maintained at such post, and shall participate in all forms of beneficial and healthful exercise.

SEC. 3. Any person admitted to any military post pursuant to the provisions of section 1 of this act who shall withdraw permanently from such post, or who shall absent himself temporarily therefrom without the authority of the commanding officer thereof, shall no longer be entitled to the benefits of this act at such post.

SEC. 4. The Secretary of War is authorized to make such rules and regulations as he may deem necessary to carry out the provisions of this act.

SEC. 5. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this act.

AMENDMENT TO BANKING BILL

Mr. GORE submitted an amendment intended to be proposed by him to the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. NORBECK submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 82, to strike out the comma at the end of line 19 in the committee amendment relating to permanent annual appropriations, and in line 20 to strike out the phrase "during the fiscal year ending June 30, 1934."

HAMILL'S REPUDIATION OF HIS BOOK ON PRESIDENT HOOVER

Mr. SCHALL. Mr. President, at a time when the Nation is mourning the loss of its late President Calvin Coolidge and paying him the compliments and respect he richly de-

serves, it may not be remiss to say a word in behalf of the present incumbent of the White House, Herbert Hoover. In the recent campaign he was subjected to severe and, it appears at least in part, untruthful attacks. We bestow all sorts of favors upon our Nation's leaders after they are dead. We are not so generous with those still alive. At this point I ask unanimous consent to insert in the RECORD a news item taken from the Washington Star for January 5, 1933, indicating that the author of the book about President Hoover entitled "Strange Career of Mr. Hoover—Under Two Flags" has admitted under oath the falsity of it, adding that he was sorry he wrote it.

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

[From the Washington (D. C.) Star, January 5, 1933]

REPUDIATES BOOK ON HOOVER, ADMITTING FACTS DISTORTED—HAMILL, AUTHOR OF "STRANGE CAREER," TELLS COURT HE IS SORRY HE WROTE IT

(By the Associated Press)

NEW YORK, January 5.—A repudiation by John Hamill of his book entitled "Strange Career of Mr. Hoover—Under Two Flags" was in supreme court records to-day.

An affidavit, signed by Hamill June 4 but not made known generally until yesterday, said that while the material gathered for the book contained statements that were true in themselves, they were used in such a way as to lead to false conclusions concerning the President.

In addition, Hamill took the witness stand in a suit yesterday and said he was sorry he wrote the volume.

"Do you repudiate the book?" asked his attorney, Charles P. Kramer.

"Yes," replied the witness.

"Is it entirely false?"

"I wouldn't say that, but the 'slant' on it is false and my interpretations were in error in some instances, as I discovered in rechecking the facts. I am sorry I wrote it."

The suit was brought by James J. O'Brien, former policeman, who financed the book, against Hamill and the publisher, William Faro (Inc.). O'Brien seeks an accounting of the profits.

Hamill said he met O'Brien at Democratic national headquarters just before the close of the 1928 campaign. O'Brien promised, the affidavit said, to get financial backing for a book that would "tear down" Mr. Hoover's political career.

Hamill declared that later, on a visit to London, he inspected court records concerning corporations in which Mr. Hoover had been interested, and that he copied sections which were derogatory to Mr. Hoover when used alone, but which were not damaging when read with the complete record.

CLEARS UP EDITH CAVELL STORY

His affidavit said he went to Belgium for additional material and that when he wrote the book he let it be inferred that Mr. Hoover might have saved Edith Cavell, British war nurse, from the German firing squad, but had failed to do so.

Hamill declared he learned nothing in Belgium to justify any inferences that Mr. Hoover might have saved Miss Cavell's life.

Harry Rappaport, counsel for the publisher, said that in a speech at Cleveland October 16 President Hoover declared there was on file in Washington a document repudiating printed charges concerning his career.

Rappaport moved to dismiss the suit as against the publisher, saying the book was issued in good faith and the publisher was not a party to any agreement between O'Brien and Hamill about sharing profits.

ARTICLE BY EDMUND PLATT ON NEED OF BRANCH BANKS

Mr. FLETCHER. Mr. President, I ask to have inserted in the RECORD an article by Mr. Edmund Platt, former Vice Governor of the Federal Reserve Board.

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

NEED OF BRANCH BANKS URGENT, PLATT DECLARES—SAYS BUSINESS MEN BACK MOVE NOW, CITING HEAVY FAILURES IN GOOD YEARS

(By Edmund Platt, vice president Marine Midland Group, formerly Vice Governor Federal Reserve Board)

"But even so," said Secretary Mills in his annual report, after citing the fact that our banking system had been subject to extraordinary strains occasioned by the credit crisis and the worldwide depression, "the country is entitled to the services of a banking system which will not only function adequately and safely in periods of fair weather, but which will be able to stand the stresses of even unusual storms."

He had referred to the enormous increase in the number of banks during the 20 years ended in 1920 and to the failure in the 10 years following 1920 of over 10,000 banks, or 1 failure for every 3 active banks in the country at the beginning of the period, and had said: "During all this period unit banking received every encouragement while branch banking was discouraged and for the most part prohibited."

RECORD HELD POOR IN GOOD YEARS

The figures of failures cited show that our banking system did not even stand up during the period of fair weather from 1922 to 1929. The peak of bank failures before 1931 was in the prosperous year 1926, when more than 1,000 banks closed. During the 1921–22 period of depression the War Finance Corporation made loans to 4,300 banks. They were tided over for the time being and some of them were saved, but meanwhile nothing was done to change the laws which prevented their consolidation with stronger banks, and many of them were forced to close long before the present depression began.

Following the precedent of the War Finance Corporation, the Reconstruction Finance Corporation has made loans during the past year to a still larger number of banks, more than 5,000, nearly all of them banks of the same classes that were aided in 1921 and 1922. Unless some such measure of banking reform as that provided in section 19 of the pending Glass bill is enacted, isn't it practically certain that history will repeat itself even though prosperity may begin to return at some time during the year?

BUSINESS MEN WAKING UP

Until the present depression discussions on banking reform, and particularly on branch banking, have been left largely to bankers and economists. Business men, and particularly the smaller business men and farmers, have borne their disastrous losses without taking much part in the discussion; but during the last year, and particularly during the last three or four months, business men have been waking up. They have become convinced that our banking system itself must be at fault when they find that Canada, with exactly the same general conditions of depression, has had no bank failure for nearly 10 years. A steadily increasing number of articles favoring branch banking have appeared in business publications and in the newspapers. The United States Chamber of Commerce has conducted or is conducting a referendum on the subject, and it is significant that the only members of the committee which prepared the referendum who objected to the recommendations made were a few of the bankers. The business men were all in favor.

Opposition to branch banking as Senator GLASS has said always comes from bankers. The smaller bankers through such organizations as the State bank division of the American Bankers Association, are most vocal, but many big banks, particularly in Chicago, have also been opposed and not without reason. The little bank thinks of the big bank as desiring to gobble it up, but that is the last thing the big bank wants to do. There is more money and less responsibility in correspondence accounts.

LAMONT'S ADDRESS CITED

Thomas W. Lamont's admirable address on November 18 before the Academy of Political Science may be said to signalize general recognition on the part of the financial district of New York and the big bankers that branch banking is inevitable and furnishes the only means of preventing bank failures by consolidating the smaller banks into units large enough to afford good management and necessary diversification—large enough also to join the Federal reserve system.

Meanwhile if the smaller bankers would look at the matter in a common-sense, business way, they would see in branch banking not a threat to their existence but the removal of unnatural and harmful legal restrictions that have for many years prevented a natural development of banking. Banks have been prevented by law from consolidating with each other unless located within the same municipal limits. They have been prevented by law from opening additional offices for the accommodation of their own customers, who in many places have moved to new neighborhoods across municipal lines, where competing banks have frequently been organized. In sparsely settled agricultural neighborhoods it has been necessary, in order to afford the people reasonable access to banking facilities, to organize banks with very small capital, $25,000 in the case of national banks and as low as $10,000 or even $5,000 in the case of State banks.

In the days of agricultural prosperity these small banks were organized in great numbers by promoters and land speculators, and even in some cases by safe companies who later sold their stock to the people of the localities—"unloaded" on the localities would be the proper term for many cases. It was evident to students of banking that this effort to do by very small independent corporations what other countries did by the more natural method of opening branches or additional offices of well-established, strong institutions was dangerous and would lead to serious trouble. Many of these small banks have now been closed, leaving in some sections of the country whole counties without banking facilities.

BRANCHES CALLED ONLY HOPE

Even when agricultural prosperity returns, it will not be easy to interest capital again in such hazardous enterprises, and the only way by which these communities can obtain service is through branches, and the only way the depositors and stockholders of a larger number of existing small banks can achieve security is through the consolidation of their banks with each other, under the leadership of some of the larger banks of their territory. Branch-banking legislation will simply remove the unnatural restrictions upon consolidations. It will mean greater opportunities for the smaller bankers, safer and better service to their communities, and, in addition, will provide for the employment of several thousand more people in banking. When two banks consolidate within the same city limits, some of the men employed in one or

the other or both of the banks are likely to lose their positions; but when two or more banks located in different places consolidate the officers of the banks, as a rule, retain their positions and are given greater confidence to reach out for new business.

In May, 1902, Horace White, one of the leading financial authorities of the day, in an address at a joint convention of the bankers' associations of several of the Western States, said:

"I, for one, do not believe that branch banking will ever be adopted by Congress until the majority of bankers acquiesce in it. Nevertheless, I believe it will come, because I believe it will be economical and profitable to all banks, both in city and country, and that it will extend and enlarge instead of crippling their business, and that after trying it they will wonder why they were ever opposed to it."

A few years before Mr. White had made this address, there had been a strong movement for branch banking within the national system due to the experiences following the panic of 1893. The Comptroller of the Currency, the Secretary of the Treasuary, John G. Carlisle, and the President of the United States, Grover Cleveland, had all recommended it, and the Hill-Fowler bill, which embodied branch banking, seemed at one time likely to go through. It was thwarted for the time being by the incorporation in the act of 1900 of the authorization for $25,000 national banks.

GAINS FAVOR AMONG BANKERS

Whether or not a majority of bankers have become convinced that branch banking is inevitable and have decided to acquiesce in it, I do not know. Certainly, the number of bankers who favor branch banking has been steadily increasing, and reinforced by the demands of business men and business organizations the opportunity is again presented of pushing this desirable reform through.

The arguments of the small bankers who maintain opposition have been fully answered. For the most part, they are the same arguments that were used in the eighteen nineties, and some of them are too absurd to need answer. They have declared over and over again that branch banking gathers up the money from the rural districts where it is needed and sweeps it into the great cities. This is pure imagination with no facts whatever to support it. It presupposes that bankers are so foolish as to draw funds from neighborhoods where they are in demand at good rates of interest to loan them in neighborhoods where interest rates are low.

The facts with relation to the Canadian system and to branch banking in California and other States where it has had some development are exactly to the contrary. The Canadian banking system loans more money in the prairie Provinces of the West than the total deposits of the prairie Provinces amount to, something which our banking system can not do. Our banking fairly pushes money into the large cities and into Wall Street because the small banks have not sufficient loaning power to take care of the larger industries in their territory, which must, therefore, carry accounts in the large cities. Through larger loaning power, to be obtained by branch banking, they would be able to take care of much, if not all, of this business at home.

PROPER SAFEGUARDS NEEDED

If branch banking is inevitable and will be, as Horace White said, "economical and profitable to all banks in both city and country," what should most concern the bankers, particularly the small bankers, is the matter of provision for proper safeguards. It should not be allowed to get into the hands of promoters and should not be allowed to run wild. The Glass bill, with the amendment already accepted providing that branches must be obtained by consolidation except where no banking facilities now exist and providing that branches must be approved by the Federal Reserve Board, does, in my opinion, provide adequate safeguards.

Inasmuch as the law already requires that consolidations of national banks or consolidation of national banks with State banks must have the approval of the Comptroller of the Currency, the comptroller would be brought in whether specifically mentioned in the branch-banking authorization or not; and in practice the Federal Reserve Board would also require the approval of the Federal reserve agents, just as it did when approving the establishment of branches in California and in the Southern States under State law, before the enactment of the restrictions of the McFadden act in February, 1927. It should not be forgotten that the Federal Reserve Board has already made a record on this subject, and it has generally leaned backward to protect the unit bank. However, if additional safeguards can be suggested, they should also be given consideration.

The enactment of the Glass bill, perhaps with some amendments, will do more to restore confidence and start us on the road to prosperity than any other one thing that can be done by Congress—with the possible exception of balancing the Budget. One may still hope that the bill will not be so amended as to make it useless in the States that need it most.

PUBLIC OWNERSHIP

Mr. DILL. Mr. President, I ask unanimous consent to publish in the RECORD an article in Public Ownership, of December, 1932, entitled "A City Gets Rich," by J. W. McArthur, and also an article by Otto P. Ortlieb on the subject of "Cost of Electricity for Residential Service."

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

A CITY GETS RICH—EUGENE, OREG., REDUCES ELECTRIC RATES FROM 15 CENTS TO 4; SAVES ITS PEOPLE $2,000,000; EARNS $2,000,000 MORE AND OWNS A $4,200,000 SYSTEM

By J. W. McArthur

A PUBLIC NECESSITY

Eugene entered the power and light field as the result of a typhoid epidemic resulting from use of polluted water served the city by the then privately owned water system. This was about 1908.

The first power plant was built as a part of the water system and cost about $220,000, $215,000 of which was in bonds. This plant at first had a generating capacity of about 1,600 horsepower. This capacity was later increased by additions and improvements to over 4,000 horsepower.

By 1927, when plans were prepared for the Leaburg plant, this original capital investment of $220,000 had increased, without the borrowing of another cent, until the city owned an electrical system with a physical valuation of $1,140,000 and total assets of over $1,640,000. The difference between these sums—that is, over $500,000—was held as cash surplus in the banks, and over $400,000 of it was available for use in new construction.

The city had in 1916 purchased the distribution system from the private power company for $150,000 and added it, with its customers, to the city system, and thus removed the duplicate set of lines and poles from the streets of the city.

By 1927, $30,000 of the original $215,000 in bonds had been paid and a sinking fund of $86,000 accumulated, leaving a net bonded debt of $99,000 against remaining assets of over one and one-half millions. Twenty-five thousand dollars of the early bonds were also retired in 1931.

RATES REDUCED FROM 15 TO 4 CENTS

The base rate for electricity had been reduced from 15 cents to 4 cents per kilowatt-hour.

The rates now (in 1932) range for residence from 4 cents to 1½ cents per kilowatt-hour, the commercial rate from 4 cents to 1½ cents, and the power rates from 3½ cents to ¾ cent. These rates now average about 34 per cent lower than rates in territory adjacent to Eugene. The average cost per kilowatt-hour to all Eugene customers was 0.02113 in 1929, 0.02161 in 1930, and 0.02060 in 1931, a little over 2 cents.

At the end of 1926 it was conservatively estimated that the lower municipal rates had saved the customers of the Eugene plant not less than $1,000,000, and by this time (1932) this has grown to $2,000,000.

PLANT PAYS FOR ITSELF

All this had been done from earnings of the system. Up to 1927 not a cent in addition to original capital had been authorized borrowed. The system is self-supporting, and by 1927 had increased its net physical worth to five times its first cost and its total assets to seven times its first cost. The net bonded debt was only about one-sixteenth of the total assets of the system. All this from revenues earned at relatively low rates.

EARNED ONE AND ONE-FOURTH MILLIONS MORE THAN EXPECTED

In 1927 Eugene voted $1,250 for extensions to the electric system, the immediate project being the Leaburg plant. This is a 20,000 horsepower plant and has been completed except for the purchase and installation of the second 10,000 horsepower water wheel and generator. The Leaburg plant has cost $2,074,205. Eight hundred thousand dollars of this has been invested from the bonds voted, and the difference of over $1,274,205 was earned by the system.

When Leaburg financing was planned, it was believed that about $700,000 would be available from earnings by January 1, 1930, but actual earnings exceeded expectations, so that by June 30, 1930, a million dollars had been invested from earnings instead of $700,000. The total invested from earnings as of January, 1932, is $1,274,205, as noted above.

BUILDS STEAM STAND-BY—CLOSES COMPANY CONTRACT

Since $800,000 only of the $1,250,000 authorized had to be used on Leaburg construction, there was $450,000 authorized capital available for other extensions to the system. In 1930–31, $300,000 of these bonds, together with $80,259 from savings, were used to build a steam stand-by plant, because the water board, for economic reasons, found it advisable not to renew the stand-by contract heretofore had with the local power company, and, as noted above, built a steam stand-by plant instead.

At date of December 31, 1931, the Eugene electric system balance sheet shows total assets of $4,200,456.23, and long-term (bonded) debt and current liabilities of $1,303,200.99. This leaves $2,897,255.24, $578,364.94 of which is depreciation reserve and $2,318,890.30 is net surplus.

TWO MILLIONS SAVED—TWO MILLIONS MORE EARNED

This net surplus is the interesting figure. It shows that after all operating expenses, all debt, both long-term and current, as well as a generous depreciation allowance, are deducted, the net gain of the city electric utility is, to date, over $2,000,000, in addition to about $2,000,000 saved by lowered rates.

Another interesting thing to note is the following condensed statement of income account showing growth of business, 1924–1928:

Condensed statement of income account showing growth of business—1924–1928

	1924	1925	1926	1927	1928
Income:					
Sales of electricity	$243,741.97	$283,529.30	$335,411.73	$389,386.32	$430,964.17
Miscellaneous revenues	10,796.96	16,746.63	19,403.72	18,226.69	28,541.33
	254,538.93	300,275.93	354,815.45	407,613.01	459,505.50
Expenses:					
Purchased electric energy	26,164.84	20,764.52	21,988.79	31,032.58	60,247.00
Operating expenses	41,406.03	57,700.71	63,210.74	64,354.20	61,936.42
Depreciation	30,304.93	36,000.00	40,000.00	40,000.00	42,000.00
Interest	11,393.07	11,281.36	11,193.29	9,713.35	9,788.21
	109,268.87	125,746.59	136,392.82	145,100.23	173,971.63
Net income	143,270.06	174,529.34	218,422.63	262,512.88	285,533.87
Substation output in kilowatt-hours	9,480,210	12,224,250	15,362,750	19,189,600	21,543,000
Average number of customers	4,376	4,943	5,532	5,952	6,165

Note that in the years shown the net income ranges from 52 to 64.4 per cent of the gross income; 1929, 1930, and 1931 are low, due to new construction on the Leaburg plant and new steam stand-by plant. That is to say, that over half the gross income for these years is saved and reinvested in the system. That is where the $2,000,000 come from. This has been earned at rates that have in past years ranged from 25 to 40 per cent lower than usually charged by privately owned utilities operating under similar conditions.

The preceding little story indicates briefly what a municipal electric plant can do when its earnings are all devoted to the upbuilding of the system and not diverted to other uses.

COST OF ELECTRICITY FOR RESIDENTIAL SERVICE IN 190 CITIES ABOVE 50,000 POPULATION FROM 23 TO 34 PER CENT HIGHER UNDER PRIVATE THAN MUNICIPAL OWNERSHIP

By Otto P. Ortlieb, engineer of street lighting, city of Trenton, N. J.

Under the direction of George W. Page, city commissioner of Trenton, N. J., Mr. Otto P. Ortlieb has recently made a very interesting and extensive study of the cost of electricity for domestic service in 190 cities in the United States, which includes all of the cities of over 50,000 population.

In this study are included 13 cities having municipally owned light and power plants and 177 cities having privately owned plants. The comparisons are on the basis of 10, 20, 30, 40, 50, 80, and 100 kilowatt-hours used for ordinary domestic purposes in a 7-room house. All the usual considerations of "connected load," discounts, etc., were taken into account, so the comparisons seem to be upon as nearly a fair basis as it is possible to get.

We shall hope later on to publish the entire data that Mr. Ortlieb has gathered, so that our readers will have the details. Especially will we undertake this if there seems to be any considerable interest manifested in the material. Meanwhile we give below a summary as to the costs under municipal and private ownership:

Comparative cost of electricity for domestic service under municipal and private ownership

Kilowatt-hours used	0	10	20	30	40	50	80	100
Average 177 cities with private plants	$0.80	$0.94	$1.56	$2.20	$2.77	$3.31	$4.45	$5.17
Average 13 cities with municipal plants	.55	.62	1.07	1.57	2.00	2.36	3.33	3.98

Thus at every point in the schedule the private company charges are higher, and considerably higher, than those of the municipal.

R. E. McDonnell, of the engineering firm of Burns & McDonnell, who received a copy of Mr. Ortlieb's mimeographed bulletin, was so struck with the significance of the showing that he immediately charted the results. This shows the comparisons at a glance and besides gives the percentage of excess cost of current under private ownership over municipal at each point of the schedule.

From this chart it will be seen that the average cost of service of the municipal plants is considerably below that of the private plants at every point; also that the private charges are from 23 per cent to 34 per cent higher than the municipal, which means a saving of from 32 cents to as much as $1.19 per month to those using the municipal service.

PRIVATE OWNERSHIP RESTRICTS PROGRESS

We have recently had at Wellsburg, in West Virginia, a very striking illustration of the way private ownership in the electric light and power field restricts industrial progress.

In that little city is located the Hammond Bag & Paper Co. Electric-power rates are high and the paper company has been insisting on lower rates. The Monongahela-West Penn. Public Service Co. insists that it can not afford any lower rates. The Wheeling News of February 19 says: "Inability to arrive at a satisfactory power rate, following several conferences between the Hammond Bag & Paper Co. and the power company, is the only thing which is holding up a $100,000 expansion program of the former.

"The Wellsburg concern last December discussed plans for doubling their present output and intended to get started on the project early this year. Due to the fact that a satisfactory rate could not be obtained, the building program has been abandoned temporarily."

So there you have it. The industrial company can not expand without lower rates; the power company claims that it can not give lower rates; therefore no expansion. Private ownership in the power field restricts industrial development.

EMERGENCY RELIEF LEGISLATION

Mr. GEORGE. Mr. President, I ask to have printed in the RECORD a statement by Hon. William Green, president of the American Federation of Labor, touching the matter of emergency relief legislation.

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

LABOR'S EMERGENCY EDUCATION PROGRAM

The American Federation of Labor believes our public-school system is a national institution of permanent importance in achieving those purposes for which society is organized. The whole of national progress is conditioned by the intellectual and moral development of its citizens. To keep progress sustained we must constantly guard the welfare of our children. Development of each succeeding generation must take precedence over other responsibilities. While this emergency calls for economies everywhere and retrenchments in many fields, we must guard against retrenchment which reduces the educational opportunities of children. Any curtailment in educational opportunities reduces our chances for having a trained citizenry conscious of their capacities and able to use their human resources to greatest advantage. We believe that educational services must develop progressively with the increasing complexity and interrelationship in social life. We can not curtain essential governmental services even in a depression.

We believe that public welfare demands there should be no lowering of standards of education or curtailment of services or activities. Salary cuts, employment of teachers with lower standards, curtailment of the school year, or unduly increasing the standard teacher load are incompatible with this social policy.

We recognize that the decline in national income makes economies essential and forces inquiries into methods of financing. We believe that the unit costs of education can be lowered by wise economies. This should be done by economies and not cuts in salary scales. The morale of the teaching force is essential to maintenance of educational standards. Economies come from elimination of wastes and better administrative methods. Services essential to social progress must not fluctuate with the business cycles but must be assured a permanent basis.

While emergency conditions do not form the basis for developing permanent governmental policies, yet we can not develop emergency policies without reference to our permanent social and political philosophy. Nor can we plan our educational financial program without reference to expenditures for other services. Approximately 25 per cent of local tax collections are expended for education. Local tax provisions have had to face the problem of declining national income and rapidly mounting demands for relief for the unemployed. Although responsibility for unemployment relief is a fundamental governmental responsibility to be shared by all units—National, State, and local—major responsibility has been shifted to the local unit. When the State and National Governments assume their proportional responsibilities there will not be such a heavy drain on local resources and the school emergency will be somewhat relieved. We urge the formulation of a national unemployment relief program, together with necessary appropriations. The immediate enactment of such legislation would make it possible for local governments to carry on their essential services and assume their share of the emergency load.

Provisions to meet the depression needs must be borne by the Federal Government. This should be done before local resources are further diverted from their proper purposes. The present policy of loans from the Reconstruction Finance Corporation only after all resources are exhausted is unwise.

We urge further that the Reconstruction Finance Corporation be empowered to make loans at a low rate to States for educational purposes, including loans equal to that part of delinquent taxes that would be allocated to educational purposes. Such loans would be amply secured by the property upon which the taxes were assessed. The loan would provide a tax moratorium for our own citizens.

We suggest as an additional source that a percentage of gasoline taxes collected in the various States be allocated to educational purposes.

We recommend the principle of State aid so that State revenues may assist the weaker sections within several States.

We recognize this is not a time to recommend new taxes, but we believe that judicious use of resources available and use of Federal credit will enable us to weather the emergency without such injury to our children as would result from lowered educational standards. The ultimate purpose in education and in all

other public services is development and conservation of social values.

In this great emergency the banking institutions should do their work for our public schools. They can do this by supplying funds, adequately secured, at rates of interest which represent a patriotic sacrifice during this period of the Nation's greatest need and, perhaps, emergency.

WM. GREEN,
President American Federation of Labor.

MESSAGES FROM THE PRESIDENT

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

RELIEF OF UNEMPLOYMENT—ADDRESS BY SENATOR BLACK

Mr. BANKHEAD. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered by my colleague, the senior Senator from Alabama [Mr. BLACK], last night over the radio on Senate bill 5267.

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

Senator HUGO L. BLACK, of Alabama, spoke as follows:

Ladies and gentlemen of the radio audience, to-night it is my privilege to talk with you for a few minutes on a subject of vital importance to every American citizen. It concerns an effort to give jobs to millions of people now unemployed. I propose to aid America's unemployed by a general law providing a shorter work week and a shorter workday in factories, mines, and industry.

There is no disagreement among our citizens as to the desirability of providing gainful work for the unemployed. There is not, and there can not be, any disagreement among thoughtful people that neither industry nor agriculture can to-day provide this gainful employment without a change in methods or operations.

All must agree that the very safety and perpetuity of any government demands that its citizens may by honest work earn their living. History and principles of justice unite to prove that poverty, misery, and destitution of the many in the presence of privilege, wealth, luxury, and plenty of the few is the greatest danger that can confront a national existence. It is also self-evident that if our modern inventions and scientific advancement can now produce more of life's necessities and comforts in one year than can be sold at a profit, the end of the year will find an unsalable surplus. Whatever the commodity, an unsalable surplus clogs the market, and if perpetuated in industry, results in decreased activities, decreased employment, and decreased purchasing power of men and women thrown out of work.

Let us consider an illustration of such a situation. Last week a charitable institution in Washington made an appeal for old shoes in the following language:

"We need men's shoes and socks immediately. It is tragic to turn down applicants who come in with tattered shoes that have chafed their feet so that they actually leave a trail of blood as they limp along. An average of 700 pairs of used shoes is needed daily."

This request was for old shoes to be given free to people whose naked toes were said to be actually projecting into the frozen snows.

The stores of Washington and throughout the country were at that very moment stacked with shoes that could not be sold. Factory warehouses were bulging with millions of shoes.

United States shoe factories can produce 2,500,000 pairs of shoes daily, 75,000,000 per month, 900,000,000 per year. The greatest number of shoes ever sold by American factories in one year was approximately 300,000,000 pairs, or one-third of the present capacity to produce. Let us look farther for an explanation of this condition.

The time required to produce 100 pairs of shoes in the year 1863 was 1,832 hours. In 1927, with advanced machinery, the same number of shoes could be produced in approximately 100 hours.

These men who leave their blood stains upon the snow-covered streets of our National Capital are not shoeless because of a scarcity of shoes. They are not compelled to endure their agony because nature has failed to provide the raw materials out of which shoes are manufactured. Their condition is not the result of a scarcity of labor to work in American shoe factories.

These unfortunate people, and the other millions suffering like them, can not buy shoes, can not buy food, and can not buy shelter because they have no way to work and earn the money to buy the abundance of shoes, food, and shelter stored up in huge quantities throughout the Nation.

This widespread human want in the midst of plenty is America's paramount problem. Upon its solution hangs our future.

Let us take a few more examples from those all about us, indicating the increased productivity of machine America, in its relation to labor.

Man-hour output in the manufacture of pneumatic tires has increased 86 per cent since 1926, 172 per cent since 1922, and 581 per cent since 1914. Eleven men, machine aided, can now produce as many tires as 581 men could produce in 1914.

In 1927 the iron and steel industry production per man had increased 4,928 per cent since 1850.

Between 1902 and 1927 the output per person in the electric power industry increased 260 per cent.

With one blow of a new invention for wrecking houses, as much work can be done as two men can do in an hour and a half, and a machine can do the work of 100 men at one-eighth of their cost.

Increased output per man between 1920 and 1927 was 27 per cent in agriculture, 38 per cent in mining, 43 per cent in manufacturing, and 12 per cent in transportation.

In every line of business activity, the inventive genius of man has made it possible to produce and manufacture life's luxuries and necessities with ever-increasing rapidity and ever-decreasing human labor.

When long hours of bitterly hard human labor were necessary to supply human wants, self-defense and self-support demanded hard work and long hours.

Machines have been welcomed by every far-sighted and progressive civilization. Hours of labor have gradually declined with each generation, on account of laws, economic adjustments, and public sentiment. Too frequently this reduction, so necessary to readjustment, has been grudgingly granted.

Whatever arguments and sophistry may now be presented to establish the unproven assertion that machines create new wants and absorb displaced labor, the undeniable and inescapable fact confronts us to-day that machines have not absorbed their displaced workers. It is difficult to convince 12,000,000 unemployed, perhaps 12,000,000 partially unemployed, and millions of their helpless dependents that such a theory is correct. Especially is this true when all about them they see life's first necessities, food, clothing, and shelter, rotting before their very eyes as they cry out in helpless bewilderment and hopeless want.

Mr. William Green, president of the American Federation of Labor, who has spent his life in aiding the men and women who toil, testified last week before a Senate committee considering my bill for a shorter work week and a shorter work day. He stated that his close touch with conditions and his studies have convinced him that advanced scientific labor-saving devices make it impossible for America to hope that all her people can ever again be employed unless the work week and work day are shortened.

As far back as 1931, Mr. Daniel Willard, president of the Baltimore & Ohio Railroad, and who is recognized as one of the outstanding railroad executives of the Nation, said this:

"We have a productive capacity in everything that is much beyond our needs and uses, and the problem is what to do with it; where can we get rid of all this wealth that we have in such excess? * * * The fact is, we have so much of everything that that, in a way, is responsible for our troubles. After all, I see only one real problem, and that is unemployment. If we were not so well supplied with everything our men would all be busy making the things that are needed; but we have already got so many things more than we can use that seemingly we do not need the work of several million men now unemployed."

It will be noted that Mr. Willard said that "seemingly we do not need the work of several million men now unemployed." Of course, this means we do not need the work of these several million men if we continue to use machines and continue the present work week and workday.

It is a startling fact that in 1929, the very year that marked the topmost peak of our so-called prosperity, 2,400,000 people were unemployed. In the factories of the land between 1919 and 1929 production increased 42 per cent, with a reduced working force of more than half a million, while the actual work week only declined from 52 to 50 hours.

Even now, with the distressing evidence of widespread unemployment on all sides, we find in many instances that work hours have actually increased since this depression began.

The average work week per individual in the woolen and worsted industry in 1930 was 49.6 hours. In 1932 the work week was 50.3 hours.

The average work week in southern mills was 53.6 hours in 1930 and 55.7 hours in 1932.

The average work week of several industries in different localities were these:

	Hours
Card tenders, Vermont	57.1
Loom fixers, South	56.7
Loom fixers, New Jersey	58.7
Weavers, South	57
Weavers (women), New Jersey	58.3

In open-pit mines workers average from 56.4 hours to 64 hours.

Mr. William Green testified last week that the adoption of a 5-day work week and 6-hour work day in industry would employ more than one-half of our total unemployed.

It is impossible to estimate the effect of such an employment on the workers of the Nation.

It would bring hope to millions now in despair, release a purchasing power that would call for the operation of factory, mine, and industry throughout the Nation. It would bring a new demand for the products of both farm and factory, and, best of all, it would show that America still believes that government should be operated for the many instead of for the favored few.

One thing is clear in all the tumult of conflicting views and clashing theories. Our people must not starve. Two courses to prevent this catastrophe are open to us.

One carries us farther and farther along the way of public charity, with increased tax burdens for all the people and humiliation and broken hopes for the unemployed.

The other will provide work for the unemployed. We are now unmistakably at the crossroads, where we must choose between the evils of a dole system and some method of supplying work for our people.

Timidity of action, failure to face the inescapable facts, clinging tenaciously to theories that starve men, women, and children, are all inconsistent with American ideals and American hopes.

Clarity of vision, willingness to see, and boldness in action on the part of our people and their representatives can alone avert the disaster, growing misery, and stinging poverty in the midst of abundance and plenty.

I admit without hesitation that my plan would decrease the profits of capital and would increase the aggregate wages of labor and the total income of the American farmer. My own belief is that the major contributing cause to our present dilemma is that labor has been underpaid and capital has been overpaid.

Our present lack of trade comes because of a decrease of customers of two classes—foreign and domestic. Our foreign trade has been curtailed by reason of troubles abroad and our high tariffs that have discouraged foreign trade. While I favor a reduction in these high tariffs, I shall not discuss that to-night.

The largest group of customers of American farms and factories are American citizens themselves. In normal times more than 90 per cent of America's trade is in America, and at present more than 95 per cent. We must, then, chiefly depend upon American customers to maintain our economic system.

The overwhelming proportion of American customers for American goods and products are American farmers and industrial wage earners and salaried employees. In other words, mass production is dependent upon mass distribution and mass consumption. The farmers' products, in the main, must be sold to wage and salaried employees. The products manufactured by labor must in turn be sold chiefly to wage earners, salaried employees, and farmers. Thus we find the farmer and the wage earner mutually dependent upon each other. Since 67 per cent of all products of American farm and factory is bought, if bought at all, by those with incomes under $3,000 yearly, we see that if the farmers and wage earners do not receive sufficient returns from their own labor to buy what they need the business balance is destroyed, depressions come, and panics follow.

What has happened to these farmers and wage earners? Herein lies one of the chief contributing causes to present conditions.

Since 1926 the wages in America have decreased 62 per cent. The interest and dividends of capital during the same period have increased more than 60 per cent. All know that farmers can not pay taxes, interest, and buy the products of factories on 5-cent cotton, 10-cent corn, 25-cent wheat, and other farm products priced in proportion.

Since the World War farm prices have decreased 50 per cent below the prices of factory products. In other words, 1 bale of cotton or 1 bushel of wheat before the World War would buy more than 2 bales of cotton or 2 bushels of wheat to-day.

Thus, we find wage and salaried employees with purchasing power reduced, and farmers with purchasing power reduced.

This week's bulletin of the National City Bank of New York contains three pertinent statements portraying this disarrangement brought about by overpayment of capital and underpayment of farm and industrial labor. This bulletin says:

"The inability of the farmer to buy is keeping factory workers out of employment, and the unemployment goes around the circle."

This shows that the farmers' purchasing power is necessary to operate the factories.

What about the necessity of industrial purchasers for farm products? The same bulletin answers this question as follows:

"It should be added that the decline in prices of dairy products seems to have been due in less degree to an increase in production than to a decline in the purchasing power of consumers."

Thus, we see the two largest groups of America's consumer-purchasers are mutually dependent, one upon the other. Their purchasing power is gone, although they produced enough wealth to buy if the economic system functioned fairly and adequately. Where did their products go?

Let the National City Bank answer this question, which it does in the following language:

"Inasmuch as the deposit liabilities of these banks have greatly shrunk over the past year, it is apparent that the banks are the possessors of far larger reserves than they can find safe and profitable use for under present conditions. The existence of this huge store of idle funds is the dominating feature of the money markets. Clearly the volume of funds awaiting the beck and call of business is enormous."

These bank statements show the result of an underpayment of farmers and industrial workers and an overpayment of capital. These huge idle funds paid to capital in excess of its just part of production thus congest the channels of trade. If, as was contemplated by our economic system, labor has received its part, the purchasing power of our people would have remained. It is only by recognizing this fact and giving to farmers and laborers their part of production, that normal business activities can be restored.

My bill is not offered as a complete solution of our economic ills. It is urgent, however, that we do not sit complacently, adopting the fatalistic philosophy that "conditions will take care of themselves."

I repeat that the paramount problem of America is our unemployed millions and our harrassed and impoverished farmers.

Up to this time our legislation has not struck at the root of our problems. I would not deny the necessity of regulating and stabilizing our money system, nor underestimate other remedies that must be applied.

I do not subscribe to the more or less commonly expressed philosophy that because we have periodically had depressions with their suffering and desolation we must accept them as inevitable and "grin and bear it." If such is admitted, it gives strong argument to those who attack our system of government.

As conditions change, and these changed conditions increase human suffering, we must courageously make such alterations as will raise human opportunities and add to human happiness. When greed and privilege grasp unearned wealth and condemn millions to undeserved poverty and misery, government is useless if it does not curb greed and destroy privilege.

It is true that my bill would give leisure to American workers. It is also true that it would give more work and opportunities to American unemployed. I look upon reasonable leisure as a blessing, not a curse. One reason for the machine is that it gives a chance for leisure. It gives workers a chance to relieve their strained muscles and aching backs, if its benefits are but equitably divided.

It is unfair and unjust to deprive the many of a leisure that science and invention have made possible in order to swell the profits of a favored few. It was intended and it is right that all the people should be the beneficiaries of the labor-saving machines, created for the public good. It is not just to continue to exact 50, 60, and even in some instances 70 hours work per week from men and women while others are driven into poverty and misery from unemployment.

My bill is in line with progress. It encourages genius and creative ability to advance still farther. It seeks to establish the principle that all the people and not a small handful of people shall enjoy the benefits of inventive genius. What I desire is to make progress and invention a blessing, not a curse. I would have this progress preserve our civilization, not destroy it.

My bill, if passed, would put millions of America's unemployed to work, and I believe it should be speedily adopted.

PHILIPPINE INDEPENDENCE

Mr. WALSH of Massachusetts. Mr. President, I present and ask to have printed in the RECORD an article by James Morgan appearing in the Boston Sunday Globe of January 1, 1933, with reference to the ending of the United States régime in the Philippine Islands.

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

UNCLE SAM EAGER TO END HIS 30-YEAR JOY RIDE IN PHILIPPINES—IT WON'T BE LONG NOW UNTIL HE MAKES HIS RETREAT FROM THAT THRILLING ADVENTURE IN IMPERIALISM WHICH BEGAN IN THE GAY NINETIES—SENTIMENT HAS CHANGED IN THREE DECADES AND THE IMPERIALISTS OF YESTERDAY ARE BECOME THE ANTI-IMPERIALISTS OF TO-DAY

By James Morgan

Uncle Sam is all packed up and sitting on his trunk at Manila in readiness to make his retreat from imperialism. He is only waiting for Congress and the President to validate the return coupon of his round-trip ticket, which will be done at the next session, if not this winter. It will not be long now until his 30-year excursion into empire comes to an end.

With both Houses of the lame-duck Congress and both political parties almost unanimously in favor of our getting out of the Philippines, one of the queerest episodes in American history is hastening to a close. Not the least fantastic thing about it is that the imperialists of yesterday are become the anti-imperialists of to-day. The same spirit of ultranationalism which was all for annexing the islands in 1898 is now the most eager to give them up. The 100 percenters who hotly challenged the patriotism of any who objected to hauling up the flag over an Asiatic possession are now as hot for hauling it down.

IN THE GAY NINETIES

This weird adventure began as a thrilling joy ride of the gay nineties, that gorgeous and often gaudy sunset of a great century when the world seemed all finished and the skyscrapers began to thrust themselves upward as towers of triumph. It was a fool's paradise, to be sure, but this storm-beaten generation laughs at it with a certain wistfulness in its laughter, for folks never since have felt so smug and safe and careless as in that brilliant afterglow of a passing era * * * when the Floradora Sextet swept the stage with their long skirts * * * the monkey dinners of Ward McAllister's 400 were first-page news * * * the bicycle built for two gave the merry ta-ta to the old, slowpoke horse and buggy * * * the Gibson girl was the Greta Garbo of the boudoir make-up * * * and Mr. Dooley, court jester of King Demos, was kidding the whole show.

THE LAST DELIRIUM

Fin de siecle, the people of the day called their moment, but without an uneasy suspicion that it was in fact the finish of the cycle of imperialism which had brought Asia and Africa under the domination of Europe. The powers were thrashing about in the last delirium of an expiring system when the United States caught the fever for empire, and the German Kaiser, too, went on a belated hunt for a place in the sun, only to wind up at

the woodpile in Doorn. Great nations furiously quarreled at sword's point over worthless deserts and barren islands everywhere from Fashoda to Samoa. The rival war eagles circled over China and dug their claws into useless ports and "spheres of influence." England had to be warned off a mosquito swamp in Venezuela and then plunged into a bootless war in South Africa.

Kipling was the pied piper of those wild goose chases over the seven seas in the last feverish years of nineteenth-century imperialism. This Anglo-Indian, native son of empire, was the bard of a new divine right to rule over "lesser breeds without the law." He smote his bloomin' lyre, and it poured out stanzas that rattled like a hail of bullets from a Maxim gun * * * or rolled forth the organ notes of the Recessional * * * or breathed into young America a restless longing, warbled from thousands of porch hammocks, to be taken somewhere east of Suez.

Thomas Beer aptly christened it the Mauve Decade, from Whistler's dictum that mauve is only a gray trying to look like purple. The dye wore off in a few years, and in 1914 the basic gray—field gray—showed through. But to Bowery tunes the naïve nineties danced gayly and confidently on the thin crust of an explosive situation.

THE WHITE MAN'S BURDEN

O, dewy was the morning
Upon the 1st of May,
And Dewey was the admiral
Down in Manila Bay.

At the dawn of that mad May in 1898 our people, as Mr. Dooley said, did not know whether the Philippines were islands or canned goods. When we learned from the atlas what they were, some were for dropping them, some for gathering them in, and some wished the sea might swallow them up. Kipling tom-tommed "Take up the White Man's Burden," and President McKinley laid his stethoscopic ear on the bosom of the country.

McKinley had an unerring instinct for the path of least resistance, and he went forth in quest of it on a tour of the Middle West. "God shall guide," he said in his uncertainty at the outset of his exploration. But as he found which side the big noise was on, he became sure that "what we want is new markets." By the time he had swung full circle, he was convinced that "the currents of destiny are flowing through the hearts of the people."

THE JOY RIDE

The joy ride was on. A silver-tongued youth from Indiana, Senator Beveridge, got aboard in a running jump. Other and older Senators said amazing things, but not so lyrically. Mr. Dooley said that he could waltz to Beveridge's speeches.

Senator Hoar, of Massachusetts, and Speaker Reed, of Maine, stood out against their President. When the peace treaty gave Spain $20,000,000 for the Philippines, with their 10,000,000 Filipinos, Reed turned his withering sarcasm on paying "$2 apiece for yellow bellies." But McKinley, in the naïveté of the nineties, proclaimed a "benevolent assimilation" of that Malayan population. If you know what he meant, the little brothers didn't, and they started a revolt that took the 60,000 troops of our first American Expeditionary Force two years to put down, the while they hiked tropic jungles to the chant of "Damn, damn, damn the Filipinos":

Underneath the starry flag,
Civilize them with a Krag.

THE DEATH KNELL

Then something happened. We had hardly more than straightened up under our white man's burden than Japan served notice on white men everywhere that the colored races were able to carry their own burdens or soon would be. Togo's guns, sinking the Czar's fleet in the Sea of Japan in 1905, sounded the death knell of nineteenth-century imperialism and the signal for the rise of the dark nations in the twentieth century. Except for Morocco, which lies within shot of its French conqueror, and with the exception, also, of a rather desolate stretch of the African coast below it, the great white empire has stood still now for 30 years and largely on the defensive. Its days are numbered.

That the Philippines would serve America as a springboard into a world-encircling expansion of her rule was only a dream of grandeur. We got into the game just as it was breaking up. With the rise of Japan to the rank of a first-class military power, islands within such easy striking distance of her ceased to be of military value to the United States 7,000 miles away. Instead they are hostages that we have given to the Japanese militarists, and we definitely admitted the fact in the 4-power treaty at the Washington Conference.

ANOTHER DELUSION

The other motive for annexing the Philippines—the economic advantage they were expected to give us—proved to be as delusive as the military objective. When a private soldier returning from Manila entered suit because he could not bring in a few cheap finger rings and another citizen sued because he could not bring in with him from Puerto Rico a parcel of tobacco leaves free of duty, the Supreme Court decided that the Constitution did not follow the flag—that our newly acquired insular possessions belonged to but not in the United States. Nevertheless we ultimately decided to take them within our tariff wall the same as if they were States in the Union. That gave us free trade with the Philippines and the Philippines free trade with us, but cut the islands off from a profitable trade with other nations.

We took to ourselves a market with some 13,000,000 people and let those people into our markets with nearly ten times as many buyers. That is why our ultranationalists are even more eager now to haul down the flag at Manila than they were to hoist it in 1898. The beet-sugar Senators, the cane-sugar Senators, the cottonseed-oil Senators, and the hemp Senators are all frantically tugging at the rope in a scramble to lower the colors. And urging them on is one of the most clamorous lobbies that the lobby-ridden city of Washington ever has seen.

A SHABBY BILL

The bill that Congress has just laid on the desk of the President is shamelessly frank in its selfishness and in its disregard of the welfare of the Filipinos. It postpones the independence of the islands 10 years and more, and it gives us in the meantime an overruling hand on their government and a stranglehold on their trade. It keeps their market in the interval shut up within our tariff wall, but claps our tariff on all above certain specified quantities of their principal products—sugar, coconut oil, and fibrous articles. These limited shipments from them to us are to come in duty free throughout the interval. But we protect ourselves against even these by requiring the Philippine government itself to lay an export tax on them in the latter part of the transaction period, and to increase the rate year by year.

The bill also provides that we may keep for ourselves whatever military stations we choose to keep. It gives a promise to try to negotiate an international guaranty of the neutralization for the islands.

The bill is 100 per cent American plus. If President Hoover should not veto it, the Filipinos may. In their demand for independence they have preferred patriotism to the economic advantage of their connection with us. But they fear that this pending scheme would leave them ruined economically at the end of the waiting years, and in no condition to enjoy their political independence. Like so many other problems of this lame-duck winter, the Philippine question may be left on the doorstep of the Roosevelt administration.

We have kept our hands clean through the 30 years since our ruthless subjugation of the Filipinos. It would be an everlasting pity to soil them now at our last touch with these people, who have borne themselves as well as any people could be expected to bear themselves under alien rule. There have been scandals at Washington in the course of that period but none at Manila sufficiently flagrant to provoke a congressional investigation. We have done as good a job as we knew how to do and as good as one people can do for another.

We well may wonder that the Philippines did not become the happy hunting ground of a new breed of carpetbag scalawags. We have given to them better and abler governors, taking the line as a whole, than we have given to any of our own States. Taft, Cameron Forbes, Leonard Wood, Stimson, and Theodore Roosevelt, the younger, would bear comparison even with the contemporary Presidents of the United States.

TWILIGHT OF EMPIRE

We are getting out of the Philippines because we never really got in. The joy ride of the gay nineties did not appeal to our nationality, to its Capital, and to its business interests. Nineteenth-century imperialism, vaunted by its champions and dreaded by its opponents in 1898, was an alien growth that failed to take root in the American mind. A people who had built up a great empire of their own naturally were not attracted by another kind that was strange to them. It was so instinctive but a shrewd choice. For this other kind of empire already had run its course and it seems destined to vanish in the twentieth century. Uncle Sam's retreat from imperialism will not be the last. There are others who should pack up betimes.

ADDRESS BY HON. MANUEL ROXAS

Mr. HAWES. Mr. President, ever since the American people took over the possession of the Philippine Islands and established our sovereignty there the Filipino people have, through legislative appeals and petitions to Congress, urged that independence should be granted.

Amongst others who have appeared here in a representative capacity for the Filipino people is Hon. Manuel Roxas, speaker of the House of Representatives of the Philippine Islands.

Most of the Members of the Senate and the House are familiar with his fine patriotic work and his clear analysis of the situation in both countries as presented in hearings before Senate and House committees.

On last Saturday night, over the Columbia broadcasting system, upon request, he discussed the Philippine bill which is now on the President's desk for consideration.

It will be noted that he states that the commission officially appointed by the Filipino people have approved the bill and have urged the President to sign it.

I ask that this communication may be inserted in the body of the RECORD as part of the Philippine discussion, and appropriately referred. It is illuminating, enlightening, and,

having made some study of the subject, I believe it is entirely accurate, and certainly is patriotic and shows a fine sense of gratitude to the American people for what they have done for the Filipino people.

There being no objection, the address was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

The independence of the Philippine Islands now rests with President Hoover. The bill granting independence to the Philippines was finally passed by Congress a few days ago, and was sent to the President for his approval last Tuesday. He will have to make a decision within 10 days from that day. His action will determine the fate and the political destiny of 13,000,000 people, and, if favorable, will be a consummation of the policy which the United States has always proclaimed to the world, namely, independence for the Filipino people.

The bill in its final form is the result of more than 10 years of study and deliberation by Congress. It is a nonpartisan measure. Republicans and Democrats have cooperated in drafting its provisions. Its essential features are based on a bill urged upon Congress in 1924 by Secretary of War Weeks during the Coolidge administration.

What does the bill provide? It grants independence to the Philippines. The reasons for that grant are that independence was promised to the people of the islands, they desire it, and they are prepared for it. When the Philippines first came under American sovereignty 34 years ago President McKinley made it clear that America's purpose was that of preparing their people for independent nationhood. Every step the United States has taken in the islands has been toward that goal. It has been the aim also of McKinley's successors and is the will of Congress. Presidents Roosevelt, Taft, Wilson, Harding, Coolidge, all of them, recognized and affirmed this pledge of independence to the Philippines. Congress gave it legal sanction when, in the Jones Act of 1916, it declared that it is the purpose of the United States "to withdraw from the Philippines and to recognize their independence as soon as a stable government can be established therein." The fulfillment of this single condition of independence was certified by President Wilson away back in 1920. Mr. Hoover himself has said: "Independence for the Philippines at some time has been directly or indirectly promised by every President and by the Congress. * * * The problem is one of time."

There is no doubt, then, of the American policy and promise of independence. There is no doubt, either, of the fitness of the Filipino people. They have shown their skill in self-government and achieved notable progress in upbuilding the cultural and material structure of nationality. For years they have been in practically complete control of their legislatures, their courts of justice, and the executive branches of their government. They are maintaining public order and the regular processes of government in a manner that has received the praise of all observers. They have established a succesful system of public schools. They have improved the sanitation of the islands so that epidemics are virtually unknown. There is a public hospital in nearly every Province. Their railroads, highways, interisland shipping, and other means of transportation and communication are modern and adequate. They have greatly increased national wealth and production. In the midst of a crisis that has disturbed the whole world, the finances of the government of the Philippines have remained firm and stable. While other currencies have shrunken in value, Philippine money, like that of the United States, has remained at par. While almost every other nation in the world—some of them among the largest—has declared a moratorium or imperiled its obligations, Philippine bonds have never been defaulted. The Philippines are maintaining a balanced budget, and taxes have increased but little. In short, the Filipino people have given a most impressive demonstration of their ability to support and manage a government of their own.

Recognizing that independence should be granted to the people of the Philippines, Congress was confronted by the questions, when and how the grant should be made. Let me analyze briefly the provisions of the bill which answer these questions.

The bill provides that American sovereignty over the Philippine Islands shall be withdrawn and their independence recognized at the end of a transition period of 10 years. Some newspapers inquire why it is necessary to postpone independence for that period. They ask: "If the Philippines are ready for independence, why not give it to them now?" The reasons which prompted Congress to postpone independence are economic rather than political. The capacity of the Philippine people for self-government has been amply demonstrated and is no longer questioned. It is admitted that they are now ready to set up and maintain an independent republican government with assurance of success. Congress, however, deemed it requisite to provide this transition period in order to permit of the necessary economic adjustments in preparation for the changes that will follow independence.

Reciprocal free trade between the United States and the Philippines has existed for almost 25 years. During this time Philippine industries have grown up and been organized on the basis of this free trade with the United States. Many of the basic industries of the islands have become dependent on the protection afforded by the American market. The same is true with regard to American exports to the islands, where American products are protected by a Philippine tariff against foreign competition. Congress realized that to terminate this free-trade relationship abruptly would produce a collapse of the Philippine economic system and would also seriously injure American-Philippine trade. Eighty per cent of the exports of the islands go to the United States, and 63 per cent of all their purchases from abroad come from America. Immediate termination of free trade would cost America her export trade with the islands, amounting normally to about $80,000,000 a year. As to the Philippines, the consequences of such sudden termination would not be different than would be the results to economic and political conditions in New York or Louisiana, for example, if either of these States were overnight placed outside the tariff walls of the United States. The inevitable economic dislocation, Congress believed, would be of such proportions as to endanger the very existence of an independent Philippine government, were one undertaken under such conditions. The results would be all the more serious because the Philippines are located in the Orient among countries in which lower standards of wages and of living prevail. Congress, moreover, realized that it would be difficult for the islands immediately to find new profitable markets for their products, not only because of existing overproduction of those commodities which the islands export, but also because of existing higher production costs in the Philippines, due to their high standards of living and wages, and to other causes. Hence it was felt that Philippine industries required some time before they could be reorganized and placed on a competitive basis.

The extent to which certain Philippine industries are at present dependent on the free American market may best be illustrated in the case of Philippine sugar. Sugar represents the bulk of Philippine exports, and practically all of it comes to the United States. At current prices, it would be unprofitable to market Philippine sugar in the United States if the full tariff duty were to be collected thereon, for the amount of the tariff plus transportation, insurance, and overhead expenses is greater per pound than the total price at which sugar sells in America to-day.

One other important factor influenced Congress to establish the transition period. This is the fact that Philippine currency is on the gold exchange basis, and the countries in the Orient to which the Philippines would have to look for new markets for their products have all gone off the gold standard and their respective currencies have greatly depreciated. This fact, duly interpreted, means that the difficulties which the Philippines would have to meet to compete successfully in those markets would be enhanced, because they would not only be faced by the great difference in production costs, but in addition, would have to accept depreciated currency for the products they sold. Furthermore, the public debt of the Philippines is payable in gold in the United States. The sudden shutting off of free Philippine imports into the United States would at once compel the Philippines to sell their products in countries with depreciated currencies, while at the same time they would be obliged to make large payments in gold to America. Such a situation would be precisely that of most of the foreign countries which, though possessing greater resources than the Philippines, have suspended payment of the debts they owe to the United States. More concretely, the abrupt termination of free trade would result in fatal injury to basic Philippine industries, in reduced returns for sales made abroad, and in a virtual multiplication of the amount of their public debt to America as a consequence of the depreciation of currencies received in payment for goods sold in other countries.

Add to this picture the fact that practically one-third of the total population of the Philippines depend directly or indirectly for their livelihood on the industries that owe their existence to the protection now afforded by the American tariff, and you will have a fairly accurate layout of the economic problem that faced Congress in the formulation of the independence bill.

How does Congress propose to solve these economic difficulties? The answer is the 10-year transition period provided in the bill, to give the Philippines an opportunity gradually to prepare themselves to meet trade conditions after independence, and to afford a like opportunity to American export trade with the islands. During the transition period Philippine free exports of sugar, coconut oil, and cordage to the United States will be limited to certain specified amounts, representing theoretically the status quo of volume of exports to the United States during the year immediately preceding the passage of the bill, the full American tariff to be collected on all imports in excess of these specified amounts. Congress believed that under this plan and during this period it will be possible for Philippine industries to reorganize themselves and lower their production costs, so that at the end of the period they may be placed on a competitive basis. Congress, of course, expects that improvement of economic conditions throughout the world during the transition period will facilitate this adjustment. There is some difference of opinion as to the adequacy of the amounts to which free Philippine imports into the United States are to be limited during the transition period. Philippine representatives believe the amounts of these limitations should be greater. On the other hand, American farmers contend the amounts of limitations should be smaller.

Now, as to the payment of the public debt of the Philippines. The present net indebtedness of the islands is about $64,000,000. Philippine bonds are held in the United States almost entirely by banks and American private investors. How does Congress propose to facilitate the payment of this indebtedness without increasing its burden on the Philippine people? The bill provides that at the end of the first five years of transition an export tax shall be collected on such Philippine free exports to the United States as are dutiable in America. The export tax shall be im-

posed and collected in the Philippines at a rate increasing annually for five years from 5 per cent to 25 per cent of the full American tariff on such articles coming from other foreign countries. All collections from this export tax shall go to a special fund to be added to the regular sinking funds specified in the bonds, until the full amount of the indebtedness is covered and the bonds redeemed. It is estimated that this export tax, plus the regular sinking fund, will be sufficient to pay in full all the bonded indebtedness of the Philippines before independence.

Now, as to American exports to the Philippines during the transition period, the bill makes no change in the present arrangement and these exports will therefore continue to enter the Philippines free of duty. The fact that Philippine imports into the United States are to be restricted while American exports in the islands remain unlimited, has provoked criticism of the bill. Many consider this provision most unfair and injurious to the Philippines. Congress, however, has declined to impose restrictions upon American exports to the islands for the following reasons: First, they considered restrictions of American exports unnecessary, or, at any rate, ineffectual, because they believed that American exports to the Philippines, through the irresistible operation of economic laws, will necessarily be restricted as a result of and in proportion to the restrictions imposed upon Philippine free exports to America. Secondly, since the establishment of free trade, with very few exceptions resulting exclusively from extraordinary capital investments in the Philippines, the balance of trade between America and the islands has always been, by a comfortable margin, in favor of the Philippines, and it is expected that these relative trade balances will continue during the transition period. And thirdly, because Congress desires that Philippine-American trade shall prove to be reciprocal and evenly balanced in its benefits and advantages, so that when the trade conference provided for in the bill is held one year prior to independence, it may not be difficult to reach an agreement which will insure the continuation of a trade relationship between the United States and the Philippines that experience has shown to be mutually beneficial.

What will be the government of the Philippines during the transition period of 10 years? The bill provides for the establishment of the Commonwealth of the Philippine Islands under a constitution adopted by the Filipino people themselves and approved by the President of the United States. Under the Commonwealth government, the Filipino people shall have practically complete autonomy as to domestic affairs, subject to such restrictions and supervision as Congress has deemed essential to safeguard the continuing responsibilities of the United States over the islands. The grant of this larger measure of autonomy has a threefold purpose. It will permit the Filipinos to undertake and complete the institutional processes which are required for the establishment of their independent government; it will give them an opportunity to gain valuable experience in the practical operation of that government, and it will put them in control of government instrumentalities needed to adequately prepare themselves economically and politically for the changes which will come with independence. During the transition period the United States Government will be represented in the Philippines by a High Commissioner appointed by the President of the United States. He will be the representative of the President in the islands, and will be recognized as such by the people and by the officials of the government of the Commonwealth.

One of the vexatious questions which Congress had to deal with in relation to the Philippine bill was that of Filipino immigration to the United States. The demand for regulation of Filipino immigration by representatives from the Pacific coast States found support in Congress, in view of the existing acute unemployment conditions. The bill settles this question by establishing a quota for Filipino immigrants during the transition period, thus limiting Filipino immigration in the same manner as that coming from European countries. After independence, the bill provides, the immigration laws of the United States shall apply with full force to Filipino immigration.

There are some who, though otherwise favorable to Philippine independence, express the fear that an independent Philippines will not be able to maintain its integrity and may be annexed by some imperialistic power. The implication is, of course, that should the United States withdraw from the Philippines the islands would be taken over by Japan. Occurrences in the Far East last year gave some weight to this view. More recent happenings, however, have greatly diminished those apprehensions, and only two months ago no less an authority than Senator BORAH, chairman of the Foreign Relations Committee of the United States Senate, in a statement advocating Philippine independence, declared that in his opinion Japan does not covet the Philippines because, in his words, "Japan is facing in the other direction—Manchuria." Current events reinforce this judgment. If Japan had had any desire to colonize the Philippines she could have taken them from Spain years before the United States acquired them. The fact is, the Japanese do not thrive in a tropical climate. Though there are no laws forbidding Japanese immigration to the Philippines, there are only about 8,000 of them in the islands. Thirty-seven years ago Japan took Formosa, an island of climatic conditions identical with those of the Philippines, and despite all the efforts of her Government to colonize it, the Japanese have refused to go there in large numbers. Not more than 300,000 Japanese reside in Formosa to-day. Japan's investments in the Philippines are negligible compared with over a billion dollars in Manchuria, where more than 200,000 Japanese and 800,000 loyal Koreans were residing before the birth of Manchukuo. In the light of these facts, the Filipinos believe they can accept the assurance given by Japanese statesmen that Japan does not covet the Philippines. Only recently, when an American official hinted the Japanese menace to Philippine independence, representatives of the Japanese Government disclaimed any such intention. "We have no desire to acquire the Philippines," said a spokesman of the Japanese ministry, and he also intimated that Japan would be willing to sign a treaty with the United States to guarantee Philippine independence.

It is for these reasons that the Filipinos do not fear external aggression. Besides, the bill contemplates the neutralization of the Philippines and directs the President, as soon as practicable, to enter into negotiations with foreign powers for the conclusion of a treaty for their perpetual neutralization. Independently of this provision, the bill reserves to the United States, at its option, the right to retain any or all of the military or naval bases and other reservations which the United States now possesses in the Philippines.

I have outlined for you the basic provisions of the Philippine independence bill and the reasons which dictated them. Many will discover grounds for just criticism of some of these provisions, but it will be found that the features which some condemn are precisely those which others praise and, vice versa, certain provisions which some hold restrictive and unduly burdensome to the Filipino people are regarded by others as unduly liberal in their concessions to the Filipinos and not merely injurious but even dangerous to the United States. The committees of Congress experienced great difficulty in harmonizing these conflicting views and the bill represents a rational and realistic solution of an intrinsically difficult problem.

The bill is a compromise. It is not entirely satisfactory to any one either in the United States or the Philippines. It is, however, in the judgment of Congress, the only honorable and feasible solution.

As to the Filipinos, the bill grants them the opportunity to express themselves on this measure, either through their legislature or a convention called for that purpose. Congress realized the justice of giving to the Filipinos the option of deciding whether they should accept or reject this measure, dealing as it does with their freedom and happiness. What decision the Filipinos shall reach is not to be anticipated. Theirs will be a tremendous responsibility and their decision should be reached only on full information and after careful weighing of the actualities and possibilities of the situation. That I know they will do in deep gratitude to America and with a solemn resolve to take the course which shall appear most conducive to their permanent welfare and their enduring national liberty. But the opportunity for that decision will come to them only if President Hoover approves this bill. The Philippine people fervently hope that he will do so and thus open the way for the completion of America's altruistic mission in the Philippines with glory to herself and benefit to the Filipino nation.

POST-OFFICE BUILDING AT BINGHAMTON, N. Y.

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Public Buildings and Grounds a resolution I have received from the City Council of the City of Binghamton, N. Y.

There being no objection, the resolution was referred to the Committee on Public Buildings and Grounds and ordered to be printed in the RECORD, as follows:

Whereas citizens of Binghamton did, during the year 1916, pay to the United States Government the sum of $20,000, with the understanding and agreement that the money would be used as part of the purchase price of the property at Washington, State, and Henry Streets, which property it was understood and agreed by the Treasury Department in writing would be used as a site for the new post office; and

Whereas this money was paid to the Government for the purpose of insuring the construction of the new Federal building on that site, and the land was actually purchased by the Government, and the money raised from the citizens was used as part payment for the property; and

Whereas the payment of the money for a certain specific purpose, which was well understood by both parties, and the acceptance of same by the Government constitutes a valid contract, supported by documentary evidence, copies of which as published in the city of Binghamton to-day are attached; and

Whereas citizens of the city of Binghamton are parties to said contract with the United States Government wherein the consideration on the part of the people of this city was in 1916 $20,000, and said $20,000 was given to the United States Government for the purchase of the site at Henry, Washington, and State Streets with the express understanding that the new Federal building for the city of Binghamton would be erected there; and

Whereas the government of the city of Binghamton became a party to said contract through the loss of taxes and through improvements upon the streets bounding said property, under the agreement between the Government of the United States and people of the city of Binghamton that said Federal building would be built as agreed on the said site; and

Whereas with loss of interest, loss of taxes, improvements, etc., the government of the city of Binghamton, according to public estimate made by the Hon. JAMES M. MEAD, chairman of the investigating subcommittee of the House of Representatives of

the United States, aggregate losses of more than $100,000 if the Treasury Department of the United States as representing the Government of the United States should persist in breaking its contract with the people of the city of Binghamton as aforesaid; and

Whereas the Treasury Department of the United States has been officially notified by memorandum of the Hon. JAMES M. MEAD to Ferry K. Heath, Assistant Secretary of the Treasury of the United States, under date of December 12, 1932, that—

"(1) The post office or Federal building should be constructed on the Washington-Henry-State Street site, and

"(2) The $20,000 raised by citizens of Binghamton, now invested in the Washington-Henry-State Street site, together with the cost of improvements, including the paving of streets, the elimination of street-car tracks, the impairment of valuation resulting from the demolition of buildings, are compelling reasons for considering the desires of the people before a definite decision is reached.

"(3) There seems to be no record of a public hearing or a thorough and complete investigation of postal needs in arriving at the decision to build the Federal building on the site of the present post office"—

all of which are taken from the official memorandum of the chairman of the House Committee on Post Offices and Post Roads to the Department of the Treasury; and

Whereas the Treasury Department of the United States, without notification to the people of Binghamton, parties to the contract with the United States Government for the use of the Henry-Washington-State Street site, surreptitiously violated the provisions of that contract by determining that the Federal building should be built on the Wall Street site; and

Whereas the government of the city of Binghamton is a party to the damages incurred and the losses sustained if the Treasury Department should persist in the violation of its contract with the people of this city: Now be it

Resolved, That the City Council of the City of Birmingham call upon the Government of the United States, through the Department of the Treasury and the Secretary of the Treasury, to declare whether it purposes to persist in the violation of such contract in which the losses and damages to the people of this city would amount to more than $100,000 if the avowed present policy of the Treasury Department, over the protests of the city of Binghamton and House Committee on Post Offices and Post Roads, should be pursued; and be it further

Resolved, That copies of this resolution be sent to the Hon. Ogden L. Mills, Secretary of the Treasury of the United States, and to the Hon. JAMES M. MEAD, chairman of the Committee on Post Offices and Post Roads of the House of Representatives of the United States, to United States Senators ROBERT F. WAGNER and ROYAL S. COPELAND, of New York, and to United States Senator KENNETH MCKELLAR, chairman of the United States Senate Post Office Committee, and to Congressman JOHN D. CLARKE, and to the Solicitor General of the United States, and be referred to the corporation counsel of the city of Binghamton and the attorney for the citizens' committee on location of the Federal building.

FIRST DEFICIENCY APPROPRIATION BILL

Mr. HALE. Mr. President, I move that the Senate proceed to the consideration of H. R. 13975, the first deficiency bill.

Mr. KING. Mr. President, is that motion debatable?

The VICE PRESIDENT. The motion is not debatable. The question is on the motion of the Senator from Maine.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. LONG. Mr. President, I ask that the bill be read.

SHIPMENT OF ARMS FOR MILITARY PURPOSES (S. DOC. NO. 169)

The VICE PRESIDENT. Before the bill is read the Chair desires to lay before the Senate a message from the President of the United States, which will be read.

The Chief Clerk proceeded to read the message, as follows:

To the Senate and House of Representatives:

Recent events have emphasized the urgent need of more authority to the Executive in control of the shipment of arms from the United States for military purposes. There can be no doubt that the control of such shipments to areas of prospective and actual international conflict would greatly aid the earnest and unceasing efforts which all nations now make to prevent and lessen the dangers of such conflicts.

However, for one nation alone to engage in such prohibitions while other nations continue to supply arms is a futility. Moreover, it would tend to give advantage to one nation over another by increasing the war potentialities in manufacture and skill of noncooperating nations.

There is before the Senate an international convention for the suppression of international trade in arms and ammunition and implements of war, signed at Geneva, June 17, 1925, awaiting ratification. This convention has been adhered to by a large number of the other important nations and is practically stopped through failure of the United States to adhere to it. Its ratification would contribute to the ends being sought by the entire world for the prevention and limitation of war. I earnestly urge that this convention should be ratified.

If, however, it is impossible, as seems to be the case, for the Senate to now ratify this treaty, it is urgent that legislation should be passed conferring upon the President authority in his discretion to limit or forbid shipment of arms for military purposes in cases where special undertakings of cooperation can be secured with the principal arms-manufacturing nations.

While such a measure would not accomplish the whole of the purposes which the advance thought in the world requires, it would at least enable the Executive in special cases to place the United States in line with other nations who are willing to make such sacrifices in the prevention of military conflict.

I therefore urge that this convention should receive ratification of the Senate now, or alternatively that legislation to the purpose mentioned should be promptly enacted.

I attach hereto the views of the Secretary of State upon this subject.

HERBERT HOOVER.

THE WHITE HOUSE, *January 10, 1933.*

During the reading—

Mr. ROBINSON of Arkansas. Mr. President, I ask that the clerk suspend for a moment in order that I may submit an inquiry.

Are copies of this message available for the use and study of Senators?

The PRESIDING OFFICER (Mr. DICKINSON in the chair). They are not at the present time.

Mr. ROBINSON of Arkansas. When will they become available, if anyone present is able to state?

The PRESIDING OFFICER. They will be available tomorrow morning.

Mr. ROBINSON of Arkansas. Mr. President, may I say, without further interrupting the reading by the clerk, that it would be very convenient and helpful to the Senate if arrangements could be effected to supply Senators with copies of messages before they are laid down. It is a physical impossibility to follow the reading continuously, in view of the unavoidable practice that prevails in the Senate. Conferences are constantly in progress, and it is also sometimes difficult to hear.

I wish those who are responsible for the matter would see to it that copies are supplied hereafter.

Mr. LONG. Mr. President, may I ask that the clerk read the message slowly, in view of the fact that copies of it are not available?

Mr. ROBINSON of Arkansas. No; I do not make that suggestion, Mr. President.

The PRESIDING OFFICER. The clerk will resume the reading of the message.

The Chief Clerk resumed and concluded the reading of the message.

The PRESIDING OFFICER. The message will be referred to the Committee on Foreign Relations and ordered printed.

Mr. LONG. Mr. President, a point of order: As I understand the rules of the Senate, the President's message is subject to discussion at this time, the other order having been laid aside.

The PRESIDING OFFICER. The reference of the message is debatable, if the Senator desires to debate it.

Mr. LONG. Yes, sir.

Mr. KING. Mr. President——

Mr. LONG. I yield to the Senator from Utah.

DELEGALIZATION OF WAR

Mr. KING. I send to the desk a Senate resolution and, in my time, ask that it be read.

The PRESIDING OFFICER. The resolution will be read.

The resolution (S. Res. 321) was read, as follows:

Whereas permanent peace is essential to the happiness and welfare of the human race, and civilization would be jeopardized by another world war; and

Whereas all people earnestly desire that international conflicts shall cease, and that war shall not only be renounced as an instrument of national policy but outlawed by all civilized nations; and

Whereas both political parties in their national platforms have approved our adherence to the Permanent Court of International Justice and the adoption of policies of conciliation, consultation, and conferences in case of threatened violations of treaties for the purpose of preventing war; and

Whereas the cause of world peace would be advanced and made more certain by an enactment that would be an integral part of international law: Therefore be it

Resolved, That the President be requested to enter into negotiations with all civilized nations for the purpose of securing the adoption of measures and enactments for the delegalization of war, that will make the prohibition of war between sovereign nations a basic principle of international law, remove from the protection and place under the condemnation of law as an international criminal any nation that in violation of its treaty obligations attempts to settle disputes by war, and by which any possession or gain thereafter acquired by any other than peaceful means shall be held an illegal possession subject to recovery under such measure or law so enacted.

Mr. KING. Mr. President, later in the day I may have some observations to submit apropos of the resolution just submitted. Meantime I ask that it be referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Without objection, that order will be made.

FIVE CIVILIZED TRIBES OF INDIANS IN OKLAHOMA

Mr. THOMAS of Oklahoma. Mr. President, I desire to have an Indian bill which pertains to my State, and my State alone, gotten into conference. In order to bring that about I find it necessary to make a statement before I can make my request for action.

During the last session of the Congress the House passed H. R. 8750, relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma. In due time the bill came to this body. After consideration by this body amendments were placed on the House bill, and it was sent back to the House with the amendments attached. The House refused to accept the Senate amendments and asked for a conference, and messaged the bill back to this body with such request.

When the message came to this body, instead of the Senate's acceding to the request of the House and granting a conference, upon my suggestion the bill was referred, with the request, to the Indian Affairs Committee. I did that in order that I might consider the bill and the amendments and have an agreement worked out before further action.

At this time that agreement has been perfected, but the bill is still in the Indian Affairs Committee. I therefore ask unanimous consent that the bill H. R. 8750 be withdrawn from the Committee on Indian Affairs and that the committee be discharged from its further consideration.

Mr. SMOOT. Mr. President, is the chairman of the committee in the Chamber?

Mr. THOMAS of Oklahoma. He understands the matter thoroughly, I will say to the Senator from Utah.

Mr. SMOOT. Does he approve of it?

Mr. THOMAS of Oklahoma. He does.

Mr. SMOOT. Does the Senator ask that the bill go to the calendar?

Mr. THOMAS of Oklahoma. No. When it comes back here I am going to ask that we accede to the request of the House and grant the conference.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma that the Committee on Indian Affairs be discharged from the further consideration of House bill 8750? The Chair hears none, and it is so ordered.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 8750) relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. THOMAS of Oklahoma. Mr. President, I now move that the Senate insist on its amendments, agree to a conference with the House of Representatives upon the disagreeing votes of the two Houses upon the bill, and that the Chair appoint conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oklahoma.

The motion was agreed to; and the Presiding Officer appointed Mr. FRAZIER, Mr. SCHALL, and Mr. THOMAS of Oklahoma conferees on the part of the Senate.

BANKING ACT

Mr. BRATTON. Mr. President, I desire to say just a word with respect to section 19 of the so-called Glass bill dealing with the subject of branch banking. Although, technically speaking, an appropriation bill is pending, and while anxious to expedite its passage, I shall submit in a brief way the views I entertain with respect to the subject of branch banking as reflected in the section of the bill to which I have referred.

Mr. President, I opposed that section of the bill, and I hope it will be eliminated. Under existing law, a national bank may engage in branch banking if the law of the State in which the bank is situated permits State banks to do so. There are certain limitations, namely, that no branch bank shall be established within the limits of any city, town, or village in which the population by the last decennial census was less than 25,000. No more than one such bank may be thus established where the population, so determined, of such municipal unit does not exceed 50,000, and not more than two such branches where the population does not exceed 100,000. In any such municipal unit where the population exceeds a hundred thousand, the determination of the number of branches shall be within the discretion of the Comptroller of the Currency.

National banks may engage in branch banking under existing law subject to those limitations, but in the Glass bill it is proposed to go a step farther. It is proposed to permit national banks to engage in branch banking whether the law of the State in which a given bank is located permits it or not. It is proposed now to permit national banks to disregard the sentiment of a given State with respect to that question.

I think the proposed bill goes too far. It seems to me that the question of whether branch banking shall be permitted in a given State should be determined by that State.

I believe that one of the major contributing causes to the difficulty in which we find ourselves is the accumulation, the concentration of too much wealth in too few hands. It is not a sudden condition; it is not one consequent upon developments in the last few months or the last few years. It is a crystallization of a definite movement covering many years, resulting in the accumulation of too much wealth in too few hands.

Indeed, Mr. President, we have reached a condition where a half dozen Americans could, whether through fear or otherwise, close their purse strings and involve the whole country in a panic. That is not a wholesome condition. We should undertake to stem the tide. We should endeavor to minimize it. But instead of doing that, it is proposed now that we authorize the national-bank system of the country to take a step farther than we have ever gone before. We are asked to permit national banks, in disregard of State laws, overriding the sentiment of a State, to engage in branch banking whether it is desired in the State or not.

Mr. President, it is easily conceivable that if we go that far, in the course of 10 years or less three or four powerful banking institutions may control the banking system of the country. If the fear I entertain is well founded, the extent of the evil consequences can not be overstated. If in the system lurks the danger I apprehend, its effect upon the country can not be exaggerated too greatly. Are we willing that three or four powerful organizations, three or four powerful groups of men, three or four powerful groups of money may control the banking facilities of the country? If so, the enactment of section 19 in the bill will contribute to that end.

That result may logically follow, and doubtless will follow if this section of the bill is enacted. That consequence may easily ensue. Entertaining that view, I do not favor the section, either with the amendment of the Senator from Michigan attached or otherwise. That amendment, in my opinion, has its weaknesses. It would permit a banker in a given town to say whether a branch bank should be established there or not. It would give him a complete monopoly upon added banking facilities, so far as the establishment of a branch bank was concerned. It would place in the hands of one individual the power to say whether his community should have additional banking facilities by way of a branch bank. I am unwilling to concentrate such power as that in the hands of one individual. That would be dangerous within itself.

The whole trend of this proposal, either stripped of the amendment of the Senator from Michigan or with it added, in my opinion, is in the wrong direction. It contains the possibility of evil. It is laden with bad consequences. It is surcharged with ill effects.

The danger can not be unduly exaggerated or easily overstated. We should move with caution before we increase one iota the concentration of power over the financial resources of this country in too few hands.

I shall not discuss this more at length now, because it is the desire of the chairman of the Committee on Appropriations to proceed with the consideration of an appropriation bill. I content myself with saying at the present time that I think section 19 should be eliminated from the bill.

I grant that the Committee on Banking and Currency has given the matter long and careful thought. I pay tribute to the Senator from Virginia [Mr. GLASS], having the bill in charge, for the patient and careful consideration with which he has dealt with the subject and the matured way in which the bill is brought to us. But it is the philosophy of the legislation with which I differ. It is the philosophy of the step with which I find myself out of harmony. It is the danger of imposing that philosophy upon the country against which I cry out on this occasion.

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

Mr. BRATTON. I yield.

Mr. LOGAN. I suppose we all must admit that there is something radically wrong with our banking system or with its operation at the present time. Is not that true?

Mr. BRATTON. Undoubtedly so.

Mr. LOGAN. If we see others who are interested in the same subject, and who have done better than we have done, infinitely better, would it not be wise to consider their plans and methods of operation and see whether their plans might not help us?

Mr. BRATTON. Oh, yes, Mr. President; of course we should consider what others are doing and see whether their plans would improve our conditions.

Mr. LOGAN. We have had the statement of the distinguished Senator from Virginia [Mr. GLASS], and I believe that no one in the Senate, and probably no one in the country anywhere, would question the accuracy of any statement he makes, and he has cited to us the examples of Canada, France, and Great Britain, whose banking business is carried on under a branch-banking system. They have not had the losses we have had. The people have not suffered from unwise banking as have our people. Should that not make some impression upon our minds when we come to consider the question of banking?

Mr. BRATTON. Mr. President, any statement made by the Senator from Virginia should, and always does, challenge the serious attention of the Senate. But the Senator from Kentucky will concede that conditions in this country are vastly dissimilar from those in France and in the other countries which he mentions. It does not follow that because a system has worked satisfactorily in France it would be satisfactory here. While it is always disturbing and disquieting to find one's self out of harmony with the Senator from Virginia, especially with respect to a matter of this kind, I can not escape the conviction that if section 19 of the bill shall be enacted into law it will be employed within the next few years to concentrate the administration of the financial resources of the country in a few hands.

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

Mr. BRATTON. I yield.

Mr. KING. If the Senator will permit, I should like to call attention to some of the failures attending banks in the United States. The Bank of the United States, in New York, had 59 branches and met with disaster. The Federal National Bank of Boston had 8 branches and failed. Others that failed were the Banco Kentucky group, with 7 branches; the A. B. Banks—American chain—Arkansas, with 27 branches; the Manley chain, Georgia, with 87 branches; the Bain Banks, Chicago, with 12 branches; the Bankers' Trust Co., of Pennsylvania, with 20 branches; the United States National Bank, Los Angeles, with 8 branches; the Security Home Trust, of Toledo, with 10 branches; the Peoples State Bank, South Carolina, with 44 branches; the Arizona State Bank, with 5 branches; the Foreman National group, Chicago, with 6 branches.

There are others. It appears that the possession of numerous banks by a powerful central bank is not a guaranty of security against bank failures.

May I add one other statement, if the Senator will pardon me? In Canada, which is an undeveloped country, the portfolios of the Canadian banks, as I am advised, indicate that the major portion of their funds are invested in Government securities, or in securities of industries controlled by the Government, leaving limited funds to lend to individuals and but little, if any, for real-estate loans. The citizens of Canada do not use banks to any extent, and therefore runs on banks are not common, and, after all, the real way to compare systems is to put them to the same test.

Is there anyone who really believes that the Canadian branch-banking system could have stood the test to which our 19,000 banks have been subjected and which are paying 100 cents on the dollar, when a dollar has now the purchasing power of $1.30, whereas the Canadian dollar is worth about 90 cents and the English pound $3.30, when a year ago the pound was worth $4.86?

Mr. BRATTON. Mr. President, I thank the Senator from Utah for his rich contribution to the discussion. We have read from time to time during recent months of large groups of banks, some branch banks, some group banks, failing together. Branch banking is not a solution for the weaknesses of the present financial system of our country.

The failures to which the Senator from Utah referred—and others might be cited—are convincing proof that the enactment of section 19 of the bill will not overcome the evils surrounding us nor will it strengthen the banking system, nor will it contribute to a more efficient administration of the banking facilities throughout the country. Quite the contrary, Mr. President. The passage of the proposal will permit the concentration of the banking facilities of the entire country into a very small group of financiers. It will put the entire financial resources of the country in the direct control of a small number of individuals.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from South Carolina?

Mr. BRATTON. I yield.

Mr. SMITH. The Senator from Utah suggested what had been passing in my mind as to the character of the securities that are taken by the banks in Canada and in Great Britain where the branch-banking system obtains. Has the Senator

investigated to see if they are comparable to the kind of securities that are common in America?

Mr. BRATTON. I have made no exhaustive search in that behalf, but I should say, based on a limited inquiry into the subject, that they are dissimilar in many respects. I think that has contributed to the fact that there have been fewer bank failures in those countries than there have been in this country.

Mr. SMITH. I have an idea that it is not so much our banking system that is to blame for the conditions that exist and the failures of the banks as it is the fact that for some cause or other the various securities that all of us must recognize ultimately must be the securities upon which the prosperity of this country rests have sunk to where they have no value. Paper that was considered absolutely good banking paper, the very best the country could afford, to-day has no value from a banker's standpoint.

Mr. BRATTON. And the inauguration of a nation-wide branch banking system as that proposed here would not change that fact. If a farm is now of little value for collateral security, it would still be of little value for that purpose then.

Mr. SMITH. Let me give an illustration. I know of a State, the name of which I shall not call, that has the power of sovereignty within its own domain to tax to carry on the functions of the State government. It can not sell its bonds. Of course, it is denied the privilege of issuing currency under the 10 per cent tax on State issues, but it can not dispose of its bonds because the property from which it is supposed to collect taxes yields no revenue whatever. What system of banking could be established in this country that would relieve that situation when that commodity, the very wealth of the country, has no commercial value?

Mr. BRATTON. Certainly that could not be accomplished through branch banking.

Mr. SMITH. That is the very point I am making. The condition that exists now has caused the great banks, that really have enough security still to be solvent, to become frozen. Even the great banks of the country that have not gone into the hands of receivers are accommodating no one because there is an absolute shrinkage of all banking value. I fail to see how the establishment of branch banks under present conditions is going to relieve the situation.

Mr. BRATTON. Mr. President, I join the Senator from South Carolina in that belief. Many banks throughout the country have their coffers filled with currency to-day and will not make loans. They are not extending credit because properties tendered for collateral are not deemed to be valuable for that purpose. There is much to be said in justification of that attitude on the part of the banker. If a piece of land is of little value he can not afford to lend much money on it. If a residence in town is of slight value he can ill afford to extend much credit to the owner of it. But extending the branch system of national banks will not increase the value of the farm nor the value of the home in the town. On the contrary, Mr. President, it simply contracts, at least it makes it possible to contract, into a narrower channel complete control over the financial system of the country. In my opinion, it is a step in the wrong direction.

Mr. HALE. Mr. President——

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

Mr. BRATTON. I yield.

Mr. HALE. I dislike very much to interrupt this very interesting and important discussion, but if the Senator will pardon me I would like to call attention to the fact that the business before the Senate now is the first deficiency appropriation bill. We have but a little over seven weeks in which to consider and pass the appropriation bills necessary for the operation of the Government for the coming fiscal year. Not a single appropriation bill has yet been acted upon by the Senate. Without the general cooperation of Senators it is going to be impossible to get these bills through.

The particular appropriation bill now before the Senate is the first deficiency appropriation bill. The amount involved is smaller than that of any deficiency appropriation bill that has come up within recent years in the Senate. We have adopted practically all of the House figures in the bill. I had hoped that we could get the bill through before the hour of 2 o'clock, when the unfinished business comes before the Senate.

The deficiency bill has to be passed before the end of this week, or the city of Washington will find itself in the situation of having not 1 cent to take care of its suffering poor. There is a provision in the bill for an appropriation of $625,000 to take care of that matter. After the bill passes the Senate it, of course, will probably have to go to conference and be agreed upon there. We may find delay in getting it through conference, but unless we get it through, as I have said, before the end of this week we are going to do unutterable harm to the needy and hungry of the District of Columbia. I hope Senators will help me to expedite the passage of the bill.

Mr. BRATTON. Mr. President, it has taken the Senator from Maine longer to explain the situation than it will take me to conclude my remarks. I am familiar with the situation just as the Senator from Maine has outlined it.

Mr. HALE. I was not directing my remarks to the Senator particularly, but to the whole Senate.

Mr. BRATTON. I am glad that the Senator intends for others to share with me the object of his remarks.

Mr. President, at the time the Senator from Maine interrupted me I was about to say that the Senator from Virginia [Mr. GLASS] criticized, and with much force, the fact that a great many State banks are organized with too small capital. I share that view with him. The minimum capital with which a bank may begin business should be increased to a safe level. I think that is true in a great many of the States, but it should be approached from within each State rather than for the National Government to undertake to superimpose its judgment upon the States in the manner reflected in this bill.

Joining with the Senator from Maine in his commendable desire to hurry through the deficiency appropriation bill, I surrender the floor.

CONCENTRATION AND DECAY

Mr. LONG. Mr. President, the discussion of the Senator from New Mexico [Mr. BRATTON] is so enlightening in every form that instead of what I intended to do I want merely to elaborate on what he said just in a very few words.

A great deal of credit has been given to the Canadian branch banking system. As a matter of fact, it is probably the worst example of banking in the world. The Australian and Canadian banking systems to-day stand, over a period of 10 or 15 years, as being the greatest bank-failing systems, from the standpoint of loss to depositors, from the standpoint of lack of service to the people, from every standpoint of failing to furnish facilities, failing to protect depositors, and failing to build up the country. The branch banking system of Canada to-day is the greatest bank-failing system of which we know.

I want to compliment the Senator from Michigan [Mr. VANDENBERG] who refused in his very remarkable speech yesterday to take any credit whatever for the claims made on behalf of this branch banking system in Canada.

To begin with, the banks in Canada are in no sense of the word what they are in the United States. They are not even pawnshops, as the Senator from Virginia [Mr. GLASS] has classed little banks in the United States. I am told on very reliable authority that there are about as many resources in Canada as we have in the United States, but they have never been able to develop Canada at all and that has not stopped any bank failures. As is shown by the chairman of the Committee on Banking and Currency, and I have the statistics with which to prove the statement, there have been 16 chain-banking institutions to fail in Canada within the last 10 or 12 years. In one instance the Dominion of Canada itself appropriated over a million dol-

lars to pay depositors' losses in some of the banks in Canada, because the Government felt that it had been so lax in the banking system in that country that it ought to pay the depositors back, something that never would be tolerated in the United States. They have only 11 branch-banking systems in Canada to-day. Sixteen of them have gone out of business, and the percentage of losses on deposits in Canada compared to the percentage of losses on deposits in the United States is so overwhelmingly against Canada that there is no sense in comparison.

That is not all. It is said that Canada has paid off its depositors 100 cents on the dollar. It has not done any such thing. If they had paid every depositor they had there instead of letting 16 bank chains go out of business, they still would not have paid them. If a man deposited a dollar in 1920 in the United States, he is going to the bank in the United States to-day and getting back $1.50; that is, in other words, the banks of this country, to get a dollar to loan out to farmers and to business men, are having to collect that dollar in to-day and pay out $1.50. Why? Because the dollar in American money in the banks to-day is worth $1.50 to $2 compared to what it was worth when it was deposited and the loan was made to the farmer who has to pay it to-day.

The farmer who borrowed $100 at the bank borrowed the equivalent of one bale of cotton—not that much in ordinary times. It was worth $125. He borrowed the equivalent of one bale of cotton. To-day the farmer who goes to pay that bank loan owes five bales of cotton, and yet the banks of the United States, with the exception of those that have closed, have paid out $1.50 redeeming the dollar deposits we have made here in normal times.

What has happened under the Canadian system does not even compare with what has happened in the United States. The Canadian banks and the Bank of England have paid off in a depreciated currency. The Senator from Utah has read the figures into the RECORD. The English pound went down from $4.86 to $3.30. They are deducting $1.56 from every $4.86. There has been a 33⅓ per cent failure in banks in England and Canada; and if they should pay off every depositor they have, they would fail by 33⅓ per cent; while if American banks should pay off two-thirds of their depositors, they would pay out more money than was deposited in normal times.

Some of the great statisticians—and there are some great ones here, and they admit it themselves—who can figure the weight of feathers, and compare the result to the weight of iron or any other thing, will not take into consideration all the facts. They will not concede that the banks in Canada and in England have popped as if they were being fried in a pan. They will not see that more chain banking systems have broken down in Canada than there are chain banking systems in Canada to-day. They will not see that the banks of Canada have lost a greater per cent of deposits, about two or three or perhaps four to one, than the United States banks have lost; and they will not see, even at that, that the banks of Canada are deducting one-third of every dollar they pay out of depreciated currency.

If we had inflated the currency or remonetized silver, we would not have had any bank failures in this country.

If we had remonetized silver, as Canada did and as England did, we would not have had any such thing as bank failures in this country.

We sat here with an impossible situation. The currency of the United States totals about $5,500,000,000. About $800,000,000 of that amount is in the banks with which to pay checks and is, therefore, not susceptible of being used in business. About $1,600,000,000 of it is hoarded and is not used in business. There are 1,350,000 stores in this country, and it is estimated they are compelled to have, in order to make change on their daily transactions, at least another billion dollars. It is estimated that at least $500,000,000 of the outstanding currency is either burned, lost, destroyed, or being used in foreign countries. Therefore, Mr. President, we have in reality only $600,000,000 or $700,000,000 of currency in America to-day with which to carry on the business of the country, world-wide and otherwise. We have less than five or six dollars in currency per capita with which to carry on the business of the country.

I can not understand why anyone should cite England as an example of banking, in one breath painting the disaster of the silver standard and in the next breath painting in glowing terms the philosophy of the English banking system, which even went off the gold standard and remonetized silver; and then wo will hold up England as an example of banking, although she is paying off to-day with a depreciated currency less than two-thirds for every dollar that was on deposit?

Mr. President, the Senator from Utah read into the RECORD the bank failures that have occurred in America. When did the banks begin to pop in America? When was it the American banks began to break? The first big one was the Bank of the United States. That was the first big bank failure, with the exception, perhaps, of a bank in Tennessee. It was the Bank of the United States, with 59 branches; the A. & B. bank system of Arkansas, with 27 branches; the Manley chain in Georgia, with 87 branches; and the Peoples State Bank in South Carolina with 44 branches. Those are the places where the break began. That was what undermined the confidence of the people of the United States in the banks of the country. Confidence makes or breaks the banks.

When the Bank of the United States, with all its branches, broke, and the South Carolina chain system, with all its branches, broke, and the A. B. bank, with all its branches, broke, and the Bank of Tennessee group broke, the people of the United States then began a run to obtain their money from the banks of this country, and they hoarded it. If we had not had those big chain bank failures, undermining the faith and confidence of the people of this country in the banking structure, there would not have been a dollar drawn out where there have been 10.

Now, it is proposed to make a swap and give us relief; but instead of giving us relief from this concentrated system that has encouraged hoarding and discouraged spending and done everything to dry up what little fruits and profits there are in this land and remove them from the hands of the masses and place them in the control of a few people, Senators come here and propose to give us as a relief for this iniquitous system a twofold more iniquity than we now have. That is the relief we are offered. The Lord Himself condemned this kind of practice away back in the beginning of man. I am going to read a little quotation from the Scripture. I read from the fifth chapter, eighth verse, of Isaiah:

> Woe unto them that join house to house, that lay field to field, till there be no place, that they may be placed alone in the midst of the earth!

All that it is necessary to put in there are the words "banking house to banking house and woe be unto them." [Laughter in the galleries.]

The VICE PRESIDENT. Let there be no demonstrations on the part of the occupants of the galleries.

Mr. LONG. Woe be unto them when they join one bank to another bank and one house to another house and one field to another field, and let them see that there is no place left on the face of the earth for an independent banking institution to live and to thrive.

We have had a good deal of experience with chain banks. I did not mean to make any statement reflecting upon the superintellect in banking and currency matters of the distinguished Senator from Virginia when I said that I knew more about branch banking then he did. I did not intend to pay myself any compliment in making that statement. I knew that the Senator from Virginia had had no occasion whatever from a practical standpoint to know anything about the operation and conduct of branch banking, and I knew that I had had the only opportunity to observe the workings of branch banking under the national banking

laws, particularly the instance referred to by the Comptroller of the Currency that occurred in my own State of Louisiana.

I recognize the mind of the Senator from Virginia in these matters flashes as quickly as the glance of an eagle and that his tongue is as ready to spring as a rattler; but when it comes to matter of practical experience, we have seen it, and we know it from observation right under the mouth of the gun, in Arkansas under the State banking system, and in Louisiana where the Comptroller of the Currency has lauded the branch banking system as having been a glowing success. At the very time, however, when he was giving out these laudatory statements based upon the experiences of the State of Louisiana, I have been sitting in banking conferences, engaged in the effort to keep those chain banks from closing up, and having to call on the little "pawn shops," as the Senator from Virginia calls them, to put up money to save that branch banking outfit that has been existing, as have others all over the country, in defiance of the law. It was these "pawn shops" that kept that outfit open by putting up all the way from five to ten or fifteen thousand dollars, and some of them as low as a few hundred dollars apiece. We had to raise all in one night as much as $2,500,000 from these "pawn shops" in order to keep in operation this branch banking system of the United States that the Comptroller of the Currency had maintained down in that State.

The Senator from Virginia has referred to small banks—$25,000 banks, $10,000 banks—as being "pawnshops." I want to say, Mr. President, there is many a countryman in the hills of the section from which I come who has used an old mule and a wagon and produced a few bales of cotton and borrowed enough money from these "pawnshops" to send boys to be educated who are sitting in the United States Senate to-day, who never would have had that opportunity if it had not been for those community banks. No chain bank ever did it. I want to tell you, Mr. President, that the big men of this country and the great development of this country have come from the little community banks; and the minute branch banking was extended into the Northwest—and some of it into the South—to take the place of the community banks, they drove them out and crowded them out and squeezed them out—that is when the Northwest began to fade and to fail just like everything else.

I did not understand that the Senator from Virginia—I should say, perhaps, that I misunderstood him—was particular about this branch banking proposition. That was not my understanding. As I said, I probably misunderstood him. There have been two bills on this subject matter before the Senate already. The Senator from Virginia had one bill.

The committee held hearings on that bill, and the Senator from Virginia and others decided—I take it from what has happened—that that bill would not do. So the Senator from Virginia withdrew that bill. He then filed another bill. Hearings were held on that bill; testimony was heard; the questions involved were considered for a long time, and then the Senator from Virginia and others decided that that second bill would not do. So they withdrew that second bill, and now they come back here with this third bill.

In bill No. 1 of the Senator from Virginia and in bill No. 2 of the Senator from Virginia—I may make a mistake in this statement, for I have not the three measures before me, and I hope to be corrected if I am in error—my information is that this branch banking feature as it is incorporated in the bill now before us was not in the first bill nor in the second bill but is now brought before the Senate by the Senator from Virginia. If I am in error about that, I hope to be corrected. It is my information that this branch-bank concentration scheme was an afterthought; that it was one of the things that came up a great deal later; that apparently, at least, it was not worthy of notice or perhaps was objectionable to somebody and was not put in the first bill and was not put in the second bill, but now the whole measure has been transformed to the point where the branch banking feature is the corner stone, and there is nothing left but that.

Mr. President, President-elect Roosevelt was quoted here yesterday; perhaps he was not quoted, but the Senator from Virginia said that President-elect Roosevelt wanted this bill now before us. He did modify that remark, as I have read it this morning in the newspapers, by saying, as I recall, that he did not understand the President elect wanted the branch banking feature. Well, that is all I have said in regard to the attitude of the President elect. I did not undertake to quote the President elect as to any private assurance he might have given me at all. I quoted the statement he made very recently to the bankers and to the country. I put that in the CONGRESSIONAL RECORD. So there is no conflict between my statement and the statement of the Senator from Virginia as to the stand of the President elect of the United States when I say that he would have to veto a branch banking bill if he were the President of the United States to-day. The Senator from Virginia does not in his general statement feel authorized to say that the President elect wants his bill, for he particularly excepts that part of the bill dealing with branch banking.

I have only undertaken to quote the President elect on the subject of branch banking. No one need take my word for it. It is in the CONGRESSIONAL RECORD here as I filed it, is published, and is not questioned, that the President elect, Mr. Roosevelt, has said that the branch-banking system would not do and must not go, or words to that effect.

If the meaning of his words is disputed, I will get his statement and read it again, so that the remarks of the President elect on this question may not be misunderstood by anyone, and so that I may not go beyond exactly what he has seen fit to give out himself to the public.

I do not feel authorized, and am not authorized, to make any statement as to what the President elect of the United States thinks about this matter except what he has himself said to the public. I am not going behind the scenes to quote any private conversations, because I might have misunderstood somebody, or I might have been misunderstood; but I will read again to the Senate what the President elect has said; and unless the President elect has changed his mind and faced about and is going exactly in the opposite direction and is eating his own words, he would have to veto this branch banking bill if it went to him after the 4th day of March.

Not only that: We hear this bill called the "Glass-Steagall bill." I can tell you that it is not the Glass-Steagall bill. I can tell you that the chairman of the Committee on Banking and Currency of the House of Representatives is in no sense of the word in favor of branch banking as provided for in this bill, one jot nor tittle, and that, in my opinion, there is no more chance of putting this kind of a bill through the House under those circumstances than there would be of passing it through the legislature of my State at this time.

Here is what the President elect said, and it is very significant. I really did not know all that this statement contained until I read it in the RECORD. I had not read the entire statement when I offered it. Here is what the President elect said, and here is what the house of Morgan said. You know, when you start to legislate on banking, and you leave out Mr. Morgan's bank, you are not going to get very far with a bill. [Laughter in the galleries.] When you get ready to talk about a banking bill and do not listen to the voice of the house of Morgan, your banking bill will not regulate many banks. It is a very close little lodge right now. The house of Morgan is the undisputed kingfish of the banking situation. [Laughter in the galleries.]

Here is what President-elect Roosevelt said, and he said this to the New York State Legislature. He ought not to have to say it again, and he would say it again, in my opinion, without any question at all. He said this in January, 1930, just about the time all this thing was flowering and fruiting out here to put this iniquitous branch-bank scheme over on this country. Here is what Franklin D. Roosevelt said:

> We must by law maintain the principle that banks are a definite benefit to the individual community. That is why a concentration of all banking resources and all banking control in one spot or in a few hands is contrary to a sound public policy.

We want strong and stable banks, and at the same time each community must be enabled to keep control of its own money within its own borders.

I hope I shall not have to run a kindergarten on this side of the Chamber. [Laughter in the galleries.] We have had a threat to open up one on the other side, but certainly we ought not to have a kindergarten on this side of the Chamber. Here is the President elect of the United States, who has been elected by the biggest majority ever given to any candidate for public office. I helped to nominate him and helped to elect him when my friend the Senator from Virginia [Mr. GLASS] did not think I ought to be there helping to nominate him; but I helped to nominate him and helped to elect him. When he said that money had to be kept within the borders of the community and that the banks had to be controlled within the community, why do we not set up a kindergarten over here now when in the face of that kind of a situation there is an effort to drag this old skeleton and bone system through the United States Senate before the 4th of March can come about?

But Mr. Lamont spoke. That is the trouble. What the President elect said does not mean much. Back in the forks of the creek, where we sit down by a spring between hoeing rows, take off our shoes and let the sand out, and read about this great Government, the land of the free and the home of the brave, headed by the President of the United States and by the Congress, we get this fiery message from the President elect of the United States, who has just been elected by the biggest majority in the history of the country—this plain, unvarnished, definite, and decisive commitment and promise to the American people, upon which we all went out and undertook to elect and did elect him President. Oh, but then Morgan spoke, and that means that what the President elect said does not count. It does not count when Morgan speaks. We are going to find out how long that is going to last here in this country.

Mr. Thomas W. Lamont—and a very able citizen he is—spoke up about that time or a little later:

The Great Lakes Banker quotes another strong argument for independent banking from the editorial columns of the Commercial and Financial Chronicle, Wall Street's weekly bible of sound opinion. The Chronicle's remarks were provoked by T. W. Lamont's recent pronunciation—

That is Morgan's house—

in favor of branch banking as the method of banking reform.

This was Mr. Lamont. Now, of course when this influence began to spread about, it began to whip down the little men. It began to subdue them; but with all that they had been able to do at that time, the Financial Chronicle of Wall Street itself, the "financial bible" of this country, and practically every banking house under the dome of the big influences themselves, up until this came out, were openly admitting that branch banking was not only no solution but was the worst kind of so-called reform to advocate in banking circles of this country. That, however, was before the pronouncement of Mr. Morgan or Mr. Lamont.

Mr. President, I have quoted the President elect. If I do not understand these remarks that he has made, then I am not competent to judge the remarks and the letters and the words of any one at any time, or for anything. I have shown here just what he said. I have shown here just exactly what he said; and regardless of insinuations to the contrary, regardless of publicity to the contrary, regardless of suspicions to the contrary, I have yet to see the faintest reasonable suspicion that the President elect of the United States is not going to carry through on the promises he has made to the American people.

We see various and sundry persons rising up here that the publications credit with being the oracles and the mouthpieces and the spokesmen of the President elect, self-appointed philosophers and prophets of the coming of the Messiah. We have plenty of them all right, here and out of here, but we have never yet been able to find the slightest instance where the President elect of the United States is not standing by his guns to carry out this platform and the personal pledges that made him President elect of the United States.

What did he do about this sales tax that they tried to put over? I think that is about knocked into a cocked hat here now, unless they see a chance to come back with it, and we will be here when they do.

What about this sales tax? Why, no lesser authories than the Vice President elect of the United States and the floor leader of the House of Representatives were quoted as favoring immediate enactment of the sales tax; and the publications of this country, many of them, interpreted that or quoted these gentlemen as speaking the philosophy of the President elect, Franklin D. Roosevelt. But what did we get from the President elect? That he was horrified by the suggestion that he would tolerate being quoted as favoring the sales tax.

Why? All of us know why they are trying to put a sales tax through. Nobody ought to have any doubt about that, if some of these gentlemen know what they are talking about. They do not want the income tax. They want the base of income taxes broadened, they say, but no more. They do not want the income tax. They know that there are about three ways in which we can decentralize wealth or keep it from being more centralized and concentrated. One of them is by income taxes. Another one is by inheritance taxes on the big people; but the financiers of this country have delayed us so long that I fear the income tax will not be sufficient. It will help. I fear the inheritance tax will not be enough. It will help. But they have got this thing so concentrated, they have got the affairs of this country in such a crystallized state and condition to-day that I would not be surprised to see these financiers force this country to the expedient of a capital levy. I would not be a bit surprised if we can not get enough money circulated among the masses through income taxes and inheritance taxes, so as to distribute these fortunes that grow like a snowball that goes downhill—if we are not able to decentralize through income taxes and through inheritance taxes, we will be faced with one of two means of decentralizing: Either it will be done without the Government or it will be done through the Government, by a capital levy, if they restrain and block the United States Government much longer in decentralizing this intolerable condition.

Now they come along. I want to state that this ruling class has not abdicated one-quarter of an inch. They do not abdicate. The more the wealth gets in the hands of a little pocketful of them, the more they come back here trying to centralize and saddle the burden of government on the bone and marrow and muscle of the people of this country.

They say now that they can not raise the necessary revenue out of income taxes and out of inheritance taxes. I think they can. I think it can be done. If we go high enough on income taxes and on inheritance taxes, I think it can be done.

But if it can not be done, it is because there is no income left; it is because they have dried up the gourd to the point where nothing more can be gotten out of it, and the only thing we can do is to revive the plant. That will have to be done even if there is no such thing as an income, and no such thing as an inheritance tax. I think it can be done through them if we act in time. If we act in time, I think we can if we put the tax rates high enough: but if we do not do it, we will find that these gentlemen are driving this country to the expedient of a capital levy, and the centralists alone will be responsible for the capital levy that will have to be resorted to in the United States. They have been driving us closer to it every day they have sat here and tried to impose these special forms of taxes to be paid by the ordinary masses.

Eighty-five per cent of the wealth of the country is in the hands of 5 per cent of the people, and a President elect has been chosen who deplores that kind of a condition, and promises its correction. Here we are, not debating whether we are going to carry out what the President elect

has promised; they have us with our backs to the wall trying to keep from making the condition worse than it has been. We have not even shot from taw. We are not debating whether or not we are going to decentralize in this situation. We are debating whether or not we are going to let them throw the blanket up before we can get out.

You have until March 4 to pass this bill so that you can get it signed by a President who will sign it; but you are not going to pass it between now and March 4. You can put that in your pipe and smoke it. This thing is not going through by March 4. We do not propose to have this kind of legislation, in the teeth of what we have promised the people.

Mr. President, I have a little more data on this question. I have a letter here written by the Illinois Bankers Association. The first copy of this letter I saw was addressed to the junior Senator from Illinois [Mr. LEWIS], but I see now that they have addressed us all a copy of the communication. I want to offer this letter for the RECORD. I ask that the clerk read it, and that it be printed in the RECORD at the conclusion of my remarks.

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

(The legislative clerk read the letter from the Illinois Bankers Association dated December 31, 1932, which will be found at the end of Mr. LONG's remarks, marked "Exhibit A.")

Mr. LONG. Mr. President, the other day when we were debating this bill the Senator from Virginia took quite a little exception to what the Senator from Montana [Mr. WHEELER] said about group banks being chain banks, and the Senator from Virginia has said on the floor of the Senate that there is a great, vast difference between a group-bank chain and a chain-bank chain.

We who have seen them operate know that if there is any difference at all it is in favor of the group banks. The group-bank system is better than the chain-bank system, because if one of the group goes broke—and that is usually what happens, from our experience—it does not necessarily have to take down the balance of the group, but in the chain-bank system the breaking of one means the breaking of them all.

We had the group-bank system down in some of the little counties of my State, a little bit of it, and we had the chain-bank system which the United States Government was allowing, and it was the chain-bank system which practically wrecked us. There was a little merit left in the group bank that was not in the chain bank. Where we had certain little group banks, we did occasionally have to close down one—although there were not many failures down there—and save the balance of the group. But where there was a chain bank, the breaking of one of the little chains meant the breaking of them all, and practically cleaned the little banks of the State to keep the chains open, because they had these chain banks spotted all over the country down there.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Senator from Louisiana will suspend while the Chair lays before the Senate the unfinished business.

The CHIEF CLERK. A bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate inter-bank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

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

Mr. LONG. I yield.

Mr. HALE. I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed with the consideration of the deficiency appropriation bill.

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

Mr. LONG. Mr. President, I will have to object. I think, however, that we can reach a mutual understanding and probably suspend consideration of the banking bill and take up the appropriation bill. I think we ought to do it. I have been discussing only one section of the bill while the Senator from Virginia [Mr. GLASS] has vacillated as much as anybody else. He decided that he wanted section 19 in the bill, but it seems that the balance of the Senate is in no better humor about it. If it were to take the balance of the Senators as long to come to the new idea of the Senator from Virginia as it did him, it would be practically impossible to get through this one section. It was probably a year before this section got into the bill at all.

I want to say, and I want to be fair about this matter, that I want the Senate to know that while I have a great deal more to say, and there are many more who wish to speak on the matter, I would have no objection and shall offer none, but rather I would support a motion to set aside the banking bill. I want that understood so that no one will feel offended and think I am undertaking merely to occupy time on the floor of the Senate. That is not my purpose at all. A little later I am going to move that we recommit the bill. I would not want to do that unless it is satisfactory to the party leaders, though I do not know just who they are now.

Mr. President, the Senator from Virginia said there is a great difference between group banking and branch banking. There is only one difference. One of them is doing what the law says can not be done and the aother is going to do it with the law. The only difference in group banking, as compared to chain banking, is that the group bankers are running the chain banks in the teeth of the law. Their only claim is that they are evading it. The chain banker proposes to have the illegality legalized. We all know, if we know anything at all, that we had the opinion of the Solicitor General that branch banking is illegal. I thought I had his opinion among my papers on my desk, but I shall send for it and submit it to the Senate.

Group banking was looked upon as being illegal, but they did it anyhow. They have carried on the branch banking system of the United States in the teeth of the law. How? The only difference on earth is that instead of the bank owning the stock in the other banks, the same man owns the stock of all the banks—a difference of tweedle-dee and tweedle-dum, but not quite such a difference. Talk about group banking and chain banking! The only difference between them is that one man owns the stock in all 10 of them or 10 men own the stock in all 10 of them instead of having the banks own one another. It is a great distinction that the Senator from Virginia has labored hard to make. The mountain has labored and has not even brought forth a mole, much less a mouse.

Is there no such thing as chain banks in group banks? Certainly, I said, I know more about the branch banking business than the Senator from Virginia and I have not complimented myself yet in that statement. I did not mean to be immodest, because I do not ascribe anything to myself. When anyone tells you there is no difference whatever in the way they operate these group banks, let me remind the Senate that there is a case on record, one of the earliest cases we have, holding to the contrary, and I am sure the Senator from Massachusetts [Mr. WALSH] remembers it.

The Pabst Brewing Co., in order to get around rates established by the Interstate Commerce Commission in the old Pabst franchise case, organized a corporation and had the Pabst brothers own the stock of that corporation so that they might solicit business from the Pabst Brewing Co. and make a charge for it in order to keep the Pabst Brewing Co. from having to pay the rates prescribed by the Interstate Commerce Commission. What did the Supreme Court say? The court said:

> We will look through the corporate fiction and the forms to the substance. It is the same stockholder, it is the same business. They are running together and we take the fiction off of them.

But they pay no attention to that kind of law in this country now. That was settled by the courts of the country and everyone knows it is the law, but we have never been able to get it enforced.

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

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

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

Mr. LONG. I do.

The VICE PRESIDENT. The clerk will call the roll.

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

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

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The Senator from Louisiana has the floor.

(At this point Mr. LONG yielded to Mr. DILL, who asked and obtained unanimous consent to have printed in the RECORD an article by J. W. McArthur and an article by Otto P. Ortlieb.)

Mr. LONG. Mr. President, I have sent for a copy of the opinion to show that branch banking has not only been adjudged by the opinion of the Attorney General's office to be unconstitutional but as well by the courts. I have asked the legislative bureau to get me that opinion.

Group banking! I do not charge anyone with having been in any conspiracy, but it could not have been worse if they had been. They started the group banking in order to compel the people of the United States to allow branch banking. They started it with the consent of the Treasury Department. I do not know under what administration it was, whether Democratic or Republican, and I do not care which one it was. It has been maintained ever since I have paid any attention to the subject.

Group banking was started in the teeth of the law as an excuse to violate the law, notwithstanding the fact that this mere corporate fiction had been held by the Supreme Court of the United States as not being sufficient to avoid the law in the Transit case. The court said there is no difference where a corporate fiction is set up and the same stockholders own the stock in two corporations to enable them to do what they could not do by one corporation owning the other. The courts of the United States have said that there is no difference, that it is a mere corporate fiction set up to evade what the law provides they may not do—just an effort to lure the people of America far enough and long enough to where we would have to stand for this kind of a concentrated situation and so we could not help ourselves. Every one of these group banking outfits could be prosecuted to-day. If the comptroller's office so desired, they could abolish every one of them to-day.

To say here on the floor of the Senate that branch banking and group banking are as different as the east and the west winds, and to say there is any more difference between them than there is if they were called branches to start with, is erroneous in the extreme. That policy has been exploded by the United States courts, which have held that there is no difference, that in their operation the only difference could possibly be that branch banking might possibly be worse than group banking may be, though I doubt it.

In the Transit case—and I have sent for the decision and hope to get it—the Pabst Brewing Co., of Milwaukee, Wis., organized what, I think, was called the Milwaukee Transit Co. The Pabst Brewing Co., under the law, had to pay certain traffic charges under the regulations of the Interstate Commerce Commission and could not evade them. They set up the Milwaukee Transit Co., the stock of which was owned by the same three Pabst brothers, who owned the Pabst Brewing Co. The railroads hired the transit company and paid them a certain percentage or salaries for the solicitation of business. The courts of the United States said that setting up the transit company was not a thing on the living earth than the Pabst Brewing Co. getting a rebate; that they could not avoid the law through the stockholders being the same and using the corporation to pull a fiction over themselves and to defeat the regulation of the law in that way. But they have not paid any more attention to that kind of jurisprudence in the conduct of banking institutions in the United States than if it had been thrown up against the wall and had fallen there. They have ignored the law; they have gone in the teeth of the law. It has been their plan to drive this wedge first by getting consent to have branch banks in the towns and in the cities and in the counties, and then to provide for group banking, and to try to come here and blackmail the United States Government until they would have to legalize what the law has said they had no right to do.

Is it any wonder that the people have not the love and respect for the Congress and for the Government that they ought to have when they have seen the law flaunted time after time? It makes no difference what the law is or what the courts say the law is, those who should obey it pay positively no attention to it.

I wonder why the distinguished minds back of this bill seized upon the idea of putting this branch bank provision in this bill after they had not put it in previous bills? When Glass bill No. 1 came before us, it did not have branch banking in it; when brach bill No. 2 came before us, still it did not have the branch banking provision in it, but finally they come along with a third bill and make the feature of branch banking the corner stone of regulation of the banks all over this country.

(At this point Mr. LONG yielded to Mr. SCHALL, who obtained unanimous consent for the consideration and passage of Senate bill 5252.)

Mr. LONG. Mr. President, this proposed branch banking legislation was deplored even by the American Bankers' Association. They did not want it. Some of them may have been whipped over. I have here in my hand at this time the report of the economy policy commission of the American Bankers' Association of 1929. It deals with the subject of branch banking, and these bankers themselves, in this report, say this:

> The American system of unit banking, as contrasted with the banking systems of other countries, has been peculiarly adapted to the highly diversified community life of the United States. The future demands the continued growth and service of the unit bank in areas economically able to support sound, independent banking of this type, especially as a protection against undue centralization of banking power. Modern transportation and other economic changes, both in large centers and country districts, make necessary some readjustment of banking facilities.
>
> In view of these facts, this association, while reaffirming its belief in the unit bank, recognizes that a modification of its former resolutions condemning branch banking in any form is advisable.

This indicates when they first began to sweep a little away from their previous stand.

> The association believes in the economic desirability of community-wide branch banking in metropolitan areas and county-wide branch banking in rural districts where economically justified.
>
> The association supports in every respect the autonomy of the laws of the separate States in respect to banking. No class of banks in the several States should enjoy greater rights in respect to the establishment of branches than banks chartered under the State law.

That was a very small departure; in fact, it was about in line with the amendment that I proposed, except that I struck out the word "county." However, even the American Bankers' Association itself stood on its record as against branch banking in any form at all, and when they finally did come around it was after that amendment had been

slipped into the law, in 1927 I believe it was, or 1928. It was at Cleveland in 1930 when the American Bankers' Association made the statement that they reaffirmed everything they had said, but also said that they thought community branch banking was all right. I did not think so at the time, but I now know that it was an entering wedge.

I now know when they undertook to put this first provision in the law in 1927 that while the author of the bill might not himself have so intended, he now has come around and intends it. Whether or not he intended it in 1929 or 1927, if he dates his present opinion back, evidently it was intended to stretch the thing into a branch-banking organization all over the United States.

I have a letter here from the State of Virginia about this matter. I do not know of any State where people are very much in favor of this bill. I want to read a portion of that letter which I received from a Virginia banker.

Mr. President, if I may digress for a moment, I had called upon the Legislative Bureau to furnish me with a decision rendered about 1900 in the Pabst Brewing Co. case where the court held that the organization of a group corporation did not keep it from being a branch of an existing corporation.

The only reason branch banking has been allowed to go on is because there is such tremendous power in the hands of the Comptroller of the Currency that unless he wants to enforce the law it can not be enforced. The right of a citizen to bring suit against one of these banks is very restricted. You will be surprised to know, Mr. President, how little authority a depositor or stockholder has in one of these banks that is controlled by the Federal Reserve Board or the Comptroller of the Currency.

If one should decide to bring a suit to make them conform to the law, he would find that about the only thing he could do would be to write a letter to the Comptroller of the Currency. About the only right the people of the United States have to compel the enforcement of the banking laws is about like voting for the preacher or receiving the sacrament. That is the end of it. One can write a letter to the Comptroller of the Currency, but if the Comptroller of the Currency does not want to pay any attention to it, it does not amount to the paper on which it is written. That is what has been going on in the United States. If you want to know what is the matter with the country, if you want to know why hunger marchers come here, if you want to know why strike breakers burn up property when their children are starving and they can not feed them, let me say that we have set an example here that would hardly persuade anybody to obey the law. We have set an example here of allowing certain institutions to act outside the law as it is written and interpreted by the courts of the country. They have lived and they have not only lived, but they have come into the United States Senate and demanded that we legalize the illegalities they have been carrying on for the last several years. Instead of bringing them to the bar of criminal justice and demanding that they abide by the law or pay the penalty if they have gone afoul the law, they have champions in the United States Senate to-day trying to make us legalize these illegalities, because they have gone as far as they can with this kind of a corrupt proposition. That is what we have done here.

However, Mr. President, I wish to read from the letter to which I have referred. Here is the kind of regulating which has been done.

The writer of the letter says:

> In March of last year [such and such a bank] of this city got into financial trouble and I organized a new bank, changing the name to [so and so].

This is a Virginia bank, and they had more failures in Virginia in a week than we have had in a year.

Mr. GLASS. That is not true, Mr. President. I can not let a statement of that sort go unchallenged, as little as I care to engage in controversy with the Senator. That is not true.

Mr. LONG. I can excuse that remark because, I know the Senator from Virginia does not know the facts. I do. I know he believes what he says, but I happen to have enough evidence right here to prove that more dollars and cents were lost in that State in one bank than, I think, was lost in my whole State in any month. However, I continue to read from the letter:

> The old bank had a capital stock of $100,000 and the Federal authorities allowed this bank to build a building at a cost of $114,000, on which they did not receive one dollar of income.

That is the kind of bank regulation we have had and which it is desired to make a little stronger in the hands of the particular regulator who now controls such things. They allowed a bank with a capital of $100,000 to erect a building costing $114,000, from which the bank could not get a dime of revenue to save their lives. Yet we wonder why national banks have been breaking under that kind of regulation! What does the regulation amount to?

> The bank had deposits——

Listen to this, Senators—

> The bank had deposits of about $800,000, and you can readily see their investment in a banking house of $114,000 was all out of reason, and it was of considerable interest to me to know how the Federal authorities allowed a bank to take the depositors' money and invest it in a building costing $114,000.

This, as I have said, is a letter from a very prominent banker in the State of Virginia who says that they had manipulated the affairs of the banks in that State, the national banks, members of the Federal reserve system; that, for instance, they let a bank with a capital stock of $100,000 spend $114,000 to put up a building. It was born in suicide. That is the kind of bank regulation we have had, and now it is said that the cure for it is to put more power in the centralized hands which have allowed this kind of thing to go on in Virginia and Louisiana and in every other State of the Union.

In other words, we have tried and have convicted this sect as being violators of the law and criminals. We have put on trial this gang that is over them to regulate them, and we have found that they not only winked at the violation of the law but they have participated in and have been parties to the crime. The method of punishment that we are going to inflict now is to legalize the illegality, and to give these officials who have refused to enforce the law the right to be the sole arbiters of the concentration and the dispensation of all the fortunes of America put together.

There never was such a monstrosity proposed before under such conditions as prevail in this country to-day.

I have some more letters here from bankers telling about some of these things. The fact of the case is that my file is full of these letters. I do not mean to contradict the Senator from Virginia, or reflect upon the State of Virginia, or upon the masterful handling of the State of Virginia. I have the greatest respect and love for that State, and for all of its officers and all of its people and all of its institutions. I compliment them very highly. The State of Louisiana has never tried to throw out of national conventions the representatives selected by the people of Virginia, either. The delegates from the State of Virginia have tried to throw me out of there every time I ever went there and every time anybody else ever went there lately.

Mr. GLASS. The State of Virginia has never undertaken to throw out of a national convention any representatives of Louisiana that were properly sent there.

Mr. LONG. "Everybody was out of step except Denny." [Laughter in the galleries.]

I do not say that the State of Virginia ever tried to. I do not think the people of the State of Virginia for one moment would have ever tried to unseat a delegation composed of 2 United States Senators out of 2, 8 Congressmen out of 8, 1 governor and lieutenant governor out of 1 governor and lieutenant governor, the mayor of the principal city of the South, and the leader of the Democratic League of Women Voters. That is the kind of delegation that has been undertaken to be unseated in two national conventions; but still we admire, love, and respect the purposes and motives of the gentlemen who undertook to do it.

President-elect Roosevelt would not be coming in here on March 4 if they had had their way; but they were good,

loyal Democrats, and the fire is all over now and we are all brothers in the lodge. [Laughter in the galleries.]

Now, going farther in this matter, I have a letter here—and if I have been of any service I want to bow myself in humble submission before the greater cause that I have assisted in accomplishing. If anything I have said or done, whether it was against the will and purpose of anyone else or not, has contributed even in the most remote degree to the election of a President on promises such as have been made by Mr. Franklin D. Roosevelt, I appreciate so much the late help that we got, even though those who tendered it now undertake to go contrary to his pledges to the people, that I am more grateful for that than I am influenced by any feeling I might otherwise have.

So, now, let us get down to the case again. Here is that case, I think. The legislative drafting bureau has undertaken to find it for me. No; this is not the case. This is not the principle. The parties are the same, but it is another case.

The case I am trying to get, Mr. President, is found in the case books taught, I think, in practically all the universities of the country. I remember it was a part of the old case book that I studied in the university on corporation law. Inasmuch as my remarks are being taken down, before I yield the floor I will ask some of these gentlemen to take down this little statement and hand it to the legislative drafting bureau so that they may locate this case.

The case was one in which the Pabst Brewing Co. organized a transit corporation. It might have been the Pabst Transit Co. or the Milwaukee Transit Co.; but in order to keep from paying the rates and charges of the Interstate Commerce Commission on beer and malt liquors, the stockholders of the Pabst Brewing Co.—three of them, three brothers—organized a transit company, and the railroad employed that transit company as a soliciting agent. The circuit court of the United States of that circuit—and it was upheld, I presume, because it remained the law—held that they were not creating any new corporation; that since the same stockholders owned one thing and the other, those two corporations would be considered as one, and that they could not evade the boards and departments and regulations of the United States Government by having the Pabst brothers own a transit company that the railroad was paying to get business any more than they could by having Pabst Brewing Co. paid for giving the business direct.

To-day, however, the group banks are operating the chain banks, with the laws of the United States forbidding it and prohibiting it, with the Comptroller of the Currency not only allowing it and winking at it but helping it; and the only way they are doing it is under this chimera of a group-bank proposition, on the theory that although the same stockholders own a bank in one town that own the bank in the other and operate them together, they are separate banking corporations. The law does not allow that kind of a corporate fiction, as was held in that case, and it has been held ever since, and nobody on the face of the earth ought to be deceived about it; but to-day we are allowing this group bank system to go along here violating the laws against chain banks.

I have here a letter from the University State Bank in Chicago, Ill. It is a copy of a letter written to the Hon. JAMES HAMILTON LEWIS. I send the letter to the desk and ask that it be read by the clerk and inserted in the RECORD at the conclusion of my remarks.

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

The Chief Clerk read the letter, which will be found at the conclusion of Mr. LONG's remarks.

(See Exhibit B.

At this point Mr. LONG yielded to Mr. BANKHEAD, who presented for printing in the RECORD a radio address of Mr. BLACK.)

Mr. LEWIS. Mr. President, at this point I desire to call attention to the letter just read at the desk, which has been addressed to me, copy of which has been sent to the different Senators, and to inform the Senator from Louisiana that one of the difficulties under which these bankers are now resting is the result of their own action. I refer to the State bankers and the investment bankers, and I wish to call to the attention of the eminent Senator from Louisiana the fact that these gentlemen first held a convention at San Francisco in which they opposed this branch banking when it was proposed; and then, under the suggestions of proper sources, when it suited their object, they held another convention and promptly ratified the branch banking. Thus, with a lack of individuality, and apparently with a lack of independence, they put themselves in the unhappy position to suffer the very things of which the gentleman writes in his own letter by their yielding surrender to the influences and directions of those who they claim have brought upon the country the present dissolute situation in finance.

Mr. LONG. I would also say, Mr. President, that it was before Morgan spoke that they came out against it. The bankers met not only once, they met forty times if they met one time, in every State in the United States. They went on record with the State banking commissioners of 48 States, without a dissenting vote, with the statement that branch banking would be the most iniquitous thing they could possibly adopt. I want to say to the Senator from Illinois one further thing, that they did not yield, but some of the officers sent out a report to that effect; the American Bankers' Association has never yet adopted branch banking. They did, however, by hook or by crook, get something out of one of these little executive officers or committees sitting around on the side, long after the convention adjourned.

It does not make any difference if we did have such a thing as an indorsement of a banking organization in favor of branch banking, the bankers have said it will not do, the commissioners of the States have said it will not do, the people have practically unanimously condemned it. President-elect Roosevelt says it will not do, and I have his statement here in writing. He says it will not do at all. Yet now, in a lame-duck Congress, they are trying to put this thing through, a thing which was voted down, condemned, and denounced by everybody until the house of Morgan came out and told the Congress of the United States what to do.

Talk about trying to put this branch banking bill through now is almost a betrayal of the promises which ran all through the Democratic campaign. They are hurrying it because the imperialistic hand of masterful finance has only until the 4th day of March to put this kind of legislation through. It will be doomed when Franklin Roosevelt comes into the presidential office on the 4th of March. It will be doomed when the new Senators and new Representatives come into office. The only chance is to lame duck this thing through before the 4th day of March—the only chance on God's earth they have to put through this nefarious measure of financial imperialism. We are supposed to have gone the other way, and March 4 is not far enough away for them to put this thing through. It is not far enough off for them to put it through. The American people are not going to be saddled down with any such thing as that.

On the contrary, we are expecting to decentralize the banking power of this country. We expect, when we come back here on the 4th day of March, or after the 4th day of March, to propose legislation in the Senate and in the House of Representatives to decentralize the wealth and the control of the wealth of this country out of the hands of the few and to put it into the hands of the many.

We do not intend in this country, where there is too much to eat, to have people starving. We do not intend that we shall have people naked, because we have too much cotton and wool to wear. We do not intend that the people are going to be without homes, when there are too many houses, and the building and loan associations are broke because they can not get anybody to live in the houses. Yet there are people sleeping on park benches and sleeping along the highways and byways to-day for no other reason on the

face of God's earth but that we have let 5 per cent of the people of this country own 85 per cent of the wealth and control the other 15 per cent.

We expect to decentralize the bank authority and control in this country when we come back here after the 4th of March, and to take it out of the hands of Morgan & Co., to take it out of the hands of the imperialistic financial manipulators, and to put the control back among the people of this country.

Gentlemen may call it bolshevism, they may call it communism, they may call it anything else they want to; we are going forward on a program to carry out the promises of Franklin D. Roosevelt, the next President of the United States. We are set here now to see that a little handful of men shall not own more than the rest of the 120,000,000 people of this country all combined own. We are set to see that this little 1 per cent, or one-half of 1 per cent—and I expect they have it down to about a quarter of 1 per cent now—do not have more to say about the United States than the balance of the people of this country.

Starvation in the land of plenty! Starvation in the land of too much! We are going the other way!

We are not going toward sales taxes, either. We are going toward income taxes on the big fortunes. There is talk about "broadening" the income taxes. We are willing to go down a little. I will join others in that. If they want to cut the exemption from $2,500 down to $2,000, if they are willing to go up in the big pictures and spread the tax up there as it ought to be spread, I am willing to go that route if they go into the big pictures and get enough up there. But this talk about broadening the income taxes does not mean anything except to get down to the little man, who is not making enough money to come within the provisions of the income tax law. This talk of the sales tax is nothing at all except an attempt to relieve the men who are making the money and to put the tax on the marrow and the bone and the muscle and the blood of the man who is not making anything. That is all this sales-tax and chain-banking talk means.

I have said that action should be hastened. I say to the brilliant minds in this country that if they do not want a capital levy, they had better hurry with their income taxes and inheritance taxes—be quick about it. They had better hurry. If they do not hurry, the country will come to the point where what afflicts it can not be cured with income taxes in the high brackets and inheritance taxes laid on the big fortunes. If they do not hurry and act before this country has dried up and withered away, they will have to go to the alternative of a capital levy tax, unless we are quick enough, mindful enough of the responsibility we bear toward this country and act along other lines now.

Mr. President, have I the right to suggest the absence of a quorum? I think the Senate has transacted some business since the last quorum call.

The PRESIDENT pro tempore. Business has been transacted; therefore the proposal of the Senator from Louisiana is in order, and the clerk will call the roll.

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

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

The PRESIDENT pro tempore. Eighty-eight Senators having answered to their names, a quorum is present. The Senator from Louisiana has the floor.

Mr. DICKINSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Iowa?

Mr. LONG. I yield.

Mr. DICKINSON. Out of order I ask unanimous consent to introduce two bills for proper reference.

The PRESIDENT pro tempore. Out of order and by unanimous consent——

Mr. ROBINSON of Arkansas. Mr. President, I object.

The PRESIDENT pro tempore. Objection is made. The Senator from Louisiana continues to hold the floor.

Mr. LONG. Mr. President, I am sorry the Senator objected, but I shall take a similar course on all other matters.

Mr. ROBINSON of Arkansas. That suits me exactly.

Mr. LONG. Why does the Senator object?

Mr. ROBINSON of Arkansas. Because I believe that the introduction of consent business operates to prevent the Senator from Louisiana from concluding his speech. It is intended no doubt to permit—or, if not intended, it has the effect of permitting—the Senator to yield to the transaction of other business and then to suggest the absence of a quorum. I think the Senate should go on with its business.

Mr. LONG. In other words, the Senator is trying to protect me?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. I thank the Senator.

Mr. ROBINSON of Arkansas. I think the Senator needs protection. [Laughter.]

Mr. LONG. I want to thank the Senator for the protection he is giving me.

Mr. ROBINSON of Arkansas. May I say, not at all!

Mr. LONG. We are near neighbors; we live close together on the same kind of land, and we naturally understand the needs and requirements of mutual help. There is no one in this Chamber, I see, upon whom I can rely to assist me in presenting this case like I can on my colleague from Arkansas.

Mr. ROBINSON of Arkansas. The Senator from Louisiana understands the matter exactly. For once his mind is acting promptly and efficiently! [Laughter.]

Mr. LONG. I might have doubted that had anyone except the Senator from Arkansas said so; but now I shall proceed.

Mr. ROBINSON of Arkansas. That is exactly what I would have the Senator do.

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

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. I desire to ask the Senator from Louisiana a question.

Mr. LONG. I yield for a question.

Mr. THOMAS of Oklahoma. Before I ask the question I desire to submit a preface, so the question may be somewhat hypothetical.

Mr. LONG. Hypothetical questions, I would take it, are in order.

The PRESIDENT pro tempore. The Chair will not rule on that question until the question of the Senator from Oklahoma has been submitted.

Mr. THOMAS of Oklahoma. Congress has been in session for six or seven weeks. During that time one branch of the Congress has passed a resubmission of the eighteenth amendment resolution and a beer bill. The other branch has passed a Filipino independence bill proposing to give some people 7,000 miles away their freedom in some future generation. We have information before us or should have information before us of the existing economic distress and personal suffering throughout the country.

I have information that a capitol in one of the far Western States is to-day surrounded by a thousand hungry, homeless,

and ragged people. Other citizens from that State are migrating toward the National Capital. I have before me a copy of an afternoon paper. On the front page I find a picture.

The PRESIDENT pro tempore. May the Chair interrupt the Senator from Oklahoma long enough to say that the Senator from Louisiana yielded for a question, and the Chair assumes that the Senator from Oklahoma intends to conclude his remarks with a question addressed to the Senator from Louisiana.

Mr. THOMAS of Oklahoma. After I have stated the conditions I shall ask the question. I might state that we may as well realize the fact now as later that unless the leadership of this body address themselves to the conditions in the country, there will be no more business transacted here if some of us can help it.

This picture has the following headlines above it:

State takes over one-fifth of Virginia county when land is sold for back taxes.

Then underneath the picture I find the following:

There was only a small group of Spotsylvania County farmers present when the State of Virginia offered one-quarter of all the land in the county for sale at public auction for unpaid taxes. Above are some of the farmers in the courthouse watching their property go under the auctioneer's hammer.

The next condition I desire to submit to the distinguished Senator from Louisiana is that in some States where sales have been held the people who were being dispossessed of their property assembled at the place of the sale and interfered with the sale. If sales were made, farms were sold for $1, $2, or $3 per farm, cows were sold for 5 cents per head, horses for 3 cents per head, and other things in proportion. With conditions like these throughout the country from North to South and East to West, it occurs to me that the Congress of the United States, the only power that can bring relief, should at least devote some time and attention to the condition in which the people of the Nation find themselves.

This matter was before the people as a jury in recent months. The jury passed upon the matter. Those here responsible for conditions as they exist to-day will not be here long. Does not the Senator think it would be more opportune and more appropriate for the Congress to address itself to existing conditions, to the distress existing throughout the country, than to be taking time upon this banking bill, which has for its purpose, first, destroying all State banks in the United States; which has for its purpose, secondly, the authorization of branch banking throughout the United States; which has for its purpose, thirdly, the grouping of these branch banks in the United States under a few powerful heads, as in Canada, so that in a few years only national banks will have existence, and those national banks branches of parent banks in New York City, and those being confined to a very few groups, enabling a few men at the head of these powerful groups sitting in New York and controlling the financial policy of America and the world?

Mr. LONG. I agree in toto with every word the Senator from Oklahoma has said. I think the Senator has presented the case better than I could have done, but more mildly than I, had I the scope of language he has.

Mr. FLETCHER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Florida?

Mr. LONG. I yield.

Mr. FLETCHER. May I ask the Senator a question?

Mr. LONG. Certainly.

Mr. FLETCHER. It is believed by a great many people that the country needs this legislation very badly and that it would help bring the relief to which the Senator from Oklahoma has referred. The point is made against branch banking. Would the Senator support the bill if section 19 was stricken out?

Mr. LONG. I think if the Senate would strike out section 19 of the bill and allow us to amend one other section so that banks could sell municipal securities of States and the United States, I could support the bill.

Mr. FLETCHER. I just wanted to ascertain the Senator's position.

Mr. LONG. But in order to give us an inch of bread, they have turned around and forced us back down to where we could not get our chin from the ground in connection with the branch-banking situation.

Mr. FLETCHER. I felt inclined in the beginning to oppose branch banking, but the more I thought about the situation, the more I studied it, the more I learned about the conditions, the more I inclined toward favoring it until I finally reached the conclusion that it is a wise provision. But if that is the main point and the only point involved in the Senator's opposition to the bill, it is well worth considering.

Mr. LONG. If the Senate will strike out section 19, I do not think we will have a bit of trouble getting together. I told the Senator from Arkansas [Mr. ROBINSON] that. If they will strike out this iniquitous provision to concentrate wealth and go right opposite to what President-elect Roosevelt promised the people of America, I will support the bill. I think we could all probably get together, provided they will not stop the people's banks from having the right to sell the bonds of the States and the United States, and hold us subject to the private investment houses of the country. Certainly we could get together, but they are not going to yield. We ought to lay aside all of this kind of business. We ought not to be dealing with anything else except relief now, as the Senator from Oklahoma said.

As he said, we have messed around with the Philippine bill and a bill regulating marshmallows and pumpkin pie and everything else on earth, with people starving to death by the millions and selling everything they possess; and yet we fool around with this kind of legislation that can only do harm and a lot of harm at that.

We have not done a thing on the living earth for the people. I will be glad to have this bill set aside right now and compromise on any acceptable ground, except to allow the financial resources of the United States to be tied up in the hands of a few people, so that when March 4 shall come we will not be able to give the people relief from this condition. Irreparable harm will have already been done. That is why we can not allow this thing to go on.

Mr. President, I now have the decision to which I referred some time ago; and I think that the mind of the Senator from Virginia, easily and readily as it grasps the significance of such words as these, will see that group banking is branch banking and a violation of the law. I will read from the case of United States against Milwaukee Refrigerator Transit Co. and Others, decided by the Circuit Court of the Eastern District of Wisconsin.

This decision was by Sanborn, district judge, who later, as I recall, was promoted to another court. This case was decided by the circuit court probably before those courts were re-created. I will read from this decision without reviewing the facts except to refresh them in my own mind. I am sure I remember the facts, but it has been probably 15 or 20 years since I read this decision. In this case, however, the Pabst Brewing Co. wanted a cheaper rate on shipping beer. The railroads and the Pabst Brewing Co. could not make an agreement because the Interstate Commerce Commission would not allow it. So the Pabst Brewing Co. stockholders—there were three of them, three brothers—organized the Milwaukee Transit Co., and that company became a soliciting agent for freight business for the railroad in question. The court said that that corporation which was soliciting traffic, whether it was a different corporation or not, did not make any difference; that the same stockholders who owned one owned the other, and they were using it as a fiction to evade the law, and that the court would tear off the corporate fiction from their faces and see the individuals only or the one corporation in that group.

Here is what the court said, reading from the syllabus:

A corporation will be looked upon as a legal entity, as a general rule, and until sufficient reason to the contrary appears; but, when

the notion of legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law will regard the corporation as an association of persons; and where one corporation was organized and is owned by the officers and stockholders of another, making their interests identical, they may be treated as identical when the interests of justice require it.

What has that decision meant in the United States? It has not meant anything more than the paper it is written on. Those administering the law have let one bank with three or four stockholders organize as many as 65 branches, with the same president, the same vice president, and the same directors, and the same stockholders, operating as one, in order to violate the law of the United States. It has not only been winked at, it has not only been condoned, but it has been participated in and assisted by the office of the United States Comptroller of the Currency for years and years. It is an absolute violation of the law. Why has it been permitted? Because they intended to get this illegal system rooted and grounded in the idea of the people and to bring about such a concentrated control and mastery over the financial resources of this country that it would be like unscrambling eggs to undo it.

They have done that at this time. They are making the bankers' association do a flip-flop; they are making them indorse what they have often repudiated, and they come back here now undertaking to have the United States Senate legalize what the law forbade but what they did anyway.

The courts will get some little fellow for stealing a pig or breaking into a restaurant and getting something to eat; they will indict some man who steals a pair of overalls and send to the penitentiary some man with a pint of whisky on his hip, but these other violators of the law, although there may be means of handling them, are the masters of the law; it is not meant for them. Instead of hiding as a criminal would hide or staying out of public places, they not only have flaunted the law, they not only refuse to hide, but they walk into the United States Senate unmasked, not to plead guilty to crime, not to promise to obey the law, not to promise to correct their ways, but to tell the United States Senate, supposed to be the greatest legislative body in the world, "We have broken the law; we are not going to obey it; we have not obeyed it; and the only thing you can do to get any coordinated action with the powers that run this country is for yourself to pass a law condoning what we are doing anyway." In other words, they have agreed to let us join the lodge.

This is not the ruling power; this is one of the bodies that has been invited into the picture. The Senator from Oklahoma is going to be permitted to join and to be a participant in this thing. They are going to let us in on the ground floor. Of course, they are still in the basement. They are going to allow us to have something to say about the Government. That is a very fine act on the part of these gentlemen; that is a wonderful act. They say, "We have violated the law and we know it; we find that the people have got a little bit too wise; they have gone out and done the impossible act of electing a President of the United States who has pledged himself to the enforcement of the law and to prevent the recurrence of this kind of transaction; we find the question of luring the United States Government farther into this halter is about gone; that we have got until March 4 to do it and that is the end of pea-picking time"; and so they have come here to-day and the cry is, "Hurry, hurry, hurry!"—to put this criminal forgive-me act over, this act that excuses crime by making the Government a party to it. They come here now and undertake to put over this banking act providing for branch banking.

I am sorry the Senator from Florida has left the Chamber. I do not see how he could have ever changed his mind on branch banking, considering what I know about what happened in Florida. I am going to have to refer to statistics in regard to the State of Florida; I am very sorry to do so; but certainly branch banking did not help them any, so far as I can see from what little knowledge I have of the matter. So, I do not see how, under the living sun the Senator could ever have changed his mind in view of what happened in Florida. I happen to know something about the interlocking affiliations in Florida. We are to-day, in Louisiana, paying the penalty for some of the things that happened there. We are paying the penalty for some of the banking affiliations that our own banks have in Florida. The files of the Government will show that we are paying for it.

Mr. President, we want to see all necessary banking legislation passed that will do any good, but, in order to get banking legislation, we are not going to yield to the concentration of resources in this country. Nothing of the kind is going to happen.

Mr. President, I am not alone in this idea as to what is happening in America. I have before me here a very celebrated book written by Mr. Lawrence Dennis, formerly a member of the United States Diplomatic Service, and formerly connected with the banking house of J. and W. Seligman & Co., of New York City. The book was published in 1932. On page 294 the author undertakes to draw an analysis of this situation, and to show that we have been undertaking to start business going again.

What are the correctives that we propose in order to start business going? What are the relief measures proposed? One of the relief measures is salary reduction. It is contended that, in order to get business going better, if we reduce the salary of everyone who is working for a living he will spend more money. That is one of the philosophies with which we are now dealing.

As I have said, Mr. President, in my earlier days I was cheated out of a great deal of education that I had hoped to obtain, and I have been unable to go farther in mathematics than a very brief course in plane geometry. I understand it is explained in some other branch of mathematics that it is necessary to go in a course directly opposite to the one at which you expect to arrive in order to obtain your object. Somewhere in mathematics I believe I have heard it explained that by going exactly in the opposite direction to the place where you would expect to find the land you will reach that place. In other words, at the end of the rainbow there is a pot of gold, if you reach the rainbow's ending. Therefore, we are dealing with this philosophy: We must start business going again; and, in order to start business going, people have got to begin to buy and to spend money, and in order that we may encourage people to spend more money and buy more we will reduce what little wages they are getting by 50 per cent, and put a tax on all they might buy! I do not know that that is sound philosophy.

We have some big men advocating it. It seems sound to some of them, I presume; but I never have been able to see it as yet. It is said then that in order to make that theory work we have got to have a sound guaranty of bank deposits. I read an article this morning in the Saturday Evening Post, written by Mr. Frank Vanderlip, who showed the impossibility of ever having what may be called a copper-riveted guaranty of deposits or any other investment. For instance, there was a family known as the de' Medici living several hundred years ago. They were the Rothschilds and Morgans of that day and time. The Senator from Arkansas may possibly correct me if my pronunciation is wrong. de' Medici—is that right?

Mr. ROBINSON of Arkansas nodded his head.

Mr. LONG. I am right, again; the Senator from Arkansas says so, and that makes it unanimous.

The de' Medici family, as I have said, were the Rothschilds and Morgans of that day and time. Mr. Vanderlip shows that if their little fortune at that time of a hundred thousand dollars had been just simply made into one little pot of gold and left there to draw 5 per cent interest from that day up to to-day, it would have increased until it represented a mass the same size as that of the earth.

In other words, if the investments of the man could have been guaranteed from that time on, in the few hundred years it has run from that day, at compound interest, the fortune of this one family to-day would be as much gold as the earth in size!

That, I think, is the leading article of this publication of this week.

We must distribute wealth. We can not concentrate wealth. We must provide for distributing wealth. The only way we are going to be able to get the people to spend more money is to give them something to spend.

That is not statesmanlike. That is not in keeping with the philosophy of government here; but I am going to state a new philosophy. I am going to be different, Mr. President. I am going to say something that is hardly going to be believed by the Senators sitting here—that in my opinion the best way to get a man to spend more money is to give him more money.

I know that does not sound right [laughter in the galleries] but I honestly believe that—that the best way to get a man to spend more money is to give him more money. The theory on which we are progressing, however, is that there is somebody left in this country who is making a little money, a few salaries, and that we have to get hold of them and curtail their business and cut down their wages a little bit lower in order to make them spend what they have left! That is the philosophy.

Well, that is not the philosophy of this gentleman, Mr. Dennis, to whom I have just referred. He says:

> Needless to say, the depressive effects of the imports surplus could be countered by socialistic expenditures of government to create enough purchasing power to absorb the imports surplus plus the full domestic output at the existing level of prices. But it must be quickly added that such a government would never have allowed the export of the people's wealth in the first place. A government of the people and for the people would never have allowed its bankers and merchants to export, on credit, $16,000-000,000 of the Nation's wealth to help Europeans kill each other.

In other words, the way we handled this matter was this: We had five and a half billion dollars of currency. That is all the currency we had in the United States; and our sound financiers and students of finance and of the philosophy and the science of government have loaned to the European governments, in order to help them kill off one another, three times as much money as the entire currency in the United States all put together—three times the amount of currency of the United States!

> The governments of Washington, the Adamses, Jefferson, Monroe, or Madison, which were anything but governments by the people, probably would not have allowed such capital exports. It took a twentieth century alliance between the greed of Wall Street bankers, with their national following of profiteering manufacturers and farmers, and the spiritual leadership of misguided liberals of the internationalist persuasion to send to Europe thousands of American soldiers and billions of American dollars, never to return.
>
> The answer to the question posed at the beginning of this chapter is that foreign loans can not be repaid because the rich will not allow the necessary spending to absorb the goods of payment.

This gentleman, after discussing this matter for a chapter, says that unless we are going to allow the country to spend enough money to absorb some goods, it is impossible for anybody to sell anything to pay us what they owe us. That is the philosophy of this gentleman.

He goes farther, however. This is a banker, formerly attached to the Diplomatic Service of the United States Government. He goes farther. He shows just how we have handled this matter and just how much attention we pay to fundamentals in hours of crisis. In hours of crisis, when fundamentals should have received the greatest weight of all time, according to this gentleman who was attached to the United States Diplomatic Service, here is the treatment with which they were received:

> To occupy positions of influence or responsibility in the America of to-day, a man must have the indorsement of big business, which means that he may not have the soul of a leader. The American people demand this quite as much as business. The Nation is as deeply imbued with the business faith as any people ever was with a state religion. The agencies of public opinion formation are under commercial control. Effective free speech since 1915 would have corrected or greatly minimized the evils discussed in this book. The war to make the world safe for democracy gave free speech in America an indecent burial.

I know, Mr. President, that when they were carrying out this scheme to concentrate the wealth and the control of this country into the hands of a few people, when we saw that they were using that war for the liberation of democracy as a vehicle to place this country under the mastery of the financiers of this country, they closed the mouths of the people of the United States and carried on the crimes against this country, and none there were who dared to speak. I think I defended the only man who wrote this situation up who came clear during the war under that espionage act. I happened to be one of the attorneys defending a man who was in the State Senate of the State of Louisiana, who rose up and published a book quoting the statistics of the United States Government, showing that this condition was coming about that the Senator from Mississippi [Mr. HARRISON] and the Senator from Idaho [Mr. BORAH] and the Senator from California [Mr. JOHNSON] say is here now.

This man, who dared to prophesy the consequences of what was being done at that time by the Government, was haled before the United States court under indictment because he had had the temerity to copy and to assemble into one book the editorials of the past of newspapers that had since changed their opinion and adopted the doctrine of the United States. None there were who dared even to breathe the truth as to what was going on in America when the wealth of this country was being centralized into the hands of the few under the guiding spirit of "making the world safe for democracy." Every man who sits in the Senate and gets up and denounces France for the nonpayment of her debts and deplores the condition that this country has got into as the result of that situation ought first to kneel and ask the Lord for forgiveness for having been lured into that kind of a net, if he feels like some Senators who have spoken on this floor. They ought to open their speeches with a confession. They ought to ask for prayers for forgiveness, and for the guidance of spiritual leaders not to let this country get into that kind of a situation again, and for deliverance from what has been done as a result of those acts.

Let me read further. I got off the subject. [Laughter in the galleries.]

> The people have since been betrayed by their spiritual leaders.

That is true. That is also true—that they have been betrayed—by most of them. Nobody is afraid to say that, either. Where is the preacher to-day that dares to get up in the pulpit and quote those words of the Lord:

> How hardly shall they that have riches enter into the kingdom of God!
>
> For it is easier for a camel to go through a needle's eye than for a rich man to enter into the kingdom of God.

Where is that man? Where is that man who will read the first five verses of the fifth chapter of the Book of James:

> Go to now, ye rich men, weep and howl for your miseries that shall come upon you.
>
> Your riches are corrupted, and your garments are motheaten.
>
> Your gold and silver is cankered; and the rust of them shall be a witness against you, and shall eat your flesh as it were fire. Ye have heaped treasure together for the last days.
>
> Behold, the hire of the labourers who have reaped down your fields, which is of you kept back by fraud, crieth: and the cries of them which have reaped are entered into the ears of the Lord of Sabaoth.

You do not hear that read in the pulpit to-day. If you do, the man will not be in the pulpit very long. [Laughter in the galleries.] They are not to blame, poor fellows. They will be starved out, too.

> To the press and the university—

I want to say, before reading further, that we allowed this great movement which was supposed to be for the liberation and for the expansion of democracy to be used as the cloak by which they took the wealth of this country and sent it abroad. At the time, according to the statistics of the National Industrial Conference Board, I think, about 2 per cent of the people owned about 60 per cent of the wealth. To-day, less than 1 per cent of the people own more than 60 per cent of the wealth. They did not use it to make the world safe for democracy, however. That was the banner under which they pretended to be fighting this war, and sending soldiers into foreign lands, and spilling out the

blood of the American people, and taking money and dumping it over into foreign lands just like you would load out a sack of potatoes. They were not worried about that. They were prosecuting every man who dared open his mouth as to what was going on in this country, and convicting such men because they dared to quote what had been said in the past. You could not even read Washington's Farewell Address in safety, the way the thing was going on at that day.

Now, when the people of this country are starving to death and crying for bread and for something to wear—because there is too much to eat they are starving to death, and because there is too much to wear they are going naked—these financial interests are coming along here and saying, "Well, well, well! We are just going to put all the banks under one or two men to head them. We are just going to fix this thing now so that you will never need worry again. We will have succeeded in placing the country on a stable and understandable basis so that it will be lord and peasant." That is what we are to expect, and, therefore, we can conceive along what lines we are to progress in the future. That is what this kind of legislation means.

I read further from this book:

To the press and the university it is perhaps not appropriate to address the reproach of a betrayal, since they have been loyal to those by whom they have been bought and paid for.

That is the only one that stayed true. I want to say, Mr. President, that on the floor of the Senate I have heard some attacks made on the newspapers. They are the only ones that stayed true. But Mr. Dennis says they were bought and paid for. If so, they are the only ones that stayed loyal to their rightful masters. I will be the last man ever to criticize a man who sells out and stays bought, if the Government approves it, particularly when the transaction has received such governmental sanction.

The churches, as a spiritual force, of course, have been dying for many years. The people will suffer and complain under their business leaders, but follow them they must, to the bitter end, for the people have no other leaders. Nor have they any other faith.

This leadership must with equal blindness march fatally toward war and its logical culmination, the exact character of which it would be idle to predict. It seems safe to hazard the guess that the next war will usher in a long era of restricted freedom for the expansion of human personality.

Just as the last one did.

If the suffering of the coming war is sufficiently long and terrible, as it gives encouraging promise of being—short and easy wars are not worth while—it is certain that out of it will be born a new social consciousness calling for a fresh leadership. To expect such leadership to arise under less dynamic circumstances seems vain. Great ideals are born only of great travail and pain.

No natural event occurred between November 11, 1918, and October 11, 1929, to bring on the world crisis. There was no force, outside of business behavior, at work to slow down production or consumption. On the contrary, every development in science, the industrial arts, and public taste favored a rising tempo of economic activity and social advance. The war losses can not be blamed. These losses were quickly replaced, to the prosperity of all engaged in the task.

This book contends that the present crisis was and remains 100 per cent a group of business and credit phenomena, thus proving conclusively that business men have learned nothing and that business has made no progress. Every element of the present depression was deliberately put together by business men acting in accordance with the consensus of the best prevailing opinion, which was never better informed or more effective.

The point of view of this book is not unlike that which a citizen of Rome might have taken a century or so before the fall of the empire. He would not have regretted the doom of prevailing leaders, but he would have been saddened by the contemplation of the loss of many of the values of Roman civilization.

Just as we would be saddened by the loss of this American civilization, much of which is wonderful.

It is not to be inferred from the use of this simile that the decline and fall of capitalism is expected to plunge the world into a period corresponding to the Dark Ages which succeeded the collapse of Roman civilization. Should capitalism fall, its successor system or systems will conserve the full technical heritage of the race.

And, Mr. President, this man of diplomacy and banking experience has gone so far as to prophesy that there is no alternative from the course toward which we are leading but a complete fall of capitalism, as he says, by reason of the fact that we have amassed the control of the wealth and resources of this country into the hands of a few people, and that there is no escape; that the business domineering and banking leadership of this country has fastened its hands so close on the throat and pulse of the people that they will never be able to wrest them loose in time to save capitalism from its own suicide.

That is the theory of this man of diplomacy and banking experience, who proves by the tables that 100 years before the fall of the Roman Empire they had the same chance to save that empire as we have to save America to-day.

Oh, no! Rome would not take a lesson. Napoleon had sense enough to do what Rome did not have sense enough to do. Rome would not take a lesson. Rome began to reform the Justinian Code, but not to the point of correcting the evil of the concentration of wealth, even when it had almost been concentrated into three hands, resulting in the First Triumvirate, when Pompey, Cæsar, and Crassus divided the world into three parts. Rome would not take a lesson. They undertook to correct the evil by imposing a greater evil, and so the Code Justinian was reformed so that there would be no primogeniture, there was no such thing as the right of a child to inherit, so that the fortune of the master might be perpetuated through the ages. Thereby Rome fell.

Napoleon had sense enough, although leading the country of France into war after war, to see that there was only one salvation for the country, and they did establish and maintain in the Empire and in the Republic of France a system by which the fortunes were broken up at the death of the one who founded the fortune, so that fortunes had to be diffused among the people, so that there were no trusts or fidei commissum, as a result of which France to-day still has the community store, the community bank, the community business, and France has been able to stand the scourges and the ravages and the wars and the pestilences that no other country has ever known, because they have kept the wealth of their country diffused; maybe not as much as it should be, however.

Not so in America. They have acted just as the leaders did in the days of Justinian in Rome. Here we are in the land of plenty and the people are starving, though the country has too much to eat. There is too much to wear, and the people go naked because they have too much to wear. There are to many homes to live in, but the people are without a place to put their heads to-night, and therefore we create home-loan banks, because the building and loan associations are going broke for the reason that there is no one who has money enough to buy or rent houses.

Now we come and try to relieve the country from this system of concentration of wealth and power in the hands of the few, and how do we propose to remedy the situation? By imposing a condition that means twofold more trouble on top of what we have already. That is what we are proposing—proposing to close the door before the liberal man can arrive. We are proposing to concentrate now, to close the door so that there will be eternal trouble with a situation that admits of no correction, regardless of the promises made to the people of this country.

Mr. President, in order to go farther about this matter, in order that I may be better understood, so that I can place this matter before the Senate properly, I do not want to desert the subject without offering a remedy. I have heard any number of speeches made on this floor, but they leave the people remediless. I want to prescribe what I conceive to be the remedy, and I do not have to go very far to prescribe that remedy. If our purpose here is to relieve the American people, if that is one of the purposes of this bill—and I am sure the Senator from Virginia has that object in view, or he would not have the bill here—if we are here to relieve the people of this country, I want to give the remedy.

There is no trouble as long as there is stuff enough to feed the people; there is no crisis if we are administering it at all. It is the fault of a method of distribution only. It

is not necessary to have people starving under the very shadow of too much to eat. It is not necessary to have the cotton farmer a pauper to-night because he can not sell his cotton, and have the man on the street naked because he can not buy goods to wear. It is the fault of the system; it is the fault of our failing to provide a means of distribution.

What do I suggest? Let me tell the smart men of the Senate what I would do. Let me tell the smart and brilliant minds of the Senate. Some of them may read what I say; I doubt that very much, but let me tell the brilliant minds what I would do. I want it understood at what great loss I am in undertaking in any respect to put views up before these learned disciples, but if I were permitted to-day to reform the system of American Government, the first reform I would make would be to require every man in the United States Senate to farm one year and sit in the Senate one year, to split rails one year and come to the Senate the next year, unless he appeared, in some degree, competent to understand the people's problems he was supposed to solve. I would keep them in touch with the people until they understood their troubles and this crisis.

This is what I would do fundamentally. I would start out to-morrow with a fund of no less than $10,000,000,000. I would inventory the supplies of America. If we had enough cotton for next year, we would not raise any cotton for next year. That is what the farmer wants to do. If we had enough wheat for next year, I would not have our farmers raise any wheat for next year. It would be a waste to do it.

I would provide, Mr. President and gentlemen of the Senate, a medium of exchange sufficient to carry on the business of the country. That is not enough. I would raise a fund of no less than $10,000,000,000, and every idle man in this country would be engaged in the work needed by this country until we could put him back on the farm next year, under such laws and rules and regulations as would make production meet supply and not go too far beyond it.

Would that be a great deal of trouble? I suppose it would be objected to. The amount I suggest is only about two-thirds as much money as we raised and loaned to France, England, Russia, and other countries.

How would I raise that money? All we need is $10,000,000,000. In normal times the wealth of this country is around three hundred and forty or three hundred and fifty billion dollars. How would I raise that money? It would first be necessary, in order to raise that money, to expand the system of currency that we have. But to raise the money we could put the income and inheritance tax rates at a certain point, and we could bond and amortize that over a period of years to the point where we could catch up consumption with production, and by that means we would be bringing the wealth off the top.

There is still another way. It may be said that is not enough. If that is not enough, I would have a small capital levy, applying on fortunes above a billion dollars, and nine hundred million, and eight hundred million, until I had provided work and food and clothes for the people of this country.

That, Mr. President, would start this country off. We would then have to proceed along the line of decentralizing rather than centralizing. As long as there was food to eat there would never be such a thing as a hungry man in this country. As long as there were clothes to wear there would never be such a thing as one without them.

What is the fault with this great civilization? I believe that we are still operating as a Christian Government. We open the Senate every morning with prayer to the Lord and to Christ. From that I take it that at least there is some element of form, if nothing else, and that we are operating as a Christian country. I take it, therefore, that we all expect and want no other kind of a government except a government responsible to some Supreme Being. That being true, we at least hold the Creator, if we conduct ourselves properly or nearly properly, to the covenant of the Lord, that in due season he will give the righteous rain and that the land will produce in abundance. The land has produced. There is not a single natural fruit or product that can be yielded by the land to-day that the Lord has not supplied America in abundance.

What more can be done? Our civilization has stepped so far out of tune that, because He has allowed us to produce too much, we are going to starve the people to death. Our civilization has stepped so far from what the Lord ever intended it should that because we have too much to wear, there is no market to be found for the clothing. Our civilization has stepped so far out of tune with what was expected from a nation of civilized and respectable Christian people that to-day, with too many homes, we are financing them by the Government, because something must be done, when people can neither sell nor rent those homes, though people are walking the streets.

We have to provide and maintain the system, so we go down into the bowels of the earth and we rake the gold of the Government together and supply it to the institutions in order that they may perpetuate the stagnated system of not diffusing the wealth of the land, in order that the products that are here may not be eaten, in order that the products that are here may not be worn. That is where the fault has been, the only fault, of failing American civilization.

Mr. President, I have in my hand a little bulletin issued by the Association of Independent Unit Banks of America. I do not want to ask the Senate for too much; but this is a short bulletin, it is from the independent banks, they have no other way of being heard here, and while I realize I have had a couple of letters read, if I am not asking too much, I would like to send this little bulletin of these independent banks to the desk and ask that the clerk read it.

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

The legislative clerk read as follows:

AN OPEN LETTER TO MEMBERS OF CONGRESS

To the Members of the United States Senate and House of Representatives:

During the last five years there has been an avalanche of publicity and propaganda favoring the enactment of branch banking laws by Congress, and it is only natural that Senators and Congressmen who have not been particularly interested in the subject and have not followed developments closely, do not now see the movement in its true perspective.

ORIGIN OF MOVEMENT

This urge for branch banking and "unified banking," which means the ultimate overthrow of our present dual unit banking system composed of both State and national banks, that has for nearly a century financed the marvelous growth and development of our country, and the complete extinction of the State banking system with its 15,000 unit banks, its $42,000,000,000 of resources, and its 1,500,000 stockholders, comes from a comparatively few sources. Just at this time certain of the interests referred to are by every possible means furthering the enactment of section 19 of the Glass bill (S. 4412), which would deprive the States of the right to prescribe to what extent branch banking may be carried on within their boundaries (notwithstanding the so-called Vandenberg amendment, a thoughtful reading of which reveals that it provides no protection whatever for existing banks), while others are ringing the changes on the safety of the English and Canadian branch banking systems and recommending them for adoption by our country.

These sources may be classified as follows:

(1) A very few misguided nationalists who believe in one banking system operating under national law and bureaucratic control at Washington. This involves the radical step of striking down the sovereign rights of the States, guaranteed under the Federal Constitution. All branch banking law for national banks heretofore adopted by Congress has respected and upheld this sovereign right.

(2) Certain Federal officials who have enjoyed the prestige of power and are eager for additional power, regardless of the country's general welfare.

(3) Bank shareholding companies whose ownership of the shares of national banks is of questionable legality. One such company alone controls 127 units located and operating in numerous States.

(4) A very few large banks in metropolitan cities, ambitious to extend their operations throughout the State of their domicile and thence into other States, with nation-wide branch banking as their ultimate goal.

(5) The large state-wide branch-banking octopus of California, which declares nation-wide branch banking to be its objective.

(6) "Big business" which, directly and indirectly, controls the policies of many large city banks and some of the bank sharehold-

ing companies and which seeks to so extend its power and influence as to eventually control all the bank deposits of the people for its own benefit.

(7) Certain theorists and economists who have never had a day's practical business or banking experience.

(8) A very considerable number of citizens who are depositors in closed banks and who have been deceived by the branch banking propaganda spread so persistently and adroitly by a comparatively few but well organized and financed interests.

ESTIMATING THESE INFLUENCES

To how much consideration are these several classes of advocates of branch banking entitled?

The first and second classes consist of a handful of bureaucrats whose opinions and ambitions violate the very principles of ordered freedom upon which our Nation is founded. They are not only entitled to no consideration but are deserving of condemnation.

The third, fourth, fifth, and sixth classes are actuated entirely by narrowly selfish motives, and are therefore entitled to no consideration. These special interests entirely ignore the rights guaranteed to establish unit banks, both State and national, under the Federal and State Constitutions. They ignore all precedent set by Federal legislation in the past in respecting and upholding these rights. They are bent upon grasping advantages for themselves even though the rights and privileges of their fellow citizens are ruthlessly destroyed.

In the sixth class are found metropolitan newspapers and magazines that seek the favor of big business by editorial and publicity policies such as big business naturally approves. Also, the United States Chamber of Commerce is actuated by the same motive, since it is common knowledge that those who were most influential in the deliberations of the chamber's special committee on banking (which has indorsed Federally imposed branch banking) were holding company officials, who are doing everything possible in their frantic efforts to pass section 19 of the Glass bill.

Those included in class 7 are entitled to consideration from the standpoint of theory rather than of the practice of banking in America. Most of their utterances are in the nature of inspired (and paid for) newspaper and magazine articles. Their favorite theme is to discuss points of weakness in our present system and to recommend idealistic correctives which certainly have not proved their worth where they have been tried in the past, and could not be expected to work any better in the future.

Bank depositors comprising class 8 are entitled to every possible consideration. Their interest is to see banks made safe places for their deposits and every reasonable corrective applied in our banking practices.

Therefore the question is to make our banks safe without violating the cardinal principles of our democratic form of government, and without turning over the bank deposits of the people to the uses and purposes of a few, instead of keeping them for the most part available for service in the self-realizing activities of that community life that has been the principal factor in the development of our country and in making it the richest and happiest nation on earth.

THE CANADIAN AND ENGLISH SYSTEMS

How can any well-informed person seriously advocate the adoption of either the Canadian or the English system of banking for the United States? Business as it is conducted in the United States could not possibly be financed under either system; and those special interests that recommend it would be the first to oppose the suggestion if they thought for a moment there was the least likelihood of either being adopted.

That business stagnates under the Canadian system is readily provable. Canada with age, area, and natural resources equal to those of the United States, has only 10,000,000 inhabitants, as compared with 120,000,000 here. The national wealth of Canada is about $30,000,000,000 as compared with over $360,000,000,000 for the United States. In Canada one bank, with numerous branches, controls over 27 per cent of the country's banking resources, while three banks, having 2,600 branches, control over 70 per cent.

We want no such centralization in our country. Decentralization is characteristic of America in every field of activity, and has unquestionably been one of the most important factors in its development.

It is even more fallacious to cite the case of England, with more than 80 per cent of the banking resources of the country centralized in five great banks having more than 8,000 branches.

It is true that bank failures seldom occur in these two countries; but it is also true that the banks are not subject to special governmental supervision or control as banks are in the United States, a weakness the dangers of which are incalculable. Without supervision, a wholly insolvent bank may remain open so long as it can meet the daily demands made upon it.

And what is the answer to the question asked by Mr. Francis H. Sisson, president of the American Bankers' Association and vice president of the Guaranty Trust Co. of New York, in a recent speech:

"Is it not true that if England had not suspended the gold standard, relieving the banking system from the obligation of paying out gold, all the banks would have had to close?" He adds: "The pound obligation to-day in England is worth only about $3.20 in place of $4.86, whereas the American dollar obligation is at par."

Also, we must remember that the area of the United Kingdom is only 95,000 square miles, while that of Continental United States is over 3,000,000. It is obvious that any attempt to centralize in Washington supervision over such a banking system as Canada's or England's in our country would prove impracticable and futile.

America is still America, and our people are not disposed to adopt the British, Canadian, or any other foreign system of banking, particularly since they know what would happen to our cherished American institutions should our promotion-minded brethren secure control of it.

BANK FAILURES

The large number of bank failures is the principal argument advanced by the proponents of branch banking. It is true that the number of failures is appalling. Banks of every type, both large and small, city banks and country banks, branch banks, chain banks, and group banks—all have failed alike; but an unbiased investigation of the causes of failures establishes beyond question that it is not in the least measure necessary to destroy our historic dual unit banking system in order to reduce failures to a minimum.

The causes of failures are too numerous to discuss in this letter, and only the principal cause will be referred to briefly, viz, the very much overbanked condition that has existed for many years.

In 1880 there was in the United States one bank for every 15,000 people and failures were a rarity. The number was increased through laxity on the part of Government banking authorities till in 1921 there was one bank for every 4,000 people. In some western States there was one for every 1,500 people, and in Montana there was one for every 750 people. Through failures, mergers, and consolidations the number has been reduced until now there is one bank for every 6,500 people.

It will only be necessary for Congress and the several States to enact legislation restricting the granting of bank charters to remove this, the greatest weakness of our present banking system.

HASTY LEGISLATION DANGEROUS

How any informed person zealous for the common good can blink the facts and advocate federally imposed state-wide branch banking is beyond all comprehension. The simple truth is that the state-wide branch banking proposal in section 19 is not an end in itself. It is only a stepping-stone to centralized control of nation-wide branch banking. This is no time to take so radical a step.

Our country is passing through a period of readjustment which is inevitably reflected in banks of every structural type. During such period many legislative remedies are always suggested and, unless exceeding care is taken by legislative bodies in sifting out such suggestions as have merit, and due consideration is given to the probable effects of the adoption of such suggestions, much more harm than good may be done. We therefore earnestly bespeak the most careful consideration by Congress of not only section 19 of the Glass bill but all banking legislation that may be offered. Changes in our banking laws should come in the nature of evolution rather than hasty, unconsidered enactments.

Section 19 should be entirely eliminated from the Glass bill, because it is based upon false reasoning; because only special interests are behind it; and because the American people realize that it is a wolf in sheep's clothing.

ASSOCIATION OF INDEPENDENT UNIT BANKS OF AMERICA.

A REMARKABLE RESPONSE—NATION-WIDE VOTE ON SECTION 19 OF THE GLASS BILL

Returns in the "once and done" canvass of banks in the United States for an expression of the viewpoint of their management on section 19 of the Glass bill have exceeded the most sanguine estimates of those who have been directing the work of the Association of Independent Unit Banks of America. Prior to receiving the letter containing the ballot comparatively few bank officers had ever heard of the sponsors of this movement or of the movement itself. That votes should have been sent in by nearly 6,000 banks (more than 1 out of every 4 banks) is indeed a stirring testimony to the concern which bankers are everywhere experiencing over the possible enactment of the revolutionary section 19 of the Glass bill.

This great volume of balloting presents the most candid and the most reliable cross-section of public opinion that has thus far been made available concerning section 19, whose clear-cut purpose is to destroy the right—established under the Constitution of the United States—of the people in the several States to govern branch banking within their own State. Fundamentally the issue in Washington officialdom and in Congress is this: Shall the rights of the people be upheld in accord with all previous Federal branch banking legislation or shall official Washington be granted the power and the privilege to set in motion a process of banking control which will sweep away the present system of home-owned and home-managed banks?

The letter sent with the A. I. U. B. ballot attempted only to point out this single point in section 19 and to call attention to the special big-business interests now pressing for its enactment. Statements of fact made in the ballot letter have not been even remotely challenged by any bank officer or by any business man throughout the length and breadth of our Nation. This is significant indeed and should lend conviction to Congress that this

cause—that is, the preservation of the American unit-banking and dual-banking systems, State and national—is based upon considerations of absolute fairness and essential justice, both to national banks and State-chartered institutions.

It is interesting to note that ballots have been sent in by national banks and State chartered banks in a like proportion to the number of these banks, respectively. In Pennsylvania, for instance, out of a total of 415 ballots received, 231 came from national banks and 184 from State-chartered institutions. This shows clearly that the opposition to section 19 is shared equally by national banks and State-chartered banks.

Special reports received from voting banks indicate that the number of stockholders represented in the vote against section 19 is upward of 500,000 persons. This great body of American citizens comprises most of the leaders in the responsible civic and business life of every city, town, and rural community thus represented.

In order that the reader may grasp the trend of the nation-wide vote according to geographical sections, the report is presented in the following form:

	Number of ballots	
	Opposed to sec. 19	Favoring sec. 19
Maine	8	1
Vermont	23	0
New Hampshire	9	0
Massachusetts	30	7
Connecticut	37	4
Rhode Island	2	1
Total	109	13
New York	214	12
New Jersey	88	4
Pennsylvania	410	5
Delaware	3	0
Maryland	19	1
District of Columbia	3	0
West Virginia	67	1
Ohio	241	7
Total	1,045	30
Virginia	91	6
North Carolina	42	4
South Carolina	22	1
Georgia	85	4
Florida	52	5
Alabama	77	3
Mississippi	57	0
Tennessee	129	6
Kentucky	113	4
Total	668	33
Indiana	248	4
Michigan	171	10
Illinois	409	9
Wisconsin	291	5
Minnesota	315	13
North Dakota	74	5
South Dakota	100	9
Nebraska	201	6
Kansas	297	9
Oklahoma	172	5
Texas	288	9
Louisiana	45	4
Arkansas	90	2
Missouri	383	5
Iowa	289	8
Total	3,373	103
Montana	39	4
Idaho	24	3
Wyoming	29	3
Colorado	72	8
New Mexico	15	0
Arizona	4	0
Utah	23	2
Nevada	3	0
California	98	3
Oregon	29	9
Washington	61	13
Total	397	45
Grand total	5,592	224

Our thanks and appreciation for this splendid vote are extended to all cooperating banks.

We must continue the fight.

WHEN A FELLER NEEDS A FRIEND—YOUR HOME-TOWN BANKER SPEAKING

Following are sayings "worthy of all acceptation" on section 19 of the Glass bill, which would destroy the right of each State to govern branch banking within its own borders. These "Americanisms" are chosen at random from hundreds of similar remarks written in brief over the signatures of bank officers, on the postcard ballots in the nation-wide vote of banks on section 19 of the Glass bill conducted by the Association of Independent Unit Banks of America.

Guy Emerson, vice president Bankers Trust Co., New York City, in a recent address had the following to say:

"In the long run bankers in the aggregate do know more than anyone else about their business. By and large they are honorable men who want to see accomplished that which will be in the public interest."

This seems like good, sound doctrine. We, therefore, present a little of the opinion which bankers "in the long run" have expressed on section 19, as follows:

Bitterly opposed to section 19 of the Glass bill.—Virginia.

Fight it to a finish.—Wisconsin.

Strongly indorse your efforts.—Wisconsin.

Oppose section 19 with a vengeance.—Iowa.

Unfair, unjust, unreasonable.—Delaware.

A very dangerous proposal.—New York.

It is un-American.—Missouri.

Defeat advised. A dangerous, vicious proposal.—Wisconsin.

The passage of this bill would be a tragedy.—Michigan.

If we can be of any help let us hear from you.—Illinois.

We would like to vote "No" one hundred times every day in the week.—Kansas.

With a comptroller publicly advocating branch banking, we have been muzzled. We now vote "No."—Michigan.

You are performing a great public service in thus opposing the effort to eliminate individualism in business as well as banking. Unit banking must live.—Ohio.

Call on us for whatever help we can render. Local control is a fundamental American principle.—New York.

Unit banking has developed the individual communities.—Nebraska.

Branch banking would mean ruination for local banking in Missouri.—Missouri.

By all means kill this vicious piece of legislation for the good of America of the future. There has already been too much monopoly.—Indiana.

We want banks of the people not over the people.—Indiana.

Nothing should be left undone to defeat this vicious measure.—Virginia.

It will deprive us of our independent status. Hope everything will be done to defeat the section 19.—Virginia.

Branch banking would ruin the country.—Kansas.

We are in favor of people controlling and managing banks in their own communities.—West Virginia.

Branch banking is destructive of individual rights and initiative.—Tennessee.

Keep control of finance out of the hands of a few rich men.—Iowa.

Our Congressmen and our two Senators advise they will oppose.—Indiana.

Would be most unfortunate for the country at large.—Virginia.

Looks as if the big bankers are trying to hog it all.—Georgia.

History tells us that too much power in the hands of the few is fatal to democracy.—Missouri.

When you dry up the springs the rivers will cease to flow.—Louisiana.

We believe that independent unit banks are the backbone of American banking, and the best form for the people of this country.—New Jersey.

We appreciate the effort being made to defeat this bill, as it seems to us unjust.—Illinois.

We feel that unit banking is largely responsible for the tremendous development of this country and that it is much preferable to branch banking in spite of some shortcomings.—Oklahoma.

This country is suffering from overcentralization of every kind. We should reverse this trend.—Illinois.

Branch banking favors abuse of entrenched power. History shows entrenched power has always abused its opportunity and privileges. The home-owned bank is our best asset.—Iowa.

We are for maintenance of State rights and individual effort and honesty.—Kentucky.

It would retard American progress by breaking down community pride in home-owned financial institutions.—Indiana.

It means life or death to many banks in Minnesota.—Minnesota.

We are opposed to any attempt of the Federal Government to usurp the powers of the States.—Arkansas.

To enact section 19 would be the beginning of the end of democracy in America.—Pennsylvania.

Why give some people control of everything?—California.

We are with you to the finish. This bill should be defeated.—Colorado.

We are opposed to any law that allows the big fish to eat all the little fish.—Georgia.

We need laws to protect rather than handicap unit banking.—Kansas.

Kentucky's experience with branches should be convincing.—Kentucky.

We consider branch banking and other forms of branch enterprises the greatest menace that confronts the United States at this time.—Louisiana.

Every community should take pride in the fact that it supports a bank owned and operated by members of the community—those who know their needs and can serve them better than anyone else.—Maryland.

In our judgment this is vicious legislation and it would be a grave mistake to enact it.—Illinois.

Stay right in there and pitch.—Texas.

This is another effort to enlist the cooperation of the National Government in bringing about the total destruction of small concerns for the benefit of large aggregations of wealth. If a halt is not made, an explosion will result.—Mississippi.

Absolutely necessary for the protection of the common people that this bill be defeated.—Nebraska.

Branch bank failures have proved more disastrous than unit bank failures.—New York.

More power to you. If other county banks do not respond, let me know, and will see them.—New York.

Most dangerous thing ever to be before Congress.—Oklahoma.

As far as we have seen, branch banks are poor stuff for a community and in case of failure, are disastrous.—Colorado.

A few holding companies should not control the banking laws of the United States of America. They placed themselves in their present position voluntarily.—South Dakota.

Part played by the very large banks in floating foreign bonds now almost worthless is reason to believe their complete control of banking would be harmful.—Texas.

The United States has already had enough grief caused by "holding companies."—Wisconsin.

Believe branch banking is designated for the rich man and prevents progress for the average individual.—Pennsylvania.

Unalterably opposed. Believe it will mean death to thousands of small banks such as ours.—Florida.

Branch banking concentrates wealth, retards local development, discourages private and community enterprise. Unwholesome financially.—Alabama.

Branch banking has not proven itself to be conducive to the best interests of communities or of business.—Wisconsin.

The evil that will be done to small communities by centralizing their deposits and credit facilities in the hands of strangers is so apparent remarks are unnecessary.—Florida.

Fight it! Fight it! Fight it!—Kentucky.

There is no precedent or proof that branch banking is a cure for our financial ills.—Iowa.

This bill must be defeated at all hazards. Its enactment means the destruction of present banking facilities, without supplying anything better.—New York.

This is a vicious attempt to ruin the independent banks and rob the communities of their established relationships.—Kentucky.

We are only a small bank in a small county town, but protest against giving up our independent existence.—Washington.

This would be a further squeeze of the general public for capital control.—Texas.

Glad to send in negative vote, but those in favor of branch banking seem to control the feeling in our town.—Illinois.

Would throttle the activity of rural sections. Another move of big business to eliminate individual effort and initiative.—Georgia.

It is a d—— shame to have the Federal Government dabble in everything.—South Carolina.

Work with all your might against this menace.—Kansas.

We believe that adoption of legislation permitting extension of branch banking will prove the death knell to our American system of banking, as now constituted.—Pennsylvania.

The country must fight for individualism to-day.—California.

When section 19 of the Glass bill passes the real depression will start. Fight it hard.—Minnesota.

There is nothing wrong with the well-managed independent bank. Branch banking itself will correct none of the present evils.—Kansas.

Hope you win. We are for you heart and soul.—Colorado.

Let's not have mere rubber-stamp men.—North Dakota.

Do not believe in putting the control of the financial interests of this country in the hands of a few.—Indiana.

We are for the individual unit bank, the great factor that built up the United States.—California.

We do not believe that to centralize control of the country's finances would be for the general good of the public. It tends to retard progress.—Nebraska.

We trust that this bill will be overwhelmingly defeated.—Texas.

We must be independent for the people and not subject to an octopus.—California.

UNIT BANKING RECEIVES STRONG INDORSEMENT

The Commercial and Financial Chronicle, one of the leading financial publications of the country, published in New York City, supports the unit banks in their present fight for existence in an editorial from which the following is quoted:

"Unit banking is peculiarly suited to the genius of the American people, to the democratic republican form of government which we have developed, to the nature of our business and industrial organization, to our social institutions, and to the individualism which is the foundation of our national progress."

"The size of a bank should have and need have no relation to the liquidity of its position. We are prone to place too great reliance on the power of numbers and associations, factors both good in themselves. One bank with many branches, we are told, is a stronger and more scientifically effective instrument for public service than a large number of unit banks. Yet great branch banks have failed in Canada, in Scotland, in England, and wherever the system has been developed.

CONTRASTS SAFE SMALL BANKS

"Despite the banking troubles of the last decade, there are any number of small banks more solid and safe to-day than some of the largest institutions whose assets are enormous, but the base of whose pyramidal credits bears no proportional safe relation to the angle from the apex to the outermost corner of its square. There are banks of the unit type now existing in all our larger eastern cities, though some, sad to say, are seeking to depart from this type, which has withstood every crisis experienced by this country in more than a hundred years.

"Safety lies neither in numbers, nor in accumulation of assets. Safety is to be found only in sagacity and integrity of management. This has been proved for ages by the private or free bankers.

NO MAGIC IN CENTRALIZATION

"The concept of a great centralized control may sound magical, but centralized control has brought ruin to many countries in Europe in times of crisis. Centralized control exercised by a few banks operating through many branches has never proved more effective than unit banking in this country. True, more than 9,000 banks failed in the United States in the last decade. The Bank of England abandoned the gold standard on September 21, 1931, and to-day the pound is now worth $3.21, though it should be worth $4.8665. And to-day the American dollar is worth 25.8 grains of gold.

"Great Britain is a small island. The United States covers nearly 3,000,000 square miles. The rest of the world can furnish no examples which have any value for us in organizing or reorganizing our banking system.

"Let it be admitted that there is much to be said in favor of branch banking, but when all is said that may be said, it would not be difficult to prove that the suppression of unit banking in these United States would spell disaster. Let us never despise the day of small beginnings, nor the virtue inherent in small things."

EXHIBIT A

ILLINOIS BANKERS ASSOCIATION,
Chicago, December 31, 1932.

To the honorable SENATE OF THE UNITED STATES,
Washington, D. C.:

The Illinois Bankers Association, comprising in its membership 90 per cent of all the banks in Illinois, both State and national, desires to record its opposition to section 19 of S. 4412 relating to the extension of branch banking privileges to national banks.

This section, if enacted, will, without regard to local sentiment and to State laws, permit a national banking association with the approval of the Federal Reserve Board to establish branches within the city or at any point within the State in which it is located, or in an adjacent State within 50 miles from its main office. It is required that such banks shall have a paid in and unimpaired capital stock of not less than $500,000 as a precedent to establishing a branch outside of the city in which it is situated.

Under this section national banks would be given advantages over State banks which would make for the destruction of our dual banking system. Since we have a dual State and national banking system, the autonomy of the States should be respected to the extent that national banks competing with State banks should not be given powers prohibited under State laws to State banks. Congress has recognized this autonomy in section 11-K of the Federal reserve act, in which it is provided that trust powers shall not be exercised by national banks where such powers will contravene the State laws.

In the opinion of the bankers of Illinois, as expressed through their association, it should be for the people of each State to decide for themselves whether they want branch banking or not. They emphatically reiterate their previous declarations that Congress should grant no further branch-banking privileges than to give national banks equal rights with other banks in States where branch banking is permitted. They believe the decision as to whether a State shall have branch banking should be left to the State itself and that this should not be imposed upon it by Federal legislation. They oppose interstate branch banking.

As a further basis for insisting upon parity between State and national banks in respect to branch banking, we cite the advantage that is now being taken by the office of the Comptroller of the Currency in giving approval to the establishment of branches by national banks under authority granted by the so-called McFadden Act in States which, in order to provide facilities in small communities where lack of banking service caused inconvenience, amended their State banking laws to permit temporarily the operation of branch offices in such communities by banks located in the same or adjacent counties. These measures were enacted to take care of the present emergency and are surrounded by many restrictions. However, the comptroller's office has, because of the provisions of the McFadden Act, seen fit to authorize national banks located in cities in those States, where ample facilities are being provided, to establish branches therein without regard to the purpose and intent of the State law.

Under the proposed legislation similar advantages would continue to accrue to national banks. If for any reason it was deemed desirable to grant by State law authority to State banks in Illinois to establish branch offices in only the city or county in which they are located, the enactment of section 19 as now constituted would defeat the purpose of the State legislature and the will of the people in the event such an endeavor were made

to restrict the system of branch banking to the designated territory.

It is admitted that banking laws should be strengthened; that supervision by both national and State authorities should be more rigid; and that more care should be taken in the granting of charters for new banks. One of the primary causes for the many bank closings experienced during recent years was the existence of too many banks which were chartered and permitted to operate without a prior determination as to the need for the same, nor as to proper qualification of the management. This applies with equal force to the office of the Comptroller of the Currency, from which has emanated much of the advocacy of branch banking as to State banking departments.

It is contended that small banks are weak because they are small and only the large banks should inspire confidence. There are any number of small banks solid and safe to-day. There are banks of the unit type which have withstood every crisis experienced by this country in more than 100 years. Safety does not lie in size, in numbers, nor in accumulation of assets. A goodly number of large banks with branches have failed and have contributed to the record of the last few years.

The Federal Reserve Bulletin for December, 1932, provides some statistical information which is rather significant in the discussion of the number of closed banks and losses to depositors therein from the calendar year of 1921 to the preliminary records including November, 1932. An analysis of the figures applying to the depression years will readily show that, while less than 25 per cent in number of the total suspensions were members of the Federal reserve system, the deposits in these institutions amounted to 45 per cent, or nearly one-half of the total deposits in all banks closed during that period—a demonstration that losses to depositors averaged greater per bank for members of the Federal reserve system than for nonmembers.

All methods of banking will prove faulty when safe and sound banking is lacking. If supervision means anything, small banks can be as strong as the big ones, while large institutions with branches spell only bigger disasters if mismanaged and not properly supervised. It has been well said that no mere system of banking will prevent failures any more than any particular system would prevent failures in any other line of business. Failures there will be, until both the Comptroller of the Currency and the various State supervising authorities insist that before granting a charter to any person, or any group of persons, undoubted evidence shall be presented that those seeking charters for banks are in character, financial responsibility, and experience, of the kind to keep the bank solvent after it is opened—and until supervision shall be rigid enough to detect unsafe and unsound practices, and, when discovered, shall insist upon immediate correction or the alternative of the closing of the institution before the assets have been dissipated to the detriment of the depositors.

To say that branch banking is the alternative to bank failures is pure assumption. Just because this seemingly works out well in other countries is no indication that it will do so in the United States. In asking that we copy the systems of England or Canada, the conclusions of the advocates are reached on slender and insufficient facts. Racial character, traditions, laws, banking relations, methods of doing business—all are different in the countries referred to. Shall we take a foreign banking system and apply it bodily to this country without in great measure adopting also the general business practices prevailing there?

President-elect Roosevelt in his message as governor to the New York State Legislature in January of this year, in referring to the subject of banking, said, "We must by law maintain the principle that banks are a definite benefit to the individual community. That is why a concentration of all banking control in one spot or in a few hands is contrary to a sound public policy. We want strong and stable banks, and at the same time each community must be enabled to keep control of its own money within its own borders."

We reiterate that the matter of determining the advisability of adopting any form of branch banking should be left to the decision of the people in each State, and whatever form may be enacted in any commonwealth affecting State banks should then automatically apply to national banks.

May we, therefore, respectfully ask that the legislation proposed in section 19 of S. 4412 be amended so that no further branch banking privileges are granted than to give national banks equal rights with other banks in States where branch banking is permitted. We solicit your support of this principle.

ILLINOIS BANKERS ASSOCIATION,
By PAUL E. ZIMMERMANN, *President*.

EXHIBIT B

UNIVERSITY STATE BANK,
Chicago, December 30, 1932.

Hon. JAMES HAMILTON LEWIS,
United States Senator, Washington, D. C.

MY DEAR SENATOR: On or about January 5, 1933, the Glass bill will be presented for your consideration and it is hoped that you will carefully weigh every sentence of this bill before passing upon it.

The passage of the bill as it now stands, containing the branch bank feature, means the ultimate elimination of State and unit banks; it means the destruction of individual initiative and development, which is the thing that every American cherishes; it means the abject surrender to centralized control of the Nation's finances, which, of course, means ultimately the centralized control of industry and business; and it also means an unprecedented invasion of State rights.

You may well wonder why these statements are made. The prosperity of these United States is due to the initiative of the individual operating in competition with his fellow men, but of recent years we have seen the tendency toward centralization of industry, power, and wealth develop to the point where it is becoming alarming.

The promoters of the branch banking idea have been, in a most insidious way, spreading their propaganda and taking advantage of the present upset economic conditions to further their cause, pointing innocently to Canada, saying they have no failures there.

In the first place, Canada is in no way comparable with the United States, except that its natural resources are approximately the same as ours, but they are wholly undeveloped. The national wealth of Canada is about $25,000,000,000, the wealth of the United States over $300,000,000,000; the annual income of Canada about $6,000,000,000, as against $82,000,000,000 in the United States; Canada's population 10,000,000 and the United States's 122,000,000.

In Canada we have an undeveloped country, due without doubt, to the banking system. The portfolios of the Canadian banks indicate that the major portion of their funds is invested in Government securities or in securities of industries controlled by the Government, leaving very little to loan to the individual and none for real-estate loans. The citizens of Canada do not use banks to any extent, therefore runs on banks are not common and after all, the real way to compare systems is to put them to the same test. Is there anyone who really believes that the Canadian branch banking system could have stood the test to which our 19,000 banks have been subjected, and which are paying one hundred cents on the dollar when a dollar has now the purchasing power of $1.30, whereas, the Canadian dollar is worth about 90 cents, and the English pound $3.30, when a year ago it was worth $4.86.

Is there safety in branch banking? Witness the closing of the branch banking system in the United States when they were put to the test. The most disastrous failures we had were branch, group, and chain failures, such as the following: Bank of the United States, New York, 59 branches; Federal National, Boston, 8 branches; Banco Kentucky group, 7 branches; A. B. Banks-American chain, Arkansas, 27 branches; Manley chain, Georgia, 87 branches; Bain Banks, Chicago, 12 branches; Bankers Trust Co., Pennsylvania, 20 branches; United States National, Los Angeles, 8 branches; Security Home Trust, Toledo, 10 branches; Peoples State Bank, South Carolina, 44 branches; Arizona State Bank, 5 branches; Foreman National group, Chicago, 6 branches.

To this rather impressive group, with deposits running into hundreds of millions of dollars, of branch and chain bank collapses, which were due to many of the same abuses that weaken unit banks, we could name important branch, group, and chain banking systems in Detroit, Boston, San Francisco, and other cities which got into trouble and merged or were supported by other banks or United States credit until the crisis was past.

The weakest links in our banking system proved to be the branch banks, and they went down comparatively early in the depression. It was their failures that caused public confidence to be shaken so badly that runs were precipitated on and closed many well-managed, small, independent banks.

The independent banker points to Australia, where the Bank of New South Wales, with $425,000,000 deposits, operating 192 branches and 642 offices, closed, virtually wrecking that entire country for 50 years to come; also, he calls attention to the fact that Italy had four huge branch banking systems at the close of the World War—to-day there are two left, and Mussolini had to form a finance corporation similar to our Reconstruction Finance Corporation to save them. The German Government during the troublous days of 1931 had to take over and reorganize all the "D" branch banking systems that collapsed. Its two independent banks, the Reichskredit Gesellschaft and the Handelsgesellschaft, weathered the storm and emerged as sound as ever, paying 100 cents on the dollar. In Sweden and Norway, when Ivar Krueger committed suicide, the Government had to come to the rescue of all the branch banking systems to save them. Everybody is familiar with what happened in England in 1931. The Britishers started running the banks; first, one of the big five was reported in trouble, then another, finally they came over and borrowed $250,000,000 on their best securities from the Federal Reserve Bank of New York to try to stem the tide; then, to keep them from utter collapse, the Government goes off the gold standard and pays its depositors in depreciated currency, which means a 30 per cent loss not only to every depositor but to every man and woman who owns a pound. Witness, if you please, the fact that less than 4 per cent of total deposits in the banks of the United States are lost to its depositors.

These huge branch banking systems have proven in times of stress to be absolutely inadjustable, and as a result entire nations espousing branch banking systems are on the verge of collapse. The backbone of our country is the small, independent business and banking institution.

The charge is made that the small unit bank has been inefficiently managed and that their business should be taken from them and given to a few men in the larger centers who are much more capable to handle the affairs of the country. The independent banker immediately counters with the query, Why did they, if they are so efficient, underwrite about $4,000,000,000 of foreign and other worthless securities that they sold to the public and to the small banks as the proper investment for a secondary reserve, all of which are now in default? Why did they

support the Insull deal, which, according to the papers, will cause more loss to the public than all the closed banks in the United States put together? Why did they promote the Krueger & Toll and International Match deal, which will cause more loss to the public than all the closed banks in the State of Illinois put together. Likewise the loss occasioned by the unloading by their institutions of the South America Securities with appalling losses. Is it any wonder why we are now very skeptical about what they tell us?

We fully realize that our banking system needs strengthening, but it should be strengthened on the broad basis on which it now stands, not the narrow basis of branch banking.

Banking systems are not made safe by form—whether they be branch or unit banks. They are safe only in proportion to the relations between the demands for cash which will be made upon them and the degree to which the banks can liquidate loans and investments to meet those demands.

The independent bank is the last outpost of independence to which the American public can tie, therefore it is hoped that you will diligently, vigorously, and with real American patriotism use your best efforts to help strengthen our American banking systems instead of aping the systems of the foreign countries that have so abjectly failed and who are now asking the United States to save them from financial chaos.

Sincerely yours,

R. O. BYERRUM, *Vice President.*

PAYMENTS TO ENROLLED CHIPPEWA INDIANS

During the delivery of Mr. LONG's speech—

Mr. SCHALL. Mr. President, will the Senator yield for a unanimous-consent request?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Minnesota?

Mr. LONG. Yes, sir.

Mr. SCHALL. I am authorized by the Committee on Indian Affairs to report favorably without amendment the bill (S. 5252) providing for the payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States and to submit a report (No. 1030) thereon. I ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. Let the bill first be read.

Mr. LONG. I ask that the bill may be read.

The VICE PRESIDENT. The bill will be read.

The bill was read as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal fund on deposit to the credit of the Chippewa Indians in the State of Minnesota, under section 7 of the act entitled "An act for the relief and civilization of the Chippewa Indians in the State of Minnesota," approved January 14, 1889, as amended, and to make therefrom payment of $25 to each enrolled Chippewa Indian of Minnesota, under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians.

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

Mr. GLASS. Mr. President, reserving the right to object, I inquire if action on the bill would temporarily or permanently lay aside the unfinished business?

The VICE PRESIDENT. It would not interfere with the unfinished business if the proceedings are by unanimous consent.

Mr. WALSH of Massachusetts. Mr. President, I should like to inquire if the bill has the unanimous approval of the Committee on Indian Affairs?

Mr. SCHALL. It has the approval of the Committee on Indian Affairs, of the Secretary of the Interior, and of the Commissioner of Indian Affairs. The money is to come from the funds of the Indians themselves.

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

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

After the conclusion of Mr. LONG's speech—

CALL OF THE ROLL

The PRESIDENT pro tempore. The Senator from Louisiana. [A pause.]

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. The Senator from Oregon.

Mr. THOMAS of Oklahoma. Mr. President——

Mr. McNARY. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDENT pro tempore. Does the Senator from Oregon yield for that purpose?

Mr. McNARY. I do not. The Senator from Louisiana is now on the floor.

The PRESIDENT pro tempore. The Senator from Louisiana is recognized.

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDENT pro tempore. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. I yield for that purpose.

The PRESIDENT pro tempore. The absence of a quorum being suggested, the clerk will call the roll.

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

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

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

FIRST DEFICIENCY APPROPRIATION BILL

Mr. HALE. Mr. President, will the Senator yield for me to make a request?

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

Mr. LONG. I yield to the Senator.

Mr. HALE. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate resume the consideration of H. R. 13975.

The VICE PRESIDENT. Is there objection?

Mr. KING. Let the request be stated. I did not hear the Senator.

The VICE PRESIDENT. The Senator from Maine asks unanimous consent that the unfinished business be temporarily laid aside and that the Senate resume the consideration of House bill 13975, the first deficiency appropriation bill.

Mr. GLASS. Mr. President, that, I think, would imply unanimous consent to return to the consideration of the unfinished business at the termination of the deficiency bill.

The VICE PRESIDENT. The unfinished business would come back before the Senate as soon as the deficiency bill is disposed of or upon a demand for the regular order.

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

Mr. LONG. I yield. I have the floor.

Mr. KING. May I ask the Senator from Maine whether he anticipates concluding the consideration of the bill tonight?

Mr. HALE. I think so, Mr. President. The bill is a very brief one, and I do not think there will be much opposition to it.

Mr. KING. Of course it appropriates only thirty-odd million dollars.

Mr. HALE. Yes; but that is a very small appropriation for a deficiency bill.

Mr. KING. I think it is entirely too large for a deficiency bill.

The VICE PRESIDENT. Is there objection to the request of the Senator from Maine? The Chair hears none.

The Senate resumed the consideration of the bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

Mr. HALE. Mr. President, I want to thank the Senator from Louisiana [Mr. LONG] and the Senator from Virginia [Mr. GLASS] for allowing me to proceed with this bill.

I now ask unanimous consent that the formal reading of the bill be dispensed with, and that it be read for amendment, the committee amendments to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The clerk will read the bill.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the heading "Title 1—Legislative branch," on page 2, after line 2, to insert:

SENATE

To pay to Anna R. Waterman, widow of Hon. Charles W. Waterman, late a Senator from the State of Colorado, $9,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 6, to insert:

To pay to Minda N. Jones, widow of Hon. Wesley L. Jones, late a Senator from the State of Washington, $9,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 9, to insert:

Office of Sergeant at Arms and Doorkeeper: For two telephone operators, at $1,560 each per annum, from March 1 to June 30, 1933, $1,040.

The amendment was agreed to.

The next amendment was, on page 2, after line 12, to insert:

For miscellaneous items, exclusive of labor, fiscal year 1933, $20,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 14, to insert:

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1933, $40,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 20, to insert:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate under the supervision of the Committee on Rules, United States Senate, fiscal year 1933, $15,000.

The amendment was agreed to.

The next amendment was, under the subhead "House of Representatives," on page 3, after line 15, to insert:

JOINT COMMITTEE ON INAUGURAL CEREMONIES OF 1933

To enable the Secretary of the Senate and the Clerk of the House of Representatives to pay the necessary expenses of the inaugural ceremonies of the President of the United States, March 4, 1933, in accordance with such program as may be adopted by the joint committee of the Senate and House of Representatives, appointed under a concurrent resolution of the two Houses, including the pay for extra police, fiscal year 1933, $40,000.

Mr. KING. Mr. President, I desire to inquire whether individual amendments are in order until the committee amendments are disposed of.

The VICE PRESIDENT. Under the unanimous-consent agreement, individual amendments will not be in order until the committee amendments are disposed of, except amendments to the committee amendments.

Mr. KING. Very well.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, under the heading "Navy Department, Secretary's office," on page 9, line 5, after the word "in," to insert "Senate Document No. 166 and," and in line 7, to strike out "$615.09" and insert "$1,858.58," so as to read:

Claims for damages by collision with naval vessels: To pay claims for damges adjusted and determined by the Secretary of the Navy under the provisions of the act entitled "An act to amend the act authorizing the Secretary of the Navy to settle claims for damages to private property arising from collisions with naval vessels," approved December 28, 1922 (U. S. C., title 34, sec. 599), as fully set forth in Senate Document No. 166 and House Document No. 503, Seventy-second Congress, $1,858.58.

The amendment was agreed to.

The next amendment was, under the heading "Department of State," on page 10, after line 8, to insert:

General disarmament conference, Geneva, Switzerland: For an additional amount for the expenses of participation by the United States in a general disarmament conference at Geneva, Switzerland, as authorized by Public Resolution No. 6, approved January 20, 1932, and for each and every purpose connected therewith, including traveling expenses; personal services in the District of Columbia and elsewhere, without reference to the classification act of 1923, as amended; stenographic and other services by contract if deemed necessary without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5); rent of offices and rooms; purchase of necessary books, and documents; printing and binding; official cards; entertainment; hire, maintenance, and operation of motor-propelled passenger-carrying vehicles; and such other expenses as may be authorized by the Secretary of State, fiscal year 1933, to remain available until June 30, 1934, $150,000.

The amendment was agreed to.

The next amendment was, under the heading "Title II—Judgments and authorized claims, damage claims," on page 13, line 24, after the word "in," to insert "Senate Document No. 162 and"; on page 14, line 5, after the name "Department of Commerce," to strike out "$11.20" and insert "$1,086.20"; in line 6, after the name "Department of the Interior," to strike out "$439.30" and insert "$1,246.08"; in line 8, after the name "Navy Department," to strike out "$1,414.93" and insert "$1,944.56"; in line 10, to strike out "$12,012.97" and insert "$13,532.37"; in line 11, after the name "Treasury Department," to strike out "$991.56" and insert "$1,456.56"; and in line 13, after the words "In all," to strike out "$19,260.86" and insert "$23,656.67," so as to read:

SECTION 1. For the payment of claims for damages to or losses of privately owned property adjusted and determined by the following respective departments and independent establishments under the provisions of the act entitled "An act to provide for a method for the settlement of claims arising against the Government of the United States in sums not exceeding $1,000 in any one case," approved December 28, 1932 (U. S. C., title 31, secs. 215–217), as fully set forth in Senate Document No. 162 and House Document No. 509, Seventy-second Congress, as follows:

Veterans' Administration, $37.50;
Department of Agriculture, $106.80;
Department of Commerce, $1,086.20;
Department of the Interior, $1,246.08;
Department of Justice, $298.37;
Navy Department, $1,944.56;
Post Office Department (out of the postal revenues), $13,532.37;
Treasury Department, $1,456.56;
War Department, $3,948.23;
In all, $23,656.67.

Mr. KING. Mr. President, I invite attention to the first item of the pending amendment, relative to the Department of Commerce. It is very small; but in view of the enormous appropriations heretofore made to the Department of Commerce—which, by the way, is one of the most extravagant if not wasteful organizations in the Government—I was wondering why there should be a deficit created. I refer to the amendment in line 5, page 14. What authority had the Department of Commerce to create a deficit?

Mr. HALE. Mr. President, this amendment is for the payment of claims allowed by the heads of departments and Government establishments under the law. These claims—

under $1,000 each—are assembled and put in a deficiency bill. They are claims adjudicated under title 31, sections 215–217, United States Code, that have already been acted upon. This $1,086.20 for the Department of Commerce has been regularly acted upon by the head of the Department of Commerce.

Mr. KING. I beg the Senator's pardon. I did not hear the full explanation.

Mr. HALE. These are claims that under the general statute may be approved by the department, which adjudicates them under the law. They are regularly and legally submitted to Congress under the law for appropriations.

Mr. KING. What is the basis of the claim, may I ask? In order to make myself clear, if I have not done so, Congress made a very liberal appropriation—my recollection is that it was approximately $50,000,000—for that department.

Mr. HALE. If the Senator will read the item, he will see that it is—

For the payment of claims for damages to or losses of privately owned property adjusted and determined by the following respective departments and independent establishments under the provisions of the act entitled—

And so forth. These are claims that are put into the annual appropriation bill, and under the law they may be paid without going through any court. They are simply approved by the department.

Mr. KING. What I am trying to get at is: Are these expenditures incurred for the payment of employees of the department or are they claims for damages growing out of alleged torts by officials of the Government working in that department?

Mr. McKELLAR. Oh, no; if the Senator will permit me, there are numerous small claims growing out of contracts for services or other matters, and they are all added together in the amount here.

Mr. HALE. I can give the Senator the items if he desires.

Mr. McKELLAR. I have no doubt the Senator has them here and can give them, but that is the way they arise.

Mr. KING. I shall not ask to have the items given. What I am trying to ascertain is whether they are claims for additional employees.

Mr. HALE. Not at all. They are damage claims.

Mr. KING. They are damage claims?

Mr. HALE. Yes.

Mr. KING. I have no objection, then. That answers my inquiry.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, under the subhead "Judgments, United States courts," on page 16, line 2, after the word "in," to insert "Senate Document No. 163 and," and in line 4, after the name "War Department," to strike out "$57,395.82; in all, $57,545.82" and insert "$74,812.79; in all, $74,962.79," so as read:

For the payment of the judgments, including costs of suits, rendered against the Government by United States district courts in special cases under the provisions of certain special acts and certified to the Seventy-second Congress in Senate Document No. 163 and House Document No. 508, under the following departments: Navy Department, $150; War Department, $74,812.79; in all, $74,962.79, together with such additional sum as may be necessary to pay interest as and where specified in such judgments.

The amendment was agreed to.

The next amendment was, under the heading "Judgments, Court of Claims," on page 17, line 1, after the word "in," to insert "Senate Document No. 164 and"; in line 5, after the name "Navy Department," to strike out "$670,334.57" and insert "$675,565.68"; and in line 7, after the name "War Department," to strike out "$35,826.68; in all, $718,734.89" and insert "$49,950; in all, $738,089.32," so as to read:

SEC. 3. For payment of the judgments rendered by the Court of Claims and reported to the Seventy-second Congress, in Senate Document No. 164 and House Document No. 504, under the following departments and establishments, namely:

United States Veterans' Administration, $6,335.21.
Navy Department, $675,565.68.
Treasury Department, $6,238.43.
War Department, $49,950; in all, $738,089.32, together with such additional sum as may be necessary to pay interest on certain of the judgments as and where specified in such judgments.

Mr. KING. Mr. President, I should like to ask the Senator whether the increases found in lines 7 and 8 are for the payment of judgments obtained against the Government.

Mr. HALE. They are for judgments of the Court of Claims.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 28, after line 3, to insert the following new section:

AUDITED CLAIMS

SEC. 5. That for the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (U. S. C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1930 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266), as fully set forth in Senate Document No. 165, Seventy-second Congress, there is appropriated as follows:

INDEPENDENT OFFICES

For Interstate Commerce Commission, $180.
For medical and hospital services, Veterans' Bureau, $1,501.96.
For military and naval compensation, Veterans' Administration, $144.25.
For salaries and expenses, Veterans' Bureau, $5.30.
For vocational rehabilitation, Veterans' Bureau, $51.
For Army pensions, $7.14.

DEPARTMENT OF AGRICULTURE

For salaries and expenses, Bureau of Animal Industry, $33.33.
For dairying and soil improvement, experiment station, South Carolina, $6.25.
For loans to farmers in storm and flood stricken areas, Southwestern States, $2.

DEPARTMENT OF COMMERCE

For party expenses, Coast and Geodetic Survey, $15.26.
For protecting seal and salmon fisheries of Alaska, $4.62.
For air navigation facilities, $1.25.

DEPARTMENT OF THE INTERIOR

For relieving distress and prevention, etc., of diseases among Indians, $250.
For conservation of health among Indians, $83.

DEPARTMENT OF JUSTICE

For miscellaneous expenses, United States courts, 94 cents.

NAVY DEPARTMENT

For pay, subsistence, and transportation, Navy, $381.49.
For pay of the Navy, $69.33.
For transportation, Bureau of Navigation, $4.60.
For maintenance, Bureau of Supplies and Accounts, $2.68.
For pay, Marine Corps, $154.30.

POST OFFICE DEPARTMENT—POSTAL SERVICE

(Out of the postal revenues)

For balances due foreign countries, $781.28.
For city delivery carriers, $82.56.
For indemnities, domestic mail, $123.75.
For indemnities, international mail, $22.89.
For miscellaneous items, first and second class post offices, $320.
For Railway Mail Service, salaries, $53.04.
For rent, light, and fuel, $32.
For Rural Delivery Service, $3.37.
For separating mails, $48.

DEPARTMENT OF STATE

For contingent expenses, United States consulates, $3.12.
For transportation of Foreign Service officers, $40.76.

TREASURY DEPARTMENT

For enforcement of narcotic and national prohibition acts, internal revenue, $385.05.
For Coast Guard, $60.
For pay and allowances, Coast Guard, $167.81.
For operating supplies for public buildings, $67.50.

WAR DEPARTMENT

For pay, etc., of the Army, $6,777.49.
For pay of the Army, $1,067.17.
For Reserve Officers' Training Corps, $79.50.
For increase of compensation, Military Establishment, $8.53.
For pay, etc., of the Army, war with Spain, $2.40.
For Army transportation, $142.24.
For general appropriations, Quartermaster Corps, $378.56.
For ordnance service and supplies, Army, 76 cents.
For arming, equipping, and training the National Guard, 32 cents.
For pay of National Guard for armory drills, $17.65.

Total, audited claims, section 5, $13,564.45, together with such additional sum due to increases in rates of exchange as may be necessary to pay claims in the foreign currency as specified in certain of the settlements of the General Accounting Office.

Mr. HALE. Mr. President, I ask unanimous consent that the audited claims may be agreed to en bloc.

The VICE PRESIDENT. Without objection, the audited claims will be agreed to en bloc.

The next amendment was, on page 31, line 21, to change the section number from 5 to 6.

The amendment was agreed to.

The next amendment was, on page 33, line 3, after the word "section," to strike out the figure "5" and insert "6," so as to read:

Total audited claims, section 6, $2,347.47.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments. The bill is before the Senate and open to amendment.

Mr. McKELLAR. Mr. President, has the Senator from Maine any other committee amendments?

Mr. HALE. No; that concludes the committee amendments.

Mr. McKELLAR. I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 13, line 3, after the word "each" and before the period, it is proposed to insert:

Provided further, That no part of this appropriation shall be expended for the payment of any claim until the same has been approved by the Board of Tax Appeals.

Mr. McKELLAR. Mr. President, I have just a word or two to say about this matter. This is our old friend the payment of tax refunds by the Treasury Department. These tax refunds are being paid very regularly. We are asked to appropriate $28,000,000 in this deficiency bill. We appropriated some $80,000,000 last year. We appropriated in the Treasury and Post Office bill for this fiscal year $55,000,000. In other words, while returns from income taxes are decreasing, and decreasing very rapidly, apparently there is an increase in the refunds of taxes, by whom we do not know.

It will be remembered that a year or two ago the Secretary of the Treasury, the Assistant Secretary of the Treasury in charge of fiscal offices, the Commissioner of Internal Revenue, and the Solicitor of the Treasury were all asked about payments made by the Treasury Department, under the control of the best Secretary of the Treasury since Alexander Hamilton, as was claimed for him, and not one of the four knew anything about the payment of a check for $26,000,000 of tax refunds. It developed that it was paid out upon the recommendation of three clerks in the office. I mean no disrespect to the clerks, but it was paid out without anybody knowing whether it was a just claim or not. We continue year after year to appropriate these large sums.

Of course if anybody has paid his taxes and made an error about it that error ought to be corrected, there is no doubt about it. It ought to be corrected, but there ought to be some method of having it corrected.

There is a Board of Tax Appeals which has not enough before it to keep it busy. There are plenty of members of that board. There is no reason in the world why any tax claim can not be prosecuted before that board, and that is all my amendment provides for, namely, that that course shall be followed.

Mr. President, the condition of our Treasury is well known. Two years and a half ago there was a deficit, in round figures, of a billion dollars. A year and a half ago there was a deficit of $3,000,000,000, in round figures. This last year Congress undertook to balance the Budget and imposed additional taxes on the American people in the amount of $1,140,000,000. Did that balance the Budget? It did not. Quite the contrary. Instead of the Budget being balanced, the Government is losing money now at the rate of $200,000,000 a month, already twelve hundred million dollars this fiscal year, and the year is just half over. Yet, with the revenues of our Government in such condition as that, the Congress year after year permits to be drawn from the Treasury in so-called refunds of taxes, without anybody who is responsible knowing anything about the refunds, these vast sums.

What is the result? In the last 12 years there have been paid back in refunds of taxes the enormous sum of about $4,000,000,000. Our Government to-day is running behind at the rate of $200,000,000 a month, and we face the highest deficit that was ever known in the history of time for this or any other Government. Yet the Senate and the House twice a year take a spade, figuratively speaking, and just shovel out the money to taxpayers who paid taxes during the war, or just after the war, the most of it going that way.

It is perfectly right, where a mistake has been made in taxes, to pay back to the taxpayer what is justly due, but Congress knows nothing about whether any of these refunds are justly due or not. There exists a tribunal which was organized for the purpose of doing justice to the American taxpayer. Why not let it work on these matters?

I have brought this matter up regularly twice a year since 1923—once in connection with the annual deficiency bill; sometimes twice on deficiency bills, where there are two deficiency bills; and once in connection with the regular Treasury appropriation bill. Yet my protests have availed nothing. We go on year by year shoveling all these vast sums out of the Treasury upon the recommendation of no responsible person, and I challenge any Senator here to mention a single member of any board who has ever made a recommendation for the refund of a tax payment.

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

Mr. McKELLAR. I yield.

Mr. COUZENS. I am sure the Senator recalls the act which created the Joint Committee on Internal Revenue Taxation.

Mr. McKELLAR. Indeed, I do.

Mr. COUZENS. They pass upon these refunds.

Mr. McKELLAR. Oh, no; they do not pass upon them.

Mr. COUZENS. I beg the Senator's pardon.

Mr. McKELLAR. Oh, no. Where is the chairman of the committee?

Mr. COUZENS. The chairman is a Member of the House of Representatives. Representative COLLIER is the chairman of the joint committee.

Mr. McKELLAR. Yes; but it does not meet, and it does not pass upon the claims. The testimony before the Committee on Appropriations shows that they never have acted or passed upon a single, solitary claim.

Mr. HALE. Mr. President, I think the Senator will find that the joint committee, through its employees, investigates all claims of over $75,000. The fact that they have not brought the matter to the attention of the committee itself to get action from them indicates to me that they have found no trouble with the tax refunds.

Mr. McKELLAR. Is the Senator a member of that committee?

Mr. HALE. I am not.

Mr. McKELLAR. Does the Senator know of a meeting of that committee at all, or has he ever heard of a meeting of it? As a matter of fact, I am reliably informed that there has never been a quorum of that committee present at any time during its history, that when it organized, it organized by proxy. It has never met, it has not passed upon these claims, and these claims have not been passed upon by anybody.

We are paying for the maintenance of a board of tax appeals, and they have not enough to do. We may have to reduce the number of the members of that board. It would be a horrible thing to reduce a board of this Government, to reduce the personnel of a commission of this Government, or a tax board. That would be simply awful! With a board already constituted, why can we not submit these claims to that board? We can, by the adoption of my amendment.

Think of it, within the last 11 years, just on account of mistakes made by collecting officials, we have shoveled out over $4,000,000,000 of the people's money, to correct errors in the payment of taxes.

As I have said time and again, if errors have been committed, they ought to be corrected, and taxpayers should receive refunds where they are rightfully due, but why can we not see to it that a responsible board shall have the power to look into the matters, and see whether the refunds should be made? Is not that good business, is it not good sense, is it not just? Why should we hesitate? The only reason in the world why we hesitate is that there is a desire to continue the plan that was followed for 11 years, of having these refunds secretly paid.

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

Mr. McKELLAR. I yield.

Mr. NORRIS. For information, I would like to inquire of the Senator what is done in the way of investigation before these items are put into an appropriation bill? Who does pass on them?

Mr. McKELLAR. No one passes on them. They are just sent to the Congress.

Mr. NORRIS. Who sends them?

Mr. McKELLAR. The Treasury Department sends the requests for the refunds to the Director of the Budget, and the Director of the Budget sends them to Congress, as in the case of this one. I read from two bills, one the deficiency bill now before us, which contains an appropriation of $28,000,000, and the Treasury and Post Office bill, page 16. Listen to this; it is the same wording that has been in the bill heretofore.

Refunding taxes illegally or erroneously collected. For refunding taxes illegally or erroneously collected, as provided by law, including the payment of claims for the fiscal year 1934 and prior years, $55,000,000.

Now I read from the pending deficiency bill:

Refunding taxes illegally or erroneously collected. For refunding taxes illegally or erroneously collected, as provided by law, including the payment of claims for the fiscal year 1933 and prior years, $28,000,000.

We can not appropriate the money fast enough for these gentlemen who are secretly paying it out in the Treasury Department. We can not appropriate it just once a year, as we appropriate for everybody else, but whenever we have a deficiency bill we get a report from the Director of the Budget that they have so many million more to pay.

Mr. NORRIS. What does the committee do?

Mr. McKELLAR. The committee approves it. I protest every time, and the committee overwhelmingly votes me down. That is what happens every time.

Mr. NORRIS. I am interested in finding out what board it is or what official it is who makes the recommendation to the committee, and what investigation is made.

Mr. McKELLAR. The Secretary of the Treasury writes a letter to the Director of the Budget:

There is necessary, to pay deficiencies on refunds of taxes erroneously and illegally collected, $28,000,000.

Mr. NORRIS. The Senator says "erroneously and illegally collected."

Mr. McKELLAR. Yes.

Mr. NORRIS. Who is it who finds that they are erroneously and illegally collected?

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

Mr. McKELLAR. I will in a moment. I want to answer the question of the Senator from Nebraska first.

In 1930 I brought the Secretary of the Treasury before the committee and asked him to explain it. He said that a committee was appointed by somebody, not by him, that he knew nothing in the world about it; and the matter then pending involved a refund of taxes of $59,000,000 to the United States Steel Corporation, in 1929.

Mr. NORRIS. Now, let me ask the Senator another question.

Mr. McKELLAR. Let me finish with this, and then I will yield.

The Secretary said he did not know anything about it, but that Mr. Bond, the Assistant Secretary, would know about it. I asked Mr. Bond about it, and Mr. Bond said, "Senator you could not expect me to know about every check that is countersigned by me." I said, "I thought you ought to know something about it, when you sign a check for such an enormous sum." "Oh, no," he said; "it is just routine business, and I sign anything that is presented to me." I said, "Who would know about it?" He said, "Mr. Blair, the Commissioner of Internal Revenue." I said, "That is fine. I have had Mr. Blair summoned here. I will ask him about it. You just stand aside and let Mr. Blair take the stand." Mr. Blair took the stand, and I asked him about it. He said, "Senator, it would be just impossible for me to keep up with all the checks I sign. I do not know about it. Of course, that is my signature on that check, but I never inquired about it. I did not know why the $59,000,000 was paid out. I never looked into it." I said, "Who did look into it?" He said, "It is the solicitor's duty." I said, "My foresight has been very bad. I did not summon the solicitor to be here, but I will just go to the telephone and summon him." I went to the telephone and summoned the solicitor and when the solicitor came he said he knew nothing in the world about it. I said, "Who would?" He said that he did not know.

I finally had to tell him myself how that check happened to be signed, and this is the way it came about. Three young men in his department had been appointed on a committee, by whom I could not find out, and nobody else has ever been able to find out. They had been appointed by somebody over them, though, an undisclosed person, as a committee to find out how much the Government owed the United States Steel corporation from 1917, and they ascertained it after nine years' investigation. The steel company had their lawyers there. In this particular case their lawyer was Mr. Wayne Johnson, of Philadelphia. He represented them in this case. Incidentally he had formerly been Solicitor of the Treasury. He was there when this claim came up, when this mistake was made, when this illegality occurred if there was one. He was there and these three men were there—and incidentally two of them had been appointed by him.

They tried the case and one Friday afternoon about 4 o'clock, when the Congress was going to take its Christmas recess, these three men suddenly came to a conclusion and awarded the United States Steel corporation, after a fight of nine years, a refund of $59,000,000—$26,000,000 in cash and the remainder a credit on that year's income taxes. It was published the next morning in the papers. It happened that I did not go home to Memphis for the Christmas holidays, and by accident I saw the statement in the papers the following morning and immediately my curiosity was aroused.

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

Mr. McKELLAR. In just a moment. Thereupon, I summoned these gentlemen to find out how that $59,000,000 got out of the Treasury. Secretary Mellon said he never heard of it until he saw it in the paper. Assistant Secretary Bond said he never dreamed of it until he saw it in the paper.

Mr. NORRIS. Did he dream of it then? [Laughter.]

Mr. McKELLAR. I asked him for any facts he might have and he did not know anything about it although his name had been signed to the check. He told me that Mr. Blair, the Commissioner of Internal Revenue, would know all about it. Mr. Blair denied the soft impeachment and said he did not know anything about it and that he was too busy a man to consider a little thing like a check for $26,000,000 in cash, and a refund of $59,000,000 to the United States Steel corporation. "But," said Mr. Blair, "there is no doubt about it that the solicitor can tell you all about it."

When the solicitor came in he said he had never heard of the transaction. That is the way the American Treasury has been shoveling the money of the American taxpayers out in refunds of taxes, and that is the way they are going to shovel out $28,000,000 more when this bill goes through.

Mr. HALE and Mr. WALSH of Massachusetts addressed the Chair.

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

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

Mr. HALE. Since 1917 the results of these investigations which account for the refunds have brought into the Government about $6,000,000,000 on taxes that have been underpaid. On taxes that have been overpaid the refunds by the Government amount to about $4,000,000,000 since 1917. Therefore the Government is about $2,000,000,000 ahead as the result of these field examinations.

Now, in regard to the method that is adopted by the department in making the refunds, I will give it to the Senator briefly. The field examiner——

Mr. McKELLAR. If the Senator is going to make a speech, I hope he will wait until I get through.

Mr. HALE. I think, in view of the fact that the Senator has made the statement that there is no investigation, the record should be corrected.

Mr. McKELLAR. All right; I will let the Senator correct it.

The VICE PRESIDENT. The Senator from Tennessee is only required to yield for a question.

Mr. McKELLAR. I know, but the Senator from Maine is chairman of the committee and I am delighted to have him go on.

Mr. HALE. The field investigator makes his investigation; and when he finds an error has been made and that refunds are due, he reports the result of his investigation to reviewing officers in the field division. They then make a report to Washington if they approve of the finding of the examiner. That report is gone over by auditors in the Treasury Department. If the amount involved is more than $20,000, it then goes to the general counsel's office of the Bureau of Internal Revenue and from there, as in all other cases, to the commissioner, and he has to approve it before the refund is allowed. If the amount is more than $75,000, it is then sent up to the Joint Committee on Internal Revenue Taxation. The chairman of that joint committee is JAMES W. COLLIER, Representative from Mississippi. There are five Senators on the joint committee, and one of them is the junior Senator from Utah [Mr. KING]. That committee has a personnel——

Mr. McKELLAR. Will the Senator name the other Senators, because I want to ask the Senator from Utah a question in just a minute?

Mr. HALE. Will the Senator let me finish?

Mr. McKELLAR. Will the Senator give the names of the committee? Is there any objection to giving the names?

Mr. HALE. Not at all. They appear in the Congressional Directory. The chairman is JAMES W. COLLIER, Representative from Mississippi. The other members of the committee are the senior Senator from Utah [Mr. SMOOT], the senior Senator from Pennsylvania [Mr. REED], the senior Senator from Indiana [Mr. WATSON], the senior Senator from Mississippi [Mr. HARRISON], the junior Senator from Utah [Mr. KING], and Representatives RAINEY, HAWLEY, and TREADWAY.

The force employed by the committee includes a secretary, chief of staff, assistant chief of staff, counsel, special examiner, technical assistant, auditor, statistician, legal assistants; and they do a great deal of work, I understand, in connection with committees of Congress, beside investigating all of these tax refunds.

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

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

Mr. McKELLAR. I yield.

Mr. LONG. I understand there are several amendments that the Senator from Utah has to offer to the bill and that the Senator from Tennessee will have to speak after the bill has been gone through for amendments. It is now considerably after 5 o'clock——

Mr. McKELLAR. There are just one or two things I want to say first.

Mr. LONG. The point I am making is——

Mr. McKELLAR. I imagine the Senator wants an adjournment or recess, and I have no objection to that in just a few moments.

Mr. HALE. I think we can finish the bill to-night.

Mr. LONG. Is there real opposition to the bill? Is the Senator from Tennessee going to oppose the passage of the bill?

Mr. McKELLAR. I am going to attempt to get an amendment of it.

Mr. HALE. So far as that is concerned, what the Senator from Tennessee is asking is clearly legislation on an appropriation bill and I shall have to make the point of order.

Mr. McKELLAR. I think it is a limitation, but I do not yield for the point of order to be made.

Mr. LONG. The reason I am asking that is that a number of Senators spoke to me and I told them to go home, that we would not have any business to-day [laughter], and they are now absent on account of personal matters.

Mr. McKELLAR. I will help the Senator make good his promise in just a few moments. If the Senator from Maine has finished his question, I shall be very glad to answer it.

Mr. HALE. Am I to understand that the Senator has yielded the floor?

Mr. McKELLAR. Oh, no. I yielded to the Senator to ask a question.

Mr. HALE. I notify the Senator that I shall make the point of order when I get the floor.

Mr. McKELLAR. Very well.

I want to have a word or two to say about the committee. The Senator from Maine seeks to defend this system or situation by saying there is a joint congressional committee composed of five Senators and five Representatives who pass upon these claims. I have said time and again that there is no such passing on the claims. Fortunately, we have one of the Senators here who is a member of that joint committee. Will the junior Senator from Utah [Mr. KING] kindly stand up while I find out which ones of these claims he has ever passed on?

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

Mr. McKELLAR. In just a moment I will yield.

Mr. HALE. The Senator has unintentionally misquoted me and I would like to correct him.

Mr. McKELLAR. I will yield to the Senator in a moment but not right now.

Mr. HALE. O, Mr. President——

Mr. McKELLAR. I decline to yield.

The VICE PRESIDENT. The Senator from Tennessee declines to yield.

Mr. HALE. The Senator misquoted me and I would like to have what I said properly stated in the RECORD.

Mr. McKELLAR. The Senator from Tennessee is perfectly willing to have anything put in the RECORD that the Senator from Maine desires.

Mr. HALE. I did not say that the committee passed upon these claims. The committee examines into these matters through its staff of employees; and if they have made no reports, it is because they have found no irregularities to report.

Mr. McKELLAR. I think we all understand the Senator's position. May I ask the Senator from Utah a question now. Are you a member of this joint committee?

Mr. GORE. Mr. President, I suggest that the Senator from Utah be sworn. [Laughter.]

Mr. McKELLAR. I waive the administering of the oath. I think he will tell the truth. I yield to the Senator from Utah to state whether or not there ever was a meeting at which any of these claims were passed upon.

Mr. LONG. Mr. President, a point of order. Can the Senator yield except for a question?

Mr. McKELLAR. I am asking a question.

The VICE PRESIDENT. That is the purpose for which the Senator from Tennessee has yielded.

Mr. LONG. I understood he was yielding for the Senator from Utah to make a speech. I want to make a speech on the question myself, and I also want to make a motion.

Mr. KING. Unhappily, I am a member of that committee. It has met only once since I have been a member, and then only for the purpose of effecting an organization. That was many months ago. If there has ever been a meeting

since, I have no knowledge of it. I have never passed upon any claims. No claims were ever presented to the committee for the consideration of the committee since I have been a member or when I was present, and I think I would have been present if there had been a meeting.

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

Mr. McKELLAR. Not now, Mr. President. I think it can be fairly stated that the statement made by the Senator from Utah would be the statement of every other Senator and Representative who are members of the joint committee. They do not pass on these claims. They never have passed on one at any time. They have a very delightful and splendid gentleman who works for them, but there has been no change in a single item that has ever been reported by this secret committee or the secret committee from the Treasury Department.

What I object to principally is that these refunds of $4,000,000,000 of the people's money in the course of about 11 years have been brought about secretly, and the American people have not been taken into the confidence of the Treasury Department. I think it is an outrageous way of conducting the people's business. We have a Board of Tax Appeals. We pay them excellent salaries. They have not enough to do. There are 15 or 20 of them. They have not enough to keep them busy. There is no reason in the world why they can not pass on these claims and do it openly and aboveboard and fairly and justly and honestly, so the Government may have a fair deal and the taxpayer may have a fair deal.

Mr. GORE. Mr. President, will the Senator yield? I desire to ask the Senator from Tennessee a question.

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

Mr. McKELLAR. Certainly.

Mr. GORE. I believe his amendment has not been printed; at least I have not had a chance to examine it critically. I wish to ask what will be the force and effect of his amendment in this situation. An important tax case came from my State to the Supreme Court of the United States and was decided last spring in favor of the taxpayer, the court holding that the tax was not only illegal but unconstitutional and void. I assume and I feel certain there are other cases involving the same principle where claims for refunds were legally filed. In a situation like that, would it be a mere matter of form to present the claim before the Board of Tax Appeals?

Mr. McKELLAR. Absolutely. There would be no question about it. In a case like that, where the question involved has been passed on by the Supreme Court or by any other court of final resort having jurisdiction, the judgment would be certified down to the proper department and then certified by the department to the Appropriations Committee of either the House or the Senate and it would be duly paid. There is no question about a claim like that.

Mr. GORE. That is true in the particular case, which was decided in the Supreme Court.

Mr. McKELLAR. Undoubtedly.

Mr. GORE. But there is a parallel case, we will assume, where the facts are the same and the tax is obnoxious and subject to the same constitutional objection. Would the taxpayer in that case have to litigate his question and his rights, or would the claim for a refund be passed on to the Board of Tax Appeals?

Mr. McKELLAR. It could be passed to the Board of Tax Appeals if the facts were exactly the same, and there would be no trouble and no delay.

Mr. GORE. The statement of the Senator is satisfactory. I want to protect the innocent taxpayer.

Mr. McKELLAR. Of course, a taxpayer who has erroneously paid a tax or paid an illegal tax ought to have the amount refunded and will have it refunded at the hands of any fair tribunal. As it is now, the secret committee may turn down the fairest and best claim for a tax refund and the public will never know anything about it. When it is done secretly by employees in the department, the only person who will know anything about it will be the claimant; but if we place this jurisdiction in the hands of the Board of Tax Appeals, then every citizen will be put upon an equality and will have a right to go into an open forum and receive that to which he is entitled if he shows that he is entitled to it.

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

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

Mr. McKELLAR. I yield.

Mr. KING. In the statement which he has just made, in reply to the Senator from Oklahoma, I think the Senator from Tennessee should make this qualification: If the statute of limitations has run against persons who have not preferred their claims, I doubt if they could avail themselves of the decision of the Supreme Court.

Mr. GORE. I was assuming that the individual was within the statute of limitations and that his rights were preserved.

Mr. McKELLAR. Of course.

Mr. KING. If the Senator will pardon me, I think I ought to have said when I was interrogated by the able Senator from Tennessee that I understand that this committee, of which I am a member, having been appointed only quite recently, has a staff, one of whom is Mr. Parker, a very competent and very able man. Speaking for myself, I know Mr. Parker and have confidence in him. My understanding is that the staff presided over by Mr. Parker examine the various cases and claims for refunds, and if the committee or the staff believe that a refund in a given case ought not to have been made, while I am not sure of the modus operandi, at any rate they take the matter up with the appropriate authorities and interpose some objection to payment.

Mr. McKELLAR. Mr. President, I merely desire to say further——

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

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

Mr. McKELLAR. I will yield in a moment. I will merely add that the committee and its staff have been in existence since 1924 or 1925.

Mr. COUZENS. The committee has been in existence for about five years.

Mr. McKELLAR. It has been in existence for longer than that.

Mr. COUZENS. It was created in 1927.

Mr. McKELLAR. I think it was functioning even before that; but, at any rate, there never as yet has been a report of a difference between it and the secret finders of the facts and the secret returners of the refunds. In other words, the Government has never received one penny from the operations of this legislative committee and its staff. I ought to say that I think if Mr. Parker, who is a perfectly splendid man and an excellent accountant, has any authority, it would be well to leave it in his hands; but if he has any authority under the law, he has never exercised it in passing upon the claims.

Mr. LONG. Mr. President, will the Senator yield to me now?

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

Mr. McKELLAR. I yield.

Mr. LONG. It is evident that this argument must continue for some moments longer.

Mr. HALE. I do not think so, Mr. President.

Mr. LONG. And I wanted to ask the Senator to permit me to request unanimous consent that the Senator from West Virginia [Mr. HATFIELD], who wishes to say a few words with regard to a former Member of this body, ex-Senator Goff, who has departed this life, be allowed to make his remarks now.

Mr. McKELLAR. I take pleasure in yielding the floor.

The VICE PRESIDENT. The Senator from West Virginia is recognized.

Mr. GLASS. Mr. President——

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

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

Mr. HATFIELD. I yield first to the Senator from Virginia.

Mr. GLASS. Mr. President, I understood unanimous consent was asked that the Senator from West Virginia might address the Senate, and I rose to reserve an objection to the request.

Mr. KING. The Senator from West Virginia desires to say a word about former Senator Goff.

Mr. GLASS. I understand what he wants to do, but I do not want to have the banking bill displaced.

The VICE PRESIDENT. The Chair will state it would not displace the banking bill if the Senator from Tennessee yielded to the Senator from West Virginia for the purpose indicated.

Mr. McKELLAR. I yield the floor.

Mr. GLASS. I am very glad to yield to the Senator from West Virginia, but I did not want any tricks played on me.

Mr. HATFIELD. Mr. President——

Mr. HALE. Mr. President, whatever the system that is in force——

The VICE PRESIDENT. Does the Senator from West Virginia yield for a speech? He will yield the floor if he does.

Mr. LA FOLLETTE. Regular order!

The VICE PRESIDENT. The regular order brings back the Glass banking bill, and the regular order is demanded.

Mr. LONG. Mr. President, that is not what is desired, I think.

Mr. HALE. Mr. President, will the Senator from West Virginia yield to me to make a point of order?

Mr. HATFIELD. I yield.

Mr. HALE. As I was saying, whatever may be the system that is now in force for determining tax refunds, the suggestion of the Senator from Tennessee is clearly in the nature of legislation. I therefore make the point of order against his amendment.

The VICE PRESIDENT. Will the Senator state upon what ground the point of order is made?

Mr. HALE. That the amendment proposes legislation upon an appropriation bill.

Mr. KING. Mr. President, before that point of order is decided, may I say, if the Chair will permit further discussion upon it——

The VICE PRESIDENT. The Chair was going to suggest that the House text of the bill says under existing law or in accordance with law, which would indicate that the amendment of the Senator from Tennessee would change the law; but the Chair was going to ask what the existing law is, so that he might know. It is not stated in the bill, and the Chair has no knowledge that there is an existing law on the subject or, if there be, what that existing law is.

Mr. McKELLAR. Mr. President, I hope the Chair will let the matter go over until the morning. I will look it up. The Parliamentarian asked me the same question, but the amendment was offered only this afternoon, and I had not looked up the question which is now raised.

The VICE PRESIDENT. The Chair would not at this time be prepared to rule, unless the chairman of the committee can cite the existing law.

Mr. HALE. There is existing law authorizing these refunds, but nothing authorizing the Board of Tax Appeals to pronounce on them.

Mr. HATFIELD. I decline to yield further.

Mr. HALE. The Senator from Tennessee suggested action by the board, and certainly that is legislation.

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

The VICE PRESIDENT. The Senator will state it.

Mr. KING. I understood the Senator from West Virginia [Mr. HATFIELD] was recognized and had the floor. I think it is little less than discourteous upon the part of my dear friend from Maine to interrupt him.

Mr. HALE. Mr. President——

The VICE PRESIDENT. Let the Chair settle this matter. The Senator from West Virginia yielded to the Senator from Maine to make a point of order. The point will be reserved, and the Chair will pass upon it to-morrow. In the meantime the Chair desires to state that he would like to have some information as to what the law is, as it is not stated in the pending bill.

Mr. McKELLAR. Mr. President, pursuant to the provisions of Rule XL of the Standing Rules of the Senate, I wish to give notice in writing as follows:

Pursuant to the provisions of Rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of Rule XVI for the purpose of proposing to the bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, the following amendment, viz, on page 13, at the end of line 3, insert the following: " : *Provided further*, That no part of this appropriation shall be expended for the payment of any claim until the same has been approved by the Board of Tax Appeals."

DEATH OF FORMER SENATOR GUY D. GOFF

Mr. HATFIELD. Mr. President, I was shocked and grieved last Saturday morning to learn of the sudden death of a former Member of this body, my friend and former colleague, Hon. Guy D. Goff, of West Virginia. I know that those of my colleagues who knew him and served with him when he was a Member of the Senate will deeply regret his passing.

Senator Goff had a remarkable career. When he became a Member of the Senate in 1925, he had achieved an enviable reputation as a lawyer and had been honored by his Government with positions of trust and responsibility under both Democratic and Republican administrations. Early in his career he was elected prosecuting attorney for the city and county of Milwaukee, Wis. In 1910 President Taft honored him with an appointment as United States district attorney for the eastern district of Wisconsin, and the record he made in that position led to his appointment by President Wilson in 1915 as special assistant to the Attorney General to complete the prosecution of important cases then pending in Wisconsin and adjoining States.

During the World War he was a colonel in the Judge Advocate General's Department and rendered distinguished service as a member of the legal staff of General Pershing in France and with the Army of Occupation in Germany. In 1920 President Wilson appointed him general counsel and later a member of the United States Shipping Board. President Harding was the third President to recognize Senator Goff's outstanding ability when he appointed him Assistant to the Attorney General, in which capacity he served in the Department of Justice during the years 1921 and 1922. He then returned to his native State of West Virginia, where he was honored by election to the United States Senate in 1924.

Those of us who knew him during his service as a Senator from West Virginia will always remember his many admirable qualities. Possessed of a pleasing personality and lovable character, he gave lavishly of his time and talents to the service of his State and Nation. A polished speaker, with a remarkable command of the English language, his voice was often heard on the floor of this Chamber. He compelled the undivided attention of all who heard him because of his statesmanlike bearing and complete mastery of the subject under discussion. When engaged in debate on constitutional questions, he was at his best and in this field he had few equals. From the time he entered the Senate in 1925 until his voluntary retirement on account of ill health in 1931, his efforts on behalf of his State and country were crowned with success. The people of West Virginia are proud, and rightfully so, of his record of accomplishment and his splendid devotion to their interests.

Mr. President, Senator Goff was my friend. For four years we consulted one with the other on all matters affecting the State of West Virginia. I found him always considerate of the rights and views of others, always willing to cooperate when cooperation was necessary, and ever ready to bear more than his share of the work.

To-day he was laid to rest in the Arlington National Cemetery. I have lost a true, loyal, and sincere friend; West

Virginia has lost a great citizen, the Nation a brilliant statesman, and his family a devoted husband and father.

Mr. KING. Mr. President, the Senate may well pause in the midst of its activities to pay tribute to the memory of a great American who has been called from this to another sphere. The Senator from West Virginia [Mr. HATFIELD] has, in eloquent words, paid tribute to one of West Virginia's most distinguished sons.

It was my great privilege to serve upon important committees with former Senator Goff, and during his service in this body we were brought into close association. I entertained for him a high regard and mourn his departure.

He was an eminent lawyer, a profound student of governmental matters, and an able defender of constitutional government. His comprehensive knowledge of political and economic questions and his familarity with world affairs qualified him to speak as a statesman upon complicated and important questions brought to the attention of those in authority in our Government.

Senator Goff was essentially a student, a thinker, and a philosopher. There was nothing narrow, parochial, or intolerant in his attitude toward individuals or the questions and problems with which he and our Government had to deal. He had a poise and serenity that inspired confidence and gave to him leadership. He measured up to the highest standards of citizenship, and he possessed in rich abundance those noble and Christian qualities that brought to him preeminence in every field into which he entered.

I cherish his memory and join in paying tribute to one whose departure is an irreparable loss to State and Nation.

Mr. McKELLAR. Mr. President, I knew the late Senator Goff very intimately when he was a Member of this body. He was a most delightful gentleman, a great lawyer, and was most attentive to his duties in the Senate. He was popular minded. He was an attractive, gracious, splendid man at all times. He was one of my warm friends, and I had for him the most kindly esteem and the greatest admiration. I sincerely mourn his loss.

RECESS

Mr. McNARY. Mr. President, I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, January 11, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate Tuesday, January 10, 1933

POSTMASTERS

ALABAMA

Charles W. Horn to be postmaster at Brantley, Ala., in place of C. W. Horn. Incumbent's commission expires January 15, 1933.

Hattie H. Norwood to be postmaster at Rogersville, Ala., in place of Luke Bates, removed.

Allie Wilson to be postmaster at Stevenson, Ala., in place of Allie Wilson. Incumbent's commission expires January 26, 1933.

ARKANSAS

Viola Leake to be postmaster at Altheimer, Ark., in place of Viola Leake. Incumbent's commission expired January 5, 1933.

Nettie M. O'Neill to be postmaster at Earl, Ark., in place of N. M. O'Neill. Incumbent's commission expired January 5, 1933.

Luther H. Presson to be postmaster at Mansfield, Ark., in place of L. H. Presson. Incumbent's commission expired January 5, 1933.

John H. Martin to be postmaster at Russellville, Ark., in place of J. H. Martin. Incumbent's commission expired January 5, 1933.

CALIFORNIA

Viola A. Uland to be postmaster at Chula Vista, Calif., in place of V. A. Uland. Incumbent's commission expires January 26, 1933.

Ray C. Smith to be postmaster at Greenfield, Calif., in place of M. O. Pickering, removed.

Edward W. Vodden to be postmaster at Los Gatos, Calif., in place of E. W. Vodden. Incumbent's commission expires January 29, 1933.

Ada K. Harris to be postmaster at McKittrick, Calif., in place of A. K. Harris. Incumbent's commission expires January 29, 1933.

Eva L. Snyder to be postmaster at Moorpark, Calif., in place of E. L. Snyder. Incumbent's commission expires January 29, 1933.

Mamie L. Royce to be postmaster at Pittsburg, Calif., in place of M. L. Royce. Incumbent's commission expired January 9, 1933.

Joseph H. Steele to be postmaster at Riverbank, Calif., in place of J. H. Steele. Incumbent's commission expires January 29, 1933.

Clement J. Nash to be postmaster at San Mateo, Calif., in place of C. J. Nash. Incumbent's commission expired January 9, 1933.

Ruth A. Haskell to be postmaster at San Ysidro, Calif., in place of R. A. Haskell. Incumbent's commission expires January 26, 1933.

Anna E. Collier to be postmaster at Seal Beach, Calif., in place of A. E. Collier. Incumbent's commission expires January 29, 1933.

COLORADO

Ira B. Richardson to be postmaster at La Jara, Colo., in place of I. B. Richardson. Incumbent's commission expires January 16, 1933.

CONNECTICUT

Walter H. DeForest to be postmaster at Derby, Conn., in place of W. H. DeForest. Incumbent's commission expires January 18, 1933.

John F. Egan to be postmaster at Lakeville, Conn., in place of J. F. Egan. Incumbent's commission expires January 18, 1933.

FLORIDA

Fred V. Shampine to be postmaster at Green Cove Springs, Fla., in place of Mary Conway. Incumbent's commission expired March 1, 1932.

HAWAII

Margaret K. Bruss to be postmaster at Lahaina, Hawaii, in place of M. K. Bruss. Incumbent's commission expires January 30, 1933.

Thomas E. Longstreth to be postmaster at Lihue, Hawaii, in place of T. E. Longstreth. Incumbent's commission expires January 18, 1933.

Frederick W. Carter to be postmaster at Waialua, Hawaii, in place of F. W. Carter. Incumbent's commission expires January 31, 1933.

ILLINOIS

Eugene L. Hiser to be postmaster at Bloomington, Ill., in place of E. L. Hiser. Incumbent's commission expired January 11, 1933.

Emma L. Davis to be postmaster at Cherry Valley, Ill., in place of E. L. Davis. Incumbent's commission expired January 8, 1933.

John H. Bayless to be postmaster at Colchester, Ill., in place of J. H. Bayless. Incumbent's commission expires January 19, 1933.

Ralph Redding to be postmaster at Fisher, Ill., in place of Ralph Redding. Incumbent's commission expires January 11, 1933.

Leonard C. McMullen to be postmaster at Hume, Ill., in place of L. C. McMullen. Incumbent's commission expires January 19, 1933.

INDIANA

James J. Speck to be postmaster at Greentown, Ind., in place of J. J. Speck. Incumbent's commission expires January 19, 1933.

Fred H. Maddox to be postmaster at Lyons, Ind., in place of F. H. Maddox. Incumbent's commission expires January 19, 1933.

IOWA

Martin S. Copenhaver to be postmaster at Ralston, Iowa. Office became presidential July 1, 1932.

Arthur W. McIsaac to be postmaster at Rockwell City, Iowa, in place of A. W. McIsaac. Incumbent's commission expired December 13, 1932.

Richard L. Logan to be postmaster at Ruthven, Iowa, in place of R. L. Logan. Incumbent's commission expired December 13, 1932.

Frank E. Lundell to be postmaster at Stratford, Iowa, in place of F. E. Lundell. Incumbent's commission expired December 13, 1932.

KANSAS

Fred J. Smith to be postmaster at Galena, Kans., in place of F. J. Smith. Incumbent's commission expires January 30, 1933.

Robert F. Tyler to be postmaster at Moline, Kans., in place of R. F. Tyler. Incumbent's commission expires January 30, 1933.

Garrette L. Matlock to be postmaster at Treece, Kans., in place of G. L. Matlock. Incumbent's commission expires January 30, 1933.

LOUISIANA

Lillie Vaughan to be postmaster at Norco, La., in place of Lillie Vaughan. Incumbent's commission expired December 19, 1932.

Roland R. Sibille to be postmaster at Sunset, La., in place of R. R. Sibille. Incumbent's commission expired December 19, 1932.

MAINE

Arthur R. Stowell to be postmaster at Locke Mills, Me. Office became presidential July 1, 1932.

MARYLAND

Robert G. Merryman to be postmaster at Monkton, Md., in place of R. G. Merryman. Incumbent's commission expired January 9, 1933.

MINNESOTA

Lesley S. Whitcomb to be postmaster at Albert Lea, Minn., in place of L. S. Whitcomb. Incumbent's commission expires February 25, 1933.

MONTANA

Carl J. Sonstelie to be postmaster at Polson, Mont., in place of C. J. Sonstelie. Incumbent's commission expired April 17, 1932.

NEW JERSEY

Preston Pedrick to be postmaster at Pedricktown, N. J., in place of Preston Pedrick. Incumbent's commission expires January 19, 1933.

NEW YORK

Harry C. Rosekrans to be postmaster at Gardiner, N. Y., in place of H. C. Rosekrans. Incumbent's commission expires January 18, 1933.

John A. Crager to be postmaster at Hagaman, N. Y., in place of J. A. Crager. Incumbent's commission expired January 9, 1933.

Catherine Jamieson to be postmaster at New York Mills, N. Y., in place of Catherine Jamieson. Incumbent's commission expires January 18, 1933.

James Carpenter to be postmaster at Northville, N. Y., in place of James Carpenter. Incumbent's commission expires January 18, 1933.

Hazel I. VanNamee to be postmaster at Richville, N. Y., in place of H. I. VanNamee. Incumbent's commission expired January 9, 1933.

NORTH CAROLINA

Charles L. Brown to be postmaster at Burnsville, N. C., in place of C. L. Brown. Incumbent's commission expires January 29, 1933.

Preston P. Herman to be postmaster at Conover, N. C., in place of P. P. Herman. Incumbent's commission expires January 29, 1933.

Hilliard C. Rector to be postmaster at Marshall, N. C., in place of H. C. Rector. Incumbent's commission expires January 29, 1933.

James H. Edwards to be postmaster at Monroe, N. C., in place of J. H. Edwards. Incumbent's commission expired January 5, 1933.

Frances G. Thompson to be postmaster at Morven, N. C., in place of F. G. Thompson. Incumbent's commission expired January 5, 1933.

Keiffer L. Long to be postmaster at Thomasville, N. C., in place of K. L. Long. Incumbent's commission expires January 11, 1933.

NORTH DAKOTA

John D. Greene to be postmaster at Edgeley, N. Dak., in place of J. D. Greene. Incumbent's commission expires January 29, 1933.

Myron B. Fallgatter to be postmaster at Kintyre, N. Dak., in place of M. B. Fallgatter. Incumbent's commission expires January 10, 1933.

OHIO

George C. Bauer to be postmaster at Madeira, Ohio, in place of G. C. Bauer. Incumbent's commission expired December 7, 1932.

OREGON

Earl B. Watt to be postmaster at Falls City, Oreg., in place of E. B. Watt. Incumbent's commission expired January 9, 1933.

PENNSYLVANIA

Christian S. Clayton to be postmaster at Huntingdon Valley, Pa., in place of C. S. Clayton. Incumbent's commission expires January 19, 1933.

Daniel L. Shaffer to be postmaster at Kittanning, Pa., in place of H. B. Henderson, deceased.

Grant Umberger to be postmaster at Langhorne, Pa., in place of Grant Umberger. Incumbent's commission expires January 19, 1933.

Samuel L. Boyer to be postmaster at Library, Pa., in place of S. L. Boyer. Incumbent's commission expired January 5, 1933.

John D. Titman to be postmaster at Montrose, Pa., in place of J. D. Titman. Incumbent's commission expired December 20, 1932.

Charles H. Heller to be postmaster at Morrisville, Pa., in place of C. H. Heller. Incumbent's commission expires January 19, 1933.

Samuel S. Ulerich to be postmaster at New Florence, Pa., in place of S. S. Ulerich. Incumbent's commission expired January 5, 1933.

Claude S. Yeager to be postmaster at Orwigsburg, Pa., in place of C. S. Yeager. Incumbent's commission expires January 11, 1933.

Oliver S. Rosenberger to be postmaster at Penllyn, Pa., in place of O. S. Rosenberger. Incumbent's commission expires January 19, 1933.

Warren R. Schanley to be postmaster at Pennsburg, Pa., in place of W. R. Schanley. Incumbent's commission expires January 19, 1933.

H. Oscar Young to be postmaster at Plymouth Meeting, Pa., in place of H. O. Young. Incumbent's commission expires January 29, 1933.

Mary M. Kite to be postmaster at Pocono Manor, Pa., in place of M. M. Kite. Incumbent's commission expires January 14, 1933.

Adah E. Pettis to be postmaster at Saegerstown, Pa., in place of A. E. Pettis. Incumbent's commission expires January 14, 1933.

Enos A. Freed to be postmaster at Souderton, Pa., in place of E. A. Freed. Incumbent's commission expires January 29, 1933.

Guy Z. Stover to be postmaster at State College, Pa., in place of George Glenn. Incumbent's commission expired February 7, 1932.

Lincoln G. Nyce to be postmaster at Vernfield, Pa., in place of L. G. Nyce. Incumbent's commission expires January 29, 1933.

Norman H. Koch to be postmaster at Weatherly, Pa., in place of N. H. Koch. Incumbent's commission expires January 15, 1933.

Boies M. Boyer to be postmaster at Weissport, Pa., in place of B. M. Boyer. Incumbent's commission expires January 15, 1933.

RHODE ISLAND

Alice W. Bartlett to be postmaster at North Scituate, R. I., in place of A. W. Bartlett. Incumbent's commission expires January 16, 1933.

Elmer Lother to be postmaster at Warren, R. I., in place of Elmer Lother. Incumbent's commission expires January 16, 1933.

SOUTH CAROLINA

Addie V. Thames to be postmaster at Hemingway, S. C., in place of A. V. Thames. Incumbent's commission expired January 8, 1933.

SOUTH DAKOTA

Nettie B. Hammer to be postmaster at Alpena, S. Dak., in place of N. B. Hammer. Incumbent's commission expires January 29, 1933.

Alice M. Lane to be postmaster at Hecla, S. Dak., in place of A. M. Lane. Incumbent's commission expires January 29, 1933.

Mabel F. Gilger to be postmaster at Nisland, S. Dak., in place of M. F. Gilger. Incumbent's commission expires January 29, 1933.

TENNESSEE

William R. Williams to be postmaster at Bells, Tenn, in place of W. R. Williams. Incumbent's commission expires January 30, 1933.

Grosvenor M. Steele to be postmaster at Bemis, Tenn., in place of G. M. Steele. Incumbent's commission expires January 11, 1933.

Emma R. Kilgore to be postmaster at Cottagegrove, Tenn., in place of E. R. Kilgore. Incumbent's commission expires January 11, 1933.

Sampson DeRossett to be postmaster at Crossville, Tenn., in place of Sampson DeRossett. Incumbent's commission expires January 29, 1933.

Stephen H. Hixson to be postmaster at Dunlap, Tenn., in place of S. H. Hixson. Incumbent's commission expires January 11, 1933.

Link Monday to be postmaster at Kimberlin Heights, Tenn., in place of Link Monday. Incumbent's commission expires January 11, 1933.

Parks L. Hayes to be postmaster at Lynchburg, Tenn., in place of P. L. Hayes. Incumbent's commission expires January 11, 1933.

Carrie S. Honeycutt to be postmaster at Wartburg, Tenn., in place of C. S. Honeycutt. Incumbent's commission expires January 11, 1933.

TEXAS

Mamie C. Ingerson to be postmaster at Barstow, Tex., in place of F. P. Ingerson, deceased.

John W. Claiborne to be postmaster at Charlotte, Tex., in place of J. W. Claiborne. Incumbent's commission expired December 8, 1932.

Alvin O. Fricke to be postmaster at Kingsbury, Tex., in place of A. O. Fricke. Incumbent's commission expired January 8, 1933.

John T. White to be postmaster at Kirkland, Tex., in place of J. T. White. Incumbent's commission expires January 16, 1933.

Winifred L. Everitt to be postmaster at Shepherd, Tex., in place of W. L. Everitt. Incumbent's commission expired December 7, 1932.

Emil J. Spiekerman to be postmaster at Skidmore, Tex., in place of E. J. Spiekerman. Incumbent's commission expired January 8, 1933.

Lynn E. Slate to be postmaster at Sudan, Tex., in place of L. E. Slate. Incumbent's commission expires January 16, 1933.

William R. Holton to be postmaster at Thornton, Tex., in place of W. R. Holton. Incumbent's commission expired December 20, 1932.

UTAH

Heber J. Sheffield, jr., to be postmaster at Kaysville, Utah, in place of H. J. Sheffield, jr. Incumbent's commission expires January 26, 1933.

Joseph Odell to be postmaster at Logan, Utah, in place of Joseph Odell. Incumbent's commission expired January 8, 1933.

John E. Lunt to be postmaster at Nephi, Utah, in place of J. E. Lunt. Incumbent's commission expired January 8, 1933.

Robert S. Calderwood to be postmaster at Tremonton, Utah, in place of R. S. Calderwood. Incumbent's commission expired January 8, 1933.

VERMONT

Robert B. Thomas to be postmaster at Jeffersonville, Vt., in place of R. B. Thomas. Incumbent's commission expires January 29, 1933.

William A. Heywood to be postmaster at Wilder, Vt., in place of W. A. Heywood. Incumbent's commission expires January 18, 1933.

VIRGINIA

Nellie A. Mannes to be postmaster at Boykins, Va., in place of N. A. Mannes. Incumbent's commission expires January 29, 1933.

Peter L. Cooper to be postmaster at Clarksville, Va., in place of P. L. Cooper. Incumbent's commission expires January 11, 1933.

Myrtle N. Lafoon to be postmaster at Ettrick, Va., in place of M. N. Lafoon. Incumbent's commission expires January 29, 1933.

Edgar B. Elliott to be postmaster at Gate City, Va., in place of E. B. Elliott. Incumbent's commission expires January 11, 1933.

Wilbert D. R. Proffitt to be postmaster at Highland Springs, Va., in place of W. D. R. Proffitt. Incumbent's commission expires January 19, 1933.

WASHINGTON

Albert Maurer to be postmaster at Kelso, Wash., in place of Albert Maurer. Incumbent's commission expired January 9, 1933.

Frieda A. Iffland to be postmaster at Port Townsend, Wash., in place of F. A. Iffland. Incumbent's commission expires January 26, 1933.

Pearl B. Burrill to be postmaster at Snoqualmie Falls, Wash., in place of P. B. Burrill. Incumbent's commission expired January 9, 1933.

WEST VIRGINIA

Ray R. Rice to be postmaster at Berkeley Springs, W. Va., in place of H. A. Russell, resigned.

John W. Irvin to be postmaster at Charles Town, W. Va., in place of J. W. Irvin. Incumbent's commission expires January 30, 1933.

Thomas O. Wash to be postmaster at Kayford, W. Va., in place of T. O. Wash. Incumbent's commission expires January 30, 1933.

Joe Van Zandt to be postmaster at Newburg, W. Va., in place of Joe Van Zandt. Incumbent's commission expired January 9, 1932.

Ora E. Layne to be postmaster at Owens, W. Va., in place of O. E. Layne. Incumbent's commission expires January 30, 1933.

WISCONSIN

Eugene S. Tradewell to be postmaster at Antigo, Wis., in place of E. S. Tradewell. Incumbent's commission expires January 31, 1933.

Redmond F. English to be postmaster at Arcadia, Wis., in place of R. F. English. Incumbent's commission expires January 11, 1933.

Orville T. Huggins to be postmaster at Belmont, Wis., in place of O. T. Huggins. Incumbent's commission expires January 29, 1933.

Hilda Wick to be postmaster at Catawba, Wis., in place of Hilda Wick. Incumbent's commission expires January 29, 1933.

John W. Bell to be postmaster at Chetek, Wis., in place of J. W. Bell. Incumbent's commission expires January 21, 1933.

Selmer J. Tilleson to be postmaster at Clintonville, Wis., in place of S. J. Tilleson. Incumbent's commission expires January 21, 1933.

Alfred H. Krog to be postmaster at Darlington, Wis., in place of A. H. Krog. Incumbent's commission expired January 9, 1933.

Miles M. Shepard to be postmaster at De Pere, Wis., in place of M. M. Shepard. Incumbent's commission expires January 31, 1933.

Maude E. Adams to be postmaster at Eagle River, Wis., in place of M. E. Adams. Incumbent's commission expires January 29, 1933.

George L. Harrington to be postmaster at Elkhorn, Wis., in place of G. L. Harrington. Incumbent's commission expired January 9, 1933.

Henry E. Steinbring to be postmaster at Fall Creek, Wis., in place of H. E. Steinbring. Incumbent's commission expires January 21, 1933.

Ellen E. Hains to be postmaster at Fall River, Wis., in place of E. E. Hains. Incumbent's commission expires January 29, 1933.

Robert H. Smith to be postmaster at Gleason, Wis., in place of E. O. Noel, removed.

Charles H. Roser to be postmaster at Glidden, Wis., in place of C. H. Roser. Incumbent's commission expires January 29, 1933.

Raynold G. Lidbom to be postmaster at Grantsburg, Wis., in place of R. G. Lidbom. Incumbent's commission expires January 29, 1933.

Wellen G. Hartson to be postmaster at Greenwood, Wis., in place of W. G. Hartson. Incumbent's commission expires January 21, 1933.

Frank Wachter to be postmaster at Melrose, Wis., in place of Frank Wachter. Incumbent's commission expires January 21, 1933.

Walter H. Smith to be postmaster at Mondovi, Wis., in place of W. H. Smith. Incumbent's commission expires January 21, 1933.

Berthold H. Piepenburg to be postmaster at Mountain, Wis., in place of B. H. Piepenburg. Incumbent's commission expires January 18, 1933.

Fred M. Neumann to be postmaster at Norwalk, Wis., in place of F. M. Neumann. Incumbent's commission expires January 21, 1933.

William F. Sommerfield to be postmaster at Oakfield, Wis., in place of W. F. Sommerfield. Incumbent's commission expires January 21, 1933.

Sherman T. Barnard to be postmaster at Omro, Wis., in place of S. T. Barnard. Incumbent's commission expires January 18, 1933.

Jessie S. Hammond to be postmaster at Onalaska, Wis., in place of J. S. Hammond. Incumbent's commission expires January 21, 1933.

Wilber E. Hoelz to be postmaster at Random Lake, Wis., in place of W. E. Hoelz. Incumbent's commission expires January 29, 1933.

James R. Stone to be postmaster at Reedsburg, Wis., in place of J. R. Stone. Incumbent's commission expires January 21, 1933.

Eugene D. Recob to be postmaster at Richland Center, Wis., in place of E. D. Recob. Incumbent's commission expires January 29, 1933.

Mayme Auger to be postmaster at Saxon, Wis., in place of Mayme Auger. Incumbent's commission expires January 29, 1933.

Robert M. Nichols to be postmaster at Sheboygan Falls, Wis., in place of R. M. Nichols. Incumbent's commission expires January 29, 1933.

Russell D. Stouffer to be postmaster at Shell Lake, Wis., in place of R. D. Stouffer. Incumbent's commission expires January 29, 1933.

Magnus Magnusson to be postmaster at Washington Island, Wis., in place of Magnus Magnusson. Incumbent's commission expires January 31, 1933.

William N. White to be postmaster at Waterloo, Wis., in place of W. N. White. Incumbent's commission expires January 29, 1933.

WYOMING

John G. Bruce to be postmaster at Lander, Wyo., in place of J. G. Bruce. Incumbent's commission expired December 11, 1932.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 10, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Lift up your heads, O ye gates, and be ye lifted up, ye everlasting doors, and the King of Glory shall come in!

Our Blessed Heavenly Father, help us to lift up our heads that we may vision the rainbow which is always about the throne of Thy glory. Open the gates of our souls that we may get strength and courage to climb the ladder of life which leads starward. Come, Thou Almighty King, and flood the everlasting doors of our Nation and give it a manifestation of the richest blessings of Thy grace and wisdom. Return, O Lord, and let there go forth a mighty protest against the social injustice and the industrial ills which are enough to pierce the angels' song. Gracious Lord, the supremacy of Thy will is our safety. Is it too much to ask—hold us this day in its infinite grasp. Amen.

The Journal of the proceedings of yesterday was read and approved.

MRS. WILLIAM J. CURRY

Mr. WARREN. Mr. Speaker, I offer the following privileged resolutions from the Committee on Accounts.

The Clerk read as follows:

House Resolution 342

Resolved, That there shall be paid out of the contingent fund of the House to Mrs. William J. Curry, widow of William J. Curry, late an employee of the House, an amount equal to six months' compensation and an additional amount, not exceeding $250, to defray funeral expenses of the said William J. Curry.

The resolution was agreed to.

MARY BIVANS BARTO

Mr. WARREN. Mr. Speaker, I offer another privileged resolution from the Committee on Accounts.

The Clerk read as follows:

House Resolution 346

Resolved, That there shall be paid, out of the contingent fund of the House, to Mary Bivans Barto, widow of Frank Hazel Barto, late an official reporter of debates of the House of Representatives, an amount equal to one year's compensation and an additional amount, not exceeding $250, to defray funeral expenses of the said Frank Hazel Barto.

With the following committee amendment:

Page 1, line 4, strike out "one year's" and insert "six months'."

Mr. WARREN. Mr. Speaker, I think the House ought to have some information about this in view of the amendment. There seems to be some precedent that the dependents of the several employees of the House who are con-

nected with the Clerk's desk should receive a year's compensation in the event of their death. The committee found one precedent where the House overruled the Committee on Accounts in 1921 upon an amendment offered by Mr. Mann, of Illinois; but the committee thinks that all should be treated alike. Therefore the committee has unanimously reported out the amendment that limits the compensation to six months.

Mr. SNELL. Will the gentleman yield?

Mr. WARREN. I yield.

Mr. SNELL. I think the committee is entirely right; I think we are generous in giving that amount, and I am absolutely opposed to going any further. I think the committee should be sustained.

Mr. STAFFORD. Will the gentleman yield?

Mr. WARREN. I will.

Mr. STAFFORD. The gentleman has spoken of precedents. Will the gentleman state the demarcation in regard to the new rule of six months' compensation? Heretofore we have paid funeral expenses of various employees of the House to their widows, and now the gentleman says in his preliminary statement that it is to apply merely to those employees on the Clerk's roll.

Mr. WARREN. I think the gentleman from Wisconsin misunderstood me. I said there were a few isolated cases where those serving at the Clerk's desk were given one year's compensation in the event of their death rather than six months'. The six months' rule was in vogue long before the gentleman or I ever entered Congress. This amendment places all on the same basis.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The resolution as amended was agreed to.

SHANNON INVESTIGATING COMMITTEE

Mr. WARREN. Mr. Speaker, I offer another privileged resolution from the Committee on Accounts.

The Clerk read as follows:

House Resolution 343

Resolved, That the special committee created by H. Res. 235, Seventy-second Congress, first session, to investigate Government competition with private enterprise is hereby authorized to expend the sum of $3,500 in addition to the amount authorized to be expended by H. Res 271, Seventy-second Congress, first session. Such additional amount shall be paid out of the contingent fund of the House on vouchers authorized by the committee, signed by the chairman thereof, and approved by the Committee on Accounts.

Mr. WARREN. Mr. Speaker, this closes up the so-called Shannon investigating committee. It is the unanimous report of the Committee on Accounts. The investigating committee came before us this morning and made a fine impression on the committee as to what they have done and what they seek to accomplish. Their hearings are concluded, and this is to pay some outstanding bills to get the report in shape.

Mr. SNELL. Will the gentleman yield?

Mr. WARREN. I yield.

Mr. SNELL. Will this be enough to print the report?

Mr. WARREN. I do not understand that the printing of the report is to come out of this allocation.

Mr. SNELL. Is that carried in the general fund of the House?

Mr. WARREN. That is my understanding.

Mr. SNELL. And this will complete the entire work of the committee and be all that is necessary?

Mr. WARREN. That is my information.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. STAFFORD. I hardly think there is any provision made by law for the printing of the testimony.

Mr. COCHRAN of Missouri. That is in the resolution itself.

Mr. STAFFORD. It is a special committee.

Mr. SNELL. My impression has been that you have to have the printing done out of the general appropriation.

Mr. STAFFORD. Yes; have it done at the expense of the House. That is my understanding.

Mr. DYER. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. DYER. Can the gentleman tell us, or can my colleague from Missouri Mr. SHANNON tell us, when this report will be made, whether we of this Congress will have the benefit of it?

Mr. WARREN. The House extended the time for filing the report a few days ago until January 25.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

LOANS FOR CROP PRODUCTION IN 1933

Mr. BANKHEAD, from the Committee on Rules, reported the following resolution for printing under the rule:

House Resolution 349, Report No. 1838

Resolved, That upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 5160, entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1933," now on the Speaker's table. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the provisions of H. J. Res. 529 shall be considered, without the intervention of any point of order, as a substitute amendment for the provisions of S. 5160, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the substitute amendment. The previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion except one motion to recommit.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I understand that the Army appropriation bill is to be called up to-morrow or next day, as soon as this bill is completed. Will the Speaker inform the House when the hearings on the bill itself will be available for Members of the House?

The SPEAKER. The Chair is not advised in the premises.

Mr. SNELL. I wish we could get that information. I understand that the hearings have been printed, but that they are not ready for distribution. I think we ought to have them for a reasonable time before the bill is called up.

The SPEAKER. It is the general custom in the House, at least so the Chair understands, that an appropriation bill is reported out, say, to-day, and that then the hearings are distributed amongst the Members. Prior to the report, the hearings are kept in the committee. That may not be a good practice, but nevertheless that has been the practice of the House for many years.

Mr. SNELL. We ought to have an opportunity to look them over for a little while before the bill comes up.

Mr. COCHRAN of Missouri. I might suggest to the gentleman from New York that the hearings are available and are in the room of the Committee on Appropriations. They may be secured there.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

FARM RELIEF

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 13991) to aid agriculture and relieve the existing national economic emergency.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 13991, with Mr. WARREN in the chair.

The Clerk reported the title of the bill.

Mr. CLARKE of New York. Mr. Chairman, I yield myself five minutes.

I feel deeply that no member of the Agricultural Committee should oppose the Roosevelt allotment plan now under consideration without having some definite, constructive alternative plan to suggest that contains a promise of immediate aid to American agriculture. Our minority report contained some suggestions.

I tried hard to swallow the Roosevelt plan, for I wanted to cooperate with Chairman JONES, whom we all highly regard; then I wanted to go along with my friend our President elect and his plan, but two insurmountable objections remain after all this debate on the bill:

First. Administration almost impossible.

Bookkeeping alone would involve keeping accounts for five or six million individual farmers.

On production alone, to qualify for adjustment certificates, Secretary of Agriculture must know for every producer—acreage yesterday, acreage to-day, production yesterday, production to-day.

Take all the wheat, cotton, tobacco, hog, and rice producers alone and it means endless records and an army of employees to keep them.

Forty-four State committees, expenses, possible and probable pay; 2,500 county committees, expenses, possible and probable pay; 7,500 township committees, expenses, possible and probable pay.

On processing add to above employees: Policing 4,000 flour mills working on wheat, producing flour, bran, shorts, middlings, and so forth; policing tobacco producers and warehouses; policing cotton producers and ginners; policing hog growers and packers; policing rice growers and processors.

The Secretary of Agriculture must know the detailed record of every individual producer before he can issue the adjustment certificate—endless details that may be pictured in the language of the Declaration of Independence amongst reasons for revolt against the king, "He has raised up an army to eat up our substance."

My second objection to the Roosevelt allotment plan is—

IT IS DISCRIMINATORY

It should apply to the producer of all farm commodities or none. Equality for all. The single largest branch of agriculture is dairying—our milk-producers' situation is desperate. This Roosevelt plan proposes to tax dairymen on what they buy; they are not included in the bill. The same principle applies to the poultrymen. Let me show you the last 5-year average value, per capita, of some major farm crops: Milk, $25.20; corn, $16; hogs, $14; cotton, $11; hay, $10.40; poultry, $10.01; wheat, $8.05.

The Roosevelt plan proposes to tax all producers of all agricultural products to benefit the producers of but five agricultural commodities. This is discrimination that is utterly abhorent to the theory and practice of our American institutions.

As to constructive suggestions I offer the following:

First. Farmers need help now. Principle threats: Taxes and mortgages.

First. Re taxes: This problem is primarily one of the States and the political subdivisions thereof. The States should quickly assume their full responsibility now and quickly evolve their plan of action.

The cost of government must be reduced. State and local are hit hardest in taxes, but the principle equally applies to our Federal Government, and watchful citizenship must locate unfriendly spenders.

Second. Mortgages: Interest due or overdue; mortgages matured or about to mature. Instrumentality at hand, Reconstruction Finance Corporation. Broaden its power, enlarge the scope, increase the capitalization or financing power. Let the word go out to those whose heads are still above financial disaster that Uncle Sam will "throw out the life line." Stop foreclosures with definite assurances.

When fair equities exist, determined not on present depressed valuations but average valuations, possibly over a period of years, some policy could be evolved, as a part of the consideration for assistance, looking to the reduction in acreage of marginal land now in competitive crop production.

Third. Agriculture marketing act: (1) Repeal stabilization authority; (2) encourage cooperative provisions. Serve notice on our farmers they must now "work out their own salvation." If they are unwilling to get into the local cooperative on the commodity they produce, back and stick to the cooperative principle, choose their ablest leaders, and follow them, Uncle Sam can do no more. Keep these cooperatives everlastingly out of politics and the farmers living up to the full obligations of citizenship. Use less gas, more horses, and heaven is in sight, but farmers must "work out their own salvation," and in union there is strength.

The lamp of experience is before us—do not let us close our eyes to the monumental failure of Brazil with its scheme for the valorization of coffee; do not let us forget Great Britain and her colonies with their disastrous adventure in rubber, or add to these national examples the great private industry—copper—when "all the king's horses and all the king's men could not put King Copper together again."

The law of supply and demand exacts its inevitable toll of those who for long violate its principles or forget its workings.

There is a challenge to America in her ability to meet the desperate situation of her agriculture. Let Congress meet the problem squarely on the basis of sound economics, real business, and the avoidance of political panaceas.

That is the acid test, and I cheerfully submit my record on this bill to my constituents and my country and say, "Apply the test!"

1933

Heads up!
There's word on the tongues of men
Of business marching back again.
Those know it who keep an ear to the ground.
Heads up!
Its tread is a stirring sound.
Clink of quarters and halves and dimes,
Silver and greenbacks for better times.
Heads up!
There comes new lease of life,
With end to panic's stress and strife.
Fear of the future passes away;
Industrial confidence comes to stay.
Chronic grouches will be no more,
And rational thought will move to the fore.
Heads up!
There's brightness above—below!
We're on our mark and set to go,
Bold facing the future, whatever may be.
Heads up
For nineteen and thirty-three!

—FRANK FARRINGTON.

Mr. BEAM. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, in the short time allotted me it is extremely difficult to thoroughly analyze the bill now under consideration, H. R. 13991—the domestic-allotment plan. Nor in the same short space of time do I have the opportunity to present to the House the far-reaching and disastrous consequences which would ensue if the bill became a law.

Everyone knows and everyone admits that agriculture is in a very distressed condition, that the prices of farm products are not sufficient to enable the farmers of the United States to pay the expenses of the operation of their farms, as well as the taxes and the interest charges on the debts which they owe. Everyone knows and everyone admits that not only the farmers but thousands and millions of other people are likewise suffering on account of the financial losses caused either to themselves or to those that they worked for during this terrible depression.

For everyone knows, as well as everyone admits, that the Congress of the United States should pass such legislation for the improvement of financial conditions and the betterment of the people of the United States as is possible.

In these troublesome days, and not speaking of this bill, may I not suggest to the membership of the House that we

be very careful in following and passing legislation which the organized minorities are calling for.

It is our duty, I take it, after mature and sound deliberation to pass legislation which will be economically sound and which, as I have stated before, will benefit agriculture as well as every other industry and business and the people of the United States.

It has been most unfortunate that the membership of the House during the debate upon this bill were not enlightened by a complete and careful analysis of the bill. But from careful consideration of the bill, the reports, and the hearings it is, in my opinion, an attempt by the Congress of the United States, under the discretionary powers of the Secretary of Agriculture, to place an excise tax upon the processors of cotton, wheat, tobacco, and hogs in order that a bounty might be given to the producers of these products, provided that they reduce the production of these products. The tax thus levied will have to be either paid by the producer, the processor, the manufacturer, or the consumer. It is nothing more nor less than a sales tax placed therefor upon these four products, with the hope that somehow or other the amount of taxes collected, less the costs of operation, would be returned to agriculture.

In my experience in Congress various and sundry agricultural relief bills have been before the Houses of Congress. We had the equalization-fee plan. We had the Federal Farm Board plan, as well as probably some others. But in my experience none of these bills were as unsound as this one. The arbitrary power conferred upon the Secretary of Agriculture, a power which might bring direful results not only to agriculture but to the manufacturer as well; an authority which places the power in the hands of the Secretary of Agriculture to tax one group with a burdensome tax for the reward of another group. Prosperity will not return to this Nation under such a system as this. Prosperity will not even be returned to agriculture by this system.

Many years ago, Adam Smith in Wealth of Nations made this statement, which is as true to-day as it was then:

> Those systems, therefore, which preferring agriculture to all other employments, in order to promote it, impose restraints upon manufactures and foreign trade, act contrary to the very end which they propose, and directly discourage that very species of industry which they mean to promote * * *.
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> * * * * * * *
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> It is thus that every system which endeavors either by extraordinary encouragements to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it; or, by extraordinary restraints, to force from a particular species of industry some share of the capital which would otherwise be employed in it; is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness, and diminishes, instead of increasing, the real value of the annual produce of its land and labor.

It is not known by anyone what the costs of the operation would be in the event that this bill were enacted into law. It is not known nor do we have any intimation of how many positions would have to be created to check up on the farmers to see whether or not they had reduced the 20 per cent. Nor is it known how many additional employees would be necessary in the Bureau of Internal Revenue to collect the tax from the processor; nor how many additional employees would have to be had in order to see that the processor process under the provisions of the law. This, of course, would apply to every butcher, every packer, every miller, every tobacco factory, every cotton textile plant, every rayon and silk mill, and possibly many others, who would be in the position of a processor. There is no question but that an immense hoard of governmental employees would be necessary to carry out the provisions of the law.

I wish to discuss the provisions in the bill affecting cotton, and a great many of these provisions apply equally as well to wheat and tobacco. In the first place, it is necessary that we go back to the 5-year period from 1909 to 1914 to find out what the fair exchange value will be of any of the four commodities. We find in that date that the cotton ratio price was approximately 11.9 cents per pound. That the cotton ratio prices for the year 1932 would average 5.8 cents per pound. This would mean that it would be necessary for the Secretary of Agriculture to decree that the fair exchange value or the bounty, which the producers would receive on the cotton for domestic purposes would be 6.1 cents per pound.

But the bill, as amended, provides that after taking the discretionary powers away from the Secretary of Agriculture as to the initial marketing period, exchange value of 9 cents a pound on cotton, 75 cents a bushel on wheat, and 5 cents a pound on hogs. This would mean that the processor would have to pay this tax of approximately 4 cents per pound if the tax were not passed on to the consumer. And I am speaking of the cotton textile mills that it would bankrupt or put into receivership, practically every mill in America. Thus you would have one of the largest industries in the United States, employing a great amount of labor, bankrupt, and the labor unemployed. Do this and it would affect agriculture seriously in this country.

Now, then, so far as the cotton farmers are concerned, if this bill were to become a law now, the cotton farmer, of course, could not receive any benefit from it until the next marketing season, or his crop next fall. Of course, between now and next fall, if he wished to sell any of his commodities, and I am speaking of cotton especially, he would have to show in some way not mentioned in the bill that he had reduced his acreage 20 per cent.

Two weeks prior to the commencement of the marketing year the Secretary of Agriculture shall estimate, as nearly as practicable, and proclaim the percentage of the total domestic production or commodity (cotton) during the then current calendar year that will be marketed and needed for domestic consumption. The farmer picks his cotton after having, as I have stated, reduced his acreage and received notice of the domestic consumption percentage. He then sells his cotton and receives an adjustment certificate covering the domestic-consumption percentage of the commodity of his own production, marketed by him.

"The face value of any adjustment certificate per unit of any commodity covered thereby shall be equal to the fair exchange allowance per like unit of the commodity." These words are the words in the bill. In my opinion, it means that the face value of this adjustment certificate will be the amount of the fair exchange allowance of the crop sold by the farmers to be used in domestic consumption, less, of course, the pro rata share of the administrative expenses, as estimated by the Secretary of Agriculture. In other words, and I am using this as an illustration, we will assume that 9 cents a pound is the fair exchange allowance, and that a farmer sells 50 bales of cotton at 500 pounds per bale, and that the Secretary of Agriculture has determined that 50 per cent of the cotton crop is to be used for domestic consumption and the remaining 50 per cent is for exportable purposes. Then the farmer will be issued adjustment certificates on 25 bales of cotton at 9 cents per pound. He will have to have two certificates issued to him, both to be redeemed during the year, but the first one a month after the issuance and the second one six months after. These certificates will be negotiable instruments, redeemable at the United States Treasury, or other designated places.

The cotton then passes on to the processor. And he then manufactures it into yarn or cloth. Then the Bureau of Internal Revenue, either daily, weekly, or monthly, at least, sends down one of its employees or agents, who checks up on the manufacturer to find out as to the amount of cotton that he has processed, the manufacturer, of course, paying the agent of the Bureau of Internal Revenue 9 cents per pound on all 50 bales. Now, in order to appear to protect the manufacturer against competition, a tax is placed on silk or rayon equal to the adjustment charge or the tax the manufacturer pays on the cotton.

Even though this tax of 9 cents per pound, and I am assuming it is this much and no more, is placed upon rayon, the authorities of this bill failed to realize that there is a difference in the marketing price of cotton and of rayon and of silk. The manufacturer of cotton will pay a 9-cent tax, and again I am assuming that this is a fair allowance, on cotton that cost him 6 cents per pound. The manufacturer

of rayon will pay a tax of 9 cents per pound on rayon costing 60 cents per pound. The manufacturer of silk will pay a tax of 9 cents per pound on silk costing between $1.25 and $1.50 per pound. Thus the protection is not afforded to the cotton manufacturer at all, for the percentage is widely different between the costs of cotton, rayon, and silk.

The waste in a bale of cotton amounts to approximately one-fifth of a bale. This, then, would amount to a tax of 10¼ cents per pound on a 500-pound bale of cotton, assuming that the fair allowance was 9 cents per pound. Then, in addition to this discriminatory competition, you must realize that the yarn in both silk and rayon weighs less than cotton of the same thread.

After considering the waste in a bale of cotton, which as I have stated is about one-fifth of the bale, then there is another matter that should be brought to your attention, and that is this, as you know, the coarse yarns are heavier than the fine yarns, and so the tax on the coarse yarns would be considerably more on the yardage than the tax on fine yarns. As an illustration, overalls, heavy cotton hosiery, heavy work clothes, underclothes, and shirts would be taxed more than fine hosiery, fine underwear, fine dress goods, and fine yarn shirts. So, if this tax were passed, the people who use the working clothes would pay proportionately much greater tax than those people who use the finer grade of clothing.

There is another matter connected with this bill which I do not understand. The tax, of course, would be applied to the cotton now being processed, if this bill became a law, as well as the wheat now to be processed, like cotton, before the new crop is made. What is to be done with this tax? The bill does not show that any of the tax collected will be used to be applied to the supply of cotton and wheat now on hand. In short, this surplus can not be reduced by this bill, and we still have it on hand as part of the world's visible supply of cotton and wheat.

In addition to these facts, it would lessen the use of cotton, increase the use of rayon and silk, which would materially affect the American farmers, the cotton textile mills of the United States, which in normal times give employment to hundreds of thousands of people, and many of which, in these depressing times, are operating for the purpose of providing their employees with work, which would entail a tremendous cash outlay in the payment of these taxes.

The cotton mills in the United States would be seriously crippled by the passage of the bill, and if the buying power of the textile employees is reduced, every farmer in America will feel the effects of it. You can not, as already quoted by me from Adam Smith, attempt to give one industry a benefit at the expense of the other without impoverishing the latter industry.

I have used cotton as an analysis in the working of this bill, because I am more acquainted with it than I am with wheat and tobacco. But I say to you this bill is absolutely unworkable as to hogs, and I say to you that it will not bring benefits to any of the producers of any of the four commodities. The bill might be well termed, instead of a bill to aid agriculture and relieve the existing economic emergency, a bill to perpetuate the tariff; because of a necessity the tariff duties on cotton and cotton textiles must be raised, and likewise on the other commodities.

Again I say that it is unsound and unworkable and creates a horde of Federal officials, gives dictatory powers to the Secretary of Agriculture, and in addition to all of this, in my opinion, is unconstitutional—

> For the revenue collected from this source is not used for public purposes but is only used to give a bounty to the producers of the four commodities. * * *

Agriculture must be helped by either this or the next Congress. This bill on its face can not bring any immediate relief to the cotton farmers of this Nation, for it will be next fall, even though it is enacted into law at once, before any farmer could receive any benefit, and I deny that he can receive any benefit under this bill. A way can be found, and it should be done. The tariff barriers that now obstruct the channels of trade between the nations of the world should be lowered. Economic conferences should be held and, last but not least, the loans which the United States Government have advanced to the farmers of the Nation, through the Federal land banks and other sources, should be refinanced at an extremely low rate of interest.

We owe a duty to the farmer, but we also owe a duty to every citizen of this country, and I would suggest that as soon as possible we proceed to enact sound and workable legislation which would benefit all and not prove disastrous to all concerned, as this bill does.

The time for these panaceas is past and we should, as I have stated before, immediately proceed to enact a law which will prove a benefit to the farmers and to all of the citizens of this country.

In conclusion, whatever is done to relieve the present distressing agricultural situation, which affects not only the farmer but everyone else as well, there should be the assurance in so far as possible that the remedy to be applied will attain the purpose for which it is intended. For my part I shall do as I have always done, support all sound legislation for the benefit of agriculture. [Applause.]

Mr. CLARKE of New York. Mr. Chairman, I yield nine minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, it is unfortunate, most unfortunate, that out of every presidential campaign there is evolved a crop of ill-considered and ill-begotten proposals for farm relief, always indefensible on every principle of government and economics. Four years ago the respective candidates for Presidency out-Heroded each other in trying to bring some proposal for the relief of the agrarian class, and there evolved from that contest the agricultural marketing act, which was violative of every principle of sound economics and could be justified only upon the ground that it was rank socialism.

It failed. It was bound to fail. Everyone admits to-day that the $500,000,000 that the Government appropriated was wasted, not for the benefit of the farming class, though intended to be, but to their own disadvantage, by the piling up of accumulated surplusages of cotton and of wheat; and to-day 3,000,000 bales of cotton of the 1929–30 and 1930–31 crops are being held by the American Cotton Cooperative Association, eating away the fiber in storage and overhead charges, an association in which there was paid in capital by the cooperative's members of $79,500, of the $795,000 subscribed, but which received from the Government in loans $50,000,000.

And this surplus cotton, as was the case with the wheat surplus held by the Wheat Stabilization Corporation, an ever-potential threat in available supply to keep down the market price of these staple products.

That is the indefensible position of the Government intruding itself into business. Now they are even out-Heroding the socialistic principle that was then enunciated, even to the extreme that it can not be defended on sovietist or Marxian principles, seeking to rob Peter to pay Paul, seeking in these times to oppress the depressed consumers of our industrial centers for the assumed benefit of the farming class, when everyone knows that in the industrial centers workmen are without work entirely.

The protagonists of this policy claim that it will result in helping the farmers. The bounty is not based on economic needs. It falls indiscriminately into the coffers of the well-to-do farmers, working good farm lands with big yields, and into the laps of the ne'er-do-well farmers, eking out a bare existence on marginal lands. It gives to all a munificent bounty in the case of the wheat grower of 60 cents a bushel. The yield and the quantity of the yield determines the profitability of soil cultivation, but this bill blindly pays every farmer a bounty whether he deserves it or not.

And the poor farmer on bad land is to have his condition made worse by compelling him to lessen his acreage, whereas the farmer on the good soil can cultivate more intensively and get the same yield with lessened acreage.

The proponents in their guileless way justify this extravagant bonus by claiming that it will curtail production.

When did increasing the price of an article ever result in decreased production, especially when the farmers everywhere can raise crops? Increasing the price has and always will bring into new cultivation additional acreage. And there is nothing in this bill to discourage or prevent farmers from seeding their lands to wheat and cotton, if they are not now so engaged. The more you study the bill, the asininity of its objectives becomes exposed.

For example, the annual crop of cotton in 1931–32 was 13,000,000 bales. We consume in this country, on an average, four or five million bales, sometimes as much as 6,000,000 bales. Last year it was somewhere around 5,000,000 bales. The price of cotton to-day is a little over 6 cents a pound. Under the agricultural marketing act they advanced to the cotton farmers to the extent of 90 per cent of the market value of the crop. They virtually bought it.

The American Cotton Cooperative Association is holding that cotton, on which it must pay storage charges and expenses, all to be borne by Uncle Sam, who holds the bag.

Think you for a minute that the cotton farmer—and I shall make no invidious comparisons; the wheat farmer as well—will not be shrewd and wise enough to play Uncle Sam by using fertilizer in abundance on the 80 per cent cultivated lands to have as large a crop as the land will produce? But here you are proposing something much worse. Mr. Chairman, everyone admits it is an experiment. It is worse than an experiment. It is a wild dream that has never been tried anywhere. If they had any confidence at all in their ill-begotten baby, they would not apologize in burdening the public for but one year.

I voted against the sales tax in the last Congress primarily because, in depressed economic conditions, the times were not suited to impose upon the consuming class a higher cost of their commodities. That was only a tax of 2½ per cent. And the sales tax specially exempted food and the necessaries of life. Here is a tax of perhaps 200 per cent as far as wheat is concerned; 150 per cent as far as cotton is concerned.

It is not only a bounty but it is a gigantic bonus at the expense of the consuming public. Even assuming, which I question very seriously, that this adjustment charge can be passed on, who is to bear it? The public, to be sure. Would any political party be so inane as to espouse a tax on breadstuffs and wearing apparel just before a general election?

If that chimerical proposal such as is carried in this bill, seeking to have the processor pay the tax, is declared unconstitutional, and certainly it is not workable; but if the processor is not going to pay the tax, who will pay the tax? Naturally, the taxpayers of the country. The gentleman from Texas nor any committee in this House would favor putting their hands in the Treasury to the extent of a billion dollars in these piping times when we are seeking every means possible to curtail expenditures. This bill is certainly not only unsound economically but it is unsound legislatively. It is unsound from a constitutional standpoint.

One of the speakers on the Republican side, in opposition to this bill, will discuss in detail the constitutional aspects of the proposal, but I merely wish to call attention in passing to the case of Ribnik against McBride, Two hundred and seventy-seventh United States Reports, 356, where, in commenting on the case of Wolff Co. against Industrial Court, Two hundred and seventy-seventh United States Reports, 522, at page 527, it approved the following language:

> It has never been supposed since the adoption of the Constitution that the business of the butcher, or the banker, the tailor, the wood chopper, the mining operator, or the miner was clothed with such a public interest that the price of his product or his wages could be fixed by State regulation. * * * One does not devote one's property or business to the public use or clothe it with a public interest merely because one makes commodities for, and sells to, the public in the common callings of which those above mentioned are instances.

In that case the Supreme Court declared it was beyond the power of the Legislature of Kansas to establish an industrial commission to determine the working conditions of private industry. And in the Ribnik case it held unconstitutional a legislative enactment empowering the commissioner of labor to determine the fees that might be charged by employment agencies.

Now, it is fundamental that you can not tax one class for the benefit of another class.

The mere fact that a class is general does not justify the expenditure. You can not grab money out of my pocket and transfer it to your pocket, because that is appropriation. That is, as I said a while ago, "robbing Peter to pay Paul," and it is not defensible on any principle of economics or constitutional government.

Mr. BURTNESS. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. BURTNESS. Is there anything in this bill which attempts to set in any way the compensation paid to the baker or the butcher or any of the other classes?

Mr. STAFFORD. Yes. The processor is obliged, under the adjustment charge, to pay a tax that goes to the benefit of the wheat grower, of the cotton grower, yea, more, the tobacco grower, the plug and cud chewer of human beings. If there is anything indefensible, it is including tobacco in this bill, and especially is it indefensible when it is associated with hogs.

I recognize that the bill is artfully drawn to justify the levy as an excise tax. But the Supreme Court, where the purpose is obvious, will penetrate the veiled camouflage of its enacting purpose and consider the measure as to its real intendment.

As Chief Justice Taft said in delivering the unanimous opinion of the court in the Child Labor case (259 U. S. 1, p. 39):

> So here the so-called tax is a penalty to coerce people of a State to act as Congress wishes them to act in respect of a matter completely the business of the State government under the Federal Constitution.

Why, Mr. Chairman, when I think of this bill being proposed for the first time, a bill with a policy that has never been tried out anywhere in the civilized world, suggested by a college professor—who ever heard of a college professor having any business ideas that could be successfully tried out in the world of hard knocks?—I pause to wonder of the ravages that may be made in the name of the depressed farmer.

Mr. BURTNESS. Will the gentleman yield with reference to the tax?

Mr. STAFFORD. I can not yield. Let me finish, please. In these times of stark need, the effect of this measure is to make more hazardous the breakfast table of the needy. It is almost beyond comprehension that any cabal would appropriate the money of one class of the community for their own aggrandizement. The agricultural marketing act crumbled into desuetude by its own unbusinesslike provisions. This measure, manifoldly worse with its unstable provisions, will suffer a like doom because its artificial devices are all counter to the inexorable rules of business and economics. A few may be favored, but it will be at the expense of the great majority.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HAUGEN. Mr. Chairman, I yield seven minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I have read the agricultural bill now before the House and also committee hearings and have listened to the general debate on the bill. According to the hearings, practically all large farm organizations including the Farmers Union, Farm Bureau, Grange, and others are supporting the pending bill in its effort to raise prices of farm products to at least the cost of production and, as near as possible, to pre-war prices. This bill proposes to equalize agricultural prices that have been deflated compared with other industries. I am not disturbed over constitutional objections. These are always offered to proposed legislation.

Dairy products have not been included in the bill. I am convinced they should be, because, according to evidence submitted, more farmers are interested in dairy products and more actual money is invested than in any other one

product of the farm. From the hearings I find no objection raised to their inclusion; and as these products are processed they should be included with wheat, tobacco, cotton, and pork, the four products named in the bill.

Chairman JONES has well said that the desperate situation of agriculture must be relieved if any hope is to be offered for normal business conditions. No bill will meet every contingency or be satisfactory in every particular, but if we would avoid further widespread distress and agricultural disaster it is time to pass whatever legislation will relieve present conditions. Many economists and farm experts say this bill will do the job. I am convinced that the farm measure now before the House will be helpful. Another bill to give expansion to the currency will help bring back normal agricultural pre-war prices, and a reduction in interest rates will also be helpful in bringing about better conditions. I realize the difficulty in preparing workable bills, but I know their necessity, and experts say this bill is workable.

If products in this bill are helped by better prices, it will reflect benefits on other farm products, so I am for the bill; but it should also include agriculture's greatest industry—dairy products—in order to give immediate and general relief.

Mr. NELSON, of the committee, laid responsibility for failure of other agricultural bills largely to experiments with the Farm Board and salaries paid Farm Board officials. We are all in agreement against the excessive amounts paid Farm Board officers, but there are those who believe the Farm Board's operations have benefited agriculture. I do not pretend to say where experts disagree, but I do say that Congress, under the law, has no authority to pass on the internal affairs of the Farm Board any more than on the internal affairs of the Pennsylvania Railroad. Yet Congress, through its agencies, has recently loaned to that railway many millions of dollars, although it is reported President Atterbury receives a hundred thousand dollars annual salary.

I do not approve excessive salaries for Farm Board officers or railway presidents, because the public pays the bill in both cases, but I am not going to oppose this bill because unjust salaries were paid Farm Board officials. No such question is involved with this allotment measure, which provides a 2½ per cent maximum expenditure for administrative expenses.

I agree with Chairman JONES that it is a case of saving a house on fire, and that farm foreclosures and low prices are threatening our future welfare more than any experiment in getting water to the fire.

Let me offer to my friend, Representative NELSON, from Missouri, some fire news that has a direct bearing on the case before us and is more serious than any complaints coming from those who oppose the bill:

LIVESTOCK FORECLOSURE SALE BRINGS $34.90

MARYVILLE, Mo., January 7.—Five hundred farmers took charge of a chattel-mortgage foreclosure sale to-day at the I. C. Moore farm, 10 miles northeast of Maryville, and bid in 49 head of livestock for a total of $34.90.

The mortgage, held by a Ravenwood bank, amounted to $2,200. Fay Casteel, an officer of the bank, who acted as clerk at the sale, departed after only $1 bids were made on purebred cattle.

The farmers persuaded the auctioneer, C. E. Showen, to continue with the sale.

My friend Representative SNOW, of the committee, also opposed the bill, even if Maine potatoes of his constituents are included. I have here a New York quotation on Maine potatoes under date January 6, which says bulk of 180 pounds Maine potatoes were $1.90 to $2.10 on that day, and every quotation which I place in the RECORD is more than a dollar per hundred for potatoes:

[New York Herald Tribune, January 6]

POTATOES

White potatoes about steady. Sweets dull and weak.

Long Island, in bulk, 180 pounds	$2.25–$2.40
Maine, in bulk, 180 pounds	1.90– 2.10
Maine, 150 pounds	1.65– 1.85
Maine, 100 pounds	$1.00–$1.20
State, 150 pounds	1.60– 1.70
State, 180 pounds	1.70– 1.85
Idaho, bag	1.50– 1.90
Idaho, box	1.60– 2.00
Bermuda, barrel	6.00– 6.50

It will be noted that potatoes, of all farm commodities, seem to have stood the farm depression remarkably well. My own State produces potatoes, but due to more than a thousand miles transportation, New York is out of the market compared with Maine, less than a third of the distance.

That Maine price is far better than 32 cents for wheat, after paying harvesting and threshing bills, with only 10 bushels average per acre production of wheat. Remember, 100 to 300 bushels per acre of potatoes carry their own arguments as to comparative distress when the production of potatoes per acre is found to be ten to twenty times that of wheat and the price per bushel received for potatoes more than double wheat at the present time.

I rather accept the reasoning of my friend, Representative KETCHAM, of Michigan, one of the oldest members on the committee, or the indorsement of GILBERT HAUGEN, the oldest Member in the House as well as on the Agricultural Committee, both of whom, after years of study, including 400 pages of hearings on this bill, advise us to give this allotment plan a fair trial.

Representative BECK, the distinguished gentleman from Philadelphia, warns us against the machinations of Wall Street that he claims are to be found behind this allotment bill. I am not accustomed to lay all our ills to Wall Street, although I agree with much that has been said as to its antiagricultural influence generally; but I picked up the New York Herald Tribune of January 7 and found that Wall Street's push on this bill through Congress, if it did push, caused wheat to jump from 1½ to 1⅞ cents per bushel the day before, due in part, it was alleged, to pending farm legislation.

If Wall Street will push a little harder to help the wheat farmer to better wheat prices and corn growers to better hog prices and tobacco growers to better tobacco prices and cotton prices and dairy prices all to normal pre-war figures, then Wall Street's support will be welcomed, even if 99 per cent of the farmers believe that Wall Street's signals must have been crossed or my friend from Philadelphia mistakes a white flag for one of danger. This press statement speaks eloquently for more Wall Street farm aid.

[New York Herald Tribune, Saturday, January 7]

WHEAT SCORES SHARP ADVANCE ON INCREASED BUYING ORDERS—CHICAGO CLOSES 1½ TO 1⅞ CENTS HIGHER AS SHORTS RUSH TO COVER DUE TO PERSISTENT SUPPORT; FARM RELIEF BILL AIDS SENTIMENT

CHICAGO, January 6.—Steadily increasing sentiment in favor of higher prices for grains brought buying orders on a large scale into the wheat pit to-day, advancing prices to the highest level for nearly a month. The close was 1½ cents to 1⅞ cents higher. Wheat was strong from the start, with commission houses and locals buying. Pressure to sell was scattered and readily absorbed.

On the advance sellers of offers were compelled to buy to protect themselves and shorts covered freely, becoming alarmed over the persistency of outside buying. Relative weakness of foreign markets were ignored, traders being influenced by domestic developments—farm-relief legislation and the bullish winter-wheat situation being the predominating factors. Locals were spreading, buying May and selling July at three-eighths cent difference, and there was buying in Chicago against sales in Winnipeg. Minneapolis sold wheat here against purchases in their market.

New England and the Southeast were buyers. Iowa points offered corn to arrive to-day, but at prices above the market. Local receipts were 100 cars. May corn closed at 27⅝–27½ cents, July 28¾–28⅞ cents, and September 29¾ cents.

Oats and rye followed the trend of wheat. May oats closing at 17⅝ cents and July 17⅞ cents. May rye finished at 36¼ cents and July 35⅛ cents. May barley sold at 29⅝ cents at the last.

A press report of January 8 states that after "mounting to the highest levels in nearly two months, with an increase in the Chicago market of 6¼ cents a bushel, almost vertical climb, wheat closed unsteady at five-eighths to 1 cent under Saturday's finish." Possibly the Wall Street rumor may have alarmed Chicago grain buyers, but an increase of 5

cents per bushel should be doubled several times to offset losses through existing wheat prices.

A word regarding the greatest industry in agriculture that reports in the same paper in New York on the same day, creamery butter at 22½ cents per pound and cheese at from 12 cents to 15 cents, New York prices.

I have followed the examinations of my friend Representative ANDRESEN, of Minnesota, in the hearings and also his arguments on the floor. To my mind they are unanswerable as to the necessity of including dairy products as much as wheat or cotton if we are going to raise prices.

Wisconsin produces more dairy products than any other State. Its total investment in dairy lands, buildings, and machinery is over $1,400,000,000. Its annual dairy products run far more than $200,000,000 annually, if my recollection is correct. This bill means annually about $18,000,000 more that will be returned to dairy interests of my State and $171,000,000 to the country at large if department estimates are correct.

Even Maine will get over a million-dollar dairy-price increase, Missouri six and one-half millions, and New York State, the home of my friend Representative JOHN CLARK, will profit by eleven and one-half million dollars annually if dairy products are included. I listened to denunciation of the bill from Representatives on the committee because they were not permitted to put farm leaders under cross-examination.

It may be these friends on the committee would be able to show by cross-examination that white looks black if opportunity had been granted, but Mr. Lee, the farm spokesman before the committee, seemed to answer squarely and fairly all questions asked by both committeemen, so I believe eleven and a half millions additional return from dairy products to New York and improvement in Maine's farm conditions is worth considering, particularly since Wall Street approves of some division of profits with the farmers. The bill may not meet all promised expectations, but I am for it. Representative ANDRESEN's amendments should be accepted, but this bill should pass. I believe it will help bring farm relief. [Applause.]

Appended are statistics from the Tariff Commission that relate to imports and exports of cheese and butter for the periods stated:

Comparison of imports and exports of cheese and butter, calendar year 1931 and first 10 months of 1932

Period	Imports for consumption		Domestic exports	
	Quantity	Value	Quantity	Value
CHEESE				
	Pounds		*Pounds*	
1931	60,808,531	$14,671,984	1,672,515	$374,887
1932 (first 10 months)	44,282,454	9,997,041	1,188,315	216,177
BUTTER				
1931	1,797,144	$471,521	1,984,333	$636,558
1932 (first 10 months)	811,972	173,453	1,376,319	333,909

Wisconsin leads all States in cheese production, so the following has a direct bearing on that industry in connection with this allotment bill:

Cheese: Imports for consumption of all cheese by countries, 1931

[From U. S. Tariff Commission]

Country of origin	Dutiable at 7 cents per pound		Dutiable at 35 per cent ad valorem		Total imported	
	Quantity	Value	Quantity	Value	Quantity	Value
	Pounds		*Pounds*		*Pounds*	
Italy	10,995,612	$1,964,155	21,792,239	$5,368,068	32,787,851	$7,332,223
Switzerland	46,679	9,118	14,317,658	4,245,329	14,364,337	4,254,447
France	109,849	20,427	4,403,143	1,352,012	4,512,992	1,372,439
Netherlands	2,368,117	304,957	117,956	30,904	2,486,073	335,861
Germany	485,802	71,540	1,517,949	398,865	2,003,751	470,405
Greece	632,323	93,306	364,905	82,522	997,228	175,828
Denmark	38,658	6,312	735,587	170,189	774,245	176,501
Norway	543,362	69,900	117,213	34,182	660,575	104,082
Finland	44,518	8,586	705,749	154,679	750,267	163,265
Canada	199,918	28,227	138,337	32,606	338,255	60,833
All other	695,410	103,906	430,355	121,185	1,125,765	225,091
Total	16,160,248	2,680,434	44,641,091	11,990,541	60,801,339	14,670,975

Source: Compiled from monthly statistics of imports for consumption.

In like manner butter production in several States that increased nearly 50 per cent in 10 years is concerned in its inclusion in the allotment bill.

Butter—Production of creamery butter by States, 1922–1931

[From U. S. Tariff Commission]

[Thousand of pounds: i. e., 000 omitted]

States	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931[1]
Minnesota	170,463	199,926	229,474	245,669	258,437	274,860	271,345	282,884	282,540	285,802
Iowa	129,778	141,407	159,378	156,361	168,827	177,224	196,068	214,562	216,058	204,796
Wisconsin	142,235	139,895	153,335	161,369	159,733	153,545	137,483	155,815	171,239	170,686
Nebraska	74,809	76,748	81,423	83,930	90,882	95,004	96,472	97,110	85,623	79,584
Ohio	84,193	79,195	80,932	77,566	79,386	79,603	75,681	80,583	78,972	83,328
Missouri	46,565	51,818	56,801	55,953	66,861	62,549	69,201	82,505	77,939	74,520
California	69,941	81,943	75,509	72,371	71,701	75,227	72,050	72,635	74,366	72,734
Michigan	59,954	64,818	70,676	70,729	72,040	69,368	65,803	63,426	65,926	76,193
Illinois	47,249	51,359	58,225	56,872	62,544	59,875	62,864	69,272	65,281	67,228
Indiana	48,158	51,484	54,355	54,362	57,592	62,436	60,409	62,701	63,249	68,923
Other States	280,170	303,621	335,972	326,344	353,763	386,804	379,673	415,534	413,633	427,868
Total	1,153,515	1,242,214	1,356,080	1,361,526	1,451,766	1,496,495	1,487,049	1,597,027	1,594,826	1,611,662

[1] Preliminary.

Sources: Yearbook of Agriculture, 1928, Monthly Crops and Markets, U. S. Department of Agriculture, and Division of Dairy and Poultry Products, Bureau of Economics, U. S. Department of Agriculture.

Butter imports are also offered in the same connection.

Butter: Imports for consumption from Denmark, New Zealand, Canada, and total for all countries, calendar years 1925–1931
[From U. S. Tariff Commission]

Year	Denmark		New Zealand		Canada [1]		Total, all countries	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Pounds		*Pounds*		*Pounds*		*Pounds*	
1925	420,755	$239,865	2,201,815	$777,639	3,606,051	$1,273,967	6,861,435	$2,553,219
1926	1,421,024	594,795	1,828,710	622,623	339,689	112,892	6,727,052	2,389,384
1927	997,267	429,818	3,511,413	1,054,113	392,172	151,450	8,456,397	2,873,177
1928	644,002	306,565	2,215,289	738,345	353,762	124,819	4,334,684	1,562,283
1929	877,266	374,396	1,392,782	476,976	155,647	62,901	2,586,118	965,412
1930	969,378	345,613	978,406	308,016	96,517	27,497	2,449,785	801,803
1931	235,723	100,553	844,424	217,409	603,046	127,803	1,746,858	460,604

[1] Yearly figures for Canada, 1925–1929 are general imports.
Source: Compiled from monthly statistics of imports for consumption.

Proportionate imports of butter and countries from which received are here given.

Butter—Imports for consumption from Denmark, New Zealand, Canada, and total all countries, by months, 1931
[From U. S. Tariff Commission]

Month	Denmark		New Zealand		Canada		Total, all countries	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Pounds		*Pounds*		*Pounds*		*Pounds*	
January	20,139	$10,514	78,008	$20,337	[1] 17,006	$1,167	123,262	$33,887
February	6,282	3,485	74,088	21,883	5,768	1,127	93,870	28,345
March	14,836	9,148	77,760	18,113	1,883	432	100,660	28,971
April	22,636	10,309	72,208	19,278	166	56	103,445	31,685
May	43,953	14,630	101,640	27,654	449	135	146,505	42,506
June	19,741	10,625	126,000	34,332	566	156	152,681	46,527
July	11,032	6,530	64,680	17,443	3,470	736	83,721	25,845
August	7,557	5,236	45,864	11,924	8,188	1,610	65,740	19,813
September	18,992	7,148	34,944	8,988	8,628	1,499	62,864	17,742
October	29,514	9,848	33,824	8,890	499,007	112,473	564,545	131,758
November	17,441	5,277	60,704	13,451	37,204	5,186	122,340	25,608
December	23,600	7,803	74,704	15,116	20,711	3,226	127,225	27,917
Total	235,723	100,553	844,424	217,409	603,046	127,803	1,746,858	460,604

[1] 16,642 pounds valued at $1,041 was released from bonded warehouse.
Source: Compiled from monthly statistics of imports for consumption.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. FREAR. Mr. Chairman, I ask unanimous consent to extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CLARKE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, with a measure as full of detail as this one there is always grave danger that we may not see the forest for the trees; grave danger that we may be so confused by machinery as to overlook principles.

In the few minutes at my command I wish to call the attention of the committee to the fundamentals of this proposal, the basic principles involved. Certainly every man of us should reach a decision as to these before he considers machinery.

This is a proposal to take money from some of the people and give it to the rest of the people. It is a proposal to take from the nonagricultural part of the people and give to the agricultural part of the people. More than that, it is a proposal to take from some part of the farmers and give to the other part of the farmers.

About one-quarter of the people in this country are engaged in farming. So, in the first place, we start with the proposal that three-fourths of the country shall make contribution. The proposal further contemplates taking money from three-fifths of the agricultural part of the country and giving it to the other two-fifths. So it figures out that nine-tenths of the people are asked to give something more than a billion dollars to one-tenth of the people.

There must be grave reasons advanced for transferring more than a billion dollars from nine-tenths of the people to one-tenth of the people.

I know there is many a man here who will instantly reply that we are doing that same thing in the matter of the tariff. This, however, is the tariff reversed. When you throw an automobile into reverse, it goes backward and not forward.

A tariff is meant to encourage production. This bill is meant to discourage production. Tariffs are justifiable, apart from revenue, only if their primary purpose is to benefit the country as a whole by diversifying occupation and by making a nation more nearly self-sufficing. The primary argument for this bill is that it will benefit part of the country, not primarily the whole. Tariffs contemplate buying less abroad. One result of this bill, that of giving some producers a larger price for that part of their production sold here, would make it possible for them to sell at a lower price that part sent across the seas. Tariffs are expected to increase wages here. Dumping our food surplus leads to lower costs of living and to lower wages abroad, with corresponding advantage to our competitors.

As I have said, this is a proposal to take money to the extent of more than a billion dollars from nine-tenths of the people and give it to one-tenth of the people.

I would like to take my entire 10 minutes in repeating that statement over and over again. Once more, it is a proposal to take money to the extent of more than a billion dollars from nine-tenths of the people and give it to one-tenth of the people.

It is a proposal to return prosperity by mulcting the overwhelming majority of the people in order to benefit this small part of the people.

It is a proposal to lift ourselves by our boot straps. It does not add another dollar to the wealth of the country. It does not turn a wheel anywhere save possibly that of a tractor. It does not help any man in distress outside of that two-fifths of the farmers of the country who may get some benefit.

Beyond this there is the greater question, the deeper question, the all-important question: Are we to embark upon control of production?

I am not one of those who show resentment and fear whenever the words "bolshevist" or "soviet" are uttered. To my mind, what is going on in Russia is the most important political and social experiment of our time. I watch it with the keenest interest. I see there the attempt to destroy the competitive system and replace it with controlled production. I try to examine the developments of that gigantic experiment without prejudiced hostility but simply with the curiosity of a student of human relations. As such I would point out that in this bill you may find the first great proposal to embark here upon the system of Soviet Russia, under which all the conduct of all the citizens is regulated by central authority.

Already appear proposals to add to the articles enumerated in the bill other articles which may not stop until the whole range of agriculture shall be covered. At the same moment we from the industrial regions are considering the possibility that if you pick out classes and groups and sections to favor at the expense of others you can not stop with the boundary of the farm.

To be consistent and fair, you must go into the cities and the manufacturing towns. There you will find the producers of boots and shoes demanding that they be given a bonus at the expense of the rest of the country; then the hat makers; then the clothiers; "the butcher, the baker, the candlestick maker." In short, every type of production and industry.

You may say I am from the East and am speaking for the East. I am speaking for the whole country in this matter, and that you may not think with suspicion that I am self-interested, carry your mind away for a moment from manufacture and address it to the mining of precious metals, an industry of the West, an industry in as hard straits as any other. You know of the demand just beyond our doors that we tax the whole of the country in order to rehabilitate silver mining. Furthermore, you hear on every hand the declaration that we must help out the coal miners. So it is in all aspects of mining—the same demands that we shall force a great part of the people to rehabilitate a small part of the people.

Where will you stop applying this idea of controlled production for the benefit of groups and sections and fractions of the people?

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. ALLGOOD. As I understand, the gentleman from Massachusetts says the bill is going to take money away from nine-tenths of the people and give to one-tenth of the people. I understand there are 30,000,000 people engaged in agriculture—in cotton production alone.

Mr. STAFFORD. Does the gentleman say 30,000,000 in cotton?

Mr. ALLGOOD. Yes.

Mr. STAFFORD. There are not 30,000,000 people in the cotton States all told.

Mr. ALLGOOD. There are 6,000,000 farms, with five to a family. That would make 30,000,000 people. Then there are the wheat farmers and the corn farmers. I understand about 40 or 50 per cent of the people are agricultural people. I do not understand the gentleman's arithmetic.

Mr. LUCE. I shall not undertake to enlighten the gentleman economically. All the statistics are at his command.

I repeat, that one-quarter of the people of this country, and one-quarter only, are engaged in agriculture. I repeat, that this is a proposal to take money from the other three-quarters of the people and at the same time to take money from three-fifths of the farmers themselves and give it to two-fifths of the farmers. [Applause.] I want to make my friend understand that I am condemning this bill because it proposes to milk far the greater part of the people for the benefit of a few of the people. [Applause.]

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield again?

Mr. LUCE. I yield.

Mr. ALLGOOD. The gentleman's first proposition was that the bill took money away from nine-tenths of the people and gave it to one-tenth of the people. The gentleman has now abandoned that theory and dropped down so that money is taken away from three-quarters to be given to one-quarter. On that basis I think the gentleman hits it about right.

Mr. LUCE. The gentleman gives me just one more chance to repeat, and in the beginning I said I wished I could devote my entire 10 minutes to repeating it again, and again, and again. I repeat once more that one-quarter of the people are engaged in agriculture. This bill takes money from the other three-quarters. Of the one-quarter in agriculture only two-fifths will be beneficially affected. This bill takes money from the other three-fifths of the farmers. So this bill milks nine-tenths of the people of the country to the extent of more than $1,000,000,000 to help one-tenth of the people of the country, when practically all the people are suffering and a lamentably large part are in distress. I denounce that as uneconomic, as unfair, as unrighteous. I denounce that as contrary to the principle upon which this country was founded, the principle which has brought it to the highest place in the circle of nations, the principle that has made it the strongest country in the world to-day, the principle for which the party of the gentleman who has just addressed me has until recently always stood, the principle of individuality, the protection of the individual, the right of the individual to the fruits of his labors, the right to have them not taken away in order to help somebody else save, only to serve the country as a whole. [Applause.]

[Here the gavel fell.]

Mr. HAUGEN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, I have no quarrel with anyone who opposes this bill on fundamentals. This is not the first clash in this House between two conflicting schools of economics. If this bill were all that is to be considered as the remedy for the existing economic crisis, I would concede that it would stand up alone like a sore thumb; but it is only the first step, only one of the factors in fundamental changes which must be brought about in our economic system.

The gentleman from Massachusetts [Mr. LUCE] made a typical New England high-tariff speech. [Applause.] He talks about "one-quarter of our population" and complains that the bill will benefit that "one-quarter," and overlooks the fact entirely that this one-quarter is feeding the other three-quarters of the population. [Applause.] Now, coming from a city and industrial section of the country I will not take the stand that some of the Members have taken, that the cost can not be passed on to the consumers. I am willing to assume that the cost will pass on to the consumers. We are prepared to meet that when the time comes. As I said if any gentleman on the floor thinks that this bill is far-reaching, let him be prepared for what must necessarily follow in the course of the next six months if we are to save our Republic.

I say that there are two conflicting schools of economic thought, and the issue was clearly drawn during the last presidential election. President Hoover courageously raised the issue in his speech at Madison Square Garden on October 31, 1932. In the language of Mr. Hoover:

> This campaign is more than a contest between two men. It is more than a contest between two parties. It is a contest between two philosophies of government.

That is absolutely correct, and the contest has been decided.

After the Madison Square Garden speech there could be no question that we have in this country at this time one school of thought which admits the existence of a depression, and says we have unemployment; we have misery; we have hunger; we have our farmers bankrupt, but there is nothing that we can do; we will live out of this crisis; we can not accept any reform; we will not effect any changes; there

is no panacea; we must simply stick to the fundamentals adopted by our forefathers and live through it.

To be specific, this philosophy so definitely pronounced in the Madison Square Garden speech declared against "a new deal." To quote again—

The expression our opponents use—

Said the President—

must refer to important changes in our economic and social system and our system of Government, otherwise they are nothing but vacuous words.

Anything which deviates from the old order established 150 years ago, any slight economic readjustment or any—

Changes and so-called new deals would destroy the very foundation of our American system of life.

Then President Hoover stated:

The primary conception of this whole American system is not the regimentation of men but the cooperation of free men. It is founded upon the conception of responsibility of the individual to the community, of the responsibility of the local government to the State, of the State to the National Government. It is founded on a peculiar conception of self-government designed to maintain this equal opportunity to the individual * * *.

I can not agree with such a philosophy. Changes have been forced upon us. How can one talk about the equal opportunity of the individual when our economic, industrial, and agricultural system has destroyed individuality? How about the responsibility of the National Government to the individual? It is not legislation of this kind or the reforms and economic changes which we seek that are destroying individualism. It is the economic system which has brought about this financial collapse, the destruction of the farmers and caused 12,000,000 men and women to be unemployed that has done that. We are now seeking to so adjust this economic system as to meet this new situation. It is the industrial system of machine production that has caused the regimentation of men and women and has transformed the artisan of old into a mere "number" in a big factory. It is the system of distribution and control of prices that has transformed the individual farmer into a unit. We cannot use the phraseology of 150 years ago to describe the situation that exists to-day. It is indeed a new deal that we must bring about. The forgotten man is but one of the ranks of the exploited classes.

The other school of thought says that we must keep government abreast of the age in which we are living. We must adjust government to the new order. If the American system of equal opportunity, equity, square deal, and the right of living decently is to be conserved, then we naturally must make some very drastic changes in an economic system which has outlived its usefulness. How can a political or economic system remain rigid and pat when everything around us which controls the lives of the entire population and every home in the country is changing so rapidly? It was never intended by our forefathers and the framers of the Constitution that we should never, and could never, make necessary changes to keep abreast of the times and new conditions. The contrary is so. The method of amendment to the Constitution was discussed quite at length, and on several occasions in the Constitutional Convention, and it was agreed that an easy method of amendment should be provided consistent with giving an opportunity to the majority of the people to pass upon such changes. The same is true as to legislation. For that reason short terms of office for the Executive and shorter terms for Congress were established. We can no longer talk of the individual or depend upon "rugged individualism" or resort to the maxims of 150 years ago. We can not abandon the individual when economic and industrial conditions have stripped all semblance of individuality from the citizen. If industry has regimented men, we must necessarily legislate for them under such conditions. If the farmer has lost his individuality by reason of new methods of transportation, distribution, control, and world-wide price fixing of his products by forces beyond his control, we must necessarily have to consider the farmers as a class and protect them as such. The only semblance of individuality that is left is the affliction, the misery, and the poverty that surround the individual when he loses his place in the ranks of his industrial regiment and the farmer when his unit is destroyed by the ticker tape and the adding machine.

This naturally, Mr. Chairman, divides our ranks. There are many Members who owe allegiance to the Democratic Party who may fully agree with the views and the principles laid down by President Hoover in his Madison Square Garden speech. There are many of us on this side of the aisle that can not accept that theory of government. We refuse to draw the curtain on hope and say that poverty and misery are inevitable, that the poor we always had with us and always will have with us, and that we must continue along these lines. So, as these two schools continue to clash, we will see a zigzag crossing of the aisle of this House that in the past divided us on other issues.

Now, to the bill before us. The criticism directed to the mechanics of the bill is not directed to its draftsmanship but rather to the imperfections of human beings which will naturally crop up in this bill as they do in the revenue and tax bills and in every other law that we seek to enforce.

The fundamental of this bill is to bring agriculture up to a parity with industry, and nothing else. The fact that agriculture has fallen below par even in times of prosperity was not, let me say to the gentleman from Massachusetts, brought about by accident. It was no accident of the tariff that the farmers were at a disadvantage. It could not be otherwise. Read the statements that were made from the time the very first tariff was considered, and it will be seen that it was known that agriculture would be at a disadvantage; and because of the disadvantage of agriculture we have built up in this country a most prosperous industry.

Yes; industry is prosperous, if there could be eliminated the dishonest and unsound financing that has been fastened upon it. The question whether the increased prices of agricultural commodities will be passed on to the consumer should be answered. They may, and in all likelihood they will. But that is but half of the answer—I will give the other half in just a moment. Prices must go up; otherwise what are we to do? Drag down industry to the low level of agriculture? The American farmer to-day is becoming a tenant peasant. They are being dispossessed of their farms by the thousands. Gentlemen, they are resisting, with pardonable disregard of the law, the power of the State in enforcing the mandates of the courts. It is a condition that we can not ignore. Suppose, you will say, the price of commodities increases; what will your workers in the city do? We are prepared for that. We will demand increased wages. That is the other half of the answer. Yes; it can be done, and will be done. "Where will it come from?" I hear some one remark; and I will answer that in just a moment. Why, banks, industries, and railroads have come to Congress for aid. Why not the farmer? Is not the chief trouble with industry and the railroads the inability to meet so-called fixed charges? We know that these fixed charges are the interest charges on blunders or plunders of the past, together with an unreasonable expectation of returns on investment. Once we squeeze out the water and wash out unwarranted charges and reduce interest charges, it will be easy to meet increased wages. That and bringing agriculture to a parity with industry by fixing prices according to the actual cost of production will establish in this country a new era of prosperity, enjoyed not by a small class but by all the real producers of wealth. That is the objective. That is the purpose of this bill. It is indeed more scientific than to take depreciated bonds at their face value and lend hundreds of millions of dollars on them. Yet, is it not conceded that it was necessary at the time to save the crash which will inevitably come unless we go the whole way to meet the situation?

Now, if we should continue without taking drastic action for an economic readjustment, what will happen? We will get out of it; yes. How will we get out of it? I will tell you how: By creating an impoverished mass of people; by keeping the farmer down and putting him lower than where he is now; by making a tenant peasant out of him, working

for the owners of the farms; by creating a highly competitive labor market; by bringing down wages; by tearing down the standards of living; by concentrating all of property in the hands of a few; by creating a still smaller minority owning the land and wealth of the country. That is the minority, Mr. LUCE, that is threatening the country; that is the group that has long obtained class legislation. The minority that owns the wealth of the country has ruined our country, and not the minority that produces the food of the country. [Applause.]

According to that philosophy of government that I refuse to follow, it would create a small property-owning class, a highly competitive labor market, low wages, farmers at the mercy of absent landlords, all highly efficient but generally miserable and unhappy, prosperity for a few, a bare existence for the mass of toilers. Yes; it is one way of doing it, but it is not the American way.

Our Government is not to be entirely devoted to the protection of a small property-owning class. If this is all the hope we have, we may as well fold our tents now and quit. It is the highest function of government to preserve life; and if we have established a Republic of free men and women, permit me to say that one can not enjoy the blessings of liberty on an empty stomach. Political freedom can not blend with economic slavery.

So we must create this new system of distribution. We must bring parity to agriculture as one of the first steps.

The gentleman from New York [Mr. CLARKE] submitted in his minority report the necessity of relieving the farmer of his interest burdens, if I am correct. That, indeed, is progress.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. CLARKE of New York. Of reducing his interest burdens through the Reconstruction Finance Corporation.

Mr. LAGUARDIA. The gentleman from New York will have an opportunity to vote for such a measure, whether through the Reconstruction Finance Corporation interest rates will be reduced. It is bound to come.

Gentlemen, government is falling. When any group of people walk into a courthouse and prevent the sale of property under mandate of the court and walk into the court room and not permit the judge to leave the court room, I will tell you that condition is such that demands the attention of the Congress and the attention of government.

So along with this bill will come another bill for the substitution of farm mortgages, if not the refinancing of them. The Government must step in—interest rates must be reduced to a low rate of two and a quarter per cent, with a three-quarter per cent amortization fund, so that the farmer can not only meet his interest charges but at least have the hope that his children may some day have that farm free and clear, just as his grandfather had it at one time. So after this bill, or a similar allotment or price-fixing measure is passed, be prepared for the farm mortgage bill.

Why, you gentlemen think this is extreme. Wait just a few months, gentlemen, and see what the railroads of this country are going to ask of Congress. Then you are going to get a real taste of extreme legislation. The farmer asks protection from exploitation and only asks for a fair return for his toil.

We have arrived at a time, I want to say to the gentleman from Massachusetts, when those who used to control government, those who owned and controlled the finances and wealth of the land, are to be stripped of their arrogance. They are to be controlled instead of controlling. They have been defeated by their own bad judgment, and in many cases by their own dishonesty. [Applause.]

The gentleman well remembers, in his own State, a distinguished firm of brokers—Lee & Higginson—a short time ago, when I criticized them on the floor of this House, the wrath of New England was upon me. I was told that this firm were great and good people, how they went to church every Sunday, how their forefathers came over on the *Mayflower*, and yet they were the willing agents and the handmaidens of one of the most crooked and dishonest financial schemes that was ever conceived in the history of the world. What might have been smart financing, shrewd business, and smart dealing in the days of illiteracy and economic ignorance are called different names to-day. I say, therefore, that we can not continue as we are going. It is silly to talk about supply and demand when there is no such thing. Why, one of the most repeated arguments against the bill is that it goes in the face of the law of supply and demand.

What chance has the farmer to-day when we leave him to the mercy of what once was the law of supply and demand? When the farmer took his product to town to sell to the consumers waiting for it, and they had no other source of supply, then, indeed, it might have been applicable. But what chance has the farmer when the demand is controlled by manicured-finger men in Chicago and New York dealing in agriculture by means of the ticker tape and control the prices of the farmer's commodities? What chance has the farmer got, under a system of supply and demand, with elevators, storage houses, and refrigerators where food can be garnered and held so as to control the market price? The farmer can not store his product. He has not the facility, and besides he needs immediate cash. This bill will go a long way to remove existing evils.

What does this bill do? Nothing less than say to the world that there is something else besides gold. It gives the farmer an opportunity to translate his hogs, wheat, tobacco, or cotton into things that he needs for the family. It gives him a chance to know that he will be able to get the needed pairs of shoes, clothing, material, machines, and comforts of life for his only medium of exchange. Speculators will have little or no incentive to bear down price when processors will have to pay an adjustment tax. There will not be so much speculation by manipulators of the ticker tape. The level of prices being known, there should not be much fluctuation. If prices are stabilized, if the price of agricultural commodities is fixed, there will not be much gambling, at least not with loaded dice against the farmer.

Frankly, the intent and purpose of the bill is to guard the farmer against competition of products where we have a surplus and therefore susceptible to world prices. The idea, while not new, is novel when it takes the form of legislation actually being considered. We have become accustomed and adjusted to a tariff. No one is alarmed, shocked, or indignant, nor is the cry of supply and demand raised if a tariff is placed on silk, steel, aluminum, or any other commodity. It is known that these commodities are manufactured in other countries at a lower wage scale under different labor conditions, and a duty making up this difference creates a domestic market price for any given commodity protected by a tariff. A tariff on an agricultural commodity of which there is a surplus over and above domestic needs is of no aid or comfort to the farmer. Personally, I should prefer to avoid all circumvention and provide for straight price fixing for all surplus agricultural commodities. Eventually we will come to that. The habit of thinking along certain constitutional lines makes many timid, and there is an honest difference of opinion whether we could constitutionally do so.

It is my belief that in the face of the existing emergency, with the complete nation-wide bankruptcy of the farmers of the country, that we could do so. When a farmer sells his products at less than it cost him to produce, and that is what he is doing every day, and unable to exchange his products for the necessaries of life and for the commodities which he needs to raise his products, he is not selling at such prices of his own free will. He is selling under duress. He is forced and coerced to sell the products for less than it cost to produce, because he has no means to withhold his product, and he is being forced by commitments of taxes, crop mortgages, interest on farm mortgages, and the perishable nature of his products to make the sale. It is not a free sale or a free act in any sense of the word. The party buying at such prices or the other part of the contract is taking advantage of the situation. There is no privity between the cotton exchange of Liverpool, England, and the cotton grower of the South. Yet no one will deny that the price of raw cotton

is fixed at Liverpool. There is no privity between the producers and the commodity exchanges of Chicago, and yet no one can deny that the prices are fixed by these exchanges. What constitutional provision, therefore, would we violate if as a matter of public policy we authorize an agency of the Government to fix prices of agricultural commodities based upon average cost of production. Certainly, the production of food for the Nation is a matter of national concern. If to-morrow we were to be stricken with drouth, pestilence, or other destructive causes and the Nation were confronted with famine, the Government would have to step in and provide relief for the people of the country. Yet here we are with the farmers universally bankrupt; and if foreclosures continue, there will be no individual ownership of land. Then what? Can insurance companies and savings banks till the soil and produce food for the Nation?

The condition of the farmer, as I have endeavored to point out, is so one-sided that surely he is not a free agent in making a contract for the sale of his products. Law has never attempted to enforce a contract obtained under duress or coercion. How can anyone invoke the law to protect property obtained under duress and coercion? Then, just what constitutional provision would be violated if Congress were to enact a law authorizing an agency of the Government to fix the prices of agricultural commodities in order to assure a supply of food for the Nation and to protect the farmer of his property and place him on a parity with industry. He must buy his machines, equipment, building material, clothes, transportation; and if his products have fallen so far below the index prices of these other commodities, it is imperative that such a condition be remedied. I therefore venture to state that ere long the provisions of this bill—and I will admit that they are involved—will be greatly simplified by direct price fixing. I also venture to say that before long it will be seen that the Constitution was never intended to protect any such one-sided arrangements, destructive of an entire class, consisting of one-fourth of our population.

Now, what does the bill do?

First. It provides adjustment allowance to meet changed world conditions and to aid in restoring the parity between agriculture and industry and corrects existing inequalities between the prices for certain agricultural commodities and industrial commodities.

Second. The bill is made applicable to certain specified commodities, the theory being that by taking certain basic commodities the benefit will be reflected to all agricultural commodities.

Third. Every producer of the specified commodities will be entitled to such benefits by direct payments of an exchange allowance. Provision is made for proper identification of the producer, his commodities, and the quantity upon which he will be entitled to receive an adjustment allowance. The quantity is fixed on a percentage basis of the total domestic production to that needed for domestic production.

Fourth. Production of commodities produced in surplus quantities is curtailed by requiring beneficiaries of the plan to reduce acreage by 20 per cent.

Fifth. The exchange allowance which will be paid to producers on the domestic-consumption percentage of his commodity will be an amount equal to permit him to buy the same quantity of other commodities as he could have bought on an average ratio of the base period between September, 1909, and August, 1914. In other words, the ratio of the prices for the producers' commodities during that period to the average prices of the commodities which he purchases will be the same for each marketing year that this bill will be in effect. Perhaps to make it simpler let us assume index numbers of equality which will make the mathematics of the proposition easier. Let us assume—now, mark you, these index numbers are only for the purpose of easily illustrating the formula—that the index price of the agricultural commodity during the period of 1909–1914 was 90, and that the index prices of commodities purchased by producers was also 90. That would be par. Now, let us assume that the index number of an agricultural commodity during a marketing year is 30, and the index number of the other commodities purchased by the producer is 70, the producer would be entitled to an amount which would permit him to be on a par with 70. Again, in other words, he would be allowed a sufficient amount of money that would permit him to buy at 70 as much as he was able to buy during the based period when the index number was at 90. Or, to put it in still another way, an average of the cost of industrial commodities during the period 1909–1914 is taken; then an average price of a given agricultural commodity for that same period is taken; that establishes the ratio or the relative prices of an agricultural commodity to other commodities, and the allowance given to the producer under this bill would bring him up to the same relative position in purchasing power per unit of his production that he enjoyed during that base period.

Sixth. During initial periods the prices per unit is fixed, and therefore the allowance will be the difference between the price established in the bill and the price received by the producer at his local market.

Seventh. The amount paid to producers in the form of exchange allowance is in turn collected in the shape of a tax on the same commodity, which is to be paid by the processor. During the initial period the price of the tax is fixed in the bill, and I need not repeat it now. Provision is made for taxing floor stock and levying compensatory duties on such processed commodities.

Eighth. Provision is made for the expense of administration by a deduction of 2½ per cent collected from all processors.

I do not believe it is necessary to go into the administrative features of the bill. I will concede that it may be difficult of administration. I do not share the belief of some that it is impossible of administration. In all likelihood there may be attempts of evasion and of fraud in obtaining allowance or avoiding payment of the tax. That is the same in every kind of a tax bill, and that is the fault of human nature and not of the legislation.

Now, how will this bill affect industry? It may not create additional national wealth. The gentleman from Massachusetts may be right in that, but it will create new circulation and a greater velocity of circulation. That will be to the advantage of industry. It will increase the purchasing power of the farmer, and that will create increased demands for industrial commodities.

I have prepared an amendment which would protect the certificates as long as they are in the possession of the producer, and I will offer it at the proper time.

I have also prepared an amendment clarifying the language providing for public information as to the price level, so that with this initial step the public will have complete and detailed figures.

The gentleman from Massachusetts complains of production planning. I believe that is one of the advantages of the bill. It is the first step in production planning. If the manufacturers of textiles in New England could get together, assuming they were permitted to do so by an amendment of the antitrust law, and plan production on a 52-week year basis there would not be the financial ruin in that industry that exists to-day. The gentleman ought to know by experience with the textile mills in his section of the country, that future planning is absolutely necessary.

Mr. LUCE. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. LUCE. I did not use the word planning. I spoke of production control. I was referring to the governmental control of production.

Mr. LAGUARDIA. Whether governmental control for future production or planning in the hands of industry or ariculture, it will have to be Government supervision and control. We can not leave it entirely to industry, because they could take advantage of the situation and perhaps ignore the public requirements and interest in the matter. Future production planning under proper governmental

supervision is one of the necessary factors in an economic readjustment that some of us are shaping.

This bill does it to a certain extent, and it will do it eventually, but it is the first step on the part of Congress to take care of overproduction; and, I repeat, as the gentleman from Massachusetts [Mr. LUCE] likes to repeat his point, the point I have made so many times, and that is this: We have not overproduction to the extent that it is generally believed; when the people of this country will have sufficient to eat and wear and be able to live up to the American standard of living, we will be better able to tell just what the domestic requirements are. Only after all of the people of the country are properly and sufficiently fed, the remainder, if any, can be called a surplus. With industrial productive planning, it will be necessary to bring down the hours of labor and the working days of the week. I will not enter into that phase of our economic changes at this time.

No one can deny that this increased return to the farmer will result in an increased purchasing power. The American farmer is the best market to-day for American industry. He has been so impoverished that 99 per cent of the farmers of this country have not bought clothes for the last two years. The farmers are so impoverished that their farms are going to wrack and ruin; and the minute they get an increased revenue, they will be able to buy the material necessary to make repairs on the farms and will be able to replenish the farms with new machinery and put clothes on the backs of their children. I say again this bill is only the first step. Mr. Roosevelt speaks of the forgotten man. He understates the condition. It is the exploited masses that now require the attention of Congress, and in this great army of exploited masses is to be included the farmer. We must legislate for all of the American people and not for the benefit of those who control the wealth, who control property, and, I am sorry to say, who for long have controlled Government. This is the first step in a fundamental economic readjustment. [Applause.]

Mr. CLARKE of New York. Mr. Chairman, I yield two minutes to the gentleman from Maine [Mr. SNOW].

Mr. SNOW. Mr. Chairman, I asked for these two minutes in order to read a telegram received from some bakers in Maine bearing on the probable increase in the price of bread to the consumer in case this bill (H. R. 13991) is enacted into law, but at the risk of not having sufficient time to read that telegram, I am going to make an observation or two on the remarks just made by the two previous speakers. The gentleman from Wisconsin [Mr. FREAR], in quoting the price of potatoes, quoted them at a price higher than I have yet heard them quoted. It is not clear whether his quotation was for 100-pound bags or barrels of 165 pounds. In my opinion, if potatoes are selling for $1 a barrel now, the price will rapidly drop within a short time after the passage of this bill, if potatoes are included.

I am sure that all Members of the House who voted with the gentleman from New York [Mr. LAGUARDIA] against a sales tax at the last session have waited with curiosity to ascertain how he reconciles his opposition to that little measly 2¼ per cent sales tax, with even food and clothing exempted, with his present advocacy of this super sales tax, but our curiosity is still unsatisfied, as he did not refer to that subject in any way. Coming from a very conservative part of the country, I am of opinion that if this bill is enacted into law there will be food riots in this country as a result. Food can not be kept from the mouths of people unable to purchase it, without some desperate action on their part.

Mr. LAGUARDIA. Do not blame agriculture for the riots that are coming.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. SNOW. Mr. Chairman, I ask unanimous consent to incorporate in the RECORD a very short, unsolicited telegram bearing upon the probable increase in the cost of bread to consumers in case this bill becomes a law.

The CHAIRMAN. Is there objection?

There was no objection.

The telegram is as follows:

PORTLAND, ME., *January 6, 1933.*

Congressman DONALD F. SNOW,
House Office Building:

Majority report House committee favorably reporting Jones domestic allotment plan says, "With wheat prices as they are this winter there is only about half cent's worth of wheat in a 16-ounce loaf, and the imposition of the maximum tax on wheat should at most increase the price of such a loaf by less than a cent," such a statement is very misleading. Any person who knows the most simple facts regarding baking a loaf of bread should know that a 1-pound loaf contains two-thirds of a pound of flour and, of course, a 2-pound loaf would contain double that amount. Even ordinary good grade flours to-day cost eastern bakers or other consumers $4 per barrel, or 2 cents per pound, and better grades, such as used by bakers baking better grades of bread, cost more than that. You must realize therefore that cost of flour in bread to-day is 1⅓ to practically 2 cents for a 1-pound loaf and double that for a 2-pound loaf. Sales tax now proposed is equivalent to three to four dollars or more per barrel, or 1½ to 2 cents per pound. Just simple arithmetic of above shows cost of bread to consumer will be increased from 1½ to 3 cents or more per loaf according to size and quality of loaf.

JOHN J. NISSEN BAKING CO.,
Portland, Me.
CUSHMAN BAKING CO.,
Portland, Me.
F. N. CALDERWOOD CO.,
Portland, Me.
WALTON'S BAKERY, *Lewiston, Me.*
HARRIS BAKING CO.,
Waterville, Me.
MACK BAKING CO., *Brewer, Me.*

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, that we are suffering distress in all lines of endeavor is admitted on every hand. That agriculture has suffered longer in point of time and more cruelly in degree than have other industries is a fact recognized by every student who has investigated the economics of the past 12 years. Since the ruthless deflation in 1920 of agrarian credit the business and property of those engaged in the art of producing food and in raising plants and animals useful to mankind have suffered an unprecedented decline with scarcely any intermission. Since then the distress of the farmer has grown more evident and his suffering more acute. Unless conditions change, and change speedily, he must accept an entirely new and reduced station in the social order.

Agriculture is in collapse. The last report of the Secretary of Agriculture contains ample proof of this proposition. Net agricultural production for market or for home use in 1932 was the lowest for years. In 1925 several short crops, including wheat, potatoes, and hogs, contributed toward raising very slightly the general run of farm prices; but the trend generally has been downward; and during the past three years there have been catastrophic declines in property values, in production prices, and in the incomes of the farmers. Since along about 1920, farm values have shrunken many billions of dollars. During that time the market value of the farmers' crops has decreased from about eighteen billions in 1919 to about five billions in 1932. Within a fortnight prices of hogs on the Chicago market have fallen to a depth that has not been paralleled in two generations, and grain prices are said to be as low as they have been since the Pilgrim Fathers landed on the bleak and rock-bound coast of Massachusetts. The result of this debacle is that many thousands of farmers with their wives and children are being evicted and have become homeless wanderers on the face of the earth even in the land of their forefathers and that they are suffering the indescribable horrors which attend both the fear and the fact of bankruptcy, penury, and want. One can easily find communities where foreclosures have been commenced against almost one-half of the lands. In some places in my own congressional district the property of one farm out of every seven has been sold under the sheriff's hammer at execution sale. Needless to say that the other six farmers are suffering from the same conditions; and if these continue to prevail, they also will be unable to keep out of the clutches of the sheriff for more than a year or two longer at most.

The Secretary of Agriculture in his last annual report points out that farm prices during last June were only 52

per cent of the pre-war record. And they are at this time way down in the forties. Gross farm income in 1932 was lower than in 1931, when it had declined more than 40 per cent in a 2-year period. Net farm incomes have gone down proportionately more than gross farm incomes. Land values have continued to fall precipitously. Total farm mortgage debts were nine and one-half billions in 1928, although they have fallen slightly as a result of foreclosures. And this sum, added to chattel-mortgage indebtedness of farmers, probably equals in amount all of the monetary gold in the entire world. Interest and taxes continue to more than absorb the farmer's income.

It has been pointed out that comparable conditions do not obtain in other industries. For example, a recent magazine article based on accurate data states that total disbursements for dividends and interest payments during 1932 were only 8 per cent below the high level of 1929. Indeed, if declining living costs are considered, holders of securities derived more real income from them in 1932 than in 1929. It has been explained that these dividends were paid in some cases out of reserves; but nevertheless the fact remains that the corporations involved have not been deflated beyond the point where their earnings and reserves will not insure an income to their investors. In other words, they have received enough income and made enough profits so that they have yet enough fat on their ribs to enable them to carry on quite comfortably.

Furthermore, the things that farmers buy have not fallen in like proportion. The ratio of decline has been much greater for farm products than for those of other industries. The farmer continues to pay about 6 per cent more for what he purchases than he did just before the World War, and some of the things he buys have actually advanced in price since then. For example, the Bureau of Labor statistics point out that a binder cost him an average of $95.43 in 1913, while now the same authority shows that he is compelled to pay $151.41 for the same kind of machine. As a matter of fact, these figures do not reflect correctly the price paid in Iowa, where a binder costs approximately twice as much as it did about a generation ago.

These conditions have been recognized by all political parties. I will take a few minutes to call attention to some statements and promises that have been made by the great political organizations. Much has been said about the law of supply and demand. Do you remember what the Republican Party said on this subject at its convention in Chicago and what it promised there last June? Why, as a matter of fact, it pledged itself to any plan which would balance production against demand. What did that mean? I leave it to some of these scientific gentlemen who say that this can not be done. Either that promise ought to be kept in good faith, or else we should admit that it means nothing. Such a nullification or such an interpretation is impossible and certainly not in keeping with the practices and policies and traditions of Republicanism. The Democratic Party in 1932 made similar statements. It promised to restore agriculture and professed to favor an effective control of crop surpluses so that our farmers may have full benefit of the domestic market and pledged the enactment of every constitutional measure which would enable the farmer to receive prices in excess of cost.

Members sitting here to-day are sitting, as it might be said, under the dispensation of 1928, because we owe our credentials to the platforms as they then stood and as adopted at Kansas City and at Houston. What does the Republican platform say? Why, it pledged the party not alone to the enactment but also to the development of measures which would place the agricultural interests of America on a basis of economic equality with other industries to insure their prosperity and success. Here is a distinct promise given to the farmers of this country to bring about measures that would insure their prosperity and success. It is a promise for the future and goes ahead with the thought that it would develop measures of that character and not simply enact something and then forget about it. To develop anything implies a continuous effort so as to finally gain the desired end. The party is under contract to continue its efforts until prosperity is achieved for the 6,000,000 men who go out daily to till the soil and produce the food that our people eat. This is our pledge to them and to their families, aggregating 30,000,000 and more of our people. Shall we keep it? For one, at least, I intend to keep the faith.

Much the same promise was made in the Democratic platform of that year, adopted at Houston. It states that it frequently happens that a large crop brings less in the aggregate than a small crop. It declares in favor of the control of surpluses in order that they may not bring down the price of the whole crop. It gives pledge that farm relief must rest upon economic equality for agriculture with other industries and promises to place and maintain the purchasing power of farm products upon higher levels.

Now, this bill is an attempt to redeem the promises so made by each of our great political parties. It is designed to restore agricultural products to the price ratio of other products of industries as it existed previous to the Great War. The processors of these products will pay an excise to the Government at the time of processing; and this excise, less cost of administration, will be paid to the farmers who desire to come within the protection of the bill and to reduce their production by 20 per cent. Nobody is coerced. Everybody can do exactly as he pleases. But if a farmer wishes to get the benefit of the bill, he must comply with its provisions. There is no compulsion or force about it.

I can not understand gentlemen on the Republican side who in this debate talked about tariffs and have criticized the bills as being a tariff "upside down." What difference does it make? These gentlemen are against the bill because they claim it will levy a tax upon one group for the benefit of another. But they are the very same gentlemen who come from districts which have enjoyed tariff benefits for more than a century. Our Republic has been built up under their theory of tariff protection, whereby one class of people are taxed to make prosperous another class of people in the belief that all classes would benefit thereby. I predict that these speeches will be read with some interest whenever another tariff debate takes place on this floor.

More than 30,000,000 of our people depend directly upon farming, and many millions more indirectly. They are all good livers and good spenders. While farmers constitute less than one-fourth of the population, they buy more than one-third of the output of our factories, or at least they do in prosperous times. And the laboring man will never get a job until these farm people have more buying power. This bill will give them buying power, and it is the quickest and best way to bring back good times for labor and for all other groups. Why hem and haw? Why balk and strain? Why not restore prosperity to every possible group so that labor can go to work again? Why not admit, just as you do in respect of tariff legislation, that this benefit to the farmer will result in good to all and that the eminent and able economist, Dr. M. L. Wilson, was right when he told the committee (hearings, p. 140):

> Within a nation such as this Nation there is a balance between fundamental industries; the prosperity or the circulation of commerce, circulation of the country, the same as the circulation of the blood in the body, depends largely upon the proper proportioning and balance between the different industries and the different producers and the different consumers. * * *
>
> What has been needed is something that would push us off dead center. We have just stopped on dead center, and there has accumulated what the economists call a load of accumulated deferred demand, but we are just hanging on dead center, and there we are.
>
> Now different theories could be advanced as to what might push us off dead center; but, in my judgment, an increase in the purchasing power in agriculture would probably do it more effectively and more easily than could be done otherwise, and certainly more rapidly than is apt to be done by the long, slow process of building upwards. * * *
>
> The income of city workers, including wages and salaries, declined in 1932 to from 45 to 50 per cent below 1929, according to indexes published by the Federal Reserve Board and the Department of Labor. A rough estimate on the income of agriculture for 1932 places it at 72 per cent below 1929.
>
> Now that drop of 70 per cent in net farm income probably indicates the place for purchasing power to be restored to start the spiral moving upward. * * *

If there was a substantial increase in the purchasing power in agriculture, that increased income and purchasing power would not stay in farmers' pockets but would be largely distributed to other industries and so help along the upward movement. * * *

From that point of view we are trying to bring back the farm commodities to have this purchasing power; and, of course, when they get back their purchasing power, then the benefit and stimulus that all industry would receive from this plan would automatically become effective.

That is all there is in this measure. The tariff is a mockery so far as it relates to farm commodities, if farm prices are to be fixed in the world markets. This bill will give protection to agriculture. It will carry out the promises I have read to you from the platforms of both party organizations; and when it is passed, no one will be in danger of having it said that his party does not intend to keep its promises. Why not pass it now? We are in a vicious circle. Let us start the wheel of progress turning. Let us get it off dead center. Let labor be paid. I have no objection to paying the textile laborers of the South or of New England or any other class of laborers. I know that we in the West can not achieve prosperity while 12,000,000 men continue to have no jobs; and we will join in any program that will give them jobs at fair wages and in the sunshine of living conditions. Gentlemen say that this excise tax will be passed on to the consumer. What of it? Are not the tariffs passed on? Why strain at a gnat and swallow a camel? Why not perform the contract made with the farmers in party platforms? Why not keep the faith, now, here, and on this vote?

But the figures will show that large parts of this excise will not be passed on to the consumer. On the contrary, much of it will be absorbed along the road which leads from producer to consumer. A friend recently told me about selling a cow and three good-sized hogs on the market at South St. Paul for $27. Out of this was paid transportation charges and $3 for commission. Hogs are selling in my State all the way from 90 cents per hundred to $2.50 per hundred; this being about the lowest they have been in 54 years. At the butcher's stall in the city of Washington pork sells from 12 cents to 15 cents per pound. They say—perhaps improperly but not entirely so—that nothing of the hog is lost in the packing except the squeal. If you raise this price to the farmer from 2 cents, just how much more will the 15-cent chop cost customers? At these ruinous farm prices no hog can hope longer to have a smile of satisfaction on its face or a curl of contentment in its tail.

A lady in my district recently paid 45 cents for 2 ounces of wool, being $3.60 per pound. The farmer got 7 cents for it. If ewes sell in Omaha for 10 cents each (as they did last spring), how much more will lamb chops at $1.10 per plate cost in a restaurant in the city of Washington in case that a decent price is paid the farmer?

Get out your table of logarithms, and figure just how much corn flakes will cost over and above the present price of $8.96 per bushel if a bushel of corn is raised from 6 cents so as to give cost of production to the farmer.

Wheat sells for 25 cents a bushel at farm markets in Iowa. In the city of Washington puffed wheat sells for $36 per bushel, being 14,400 per cent of the cost; and shredded wheat sells for nearly 4,000 per cent of the cost. At this time, when wheat is so miserably low, bread continues to sell for about the same price that it did during the boom times when wheat was very high. An increased price for wheat would not amount to much per loaf when distributed over the 62 loaves of bread that are made from a bushel. And the miller would still always have left in addition to swell his profits all of his shorts and middlings and other waste products.

At the present time a farmer devotes his energies, his land, his year's work in raising corn; and yet in a single day the cost of transporting his crop to the terminal market often amounts to more than he gets for the use of his investment, the taxes upon his farm, the interest upon his mortgage, the wear and tear of his machinery, the cost of operating it, the horsepower, the man power, wages of hired men, the risks of sun, rain, hail, drought, chinch bugs, grasshoppers, army worms, corn borers, weevils, hog cholera and anthrax, his insurance premiums, and various and sundry other items of magnitude and importance. It will cost no more to carry a bushel of corn to market, even if higher pricess are paid to the farmer. It will cost no more to process it. It will cost no more to put the product in packages nor to ship it out to retail markets nor for the manufacturer, wholesaler, jobber, or retail merchant to sell it. These items will not be passed on, and much of the increased price for the raw farm product itself will not be either.

Much sophistry is disclosed by the argument of some gentlemen here who are exercised about the passing on to the consumer of enough money to make the farmer prosperous. And yet these very gentlemen profess to love the farmer and state, many of them, they are perfectly willing that he should get better prices, provided that he gets them under some other bill or some other plan or at some other time or in some other way than the one now proposed. One gentleman wants the farmer to get higher prices through manipulation by cooperatives. But he does not want the higher price to be passed on. Another gentleman is perfectly willing that the farmer should get better prices if this be done by manipulation of tariffs, but he also does not want the higher price to be passed on. If these gentlemen do not want the consumer to pay more per unit, then how do they propose that the farmer should get more?

Gentlemen profess that they are sorry for agriculture. They lament, they weep, they bewail, they sorrow. They want to help those who till the soil and produce the wealth of the country, but they do not want to do it now nor in this way. They are for some other way. They are for some other time. I warn you that an emergency exists, and exists now, and that help must come, and come now. Farmers are law-abiding, but they are now desperate. They will not accept penury and tenantry and destitution and vassalage without a struggle. They will not lie supinely on their backs while waiting for peonage to engulf them. Read the dispatches. Wrong though it may be, still Iowa farmers do not run around with a rope looking for the officers of eviction unless they are first made desperate with injustice, oppression, suffering, and want. They are a sober, industrious, and God-fearing people, but they are of the quality that does not take a wallop on the jaw without fighting back. Let us hope that resistance will be lawful, and let us remove every incentive to disorder and bring justice back to farm people.

Rest assured that society always pays for oppression, suffering, and want. Society pays. God forbid that society shall ever pay doles to farmers. Let the time never come when the system and practices attending agricultural production in America shall degenerate into those of tenant farming. No matter how your statutory laws may fix it, nevertheless there are inexorable laws that will compel society to pay in the end anyway. Moreover society should of right pay the cost of producing the food that it eats. If we forsake farm-owned husbandry and substitute tenant farming, then society will pay even more than it does now; because farming can not be done as well by a submerged class as it is now being done by an industrious, an intelligent, an efficient, and a home-owning class. Society may cheat for a while, it may oppress for a while, but it will pay in the end no matter how you fix it. And it is the business of statesmen to see that every class is given living returns for its labors. That is all the farmer asks and all he expects to get.

I am not at all surprised that the enemies of this bill say that it will not work; that it is too cumbersome; that it is unconstitutional; that it will create a bureaucracy; that it will be a disappointment. Mr. Chairman, nothing can further disappoint the farmer. If he sells his hogs for $2 per hundred or his corn for 8 cents per bushel, the resulting disaster is such that he can not be injured in much greater degree anyhow. It makes no difference to him whether his hogs go for $1 a hundred or his corn at 4 cents a bushel, because at either price he is economically dead and ruined anyway, and you can not make him any "deader" or ruin him in a more superlative degree anyway.

There is only one way to test the constitutionality of this bill, and that is to pass it and then see what the Supreme Court says about it. It already has the indorsement of high judicial authority. But if the court speaks adversely, then the plan can be amended to overcome the objections. Fear has always haunted the world like a nightmare to prevent advancement and improvement. If we are resolute and ready to take the ghost of fear by the throat, we will discover that it is ephemeral and fleeting and without reality. It is of the substance that dreams are made of. It does not become American ingenuity to admit that we can not devise a plan that will succeed.

Neither can I agree that American farmers must always take the rap and not make a fight to save their homes and property and families and manhood. All other plans for farm relief have met these same objections. No new principle or plan of legislation when first proposed has ever been immune from such criticisms. This is true, starting with the tariffs in Washington's day, down to now. If this plan is not legal its enemies have nothing to fear by its passage and its friends have nothing to lose therefrom. I can not say that this bill is perfect or that it is exactly as any one man would like it to be. I can not say that the bill is free from every possible criticism. I might want to write it differently. You might want to make still other changes. But all legislation is a matter of compromise, and it is likely that the composite views of the friends of this legislation will prove to be better than the ideas of any one man. And the bill has the sanction and indorsement of all the great agricultural organizations. They have all united upon it, and their representatives have given me positive assurance of this fact.

The bill will not prove a panacea for all the ills of agriculture. Relief for farmers must be found in additional ways than proposed here. This alone, while helpful, will not suffice. They should have relief from excessive taxation upon their land. There should be a drastic reduction of Government expenses. They should have relief from mortgage foreclosures and be given credit on long time and at low rates. Farm mortgages should be refinanced exactly as support of this same character has been extended to many other business enterprises. They should have relief through a controlled and wise reinflation of currency and a return to the honest dollar. The farmer is required to give eight or ten times as much of his labor and of his corn in order to pay a dollar's worth of debts as the dollar was worth when he borrowed it. He must give four times as much wheat to pay off his mortgage as he would have done when he borrowed the money. This is true of others. The bookkeeper who expected to pay for his home with six years' labor finds that the same indebtedness now requires him to work 12 or 15 years to settle his debt. I believe in sound money. We must always maintain a sound currency, but money can be unsound when it is too dear as well as when it is too cheap.

I hope I may have time to say something additional about hogs because we have here this afternoon heard gentlemen representing the packing industry in Omaha, Peoria, and elsewhere say something about hogs, and it is proposed to strike hogs from the bill.

I repeat again that as a matter of fact hogs to-day out on the farms of the State of Iowa and of my district are selling for from 90 cents a hundred on up to about $2.50 a hundred. Indeed, I have a letter in my pack here that shows that in the central part of my district hogs are selling for very little more than $2 a hundred, and this is for the tops. We need an addition to this price. If there is to be no benefit in this bill for the hog raisers of Iowa, then we want to know it on this vote.

Mr. BALDRIGE. Will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. BALDRIGE. The situation the gentleman states is correct, but what benefit is in this bill?

Mr. GILCHRIST. The gentleman represents the packers of Omaha, which is his home. There is his prime or major interest. If hogs go into the bill, then the farmers will get 5 cents a pound instead of 90 cents a hundred or $1.50 a hundred or $2 a hundred during the first 30 days after the law takes effect, and thereafter the price will be higher. There is the same progressive increase in price as is provided with respect to some other things.

Mr. BALDRIGE. Will the gentleman yield?

Mr. GILCHRIST. I only have a few minutes left. I did not interrupt the gentleman, and I have tried to answer his question frankly, and I will say to friends on this floor that there is but little in this bill that will aid the farmers of Iowa unless you keep hogs in it.

Mr. MANLOVE. Will the gentleman yield for a friendly question?

Mr. GILCHRIST. All right, I yield.

Mr. MANLOVE. It has been stated in argument here that if this bill raises the price of hogs, then when the price of hogs goes up to a certain point, the people will turn to a substitute. Is it not a fact that if they turn to a substitute of beef and mutton it would correspondingly increase the price of beef and mutton?

Mr. GILCHRIST. I thank the gentleman. Certainly, it would; and my people who are largely interested in hogs are also the people who are interested in mutton and beef, and they have little other help in this bill. The gentleman from Omaha talked about mutton and beef. If they will be helped by putting hogs in the bill, all right, let them be helped.

Mr. ANDRESEN. Will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. ANDRESEN. The gentleman no doubt knows that Iowa is the fourth largest dairy State in the United States, and in 1929 the total value of dairy products for the State of Iowa was $88,000,000. With dairy in the bill, the dairy farmers of the gentleman's State will get nearly $8,000,000 extra, over and above the regular market price for dairy products in addition to what they may get——

Mr. GILCHRIST. I voted for the gentleman's amendment. I am glad he got it into the bill. I can not yield further as my time is about gone.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. GILCHRIST. I will say to the gentleman from Peoria that I do not have time to yield to him. I want to say what I have in mind about these hogs. There is little help in this country for the farmer in the vast area of Iowa, with very few exceptions, unless hogs are kept in the bill.

Mr. HAUGEN. Mr. Chairman, I yield one additional minute to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. I will say a word about another form of so-called help for the farmer. Here in my hands is a chattel mortgage that is put out by the Federal Agricultural Credit Corporation. That is the corporation that we provided during our last session here. Do you know what this mortgage does? It mortgages absolutely everything the poor farmer has now, as well as everything he hopes to get in God's world; not alone the steers that he bought, but also his vehicles, his harness, tools, merchandise, and seeds, and all additions and substitutions thereto, his growing crops, future crops, next year's crops, and all other personal property which he now has or which he may get in the future. This chattel mortgage actually insisted upon by Government agencies includes the Bible lying on his mortgaged center table in his living room—if he has left any living room.

And it mortgages all of such property, both in presenti and also in futuri, not alone for the debt now in existence as represented by the original loan, but for all other or future loans whenever they shall be created. Having once signed such a mortgage let the farmer beware, for if he sells any of his property—if he sells the Bible or the center table, if he sells a load of corn to buy the baby a shirt or a pair of shoes, then he becomes a felon under the law and is liable (in theory at least) to go to the penitentiary for selling mortgaged property. After such a mortgage goes on the farmer's property, he is without the pale of help at the hand of his neighbor or of his local friendly banker.

This is not farm relief. This is a pawnbroker's business. They take away from the farmer every chance to deal with

his own property. Let us have relief. Put some hope again into country life. [Applause.]

[Here the gavel fell.]

Mr. BEAM. Mr. Chairman, I yield four minutes to the gentleman from North Carolina [Mr. KERR].

Mr. JONES. Mr. Chairman, I also yield three minutes to the gentleman from North Carolina [Mr. KERR].

Mr. KERR. Mr. Chairman, if there is a Member in this House who needs any justification for supporting this measure, I would commend him to read the splendid report made by the majority of the Committee on Agriculture. If he needs any further justification he can satisfy himself that this is an endeavor on the part of the Congress of the United States to protect a great wealth-producing element of our country, which has been exploited for 60 years by unjust legislation, as some of us think.

I hope that this House will include other commodities than the four commodities that are specified in the bill. [Applause.] I want to call attention particularly to the justification for including in this bill a great crop which few people realize the importance of, namely, peanuts. Let me say to you that 18 States of this American Union are engaged in the production of this valuable crop. In the years 1917, 1918, and 1919 the value of this crop was $88,000,000 annually. There were more than 3,000,000 people interested in this crop, and it is the principal income of these 3,000,000 people. In many places in the world the crop of peanuts is the principal food product, and in this country, where very little of it is exported, it is used for various and valuable purposes. If I had time I should be glad to specify and talk about some of the purposes for which it is used. It is one of the crops that has no market value now, no market price is offered, and we who advocate that it be put into this allotment plan base our contention principally upon this fact.

In 1917, 1918, and 1919 peanuts were worth 8 cents a pound. From 1919 up to 1929 the average price of this crop, that means so much to the people of the United States, was about 4½ cents. Since 1930 and 1931 the processors have fixed no market value upon this particular crop—the price range is between 1½ to three-fourths of a cent per pound. From 1920 to 1929 the income to the farmers of this country in the 18 States where peanuts are produced was more than $35,000,000. In 1930 the value of this crop had fallen to $15,000,000, and in 1931 the value had fallen to $10,000,000. Some of the most productive land of this Nation is used in the cultivation and production of this important peanut crop. Let me call your attention to the fact that if there is not something done to make a standard market price for this crop, more than 1,000,000 acres of the most fertile and productive land which has been used for years and years in the growth and cultivation of peanuts will again have to be planted in cotton or some other crop that we are endeavoring to curtail the production of and to protect under this allotment plan.

There is no reason why this crop, which has no market value now, should not be put into this allotment plan and the price fixed to the farmers who produce this crop, which is the principal wealth-producing crop of 3,000,000 people of this Nation. We must take care of those farmers. Very few people stop to think of the importance of this crop. It is just as important to take care of these farmers as any others. It is a peculiar situation that involves the welfare of the people who have been making this crop for the last 21 years. During most of that time they had a fair return for their labor, and a fair income from this crop.

In the last two years, when they took their products to the processor and the cleaner, the cleaner and the processor offered them no standard market price whatever. They simply told the producer that they could leave them there and they would look over the product and give the producers perhaps 1 cent a pound for it, or perhaps three-quarters of a cent a pound for it. Just think of a situation like that in respect to such an important crop. Those processors and cleaners buy this crop now for about a cent a pound. They clean and process it and sell it to those who distribute to the consumers of this country for about 7 cents a pound. If you should walk down on the street of the city of Washington or anywhere in this country and undertake to buy a pound of parched salted peanuts, you would pay 30 cents a pound for them. There is no reason in the world why there should not be some fixed market price for this great commodity which means so much to 18 States of the American Union. [Applause.]

The only way to take care of this situation and vouchsafe to the peanut growers of this country a fair price for their product and a just return for their investment and labor is to amend this bill and include peanuts in this allotment plan. [Applause.]

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein a letter and a table.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. GARBER. Mr. Chairman and members of the committee, owing to the limited time allotted me, I will be unable to yield for interruptions.

MY PREDICTIONS OF EIGHT YEARS AGO HAVE MATERIALIZED IN PRESENT-DAY CONDITIONS

During the course of an address delivered in the House on May 17, 1924, upon the financial conditions of the farmers as existent at that time, I said:

> The temporary prosperity now existing has been exacted from the credit and credit momentum of the farmers, given to them by increased credit facilities of recent legislation, but such increased credit facilities have almost been exhausted. While they have been furnishing 40 per cent of the home market, which in turn consumes 90 per cent of all our products, they can not do it any longer. Their purchasing power has been exhausted. The indebtedness contracted by them during the high prices, in response to the appeal of the Government for increased production, remains unpaid. They are no longer able to meet the daily exactions of the high cost of living and high industrial prices, the annual demands of high taxes, and interest charges. They have ceased buying farm implements or making farm improvements or necessary repairs. Even now they are drawing on their last reserve—their remaining equity in their land.
>
> A few more years of ruinous prices and the farm will be sacrificed. His farm—"the best home of the family"—will be sold at sheriff's sale and the ancient independence of our once proud agriculture will be gone. What will be the result when 40 per cent of the purchasing power of our home market is gone? Can there be any doubt as to what the result will be? Curtail industrial production 40 per cent and what will you have? You will have closed mines, closed factories, silent mills. You will have millions out of employment, hungry women and children, bread lines, and widespread dissatisfaction and discontent.
>
> Organized labor has seen the result and requested immediate agricultural relief. Will cautious capital see the impending peril and do likewise; or, having eyes, will it see not? Having ears, will it refuse to listen?
>
> From admitted existing agricultural conditions there is but one conclusion. We are confronted with the alternative of either lifting agriculture up to the industrial conditions of trade and commerce or depressing industrial conditions down to those of agriculture. We will have to resort to either one of the two remedies. There can be no escape.
>
> It is probably true that in the course of time conditions will finally right themselves and the price levels again return to proportionate values, but in the meantime the farming interests of the country would be reduced to a state of peonage and peasantry.

My prediction made eight years ago has fully materialized, as evidenced by the closed mines, closed mills, closed factories; as evidenced by the millions out of employment, the hungry women and children standing in the bread lines, the widespread dissatisfaction, discontent, and sullen resentment against such tragic conditions.

THE BASIC IMPORTANCE OF A PROSPEROUS AGRICULTURE IS AT LAST GENERALLY RECOGNIZED

And now, eight years later, facing these conditions, the financial and business interests of the country are haltingly admitting the dependency of all interests, finance, and industry upon the basic industry of agriculture. The basic

need to start recovery is to restore purchasing power to 25 per cent of our population living in the rural districts and upon the farms, so that they may pay their taxes, interest, mortgages, strengthen the financial structure, purchase the products of industry, and give employment to labor.

The extent to which the debt-paying ability of the farmer has decreased has not been generally appreciated. Too many assume that when wheat drops from $1 to 30 cents per bushel the ability of the wheat farmer to pay debts is decreased by 70 per cent; that he still has 30 per cent of his purchasing power left. But such is not the case. Thirty-cent wheat means less than any purchasing power. Thirty-cent wheat does not mean even the cost of production. It leaves nothing with which to pay debts. It would require at least 60-cent wheat to leave a margin above the cost of production. The same ratio holds true with the farmer selling cotton at 5 cents, hogs at 3 cents, and cattle at from 2 to 5 cents. Taxes, interest, mortgages, purchasing of industrial products require a margin above the cost of production which such prices do not afford. Such prices mean increased indebtedness, diminished credit, bankruptcy, and foreclosure. The increased mortgage indebtedness of the farmers of the country largely represents losses in operating expenses during the past years, gradually piling up and accumulating each year into the grand total of $10,000,000,000.

The farmers are not buying anything to-day because they have nothing with which to buy. Restore their purchasing power and they will become the most liberal patrons of industry and contribute more than any other factor in the reemployment of labor in natural economic channels.

As an example of the more recent viewpoint of financial and business interests, Lewis H. Brown, president of Johns-Manville Corporations, in an Associated Press interview on January 2, is reported to have said:

> This country is dependent upon the prosperity of its farmers. Either the price of farm products must come up or the price of manufactured goods and all the items of cost that enter into them must come down, together with taxes, interest, and mortgage principal.

A BANKRUPT AGRICULTURE WILL DRAW ALL INDUSTRY TO ITS OWN LEVEL

What will be the result of reducing the price of manufactured goods and all the items of cost that enter into them to an equality of purchasing power of agricultural products? That is the alternative now confronting industry. It means the lowering of wages and the standards of living below the cost of production, and it will likewise affect every industry. It will mean a curtailment of production in all the industries, increased unemployment, and an indefinite continuation of this depression. It but emphasizes the dependent relationship of industry upon agriculture, of why industry is directly concerned in improving the conditions of agriculture. And not only industry is interested but all the financial agencies of the country as well, including transportation.

THE TRAGIC PLIGHT OF AGRICULTURE THREATENS THE VERY EXISTENCE OF OUR GOVERNMENT

But there is a deeper reason for being directly interested in agriculture, a reason far greater than that of financial profits. It goes to the maintenance of the Government itself. The guaranties of our domestic peace, security, and tranquillity are not composed of the military, naval, and police forces of our country but rather are they composed of the loyalty of the citizen, his love of country, his self-restraint, his obedience to law, his respect for the courts. The farmers have been recognized as the most conservative class of our citizens. They are patient, long-suffering, slow to action, obedient to law, and loyal to the Government. They are the shock troops in the defense and the bulwark of our domestic peace and stability.

But are they such to-day, in the midst of their tragic plight! Because of the relentless economic forces over which they have had no control and to which they did not contribute, they have been denied purchasing power for their products. This denial has been for years, in an ever-increasing degree. For years, they have been compelled to produce below the cost of production the food products essential to the very existence of life itself. Having exhausted their credit and being unable to pay their taxes, interest, and mortgages, they are being foreclosed and dispossessed of their homes. Their accumulations of a lifetime are being destroyed.

In such straits this conservative class has now become desperate in defense of their homes. In several States they have already been compelled to resort to organized resistance against such proceedings. What does this mean? This organized resistance of our most conservative, loyal class of citizens to the decrees of the courts. Unless immediate remedial relief is extended, unless the Government comes to their assistance, such organized resistance will spread through all the States. Violations of law will increase, courts will become helpless, their decrees will become nullities. Unless taxes can be paid schools can not continue. It means the breakdown of self-government and the beginning of the end. With our cities congested with bread lines of the unemployed, with our farmers rendered helpless and homeless, the prophetic foresight of Abraham Lincoln has materialized. Our danger has come from within. It is here. It is ever-present. It is menacing. Our existing emergency is greater than that which existed during the World War. In the midst of piled-up surpluses of their own production, hungry, homeless people, as a last resort, will help themselves.

EMERGENCY METHODS MUST BE GRASPED TO SAVE AGRICULTURE

Under such extremities we should not hesitate to exercise such power as may seem to be necessary to avert the impending danger. We should aggressively cooperate in perfecting the pending bill. It affords our only opportunity to meet the existing emergency. In the powers granted, the bill does not approach the arbitrary powers exercised during the war by the food administrator, powers which were then exercised to reduce the prices, to lower the costs of living that the hungry might secure the necessary food to live. Over night, the market price of the farmer's wheat was reduced by a price-fixing board from $2.60 per bushel to $1.80, and the price of all his other products was reduced in proportion. As the exercise of such power seemed necessary at that time to feed the hungry people, so the exercise of such power is necessary now to increase the prices to protect the producers from being rendered homeless.

In the exercise of such power it is proposed to restore the purchasing power of farm products to an exchange value only equal to that of the commodities which they buy. From the increase in such prices taxes will be paid, local and self government will be maintained, education will continue, interest and mortgages will be paid, a market will be created for the products of industry. Capital will then invest and employ labor now idle. All industries will be benefited. The credit of the Government will be strengthened, and recovery and stability of government will be assured!

THE PENDING BILL AFFORDS AN OPPORTUNITY FOR DIRECT AID TO AGRICULTURE AND WILL STIMULATE GENERAL INDUSTRIAL ACTIVITY

This bill authorizes the Secretary of Agriculture to issue adjustment certificates to producers willing to reduce their acreage in 1933 of wheat, cotton, rice, and tobacco 20 per cent, or their production of butterfat or of hogs to the same extent. The 20 per cent reduction of acreage will not be required of wheat planted in the fall of 1932. Such certificates will entitle the holders to receive on that percentage of the total crop consumed in the United States cash payments sufficient to increase the prices of such products up to their average pre-war level for the years 1909 to 1914, with the exception of cotton, the base for which would be the period of 1921 to 1929.

The certificates are to be paid in two installments, the first at any time during the year, commencing one month after the date of the issuance thereof, and the second at any time during the second six months of such year. Certificates are to be accepted for redemption at the United States Treasury or any of its fiscal agencies. Funds with

which to pay the certificates are to be raised through a tax imposed on the processors of such products, paid into the Treasury, unearmarked.

When enacted, the law is to be effective for one year only, unless extended for a second year by proclamation of the President.

In order to protect against increased production from the 20 per cent acreage curtailed no adjustment certificates are to be issued to the producer if the land representing such reduction is utilized during the year for the production of any commodity of which, in the opinion of the Secretary, there is normally produced or is likely to be produced an exportable surplus.

The purpose of the bill is to restore the purchasing power of the basic crops to a parity with the products of industry as existing during the base period commencing September, 1909, and terminating August, 1914. The restoration of such purchasing power will create a market for the products of industry. The 40,000,000 people living upon the farms and in the rural districts of the country have been doing without until they have exhausted all their resources of material, and if given the purchasing power to buy, will increase the home consumption of the products of industry not less than 40 per cent. When capital once sees that there is a market for the products of the now idle mill or factory it will invest and employ the labor now idle. There can be no recovery from this depression until such a market is created.

The following table will show the fair exchange values for basic agricultural commodities:

	Average farm prices		Fair exchange value under price-parity plan	Maximum processing tax
	1910–1914	Nov. 15, 1932		
	Cents	*Cents*	*Cents*	*Cents*
Wheat ..... per bushel	88.4	32.8	93.7	60.9
Hogs ..... per pound	7.24	3.05	7.67	4.62
Tobacco ..... do	10.4	8.9	11.0	2.1
Butterfat ..... do	26.3	18.4	27.9	9.5
Cotton ..... do	[1] 19.83	5.9	13.7	7.8

[1] 1921–1929.

THE RETENTION AND DEVELOPMENT OF OUR HOME MARKET IS OF PARAMOUNT IMPORTANCE

This prospective market at home is of far greater importance than the imaginary markets abroad, which, in fact, do not exist. The postwar economic nationalism of foreign countries, with their high tariffs to encourage home production and their cheaper currency, has changed the old order of trade conditions so that more than ever before we are called upon to develop to the fullest extent our market at home for all the products we can produce at home.

THE FARMER CAN NOT BALANCE HIS BUDGET UNDER PRESENT CONDITIONS

The existing purchasing power of farm products is insufficient to pay the costs of production and far below the products of industry. Taking the average of prices from August, 1909, to July, 1914, as a base of 100, the farmer received, in 1930, 117 per cent of such average for his products. But prices for the things he had to buy were still higher. He was required to pay 146 per cent of the price he paid in the period 1909 to 1914 on all articles bought, and 159 per cent for the machinery he had to have. In other words, though he received reasonably good prices for his products in 1930, his dollar was only worth 80 cents in the retail markets and only 73 cents in the purchase of machinery.

From 1930 to 1931 the price the farmer received for his products declined 32 per cent, the prices for all articles he had to buy 14 per cent, machinery prices slipped down but 3 per cent, and the farmer's dollar was worth 21 per cent less in 1931 than it had been in 1930 for all articles and 29 per cent less when he came to buy his necessary machinery.

In the 11 months of 1932 for which figures are available, the price the farmer received for his products dropped to 58 per cent of the average from August, 1909, to July, 1914, the price of articles he had to buy was 111 per cent of the average, 1910 to 1914, and machinery prices were still 150 per cent of the average for the same period. The farmer's dollar was worth 52 cents for all articles bought, but only 39 cents in the purchase of machinery. In other words, while the price the farmer received for his products in 1932 was 27 per cent less than it had been in 1931, he had to buy in a market in which there had been only a 12 per cent reduction on all articles and only 3 per cent on machinery. His purchasing power was 17 per cent less in 1932 than in 1931 on all articles and 23 per cent less when applied to machinery.

In the period 1930 to 1932 the price the farmer received for his products declined 50 per cent, the price on all articles bought 24 per cent, and the price of machinery 6 per cent, representing a decline in his purchasing power in the period 1930 to 1932 of 35 per cent on all articles and 47 per cent in the purchase of farm machinery.

As a contrast to the ruinous decline in value of the farmer's dollar, let us consider the situation from the implement dealer's standpoint. In the year 1930, when the farmer's dollar was worth 80 cents in the retail markets and 73 cents in the purchase of machinery, the implement dealer's dollar was worth $1.09 on all articles he had to buy and $1.35 in the purchase of farm products. In 1931, it was worth $1.92 on farm products and $1.22 on all articles. In the 11 months of 1932 for which figures are available, it soared in terms of farm products to a valuation of $2.58 and in terms of all articles bought to $1.35. During the years 1930, 1931, and 1932, when the value of the farmer's dollar steadily declined (35 per cent on all articles and 47 per cent in the purchase of farm machinery), the implement dealer's dollar increased in value on all articles 24 per cent, and on farm products more than 90 per cent.

The above figures show why the farmer can not balance his budget, why he can not purchase the products of industry and thus give employment to labor now idle.

At this point I pause to call attention to the fact that while the price the farmer received for his products declined 50 per cent during the years 1930 to 1932, the price of all articles which he purchased declined only 24 per cent, and the price of farm implements and repairs declined only 6 per cent. These figures, representing a decline in purchasing power during those two years of 35 per cent on all articles and 47 per cent on farm implements, are so astounding as to challenge the consideration of Congress and the Department of Justice.

THE GARBER RESOLUTION TO INVESTIGATE THE EXTORTIONATE CHARGES OF THE IMPLEMENT COMPANIES

I have introduced a resolution directing the House Judiciary Committee to investigate immediately the extortionate charges of farm-implement companies, absorbing nearly all the net income of the farmers at a time when they are unable to pay their taxes. The monopoly in the manufacture and sale of farm implements is in restraint of trade and in violation of the antitrust laws, bleeding the farmers white and taking out of every community the larger portion of farm income that should go to the local merchants in maintaining their local trade activities. The Federal Trade Commission should be required to investigate such monopolistic conditions as evidenced by the price controls.

THE MAJOR NATIONAL FARM ORGANIZATIONS ARE SUPPORTING THE PENDING BILL

We expect to support this bill with the hope that amendments will strengthen it so as to make more certain its objective in extending immediate relief in the way of increased prices. The major national farm organizations are requesting its support. The wheat growers and many of the civic organizations in the district which I represent have requested the support of this plan and the retention of the agricultural marketing act.

TO MAKE THE TARIFF EFFECTIVE ON BASIC CROPS FOR HOME CONSUMPTION WOULD HAVE BEEN A SAFER, WISER METHOD OF AIDING AGRICULTURE

A bill to make the tariff effective on the basic crops for home consumption would have been a much safer experiment and would have been attended with much less legal complications and administrative difficulties. The tariff has

been held constitutional by the Supreme Court of the United States and it naturally follows that power reasonably exercised to make the tariff effective on the basic crops of which we have an exportable surplus would be within the constitutional power of Congress. If the bill had levied taxes against the processors to make the tariff effective and authorized the issuance of tariff certificates to the producers of the basic crops at the time they marketed their products, it would have accomplished the same objective proposed by the pending bill. But as the bill is for a period of one year only, unless extended by the President, legal proceedings to test its constitutionality will not interfere with its operation. The processors will not be permitted to withhold the processing charges in the event they desire to test it but will be required to pay, under protest, which will not interfere in the payment of the increase in the price of the basic commodities carried in the bill. [Applause.]

HON. VERNON WHITING CONTRIBUTES TO THE DISCUSSION OF OUR PROBLEMS

I ask permission to insert in the RECORD a letter I have recently received from Hon. Vernon Whiting, a leading pioneer citizen of the State of Oklahoma, whose constructive thought and suggestions and comprehensive discussion of the issues are so pertinent at this time that I recommend them to the careful attention of the membership of this House:

VERNON WHITING,
Pawhuska, Okla., January 1, 1933.

Congressman MILTON C. GARBER,
Washington, D. C.

DEAR JUDGE: Your favor of the 28th of December calling my attention to your remarks, page 1011, CONGRESSIONAL RECORD, just received.

I sincerely and enthusiastically approve your position that immediate relief for agricultural industry is the most important, the most vital question before the American Congress.

Essential and inevitable to business recovery to-day—just as it should have been the only basic instrumentality tending to the successful aid and encouragement of business revival during the past several years.

This Nation will not recover from the present depression—and it is a serious question if it may survive under our present form of government—unless just and adequate consideration is given the source and foundation of all wealth—agriculture—the farmer.

If legislation may be enacted to the end that agriculture may prosper, then all industry will have and demand a market for its products and general business recovery will be possible.

Continued and further delay and procrastination in the recognition and enactment of this necessary fundamental legislation will indefinitely retard and postpone business adjustment and improvement.

There is a limit to human endurance, to the hunger and suffering of millions of our citizenry, with starving and destitute dependents.

A patriotic people—law-abiding citizens—may be driven through desperation to rape, pillage, and plunder, to sundry, divers, and devious violations of law, to crime, finally to anarchy, confusion, and destruction.

Pawhuska, an average little city of this Nation, with a population of approximately 5,000 average citizens, last winter cared for more than 200 destitute families; this year the number has doubled, tripled, taxing to the utmost those just a little more able to contribute the necessities of life to those just a little more unfortunate.

I hesitate with dire misgivings to venture what the winter of 1933-34 may have in store.

This deplorable condition pertains to a greater or less extent in each and every city and hamlet, on each individual farm in this Nation, from Maine to California, from Washington State to Florida.

Neglect and failure of the President and Congress to recognize the force and influence that agriculture would command by the enactment of just and equitable measures is greatly responsible for the lamentable and pitiable business debility that pertains in this Nation to-day.

Side-stepping agriculture, in my opinion the Hoover moratorium should not have been approved. I was opposed to this measure from its inception. The enactment of this measure was an encouragement, a proffer to foreign nations to put off, to haggle over, to pay as little as possible, finally to demand cancellation of their obligations to this Nation. The enactment of this measure prepared the way for private or capitalistic loans made by the millionaires of this country to foreign nations to be paid as they became due, thus awarding every advantage to the capitalistic combination as distinguished from Government loans contributed and forthcoming from the overburdened taxpayers of this Nation.

Long since the close of the World War, foreign nations continued and were permitted to borrow additional millions from this Nation, which funds were used in reconstruction and improvement, in enlarging and supplying their armies and navies for the preparation of contemplated future wars; even borrowed from us and then reloaned the same money to sister foreign nations at rates of interest far in excess of what they agreed to pay this Nation, and now refuse to recognize their obligations to this country.

In the first instance it may have been laudable and praiseworthy for this Nation to generously open its money coffers to the pleas and demands of foreign nations, but at this time, considering their unappreciative attitude and their disposition to repudiate their just obligations, don't you believe that it is time to call a halt on the magnanimous distribution of our countrymen's funds and at the same time stand for and demand a strict accounting of all the moneys due this country?

France, financially the most able, the nation we most favored, the nation the more obligated to us, has but recently neglected and refused to liquidate the December payment due this country and at the same time is contemplating a loan of a vast sum of money to sister foreign nations.

If this Nation has additional funds to scatter, then let us call a halt on our lavish display of foreign generosity, a generosity exemplified by this Nation's cost and loss; let us forget additional foreign loans, moratoriums, etc., erroneously conceived, made, and enacted with the thought that this Nation, with its evident self-conceit, would be the recipient of the praise and adoration of the nations so favored.

Second only to foreign nations, capitalism (big business) in this country has been the recipient of millions of dollars in loans from our Nation.

If I were a Member of Congress, I would oppose to the utmost any further program on the part of our Government to raise money to loan to any nation, organization, or institution until funds were available for the restitution of agriculture and the soldiers' bonus payment.

Millions have been loaned to defunct watered railroads, these funds appropriated, held, and secreted by the millionaire bondholders and speculators. Capitalism controls, and at the proper time these obligations will be defaulted, and the Government will own the railroads, and the taxpayer will be required to make good this loss, running into the billions, just in the same manner the taxpayer will be compelled to make good the loss resulting from our loans to foreign countries.

To a lesser extent the same result will be realized from the people's millions that have been loaned to banks, trust companies, building and loan and insurance companies.

It has proven an absolute fallacy that the people's millions loaned to grasping and selfish corporations—capitalism—have to any extent appreciably aided the average man.

Particularly during a period of depression it is the policy of the millionaire to hoard his millions, take the advantage of conditions to accumulate and hide away additionals millions, and at the same time the purchasing power of his dollars doubles in value. These gigantic accumulators of wealth in times of stress, selfish and arrogant to the extreme, even resort to accusing the farmer, the small merchant, the laborer of "hoarding," and have the power to have a campaign instituted and directed to make the average but patriotic citizen separate himself from his few pennies that additional funds may be available for the millionaires' accumulation.

Capitalism does not, but should, cooperate with other forces in this Nation to bring back prosperity.

Unless "big business" is restrained, there is more than a possibility of the French Revolution being repeated in this country.

It would be as reasonable to hope for the readjustment and substantial and permanent improvement of business in this Nation by the loaning of the people's millions to capitalism as it would be for the persistent spider to spin its durable web on the moving hands of a clock.

But I have digressed, have made a wide detour. As Kipling would say, "This is all another story." We were discussing agriculture and its obvious relation and adaptability to general business-conditions improvement. Let us get back to fundamentals—the only possible road of speedy achievement.

Let us secure another architect. The old architect that conceived the plans for this Nation's program to rectify and reconstruct the shattered business edifice of this Nation must have been a novice or a willing instrument in the hands and under the control of capitalism to serve its selfish interests.

Back in ancient times, the heathen Chinese erected their homes by building from the roof down. Our delusionized architect, under the instruction of corporation selfishness and greed, has attempted to follow this ancient custom. It is impossible in this day and age for the common people to derive any substantial benefit when our Government distributes billions to capitalism to maintain and sustain the rafters of our business edifice without giving proper consideration to the foundation stones that carry the load. Few, if any, crumbs have trickled or will trickle to the earth once organized wealth is given possession.

If the farmer is permitted to prosper, the entire Nation will thrive.

Either the products of the farm must be raised in price to warrant a fair profit on an exchange equality with other products, manufactured and otherwise, or these manufactured articles must slump in proportion to present-day farm products.

Some day unprejudiced historians will narrate and chronicle true and inside information and facts regarding our present-time depression, its cause, the reason for its unjustified continuation, and capitalism—selfish, domineering, unfeeling—will be justly chargeable with the condition which makes it possible for starva-

tion and destitution to abound among millions of people while there is no limit to the necessities of life, but out of the reach and control of the starving millions.

I sincerely wish you and all of yours a happy and, I hope, more prosperous New Year.

Sincerely yours,

VERNON WHITING.

Mr. HAUGEN. Mr. Chairman, having had a great number of requests for time, I felt it my duty to yield much of the time allotted, hence I shall not have time to discuss the proposed measure in as much detail as I would like; therefore I ask unanimous consent to extend and revise my remarks.

Mr. Chairman, although the proposed act is not altogether to my liking in that it requires voluntary curtailment of acreage and production and curtailment of tonnage in hogs, in view of the many experiments for voluntary cooperation and control, both at home and abroad, and especially in respect to the agricultural marketing act, I am inclined to have serious doubts as to its acceptability on the part of the producers and may in that respect fail in accomplishing the desired results.

Nevertheless, many producers will undoubtedly avail themselves of the benefits under the bill; and considering the unfortunate conditions which are now generally recognized by all to constitute an emergency, and although the act may fall short in accomplishing the desired results, it is unquestionably intended as an emergency measure and will result in benefit to the producers to just such an extent as they themselves take the advantage of the benefits offered, and in my opinion should be given a trial.

The proposed act is cited as "the national emergency act." Its provisions apply to wheat, cotton, tobacco, and hogs. The measure as amended by the Committee on Agriculture provides that the Secretary of Agriculture shall determine the marketing year for wheat, cotton, and hogs, and there shall be an initial marketing period for wheat, cotton, and hogs commencing 30 days after the date of the approval of the act and terminating at the commencement of the 1933–34 marketing year. During the initial marketing period the producers shall be paid 75 cents per bushel on wheat, 9 cents a pound on cotton, and 5 cents on hogs, and beginning with the 1933–34 marketing year for hogs, 6 cents per pound plus an additional one-half cent a pound for each 10-point increase that exists in the index number for factory employment over the index number thereof. During the intial marketing period adjustment certificates are to be issued on the four commodities, except in the case of hogs on which, during the period commencing the day following approval of the act and terminating April 30, 1933, 3½ cents, and for the period May 1, 1933, to June 30, 1933, 4 cents, and from July 1, 1933, to the beginning of the 1933–34 marketing year, 4½ cents—in other words, to restore pre-war purchasing power for the four commodities; and if the ratio price is established, say, as of November 15, 1932, the prices received compared with the then current prices would have been as follows:

Commodity	Current	Ratio	Increase
Wheat	$0.328	$0.937	$0.609
Cotton	.059	.1307	.0717
Hogs	.0305	.0767	.0462
Tobacco	.089	.11	.021

The act is to be administered under the Secretary of Agriculture; and adjustment certificates are to be issued to producers covering the increase in price by local representatives of the Department of Agriculture, upon satisfactory proof that the requirements with regard to 20 per cent reduction in acreage in wheat, cotton, and tobacco, and 20 per cent reduction in tonnage on hogs or acreage in corn has been fulfilled. These certificates are payable to bearer at the United States Treasury or at other agencies designated by the Secretary of the Treasury.

Adjustment charges are to be paid by the processors, and the Secretary is to issue adjustment certificates to the producers in like amount, less 2½ per cent allowed for administrative expenses.

Section 10 provides for collection from the processor of an adjustment charge on wheat, cotton, tobacco, and hogs, whether of domestic production or imported, to be paid by the processor. Therefore only domestic producers are entitled to adjustment certificates, and no provision is made for payment to the importer nor to the producer abroad.

There is nothing in the act to affect or control in any way the freedom of any producer to produce and sell as much as he wishes of any commodity, except that no adjustment certificates shall be issued to a producer unless he qualify in respect to reduction of acreage and reduction in tonnage of hogs. No adjustment charges shall be payable by producers thereof on commodities processed for his own family use, nor by producers of hogs on processing for sale during any period for which such charge would otherwise be payable if his sales of products do not exceed $250 per year.

The bill provides for levy, assessment, and collection of duties on cotton with staple length less than 1⅛ inches, and on jute, of 5 cents per pound; and on all dutiable articles sold or in chief value having staple of less than 1⅛ inches in length of whole, or in chief value of jute, an additional 5 cents per pound; and levies, assesses, and provides for collection of duties on importation from any foreign country of goods processed or manufactured from wheat, cotton, tobacco, or hogs—on which if the commodities had been domestically produced, there would have been paid an adjustment charge—a duty equal to an amount of the adjustment charge; and provides for administrative expenses not to exceed 2½ per cent of the annual receipts from adjustment charges and taxes, and authorizes the Secretary of Agriculture and the Secretary of the Treasury to prescribe the necessary regulations for proper and efficient administration, and provides that the Secretary of Agriculture and the Secretary of the Treasury may appoint experts and also other officers and personnel in accordance with the classification act of 1923, and provides for the usual penalties for violations. It authorizes appropriation of such sums as may be necessary and provides for extension for one year by proclamation of the President.

All of this will, if the producers qualify and avail themselves of the benefits offered, give them a material increase in prices; in fact, it would increase the price of wheat approximately 300 per cent, the price of cotton some 250 per cent, hogs approximately 250 per cent, and tobacco upwards of 40 per cent, on the 80 per cent sold for domestic consumption, which of course would go a long way to again place the farmer on the highway to prosperity, and not only the farmer but the laborer and every other worthy and legitimate enterpriser.

There is of course serious doubt about all the producers qualifying and voluntarily coming in under the plan necessary if to exten the benefits to all. It is unnecessary to say that if only a few qualify and avail themselves of the benefits of the act, a large expense of administration would be incurred and only a few producers would benefit; and it would then undoubtedly fall short of meeting the expectations of many.

Unfortunately, in the light of past experiences, curtailment of acreage and production, which is made conditional in this bill, can not be accomplished voluntarily by offering the bait offered in this measure.

It is general knowledge that many capable men have given their money and best efforts in an endeavor to effect 100 per cent cooperation and control and curtailment of production. Canada spent millions of dollars and years of effort in an endeavor to effect 100 per cent control, but without success. None who have tried for control have gotten within 50 per cent of full control, with the exception of the grape and fruit growers of California, of whom there are only a few in number. They succeeded in establishing 85 per cent cooperation. All others who have tried have given up in despair.

No; the only real controlling factors in controlling production are Providence, the elements, the hazards of produc-

tion, such as chinch bug, grasshopper, boll weevil, Japanese beetle, rust, scale, corn borer, and the hazards pertaining to stock production, such as septicemia in cattle and cholera in hogs.

The agricultural marketing act offered even a more attractive bait. The invitation then, as now, was to come in, and prices would most certainly be advanced, and increases in prices aggregating millions would be theirs. The declared policy of the agricultural marketing act, with the exception of a few changes in phraseology, is identical with the declared policy of the McNary-Haugen bill, which passed two times in both House and Senate. However, the agricultural marketing act did not provide a specific plan, as did the McNary-Haugen bill, which provided the equalization-fee plan to carry out the declared policy. The purpose of the equalization-fee plan was to bring about mandatory cooperation through the collection of the equalization fee upon each unit of the commodity marketed and payment to each producer of a proportionate share of the profits therefrom, thus bringing about full cooperation and complete control of the marketing of the whole production of agricultural commodities without drain upon the Federal Treasury. Under the marketing act it is up to the board, in conjunction with the producers, to adopt its own plan to effect cooperation, and it is necessary to effect 100 per cent cooperation and control to maintain advantageous domestic markets and to prevent the surplus from unduly depressing the price as directed in the declaration of policy.

It did not come up to expectations of its sponsors. It required voluntary cooperation and control, as does this bill, in respect to curtailment of acreage and production. Judging from past experiences, where voluntary cooperation and control and voluntary curtailment of acreage and production are required, it seems certain to fall short of bringing about the desired relief to all producers.

However, with the bait offered increasing the price on the four commodities used for domestic consumption, a number will undoubtedly come in voluntarily under the act, and if so, will, as under the agricultural marketing act, be benefited thereby.

The Agricultural Marketing Board has been characterized as a failure. The board was not the cause of the failure to obtain the desired results, but the failure was due to the elimination of the mandatory provisions in the McNary-Haugen bill in respect to securing the required 100 per cent cooperation and control. Instead of the equalization fee, the agricultural marketing act made it incumbent upon the board, as provided in this bill, to effect 100 per cent voluntary cooperation and control. After millions in cash had been expended, and thus put in circulation, the board in despair threw up their hands; and in order to maintain the promised advantageous domestic markets, it decided to tap the Federal Treasury. It pegged the price of wheat. It bought 339,000,000 bushels of wheat, which removed the surplus from the domestic market. In January and February, 1931, it maintained the price at 18 to 20½ cents above world price level to the advantage of the producers. It stored much of the wheat for 18 months at a cost of 1½ cents per bushel per month for insurance and storage. The cost of the wheat to the board was 77 cents, plus 27 cents storage, or a total of $1.04.

Eighty-five million bushels of wheat were donated to the Red Cross. In July, at the time 45,000,000 bushels of the 85,000,000 bushels of wheat were donated, the Chicago price was 46½ cents. This entailed not only a loss of 57½ cents on each bushel, all at a loss to the Public Treasury, but it also replaced the wheat on the domestic market for domestic consumption, whereupon the domestic price immediately dropped below the Liverpool price. The price of corn was higher than that of wheat. Bulletins suggesting substitution of wheat for corn for livestock feed were given wide publication and circulation, which resulted in lowering the price of corn below the wheat price. To-day, wheat is selling for 25 to 30 cents and corn in Iowa, from 8 to 12 cents, and in Kansas I am told as low as 6 cents. The Federal Treasury and the corn producer paid the bill. Under this bill, wheat gets 75 cents to start with, and corn gets nothing, except indirectly through hogs; in other words, cotton is crowned king, rice and peanuts seem certain to follow, and again corn is left holding the bag. On the other hand, had the board been authorized to effect 100 per cent cooperation and control by applying the equalization fee, and had it sold the surplus instead of holding it, the gain to the producers would have been over 30 cents, without cost to the Federal Treasury, or to the producer, as compared to 18 to 20½ cents a bushel under the subsidy plan, which was at the expense of the Federal Treasury.

The contention when the agricultural marketing act was being considered by Congress, as now, is that by offering a bait to the producers they would swallow hook, line, and sinker. Judging from past experiences, the many schemes concocted, the miserable failures of the plans previously suggested and thrown into the discard, many—including myself—had serious doubts as to the results of eliminating the mandatory equalization-fee plan; but then, as now, publicity was used and high-pressure salesmen were to be put on the job; and after it was made clear to all that no mandatory practicable and tried-out plan could be adopted, representatives of farm groups, the Farm Bureau Federation, Farmers' Union, and National Grange, and others of us reluctantly yielded to the pressure in the hope that a sound, practicable, businesslike, and workable mandatory plan might ultimately be enacted in lieu of what seemed to many of us an unwise plan, which has since been tried out and proven an expensive failure.

The adopted plan is to be thrown into the discard. Notwithstanding the fact that all plans requiring voluntary agreements have proven unworkable and the efforts of many capable men and women to effect 100 per cent control have failed, another voluntary plan is suggested.

By way of a bait, the ratio price is offered on the portion sold for domestic consumption, conditioned upon reduction in acreage in cotton, corn, tobacco, wheat, and tonnage of hogs. In that way it is hoped to ultimately reduce production to meet the domestic requirements. Everybody experienced in production of agricultural commodities well knows that the use of fertilizers, the rotation of crops, planting sweetclover, the use of legumes for enriching the soil, and intensive cultivation under ordinary conditions have much to do with the yield. It is unnecessary to say that the more plant food applied, the greater will be the yield; hence, another experiment which seems certain to defeat the object is to be injected into this bill.

Why, in view of past failures, experiment with voluntary cooperation and voluntary control? Everybody knows voluntary cooperation and control of marketing of agricultural commodities are impossible, as would also be the voluntary curtailment of production. Control is required in order to give the producers the benefit of our protective tariff or of the proposed ratio price or any other fair price. To regulate production voluntarily is beyond the power of the Congress or the producers. Why subject the producers to a slow economic death? Why not try some known workable plan such as applied by organized industry?

Why not enact legislation which will enable the producer to sell on the domestic market, the highest market in the world, at the American price, and sell the surplus on the world market at the highest obtainable price, thus increasing the average price? This can be accomplished by applying the principle of the equalization-fee plan, or as provided in the ratio price bill, H. R. 9033, in the Sixty-eighth Congress, first session, which was debated in the House May 20 to June 3, 1924, and received 154 votes, a bill which provided briefly as follows:

This bill provided that when there was a surplus for export of wheat, flour, rice, corn, wool, cattle, sheep, swine, or any food product of cattle, sheep, or swine, the export corporation could declare a special emergency and determine a ratio price to bear the same relation to the pre-war basic commodity price as the current all-commodities price bore to the pre-war all-commodities price, and the Secretary of Labor should compute the average price of all commodities

for the period 1905 to 1914, and the Secretary of Agriculture and Secretary of Labor shall prepare the average price of such commodities during the period 1905 and 1914.

It sets up an organization, comprising the Secretary of Agriculture and four individuals appointed by the President, to exercise all the powers of the corporation; provides for capital stock of $200,000,000 subscribed by the United States; and authorizes the corporation to borrow money and issue notes, bonds, or other evidences of indebtedness in an amount not in excess of five times the amount of authorized capital stock, and the United States shall assume no liability directly or indirectly for any notes, bonds, or other obligations of the corporation, and the corporation is authorized to make contracts for processing of basic agricultural commodities, acquire rights of operation of storage warehouses, facilities for transportation in connection with storage and facilities for processing such commodities, and furnish storage facilities, and make advances directly to any person, secured by warehouse receipts on shipping documents or mortgages thereof, except that no advance shall be for a period in excess of one year and amount of advance not to exceed 75 per cent of the market value, and may sell any notes, bonds, or other evidences of indebtedness representing advances with or without its indorsement; to buy and sell foreign money; the corporation to utilize so far as practicable existing facilities and agencies, including associations of producers, if the existing facilities and agencies can not be used or obtained on reasonable terms. The corporation shall from time to time determine the probable export surplus and estimate the amount of any basic agricultural commodity to be purchased, and the corporation shall purchase the agricultural commodities in amounts necessary to maintain at the level of the ratio price the domestic price of such commodity, or any class or grade thereof, in respect of which a ratio price is established, and the corporation shall sell for domestic consumption at the ratio price the amounts of such commodity in the foreign market at the highest prices obtainable, at such time as deemed advisable, and at the highest price obtainable in the domestic market for exportation or for processing for exportation at not less than the purchase price, except as otherwise provided. The corporation shall maintain its principal office in the District of Columbia; keep books and accounts, which shall be audited; and make an annual report. An equalization fee shall be apportioned and paid and shall determine the amount. The equalization fee to be paid under such regulations as the corporation may prescribe, and the corporation may require purchasers to collect equalization fee from producers and require purchasers to issue to producers a receipt therefor, which shall be evidence of participating interest of the producers in the equalization fund. The Bureau of Engraving is to prepare the receipts.

Purchasers or producers are required to file returns under oath. Every person who in violation fails to pay or collect any equalization fee shall be liable to such fee with penalty equal to one-half the amount of such fee. From an equalization fund shall be disbursed all operating expenses, all losses of the corporation, and after the expiration of the operating period the corporation shall distribute ratably any balance remaining in such fund to the persons on account of whom such equalization fees have been paid. The bill defines the term "sale." It provides that the President may by proclamation make it unlawful during the period of the emergency or otherwise ordered by the President and Congress to import into the United States any commodity or any derivative or substitute specified in the proclamation, except under such regulation and subject to such limitations as the President may prescribe. The usual penalty clauses are provided. Why not go back to this bill, rather than to apply this conditional plan, requiring all sorts of regulations, restrictions, and administrative regulation, requiring the employment of an army of unnecessary surveyors and allotment experts and dictation to producers in respect to operation of their farms in connection with the required reduction in acreage and production.

The allotment plan in the case where only a few are involved has and can work out to advantage, as for instance in the case of the millers. The millers, who, I understand, under their allotment plan, sell at the mill at a fixed price, and pay freight and sell where they must to meet competition at a lower price. Manufacturers of implements, of which there are only a few, also have succeeded in maintaining high prices. Under the allotment plan, according to quotations on flour at Minneapolis on February 17, 1931, the price was $5.20 to $5.40 a barrel, in addition to which there is about 70 pounds of shorts and bran, which generally sell at about 1 cent a pound, making a total of $5.90 to $6.10. At Los Angeles, 3,000 miles away, where it is necessary to sell at a lower price to meet competition, with freight charges paid, the price was $4.90 to $5.13 plus the 70 cents for by-products, making a total of $5.60 to $5.83.

Under this plan the millers receive a profit of from $2.36 to $2.56 less the cost of processing, which I understand to be 52.6 cents per barrel, or a net profit of from $1.83 to $2.03 per barrel at Minneapolis, and from $1.53 to $1.76 at Los Angeles, less freight. The average price of wheat at Minneapolis during the same period was 76 cents per bushel. Four and six-tenths bushels of wheat are required to make a barrel of flour, which, with 38 per cent moisture added, makes two hundred and seventy-six 16-ounce loaves of bread, and generally 14-ounce loaves are sold as pound loaves, which would increase the number to about 300 loaves. The cost of 4.6 bushels of wheat entering into the production of a barrel of flour would be $3.54. The unorganized farmers received 77 cents a bushel minus on an average of approximately 17 cents freight and hauling, net about 60 cents a bushel, or $2.76 a barrel, while the organized millers, under their allotment plan, received for a barrel of flour and by-products $5.90 to $6.10. The consumer, also unorganized, paid when the flour was made into two hundred and seventy-six 1-pound loaves $27.60, and when made into three hundred 14-ounce loaves of bread approximately $30. The millers under the allotment plan, under voluntary agreement, seem to have worked out the plan well in their own behalf, and it would work out equally well for the farmers were it possible to effect 100 per cent cooperation and control. Voluntary agreements are out of the question in the case of many millions as in the case of the farmers.

The continued economic depression in agriculture is world-wide and generally recognized. Something should be done to overcome the unfortunate conditions. There is, of course, a difference of opinion as to the method to be pursued in bringing about better conditions.

Some people apparently are not concerned and others apparently believe the farmers should take care of themselves, while others lightly contend that if the farmers will arrange their operations so as to balance production, supply and demand will eventually take care of them.

I listened to the distinguished gentleman from Missouri [Mr. NELSON], who is always so courteous and fair in his able and conscientious presentation of his views. I quote from the RECORD of January 6, 1933, page 1365, his remarks referring to the allotment plan, which are as follows:

> While it may prove a temporary aid, ultimately it must fail, as have all other experiments not economically sound. * * * The plan has some very important administrative difficulties. The task of making the allotments is a very difficult task. * * * In the first place, millions of farmers will lose their homes before it can become effective. * * * We have tried the Farm Board, with its stabilization plan, and the world has tried a somewhat similar plan on copper, rubber, coffee, and other commodities, hoping thereby to establish and maintain an artificial price, but always without success, and always with disappointment. * * * What has the Farm Board cost us? It has cost millions of dollars directly and other millions of dollars indirectly. In October I was in Iowa, * * * I asked farmers with whom I talked, "How do you like paying two members of Farm Board subsidiaries salaries of $50,000 and $75,000 a year?" and I asked them if they had stopped to consider how much corn at the Iowa price of 10 cents a bushel it would take to pay those salaries. I figured that to pay two men one year it would require 25 trainloads of corn, 50 cars to the train, and a thousand bushels to the car. Such salaries, with farm prices down to where they are, can not be defended. They are little short of scandalous.

The salaries paid were not salaries authorized by the Farm Board. They were, as stated by Mr. Stone, the chairman of the board, paid by subsidiary corporations acting

on their own initiative with regard to employment of officers and other personnel, and absolutely outside of the jurisdiction of the board.

In telling the farmers of Iowa, that in the pay of the two men for one year it would require 25 trainloads of 50 cars to the train and 1,000 bushels to the car, my friend seems to have overlooked giving the cause for the low prices and continued distressed conditions.

Our Democratic friends seem reluctant to give the cause and to acknowledge their share of responsibility for the economic depression in agriculture, which is traceable to performances under the control of the gentleman's party; their efforts seem to be to overlook the part played in bringing about existing conditions, and to saddle all the responsibility upon the party to whom the legacy was left to rehabilitate agriculture, reconstruct industry, and reemploy millions of people.

What caused the economic depression and the need for farm relief legislation? First, the World War, the cost of which, according to the statistical abstract, was more than $50,000,000,000, irrespective of the many obligations incurred which will exceed the $50,000,000,000 many times over, and which resulted in 4,000,000 men and women, the cream of our land, being called to arms, and the issuance of twenty-six and a half billion dollars in bonds to cover part of the expense, all of which was left as a legacy by the gentleman's party to the succeeding administrations. Second, President Wilson's deflation policy, carried into effect by the Federal Reserve Board, also a child of the gentleman's party, which resulted in a disparity in prices between agricultural commodities and products of industry and labor, and which ultimately resulted in wreck and ruin not only to agriculture but to industry and labor, a policy so severely criticized by President Wilson's own son-in-law, Mr. McAdoo.

To refresh the memory of the gentleman's party, I quote from President Wilson's message of August 8, 1919, page 3718, CONGRESSIONAL RECORD, at a joint meeting of the two Houses of Congress:

> I have sought this opportunity to address you because it is clearly my duty to call your attention to the present cost of living and to urge upon you with all the persuasive force of which I am capable the legislative measures which would be most effective in controlling it and bringing it down. * * * But what we can do we should do, and should do at once. And there is a great deal that we can do, provisional though it be. Wheat shipments and credits to facilitate the purchase of our wheat can and will be limited and controlled in such a way as not to raise but, rather, lower the price of flour here. The Government has the power within certain limits to regulate that. * * * The price of wheat is lower in the United States than in Europe and can with proper management be kept so. * * * Foodstuffs can be drawn out of storage and sold by legal action, which the Department of Justice will institute wherever necessary. * * * For the present, it is manifest, we must quicken, not slacken, our own production. We and we alone must now hold the world steadily. * * * I appeal with entire confidence to our producers, our middlemen, and our merchants to deal fairly with the people. It is their opportunity to show that they comprehend, that they intend to act justly, and that they have the public interest sincerely at heart. And I have no doubt that housekeepers all over the country and everyone who buys the things he daily stands in need of will presently exercise a greater vigilance, a more thoughtful economy, a more discriminating care as to the market in which he buys or the merchant with whom he trades than he has hitherto exercised. I believe, too, that the more extreme leaders of organized labor will presently yield to a sober second thought and, like the great mass of their associates, they will think and act like true Americans. They will see that strikes undertaken at this critical time are certain to make matters worse, not better—worse for them and for everybody else. The worst thing, the most fatal thing, that can be done now is to stop or interrupt production or interfere with the distribution of goods by the railways and the shipping of the country. We are all involved in the distressing results of the high cost of living and we must unite, not divide, to correct it.

It is unnecessary to say it was made clear that by all means a lower cost of living was to be brought about, and as all food and raw materials for clothing are produced on the farms, the suggestion is nothing short of lowering the price of agricultural commodities; in other words, all at the expense of farmers.

The Federal Reserve Board lost no time in putting into effect increase in rates on advances and rediscounts. In December, 1919, and again on January 23, 1920, it raised the rediscount rates to 6 per cent; and again on May 18, 1920, it decided to take further steps to bring about a restriction in credit, and the governor of the board cautioned the utmost secrecy in these words, "I would suggest, gentlemen, that you be careful not to give out anything about any discussion of discount rates."

Secretary McAdoo in his statement printed in the Baltimore Manufacturers Record under date of December 23, 1920, repudiated the plan in these words:

> The point I wish to impress is that deflation has been carried so far and with such rapidity that we must now reconsider the situation, make an effort to prevent further distress and suffering, and bring about a revival of industry and confidence. * * * We can not excuse inaction nor dismiss the matter with a mere observation that deflation is necessary and that farmers must take their medicine along with the rest of the country.

As a result of the policy, No. 3 corn, which sold at Chicago in July, 1920, at $1.53 per bushel, in December, 1920, sold at 73 cents, and the following June sold at 60 cents. No. 2 red winter wheat sold on the Chicago market in July, 1920, at $2.80, fell in December, 1920, to $2.01, and to $1.53 in June following. Good choice steers sold in July, 1920, at Chicago for $15.98 per hundredweight, and in December sold for $12.09, and the following June for $8.09, and light hogs which sold in July, 1920, at Chicago at $15.88, went down to $9.66 in December and down to $8.45 the following June.

It left factories and mills idle, railroads rusting, and agriculture wrecked and ruined, and twelve to fifteen million people unemployed or employed only part time, which resulted in the quoted value of all stocks on the New York Stock Exchange falling from $89,500,000,000 in 1929 to $15,500,000,000 in 1932. When the crash came in October, 1929, there was $40 per capita in circulation. This decreased to $36 in 1931. In less than three years more than 4,835 banks have failed, which has tied up $3,250,000,000 in deposits, and according to the Attorney General's report there were more than 60,322 cases in bankruptcy during the year 1931. Four thousand and twenty-six cases were classed as farmers. Farm-mortgage indebtedness increased from $3,320,470,000 in 1910 to $9,468,526,000 in 1928, with a drop in farm-land values from sixty-six and a third billion dollars in 1920 down to forty-four billions in 1931, a decline of more than $22,000,000,000. The purchasing power was reduced 49.1 per cent. The index number of farm tax increased from $1.19 in 1914 to $2.66 in 1930. Farm income dropped from approximately sixteen billions in 1919 to less than seven billions in 1931.

Furthermore, many of the men and women called to arms returned suffering from physical and mental disabilities. Obligations were incurred, especially to the men and women who answered their country's call in the world conflict, which will in the end exceed in dollars and cents the twenty-six and a half billion indebtedness many times over. As evidence of our Nation's appreciation of the services rendered, our Government has annually appropriated a billion dollars for compensation, hospitalization, pensions, and insurance. The Government also appropriates eight hundred millions for the establishment and maintenance of our Military and Naval Establishments and a billion two hundred fifty millions in payment of interest and retirement of the public debt. Our interest account and retirement of the public debt alone is more than two and a half times as much as the total cost of this Government 35 years ago.

After passing through these years of dislocation and stress—years of unparalleled economic calamity, reckless speculation, and waste; with the financial structures of many countries crumbling one by one; millions of people in the world suffering from the flames of revolution; with foreign nations withdrawing from the United States more than $2,400,000,000, including more than one billion in gold, and our own people withdrawing a billion six hundred millions in currency from the banks; after loading down this Nation with many obligations, responsibilities, and billions of dollars' indebtedness—many seem to be unable to understand why we have business and bank failures, deflated prices of agricultural commodities, and more men out of employment than we had under arms during the World War.

It is needless to say that the low price and lowered standards of living on the farm resulted in lower wages and lower standards of living to labor. All agree that the shrinkage of values of agricultural commodities destroyed the farmer's credit. As a consequence, not only the farmer's but the railroad's, manufacturer's, merchant's, and banker's credit was also destroyed. It is needless to say that by increasing the value of the farmer's commodities his credit can be reestablished, and only then will his credit be reestablished. When the credit of the farmer, the producer of new wealth, the foundation of progressive prosperity, of commerce, industry, and labor has been reestablished, the millions in banks and at home will again go into circulation; hence the thing necessary to do is to start with the foundation of all prosperity by restoring the purchasing power of the farmer's dollar, not by injecting a plan doubtful of accomplishment, but rather a practicable and workable plan tried out by other industries and found rich in accomplishment; in short, redeem party platform pledges, part of which, referring to agriculture and relief, I quote for information at this point.

The Republican platform of 1924 had this to say:

We recognize that agricultural activities are still struggling with adverse conditions that have brought deep distress. We pledge the party to take the necessary steps to bring back a balanced condition between agriculture, industry, and labor.

The Democratic platform of 1924 pledged the party—

to stimulate by every proper governmental activity the progress of the cooperative marketing movement and the establishment of an export-marketing corporation or commission in order that the exportable surplus may not establish the price of the whole crop.

The Republican Party platform of 1928 pledges—

The Republican Party pledges itself to the development of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure its prosperity and success.

The Democratic Party platform of 1928 states:

There is need of supplemental legislation for the control and orderly handling of agricultural surpluses in order that the price of the surplus may not determine the price of the whole crop. * * * it pledges the united efforts of the legislative and executive branches of the Government, so far as may be controlled by the party to the immediate enactment of such legislation and to such other steps as are necessary to place and maintain the purchasing power of farm products and the complete economic equality of agriculture.

President Hoover, in his speech of acceptance, August 11, 1928, stated:

An adequate tariff is the foundation of farm relief. The domestic market must be protected. Foreign products raised under lower standards of living are to-day competing in our home markets. I would use my office and influence to give the farmer the full benefit of our historic tariff policy.

In his message of April 16, 1929, President Hoover stated:

The great expansion of production abroad under the conditions I have mentioned renders foreign competition in our export markets increasingly serious.

President Coolidge, in his message at the opening of the last session of the Sixty-ninth Congress, said:

The important place which agriculture holds in the economic life of the Nation can not be overestimated. The National Government is justified in putting forth every effort to make the open country a more desirable place to live in, and no condition meets this requirement which fails to supply a fair return on labor expended and capital invested.

Now, let us turn to the Cincinnati speech of President-elect Roosevelt in September. In detailing the points he said had been agreed upon by farm leaders in their search for a way of restoring agriculture to a parity with other industries, he is quoted by a Cincinnati paper as follows:

First, the plan must provide for the producer of staple surplus commodities such as wheat, cotton, corn (in the form of hogs), and tobacco, a tariff benefit over world prices which is equivalent to the benefit given by the tariff to industrial products. This differential benefit must be so applied that the increase in farm income, purchasing and debt-paying power will not stimulate further production. The plan must finance itself. Agriculture has at no time sought and does not now seek any further access to the Public Treasury, as was provided by the futile and costly attempts at price stabilization by the Federal Farm Board. It seeks only equality of opportunity with tariff-protected industry. It must not make use of any mechanism which would cause our European customers to retaliate on the ground of dumping. It must be based upon making the tariff effective and direct in its operation. It must make use of existing agencies and so far as possible be decentralized in its administration so that the chief responsibility for its operation will rest with the locality rather than with newly created bureaucratic machinery in Washington. It must operate as nearly as possible on a cooperative basis and its effect must be to enhance and strengthen the cooperative movement. It should, moreover, be constituted so that it can be withdrawn whenever the emergency has passed and normal foreign markets have been reestablished.

Mr. Roosevelt is quoted from a Boston paper during his campaign, as follows:

We need to give 50,000,000 people, who live directly or indirectly upon agriculture, a price for their products in excess of the cost of production. That will give them the buying power to start your mills and mines to work to supply their needs. They can not buy your goods because they can not get a fair price for their products. You are poor because they are poor. I favor—and do not let the false statements of my opponents deceive you—continued protection for American agriculture. I favor more than that—I advocate measures to give the farmer an added benefit, called a tariff benefit, to make that tariff effective on his products.

This is not only a commitment to real farm relief. Evidently what the President elect had in mind was a plan similar to the one under consideration. It will be noted that he is not in accord with the free-trade friends of his party in placing American industry and labor in direct competition with others living under the lowest standards of living in the world, and it clearly indicates that he appreciates the urgent need of real farm-relief legislation.

Reference has been made to the fact that by virtue of the enactment of this measure the cost of living would be increased to the customers. I know of no better authority on the subject than that grand old man, Edgar Wallace, who frequently appeared before the Committee on Agriculture representing the American Federation of Labor, in urging the passage of the McNary-Haugen farm relief bill. He stated at one of the hearings the following:

The farmers are our customers. When they have no money we can not work. We are the farmer's customers. Hence I think it is to the interest of all the workers. I can not see the hope for improvement except the farmer can buy. These are the people on whom we depend. What does it profit us if we can get meat at 10 cents a pound if we haven't the 10 cents?

This, to my mind, tells the story. Yes; we now have 10-cent meat, but, unfortunately, we now also have more than 12,000,000 out of employment, many of whom are now unable to buy even 10-cent meat; many are objects of charity. I venture to say had Edgar Wallace's suggestions been followed and had real and effective farm-relief legislation been enacted we should not now have millions in bread lines or objects of charity, nor the many thousands of banks closed, railroads and commerce idle, factories and merchants either out of business or operating at the tolerance of their creditors, and stocks and bonds selling at much depreciated prices.

Mr. JONES. Mr. Chairman, I yield the gentleman from Florida [Mr. YON] such time as he may require.

Mr. YON. Mr. Chairman, when I first announced for Congress I promised to support legislation that I hoped would improve the condition of the farmers of this country. I have supported all legislation looking to that end since I have been here—the McNary-Haugen bill which was vetoed by President Coolidge, and the farm marketing act which set up the so-called Farm Board. Therefore, I can not at this time but wonder what can be done for the farmer.

On February 15, 1928, at a dinner given by the Boston Boot and Shoe Club, in Boston, Mass., I addressed this group, and in that speech I called the attention of this body of business men to the then existing condition of agriculture, and advised them that they take cognizance of the then already difficult circumstances which agriculture was in, and in my remarks I said in part:

One of the most difficult problems that Congress has to deal with now is our agricultural problem. You the leaders of thought in your industry can not afford to not lend your assistance in helping solve it. Why? Because the country can not continue in a prosperous condition with half prosperous and half im-

poverished, and too, we can not afford to have a lopsided economic condition exist, for it is dangerous. The whole structure is in danger of toppling over.

So therefore, Members of the House, you will note that things that I prophesied on February 15, 1928, have come to pass in an appalling manner. For in about a year and a half after this the crash in the economic structure of this Nation, the most devastating that ever occurred, had its beginning.

To-day merchandise has no value, production in the industry has fallen to an appalling degree, all for why? Because this great body of producers, the farmers, have ceased to be the consumers of industrial products, and for that reason, the products of merchants that are turned out by the factories are going at beggars' prices, and could be sold even cheaper than at present time, if only the cost of labor and raw material were taken in consideration, for these farm commodities are at the lowest level in 30 years.

The overhead carrying charges of the industrial structure, both in setting up of the capital, as well as the physical structure of the plants, coupled with overbuilt production capacity of plants, are responsible for even the present merchandise costs. Even though I think this is one of the most revolutionary pieces of legislation ever offered in any legislative body in this country I am voting for it. Of course, I hope for beneficial results to that part of our population, the farmers of this country. As called to your attention previously in my discussion, as pertaining to 1928, everybody was prosperous on the farms, compared to what they are now. Men and women that are having the roofs sold from over their heads are becoming resentful and are losing hope and even becoming radical, and no one can blame them, and something has got to be done—or else. So, therefore, as a last resort in the hopes of fulfilling promise of relief that I have continuously expressed in behalf of agriculture, I am voting for this bill, and hope the result hoped for will be accomplished. [Applause.]

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Minnesota [Mr. CHRISTGAU].

Mr. CHRISTGAU. Mr. Chairman, I wanted to make a rather exhaustive analysis of the bill before us, but that is not possible in the brief period at my disposal. I do want to point out, however, several reasons why I believe the bill should be adopted. In the first place, it embodies two principles of importance to meet the present situation. One is that, if enacted, it will write upon the statute books of the country the principle that the Federal Government is going to lend its hand in returning to farmers a parity of price. I think we all admit that that is essential. I realize, of course, that it is going to mean higher prices to the consumer. If we are going to refrain from increasing the price of food products to the consumer, then, of course, we must resign ourselves to the present low-price level of agricultural products; but if we are convinced in our own minds that a restoration of agricultural prices is necessary to the restoration of the prosperity of this Nation, then this Government must take some steps to restore the commodity price level on agricultural products. Farm prosperity will never be restored until we eliminate the disparity in prices between what the farmer has to sell and what he has to buy. In other words, we could increase the general commodity price level 50 per cent, but that would not solve the agricultural problem. It will not be solved until we bring agricultural prices back to parity. A general increase of the price level would make it a little easier for the farmer to meet his debts, would make it a little easier for him to meet his tax obligations, but we could not thereby make it possible for him to live under the same economic conditions he did prior to the war.

The other important principle in this bill is that of production control.

Now, it is all right to say that it is not a question of overproduction, but rather one of underconsumption. To me it does not make any difference whether you call it overproduction or underconsumption; the results are exactly the same. We have in this country, in the case of wheat, a tremendous surplus piled up. Before you can restore a parity price to wheat the price-depressing surplus must be eliminated. The other day the gentleman from Missouri [Mr. NELSON] made a comparison between wheat production and wheat prices in the United States over a period of years. We all know that wheat, being a world crop, is influenced in price to a considerable extent by world production. In a general way, when world production is short, world prices are higher, and vice versa.

Mr. NELSON said that the production of wheat in 1896 in the United States was 544,000,000 bushels. The average price was 71.7 cents per bushel. Next year the production was 610,000,000 bushels and the price was 80.9 cents. That was an increase in production of 65,000,000 bushels at an increased price of 9 cents per bushel, but Mr. NELSON failed to also point out that the world production was 164,000,000 bushels less. He pointed out that in 1907 wheat production in the United States was 637,000,000, or 25,000,000 more than in the preceding year with a price increase of 5½ cents per bushel. He failed to say that world production during that year was 331,000,000 bushels less. Going to 1908, he pointed out that the United States production was 644,000,000 bushels, with a price of 92 cents per bushel. He failed to point out, however, that the world production that year was 75,000,000 bushels below the short crop of 1907, and over 400,000,000 bushels below the 1906 production. It should be pointed out that the gradual increase in price in this country, even though production was on an increase, undoubtedly, was due in a large measure to the world crop shortage. It so happened that the United States in those years was favored by good crops.

In 1923 Mr. NELSON said that the United States production was 797,000,000 bushels, or 70,000,000 less than in 1922, and this small crop brought 8 cents per bushel less. But he failed to state that the world production that year was 344,000,000 bushels more than in the previous year. So, even though the United States production was cut substantially, the low price undoubtedly was due to the influence of greatly increased production in other countries of the world. It must be remembered, however, that during the years quoted we were able to find a foreign market for the surpluses that were produced even though in some instances we had to market at a lower price level.

What we are trying to get away from by this measure is the effect of the devastating world-price level on agricultural products in this country. As indicated by the figures of world production from 1896 to 1923, we find that there has been an increased acreage all over the world. The world's output of wheat in 1930, including that of Russia, was estimated to be 800,000,000 bushels greater than in 1913, an increase almost equivalent to the entire wheat production of the United States. On July 1 of last year the world carry-over of wheat was estimated to be 679,000,000 bushels. The present carry-over in this country now is estimated to be 400,000,000 bushels. In view of that unprecedented situation of accumulation of surpluses, it becomes very apparent that some action must be taken to bring production more in line with consumption.

It is all right to say that the trouble is not overproduction but underconsumption; nevertheless, we must take the facts as they are. The surplus is there. Every effort must be made to take it out of the price-depressing picture, and that can be more rapidly done by working from two sides instead of only one. Increase the consumption, if that is possible, on the one hand, but reduce the production on the other hand, and the surplus elimination then will proceed at twice the rate.

The purpose of this measure is to give the American wheat producer a higher domestic price on that portion of his crop that enters domestic consumption. World production and world consumption have been a dominating influence on the American wheat price over a long period of years. We are now faced with the problem of reducing that influence to a minimum. Even in our most prosperous years we did not consume all of the wheat produced in this country. Increased world production and foreign tariff

barriers make it impossible to dispose of our present wheat surpluses in foreign markets. I see only one alternative, and that is an adjustment of wheat production in this country more in line with present market demands.

I have no confidence in an early restoration of our foreign markets. I believe that even if we had some legislative dynamite that we could put under the economic barriers that have been built all over the world and blow them all away overnight it would still take a number of years before we restored our foreign markets to the American farmer. [Applause.]

[Here the gavel fell.]

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Chairman and gentlemen of the committee, the tragedy of agriculture is to be found in the low purchasing and debt-paying power of its commodities. As compared with the pre-war period—1909 to 1914—usually taken as a base of 100, the purchasing power of farm commodities reached a near all-time low last June of 48. This was followed by slow recovery until it stood at 55 in September, only to sag to 51 by November. These comparisons represent terminal prices, not prices at the farm, which are further depressed by a freight rate standing some 45 per cent above the pre-war period.

While the condition of the farmer has become increasingly worse since the general depression caught the country in 1929, his position as compared with industry and labor has been unequal and unfavorable since 1920. It is true that his commodities brought comparatively high prices during this period, but high freight rates and excessively high prices for the things that went into his farm operations kept him at a constant disadvantage as compared with other industries, and his purchasing power was low.

As early as 1921 in this Chamber I called attention to the fact that if a general collapse was to be avoided agriculture must be raised to the level of business, industry, and labor from the standpoint of income and purchasing power. It was like a voice crying in the wilderness. Labor was enjoying unprecedented high wages, in which we all rejoiced.

Business was happy, with a goodly income, and there was no envy. All those of us who represented agriculture asked was that the farmer be let in on the good things of life. It was more important to him to share in the high income of the Nation than to have others dragged down to his level. He had debts to pay, taxes to meet, and interest that must be taken care of. To liquidate these he must have his fair share of income. That is the goal for which we have fought through the years. Then the collapse came in 1929, and since then everybody has been wallowing in the slough of despond.

Can you imagine the plight of the farmer, with years of crop failure in many areas, followed by grasshopper pests, and unprecedented low prices during the past year? So bedeviled and discouraged did he become that he turned upon the "ins" in the last election and handed them a wallop which will not soon be forgotten. In doing so he struck down many of his best friends—men who have fought an unequal fight against great odds for many weary years. But what else could be expected? When one is fighting a last-ditch fight he is not overly careful who gets hit.

For years we have been trying to get through this body some practical plan for increasing farm-commodity prices; always we have been told by the "wise" ones, who never turned a furrow or milked a cow, that our plans were economically unsound and would not work. In place of giving to the farmer remedies of which he approved, our city and industrial friends handed him the Farm Board or something else of which he did not approve and which has done little to improve his situation. For the first time we are about to pass a bill which has in large measure been worked out by the leaders of the farm organizations and which is approved by them. If it fails in its intended purpose, Congress at least should not be blamed.

It is conceded on all sides that the farmer's problem is essentially a marketing one—the problem of the surplus. He is just as much entitled to a domestic price behind the protective tariff wall as anybody else. This he has enjoyed on products of which he does not normally produce a surplus, but upon those products of which a surplus is normally produced he is now compelled to accept a price below the cost of production.

In reflecting whether anything can be done to aid him, it might be worth our while to consider for a moment what other countries are doing to help those who till the soil.

On August 3, 1931, a law became effective in Canada granting a bonus of 5 cents a bushel on all wheat grown in Alberta, Saskatchewan, and Manitoba, which was delivered to a licensed grain dealer before July 31, 1932.

Following the collapse of 1929, the Government took over the liabilities of the Canadian wheat pools to the extent of $22,217,302, and has since helped keep them as going institutions, but is no longer connected with any scheme to influence or enhance prices.

Immediately following the war, France began a policy of encouraging agriculture by a system of prohibitions against imports, including grains. Since then a variable tariff upon imports of grains has been applied. In a country producing less than her domestic needs, such duties have been effective in maintaining and stabilizing prices at fairly high levels. On July 1, 1932, the duty on wheat was 85.4 cents per bushel. Later this was raised to $1.71 a bushel. It now stands at 86 cents per bushel. This duty is practically an embargo. The values on other nonsurplus farm commodities have been maintained at comparatively high levels by a similar system.

Germany has for many years fostered a policy of government aid to agriculture. Since 1879 she has maintained a protective tariff against agricultural imports. Due to the fact that she is not a surplus-producing country on farm commodities, such tariffs have been of great aid in giving the farmers a fair return for their products. Since the war she has made a heroic effort to place her people on a self-sustaining basis with respect to her food supply. Of late years Germany has maintained a highly flexible system of tariff duties which are quickly adjusted to market conditions and the needs of the country. The duty on wheat has varied greatly from time to time since 1930 and has ranged from 97 cents to $1.62 a bushel. Milling and mixing restrictions have helped boost the price, which has ranged from $1.50 to $2 a bushel or better.

For a number of years Italy has been giving special attention to the development of agriculture, particularly to the production of wheat. In order to stimulate increased acreage and yields, she has not only resorted to the tariff but to more direct forms of import restrictions and price fixing. This tariff has varied from 39 cents a bushel in 1925 to $1.07 in 1931. At the present time it stands at $1.05 a bushel. Under the stimulus of these measures she has greatly increased her production of wheat until she is now nearly self-sustaining. Formerly she regularly imported from 50,000,000 to 100,000,000 bushels of wheat annually.

Not only has the Italian market nearly disappeared but the stimulation of wheat production in France, Germany, and England has practically removed these nations also as customers for this commodity.

The method used to increase production in England is of particular interest. Due to the great hostility of her people to a tariff on foodstuffs, she has been compelled to resort to other means to aid agriculture. Time will not permit a general discussion, but I want to refer briefly to the wheat quota act of the United Kingdom, passed by the English Parliament in July, 1932. This law creates a wheat commission whose duty it is to ascertain the difference between the going market price for wheat and the guaranteed price, which is fixed in the act at 10 shillings per hundredweight, or approximately $1.44 a bushel. This difference is referred to in the act as "deficiency payment" and is paid to the producers of wheat as a bonus over and above the market price. In order to raise the necessary funds to meet the deficiency payments, millers and importers of flour are required to pay to the wheat commission in respect of each hundredweight of their output of flour a sum equal to what would have been the price deficit in respect of the quota of home-grown millable wheat used in the production of that hundredweight if

the anticipated supply of such wheat for the cereal year in which that hundredweight was delivered had been used at a uniform rate per hundredweight of flour in the production of the estimated supply of flour for that year. In other words, for all practical purposes the miller is taxed per one hundredweight the difference between the market price and the guaranteed price.

It will be observed that this plan is very similar to the so-called domestic-allotment plan now under consideration.

But before proceeding to a discussion of the bill before the House, let me advert for a moment to a circular which has been sent to every Member of this House by the "committee for the consideration of intergovernmental debts," which apparently speaks for Wall Street and the international banking group. This circular solemnly contends and tries to convince Congress and the American people that if we would but cancel the debts owed by foreign governments to this country everything would be lovely and farm-commodity prices would soar to a point which would compensate the farmer many times over for the $11,000,000,000 which would at once be saddled upon our people in the form of future taxes. The annual interest load alone upon this vast sum would be approximately $400,000,000. If the cancellation of these debts at the expense of the American taxpayers is such a boon, why do not these international bankers and brokers propose to cancel the $17,000,000,000 of private loans now outstanding in foreign countries? Let some one propose that they take the loss and see just how much they are willing to sacrifice for the farmer they profess to love.

These brilliant financiers have been pretty thoroughly debunked the last few years and their attempt to make the collection of their own loans more certain by pretended friendship for the farmer will not fool anybody who has followed the history of the effort of foreign countries to make themselves as nearly self-contained as possible in the production of foodstuffs. This effort at self-sufficiency is a matter of self-defense in the event of another war and bears about as much relation to intergovernmental debts as catnip tea does to bourbon. These policies were inaugurated by foreign governments long before intergovernmental debts had become a matter of confession and avoidance.

Is anyone so simple as to believe that the collapse of 1929 was brought about by our intergovernmental debts or that their cancellation could in any degree have avoided the consequences of that debacle? And what has become of those loud speakers who went about the country and told our people in the late campaign that the tariff was the source of all our griefs? These Democratic leaders made the welkin ring with their denunciations. With full control of this House for the last two years they have done just nothing at all to correct the "evils" which they have denounced to the public. Since the election they have been silent as the grave about the "iniquitous tariff" which they stigmatized as the destroyer of our foreign trade. If the source of so much evil, why is there no attempt at correction? Of course, the removal of the tariff barriers to agricultural imports and a return to the policy of the Wilson administration would be absolutely fatal to agricultural recovery.

The tariff has been the basis of every farm relief bill ever proposed in this body, and neither the bill now before the House nor any other that can be proposed will ever work without the aid of a high protective wall to keep out farm products from abroad.

The bill before us is not essentially different in principle from that embodied in the "ratio price" and "equalization fee" so long discussed in this body. It is not my purpose to attempt to say just how it will operate in actual practice. It is up to those who have sat through the hearings and helped draft it to do that. It is sufficient to say that its intent and purpose is to give effect to the tariff on commodities of which we normally produce more than we can consume in this country. This is accomplished somewhat after the manner of the English system which I discussed a moment ago. An excise tax—for want of a more accurate term—is levied upon processors for the purpose of paying an "adjustment fee" or a bounty to producers of wheat, cotton, hogs, and tobacco approximately equal to the tariff upon the import of these commodities. The bill also carries provisions for the purpose of controlling production with a view to bringing it more into conformity with our domestic needs.

Another matter of the utmost importance to agriculture is some practical plan for refinancing farm mortgages. Better prices will help and I hope this bill, or some other, will become law at an early date that will bring this about, but if farmers are to save their homes and remain masters of their own destiny they must have made available to them new sources for loans which will permit them to amortize their present obligations over a long term of years at a low rate of interest. This matter is of such importance that action of this body looking to adequate relief from the tremendous and impossible burden of debt now carried by the farmer should not long be delayed. The survival of agriculture as an owner-operated business depends upon it, and I hope the Committee on Banking and Currency will find it possible to study and take action upon this problem at this session.

Before industry and labor can hope to get back to a basis of prosperity, agriculture must be redeemed from its impossible position. Land can have no value, nor indeed is it worth owning, unless the farm group can be assured of a reasonable return for what it produces. Give the farmer a chance to pay his debts and get back into the market for what he needs for himself and family and it will not be long before industry will be humming and labor will once more be employed at decent wages.

Our people can never be happy and prosperous until every part of our population is placed upon a fair basis of income. This income must bear some reasonable relation to investment and intelligent effort. It is certain that agriculture has not enjoyed this for many years. Until it does, recovery of business and industry is bound to lag. Every effort, therefore, should be made to see that the farmer gets a square deal.

Some weeks ago I called a conference of midwestern representatives with a view to agreeing upon concerted action on feed and seed loans, and was one of a subcommittee appointed to draft the necessary legislation. The following bill was agreed upon:

Be it enacted, etc., That the Secretary of Agriculture, upon such terms and conditions as he may deem advisable, is hereby authorized from time to time to collect, extend, adjust, or compromise any debt owing to the United States on account of any seed, feed, or crop-production loan heretofore made under any act of Congress.

This bill has already passed the Senate, and is now pending before the Agricultural Committee of the House. It is highly important that this bill should be passed at an early date, and I hope that the Committee on Agriculture can give it immediate attention after the bill now before us is disposed of.

[Here the gavel fell.]

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. JONES. Mr. Chairman, I yield the gentleman from South Carolina two minutes.

Mr. BEAM. I yield the gentleman one minute, Mr. Chairman.

Mr. FULMER. Mr. Chairman, I want to congratulate the gentleman from New York [Mr. LAGUARDIA] on his very fair and sensible speech made a few minutes ago, representing a great consuming district. I would like to say to the gentleman, and I regret exceedingly he had to go out of the Chamber, that when agricultural products were selling on a parity with industry, his people were self-sustaining and were enjoying the necessities of life; and to-day, while agricultural products are selling from 50 to 75 per cent below the price of industrial products, his people are being turned out of their homes, millions of them tramping the streets without work, and they are being fed and clothed by Government-Red Cross wheat and cotton.

Mr. Chairman, when the tariff policy was established, I believe it was Mr. Hamilton who stated that it would bring prosperity to industry, but that if you fail to put agriculture in the picture or give to agriculture a bounty on agricultural products, the time will come when agriculture will be bled to death and industry will fall by the wayside. I want to say to the gentleman from Massachusetts [Mr. LUCE], and I see he is also out of the Chamber, that your lopsided, tariff policy, fostered and as administered by the Republican Party in the interest of about one-tenth of the people against the interest of the other nine-tenths, has just about brought about the realization of Mr. Hamilton's prophecy.

I want to further charge, my friends, that before you are going to be able to rehabilitate agriculture and thereby save the rest of the country, you are going to have to do one of two things. You are going to have to bring down this protected group and this monopolistic price-fixing group on a parity with agriculture or you are going to have to bring agriculture up to a parity with industry.

My friends, I want to give you a concrete example as to just what is happening to agriculture to-day. Just a few days ago my overseer wrote to a wagon manufacturer in North Carolina for the price on 2-horse wagons and this is the answer:

We can furnish you four of these wagons, complete with body, 2½-inch tires, for $90 delivered to your place.

I want to say to you that as a merchant, prior to the war, I sold these same self-type wagons to farmers at a profit for $50 and $60, and at that time the farmers were able to pay for these wagons with one bale of cotton for each wagon. To-day, with this price, $90, I am called upon to pay 12 bales of cotton for 4 wagons or 3 bales for each wagon, if you please. I want to say to you as an active farmer it can not be done.

The gentleman from Massachusetts [Mr. LUCE] speaks about benefiting one-fourth of the people at the expense of three-fourths of the American people under this bill. My friends, this is exactly what is being done under your tariff proposition.

The bill under consideration, introduced by the chairman of the agricultural committee, of which I am a member, known as the committee bill, is written on and contains the principles carried in my bill, H. R. 12461, introduced June 4, 1932, first session, Seventy-second Congress.

On account of the serious economic situation existing at this time, brought about largely by the very unfair position that agriculture has been placed in during the past 12 years in comparison with industry, we are forced to do one of two things: Either reduce the price of industrial products, freight rates, and other fixed charges of public utilities, or advance agricultural commodity prices on an equality with industry.

Coming from the South, I represent a great cotton-producing and cotton-manufacturing section of the United States. As a merchant for many years, I have bought and sold thousands of bales of cotton. I am also an active dirt farmer, producing and selling cotton.

Out of my wide experience in producing and handling cotton, I feel that I am well qualified to speak to you on cotton as affected by this legislation.

This bill, my friends, proposes to do for farmers that which farmers should do for themselves but have not done, because they have been unable to organize.

I want to try to give you a real picture as to how this bill will operate if properly administered, affecting cotton producers, cotton merchants, cotton manufacturers and the consuming public.

A farmer can come in under the plan and participate in its benefits, or he can remain outside and farm as usual, planting as much as he pleases or what he pleases.

A farmer who decides to come in agrees only to reduce his cotton acreage 20 per cent for 1933, based on his acreage for 1932, and will have to prove that he has complied with this agreement before he is entitled to the adjustment charge or the benefits under the bill.

SECTION 4, PAGE 4

Under this section the Secretary of Agriculture shall, at least two weeks prior to the commencement of each marketing year, estimate and proclaim the percentage of the total domestic production of cotton during the then current calendar year that will be marketed and needed for domestic consumption.

SUBSECTION (B), PAGE 5

You will find in this section that the Secretary will proclaim his estimate based on an average domestic consumption for the five preceding periods of like duration. This information is available at the Department of Agriculture and Commerce.

Let me illustrate, if I may: In 1932, I will say, for instance, that I planted 100 acres of cotton and John Smith, my neighbor, planted 100 acres. I come in under the plan and Smith remains out. Under the bill, according to my agreement, in 1933 I would plant 80 acres and Smith, who refuses to come in under the plan, can continue to plant his same acreage or increase it. In the meantime, suppose the Secretary of Agriculture finds under section 4, page 4, that over a period of five years the average domestic consumption amounts to 50 per cent of the total production of cotton in the United States. Under the plan, I having come in, would be allotted 50 per cent of my 1933 production for the purpose of receiving the adjustment charge thereon. During the marketing period in 1933 I, in marketing my cotton, and Smith, in marketing his cotton, would market the same way we did in 1932—that is, when we please and to whom we please—on a world-basis price. There is nothing in this bill that will disturb or interefere with the regularly well-established rules of doing business in buying and selling cotton up and until the cotton actually reaches the manufacturer or the exporter. At the proper time and under regulations promulgated by the Secretary of Agriculture I would be permitted to prove that I had carried out my acreage reduction and received my certificate for my allotment. For this allotment I would receive 5 cents per pound, less 2½ per cent retained for administrative costs, or approximately $25 per bale on the domestic percentage allotted to me, or the difference between the world-basis price at the time of sale and the pre-war price, 1909–1914. The difference in the world-basis price to-day and the pre-war prices is about 6 cents per pound, middling cotton. Mr. Smith having refused to come in under the plan would receive the world-basis price for all of his cotton and would be out of the picture.

SECTION 10 (A), PAGE 13

After the cotton reaches the manufacturer, he having bought his cotton in 1933, just as he is buying to-day, in fixing his price on the manufactured product, as he is able to do, adds the adjustment charge of 5 cents per pound, or the difference between the world basis and the pre-war basis price. He then passes the same on to the consuming public through his regular channels of business, the retail trade, jobbers and wholesalers.

SECTION 12, PAGE 17

Suppose the manufacturer sells his product for export. In that case, to enable him to compete with foreign manufacturers, he would be refunded the adjustment charge on that portion exported, which would place him in the same position operating under the bill as he is in to-day in doing foreign business.

SECTION 12, SUBDIVISION (B), PAGE 17

An exporter, doing wholly an export business, would not be required to collect or pay an adjustment charge, which would leave the exporter operating under the bill as we find him to-day.

SECTION 10, SUBSECTION (C), PAGE 14

To further protect the cotton manufacturer during any marketing period when the adjustment charge is in effect as to cotton, there will be levied, assessed, and collected upon the first domestic processing of silk and rayon an adjustment charge equal to the adjustment charge on cotton.

This charge on silk and rayon, both highly competitive with cotton goods, is not put on for the purpose of being unfair to the processor of silk and rayon but for the purpose of placing these goods in line with cotton goods, after the adjustment charge has gone into effect on cotton goods. In other words, we simply advance silk and rayon in line with the step-up in cotton goods.

SECTION 18, PAGE 20

We further provide that a duty of 5 cents per pound shall be levied, assessed, and collected on the importation of cotton 1⅛ inches in length, and also a like amount of jute. Likewise on dutiable articles wholly or in chief value of cotton and 1⅛ inches in length, or wholly or in chief value of jute, a duty of 5 cents per pound on such cotton or jute contained therein.

JUTE AND JUTE PRODUCTS

Jute and jute products imported largely and almost exclusively from India are duty free, or practically so, at this time. The importation of jute and jute products has been increasing annually, as will be shown by figures which can be procured from the Department of Commerce, until tonnage, pound for pound, would consume from two to three million bales of American cotton, if we had proper protection against the importation of jute and jute products. Without this provision in the bill, which places a duty of 5 cents a pound on jute, we would be giving to the jute interests of this country and the exporters of jute and jute products an additional advantage over cotton products. This would be true to the extent of the amount of the adjustment charge above the world price on manufactured cotton goods. In other words, a 5-cent duty on jute, as provided in the bill, will place the jute interest in this and foreign countries on the same basis under which they are now operating.

REDEMPTION OF ADJUSTMENT CERTIFICATES—SECTION 7, PAGE 6

Adjustment certificates will be issued in two parts, each to be at one-half the face value of the certificate for the domestic allotment. One of these certificates may be presented for payment any time from 30 days after the date of the issuance thereof and the other part will be payable six months after the date of issuance. These adjustment certificates will be payable to farmers at the United States Treasury or any designated bank or agency by the Secretary of Agriculture.

COLLECTION OF ADJUSTMENT CHARGE—SECTION 16, PAGE 19

The bill provides that the adjustment charge shall be collected by the Bureau of Internal Revenue from the manufacturer or processor and turned into the Treasury of the United States.

MACHINERY

In that we have eliminated the contracting features that were carried in the old bill, and leave it up to farmers to prove their acreage reduction, so as to participate in the adjustment charge, there will be practically no new machinery required to carry out the provisions of the bill up and until the cotton passes into the hands of the manufacturer and exporter.

In that the Bureau of Internal Revenue is to do the collecting of the adjustment charge from the manufacturers and pay same out to farmers on approved adjustment certificates, I do not believe that there will be any increase in the personnel of this bureau; if so, very little. In other words, it is my belief that this legislation can be properly administered without increasing the personnel or employees of any department. This is especially true if President Roosevelt carries out his promise of consolidating various bureaus and departments of the Government.

In the meantime, this legislation proposes to pay its own way and calls for no appropriation. Suppose it does cost the Government a reasonable amount. If the legislation is workable and proves helpful, are not farmers as much entitled to this small service on the part of the Government as the beneficiaries under the Tariff Commission and the Reconstruction Finance Corporation? Recently, when the Reconstruction Finance Corporation was organized, thousands of officials and employees were added, largely for the benefit of bankers, corporations, and railroads. We did not hear any complaint about the machinery that it would take to operate this huge corporation.

FAIR EXCHANGE ALLOWANCE—SECTION 9, PAGE 10

The fair-exchange allowance for any commodity shall be the difference between the price received for the commodity by the producer at local markets during the last three months for which index numbers are available. This exchange allowance specified in the first proclamation by the Secretary of Agriculture for any commodity in this act shall become effective on the day following the approval of this act.

In the case of hogs, you will notice on page 11 of the bill that the adjustment charge will be advanced gradually until the price paid the producer for hogs, with the adjustment charges added thereto, will be in line with pre-war prices.

In the case of cotton, I suggested, and the committee has adopted, an amendment which will divide the adjustment charge that will be placed on manufactured products by the manufacturer of cotton 3 cents per pound, to be added immediately after the bill goes into effect, and 3 cents additional to go into effect on August 1. This is done for the purpose of advancing gradually the increased price to the consumer and for the purpose of getting the full and complete benefit of the adjustment charge to the producer at the beginning of his marketing period for 1933, which is August 1.

SHORT DESCRIPTION OF DOMESTIC ALLOTMENT PROPOSAL

First. To increase the cash income of agriculture in the hope that it may then contribute more certainly to general economic recovery.

Second. To increase the purchasing power of farm products by closing up part at least of the gap between farm prices and prices of things required by the farmer for living and production.

Third. To give benefits to export surplus crops (cotton, wheat, tobacco) and livestock (hogs), similar to those accruing to the products of manufacturing industry from the operation of the protective tariff.

Fourth. To confine the equivalent of tariff protection to the large fraction of the products named that is consumed in the domestic market.

Fifth. To permit the whole supply to move under normal operation of world prices; in other words, not to attempt to fix prices in any way.

Sixth. To prevent the further accumulation of burdensome surpluses of exportable commodities, such surpluses contributing heavily to the prevailing low prices, particularly at a time when international trade due to tariffs and other factors is at an exceedingly low ebb.

Seventh. The plan contemplates that the Secretary of Agriculture shall determine what fraction of the wheat, cotton, hog, and tobacco crops are used in the home market, and that there shall then be allotted to each grower his ratable share, based on average performance in the past.

Eighth. To participate in the plan, the grower would assent to such reduction of acreage as the Secretary of Agriculture, after a study of all of the facts, proclaimed would be necessary. No one would be compelled to enter into the plan, but the farmer who does enter would get the adjustment certificate. Present proposals call for a 20 per cent reduction in acreage.

As to spreading the benefits, the last census disclosed farms reporting: Cotton, 1,987,000; hogs, 3,619,000; wheat, 1,285,000; tobacco, 433,000.

Our national problem to-day is to adjust our production to balance our consumption, and that on a high plane of living, with a high national demand for quality goods and for a broad and increasing diversity of goods that tend to make life comfortable, healthful, interesting, pleasurable, and developing for the masses. The buying power of the Nation must come from all the people, and from the rank and file of American labor.

We have a great many people, especially those representing the various industries of the country, opposing this or

any other type of legislation proposed for the relief of agriculture. In every instance, in coming before our committee, they emphatically state that they have nothing to offer which would be helpful, and when they do suggest something, it is always from a selfish standpoint. For instance, on December 22, 1932, Mr. Horace Bowker, president of the American Agricultural Fertilizer Co., made an address to merchants and bankers in Rhode Island giving various and sundry reasons why this legislation would not be workable, all of which made a very interesting speech. Finally, in closing, he said if the Government wanted to be helpful to farmers, that Congress should appropriate one hundred million to be used by farmers in purchasing fertilizer. He further stated, "My suggestion is that loans for this purpose be made against a signed contract agreeing to use the fertilizer on a reduced acreage." It would appear from this that it would be perfectly satisfactory to Mr. Bowker to even create the proper machinery, which would mean the assistance of thousands of Government employees to carry out the signing of contracts on the part of farmers for reduced acreage. But when we propose to do the same thing under this legislation, by having farmers prove their contract, which would not require all of this machinery, it is all wrong with Mr. Bowker.

We are faced with a serious depression, which has been with the agricultural interests of this country since 1920. The total decline in agricultural income during the past 11 years has been $11,700,000,000. This is a decrease of 70 per cent; and still some people wonder why we have a depression.

The most important point regarding every depression of which we have knowledge is that when once equilibrium or balance was restored, prosperity returned—prosperity on a scale higher than any that had previously prevailed. By equilibrium or balance I mean to convey the idea of equality in price relations of both goods and wages as between agriculture and industry—the attaining and maintaining of proper ratios between the purchasing power of farm products and the products of industry and the service of commerce.

In passing may I say that my own thought of the measure of prosperity is not necessarily the common yardstick of finance but the ability to obtain and enjoy those things in life that contribute to the genuine satisfaction of human needs. However, I am not one of those who feel that the farmer should be content merely with the satisfaction of working hard and having enough to eat. I believe that he is entitled to a standard of satisfaction equivalent in quality if not wholly on a scale with that enjoyed by those engaged in other ways of earning a living.

IMPORTANCE OF AGRICULTURE TO NATIONAL LIFE

Obviously agriculture is the biggest business in the world. It employs more people and contributes more to the absolute necessities of life than any other. Even after the depression of the past 12 years the agricultural plant of the United States now has an estimated value of $50,000,000,000. What has been happening to values is readily shown by the fact that this figure represents a decrease from $79,000,000,000 in 1919. One sees current statements that in 1929 the total wealth of the Nation was $360,000,000,000, and that in three years' time it has shrunken 50 per cent to $180,000,000,000. Of course, there has been no such shrinkage in real wealth. Wealth means goods, and the shrinkage has been chiefly in prices rather than in goods.

There are approximately 6,250,000 farms in the United States, and the average farm family is usually estimated at a little less than five persons. Despite the vast number of small units, agriculture is a big business, and when a business that represents the well-being of 25 per cent of our people is depressed, necessarily in due time the effects will be seen among all other classes of people. When the population of rural villages and towns under 2,500 inhabitants are added, it appears that approximately 44 per cent of our people are engaged in or are directly dependent upon agriculture. When we add those in other occupations who are supplying and serving agriculture, it seems conservative to say that over 50 per cent of our people depend on farming for their well-being. I have maintained for 12 years that the agricultural depression, which began in 1920, has continued with fluctuations practically throughout the intervening period, would, if not remedied, ultimately end in general depression.

A few illustrations will suffice to show what has happened to agricultural prices.

The average farm price of cotton for the five pre-war years was 12.4 cents a pound. The average price for May, 1932, was 5.2 cents.

The average pre-war price of corn was 64.2 cents a bushel. The average price in May, 1932, was 30.2.

The average farm price of wheat in the five pre-war years was 88.4 cents. The average price in May, 1932, was 42.4 cents.

One of the heaviest expenses of the farmers of the South is their fertilizer bill. The following facts will give you some idea of just what southern farmers are up against in buying fertilizer and paying for the same at prevailing farm prices at this time: In 1913 a ton of 8–3–3 fertilizer cost $20.31. The average price of cotton was 12.2 cents; so it required 166.5 pounds of cotton to buy a ton of fertilizer. Likewise, in 1913, when the average wholesale price of 8–3–3 fertilizer was $20.31 a ton, the average price of wheat was 80 cents, and it required 25.4 bushels of wheat to buy a ton of fertilizer.

In 1931, when the wholesale price of 8–3–3 fertilizer was $19.12 and the price of cotton was 5.7 cents a pound, so that it required 335.4 pounds of cotton to buy a ton of fertilizer, the farmer had to carry to market 101 per cent more cotton in 1931 to buy a ton of fertilizer than he did in 1913. Also in 1931, when the wholesale price of fertilizer was below the pre-war level and stood at $19.12, the price of wheat had dropped to 44.3 cents, and it required 43.2 bushels of wheat to buy a ton of fertilizer. In other words, it took 70 per cent more bushels to buy the fertilizer in 1931 than in 1913.

In 1913 the average cost of a binder, as reported by the implement manufacturers to the Bureau of Labor Statistics, was $95.43. The average price of wheat then was 80 cents a bushel, and it took 120 bushels of wheat to buy a binder.

In 1931, as reported from the same source, the average price of a binder was $150.81, and the price of wheat 44.3 cents, so that it took a little over 340 bushels to buy a binder. This means that the farmer had to haul to town 185 per cent more bushels in 1931 than he did in 1913 in order to buy a binder.

In 1913 the cost of a cultivator was $21.85 and the average price of cotton was 12.2 cents, so that it required 179 pounds of cotton to buy a cultivator.

In 1931 the price of the cultivator was $32.42 and the price of cotton was 5.7 cents, so that it required almost 692 pounds of cotton to buy the selfsame machine. In other words, the farmer had to deliver 286 per cent more pounds of cotton in 1931 than he did in 1913 to buy the same cultivator. In 1913 it took less than one-third of a bale of cotton to buy the cultivator and in 1931 it took over a bale and a third.

As a cotton producer, buying industrial products, fertilizer, and machinery to run my farm and selling my cotton and other farm products as outlined, you can readily see that my farm is an annual sinking pot for every dollar that I can rake and scrape from every source available. I want to state to you frankly that if this position occupied by farmers is to be continued 12 months longer without any fair adjustment of prices that not only will the agricultural interests of this country be absolutely defeated, but all other lines of business that you have been trying to protect temporarily by loans from the Reconstruction Finance Corporation will pass out of existence, with millions of dollars in losses to the Government out of these loans.

As far as cotton is concerned, this bill will work perfectly, and it is my belief that within 12 months from the beginning of the operation of this legislation prices of cotton will be fairly adjusted on a pre-war basis, which will eliminate the adjustment charge. This is a temporary measure and it is our hope in supporting this bill that it will tend to adjust

prices of farm products on a parity with industrial products, thereby restoring the purchasing power of millions of farmers whose purchasing power has been absolutely destroyed because of the prices being received for their products. You can vote millions for Federal buildings, roads, and other temporary measures to put people to work. To my mind, this type of relief is only temporary, can not last, will be very expensive to the taxpayers of the country, and, after all is said and done, unless you restore the purchasing power of the people, we wind up just where we started.

The opponents of this bill state that if we advance the prices of farm products it will retard consumption and thereby ruin business. Let us see if this is true. About the 1st of August, 1932, cotton was selling at 6 cents per pound. For no other reason than speculative, as far as I am concerned, prices began to rise until it reached a 3-cent-per-pound advance around the 3d of September. Prices then began to decline until November 30 and returned to 6 cents. Take a look at these figures:

Cotton—Price middling spot, 1932

	Cents
July 30	6
Aug. 15	7
Aug. 30	7½
Sept. 3	9
Sept. 10	8
Sept. 24	7½
Oct. 8	7
Oct. 29	6½
Nov. 26	6

FIGURES SPEAK LOUDER THAN WORDS

I am going to insert at this point monthly business statistics, prepared for me by the Department of Commerce, which clearly and unquestionably give to you the trend of all lines of business during the advance and decline in price of the cotton referred to.

Monthly business statistics—Trend over the past five months of 1932

Series	Unit	July	August	September	October	November
Business activity (annalist)	Computed normal=100	52	55.5	60.4	60	59.9
Industrial products (F. R. B.), unadjusted	1923-1925=100	56	59	67	68	65
Textiles (F. R. B.), unadjusted	do	64	86	104	102	96
Distribution:						
Freight-car loadings (weekly average)	1,000 cars	484,400	516,270	561,150	631,621	548,802
Department-store sales, unadjusted	Monthly average, 1923-1925=100	47	50	73	77	73
Mail-order sales	$1,000	32,073	33,777	39,156	45,423	41,281
Newspaper advertising (52 cities)	1,000 lines	80,871	78,839	93,003	103,323	94,967
Employment: Factory (F. R. B.) unadjusted	1923-1925=100	57.2	58.6	61.5	62.0	61.4
Pay rolls: Factory (F. R. B.) unadjusted	do	39.6	40.1	42.1	43.5	42.3
Finance:						
Commercial failures—						
Number		2,596	2,796	2,182	2,273	2,073
Liabilities	$1,000	87,190	77,031	56,128	52,870	53,621
Security prices—						
Domestic bonds (Dow-Jones)	Per cent of par value of 4 per cent bond.	42.98	53.35	55.01	49.86	47.51
Stocks (Standard Statistics)	1926=100	35.9	53.3	56.2	49.9	47.5
Cement	1,000 barrels	7,689	7,835	8,210	7,939	6,462
Cotton consumption	1,000 bales	279	403	492	503	504
Cotton textiles	1,000 yards	35,418	45,195	56,991	63,277	62,264
Carded sales yarn (weekly average)	1,000 pounds	1,400	1,798	2,534	2,885	2,531
Silk (deliveries)	Bales	38,382	59,905	59,694	53,703	43,955
Pig iron	1,000 long tons	572	531	593	645	631
Steel ingots	do	*793	832	976	1,069	1,015
Tin (deliveries)	Long tons	2,265	2,585	2,680	3,130	3,240
Lumber (weekly average)	1928-1931=100	36.1	38	39.1	43.5	39.7
Machine tools (shipments)	1922-1924=100	27	30	43	45	29
Paper board shipping boxes	1,000 square feet	399,160	436,358	477,032	508,182	409,736
Anthracite	1,000 short tons	3,021	3,465	4,108	5,234	4,260
Bituminous	do	17,857	22,489	26,314	32,677	30,634

Just let me comment on a few of these. Take textiles: In July, when cotton was 6 cents, textiles were 64, and as cotton advanced during the months of August and September, when it reached a price of 9 cents, textiles reached 86 and 104. Note when the decline in cotton came in October and November a decline in textiles commenced and continued, as the records will show. Take a look at department-store sales during this period. In July, when we had 6-cent cotton, figures representing department-store sales were 47, while in September, when cotton was 9 cents, we have 73, or an increase of over 50 per cent improvement.

I especially call your attention to the effect on commercial failures. It is interesting to note the effect on factory employment, which increased from July 6-cent cotton 57 to 62, September 9-cent cotton, and then began to decline in November, 6-cent cotton 57. Stocks advanced from 36 in July to 58 in September, and then declined in November to 47½ on 6-cent cotton. If you will take the time to secure the figures from the Department of Labor, you will note that when cotton advanced, as referred to, that practically all farm products followed, which is conclusive proof that if we are able to advance prices of cotton and wheat that other products will follow.

Opponents of this bill, especially meat packers, in trying to discount the merits of the bill and its actual benefits to hog producers, state that if we are successful in increasing the price of hogs that it will tend to drive consumers into the using of other competitive products, like mutton, beef, poultry, and so forth. This may be true only in a very small way. However, if this is the case, the bill will accomplish just what we claim for it, that is, the bringing up of other commodities not carried in the bill on a parity with these protected products carried in the bill.

Packers, processors, and cotton manufacturers, in appearing before our committee, opposing this legislation, based their objections to its passage on the grounds that it would not help farmers and would be an added burden on consumers. You were told by the same people when a tariff tax was being placed on shoes, clothing, and practically everything else farmers and consumers have to buy, that it meant a job for everyone, two chickens in the pot and two automobiles in every garage. By the way, the only person that I know of that has received these benefits was my Republican opponent during the campaign last summer, who is a very fine fellow, living in my home town. He dispenses the Republican patronage in my State and it was understood that he received quite a nice sum from the Republican headquarters to organize the State and make the race for Congress. During the campaign, he bought a LaSalle and a Packard, and placed a "Hoover for President" tag thereon. Be not deceived, my friends, when you see special protected interests, those who are receiving special benefits from the Government, coming down in person or through their paid lobbyists, appearing before congressional committees, pleading in the interests of farmers and consumers, they have in mind one of two things—that is, putting over legislation for their own selfish interests or defeating the passing of legislation that would tend to put agriculture and wage earners on a sound basis of equality with industry. I will tell you what is happening to-day to my people and to your consumers. Do you know that at these unfair prices paid to producers to-day farmers are being robbed of their homes

and fathers and mothers are being sent to untimely graves? I further charge that consumers are to-day paying retail prices on a pre-war basis.

If you will read the hearings on this bill, you will find these facts were brought out by my colleague [Mr. FLANNAGAN] in questioning Mr. Lingham, representing the flour-mill interests, pages 102 to 107, and our chairman [Mr. JONES] in questioning Mr. Lee, representing meat packers. Certainly at this time, when processors have cut off employees and have cut wages, prices to the consumer should be in line with prices paid producers on a parity with pre-war basis. Why, my friends, if manufacturers, and especially retailers, were doing business to-day on as close margin between the producers' and consumers' prices as they did in normal times, the difference in the price now being paid by consumers would more than pay the adjustment charges. As a merchant and business man, I will tell you what is being done by processors and retailers to-day. Just as consumption has been curtailed, because of the cut in the purchasing power of the people, the volume of business, both to processors and retailers, has been reduced. Therefore to keep their business a going business and to make profits, and in many instances to keep their balance sheet out of the red, they have had to make larger profits out of a smaller volume of business. I hope that I have made this clear and that it will sink in. Let me give you a concrete case. Last summer, when railroads found that their tonnage was slipping, in the meantime thousands of farm products were rottening on the farm—my farm, if you please—that could not be sold by farmers for enough to pay freight charges, what happened? These railroads asked and were granted increased freight rates at the expense of agriculture and the consuming public to take care of their business. Who is paying the advance in public-utility charges and insurance rates at this time? I listened with a great deal of interest and delight some days ago to a speech made by the gentleman from New York [Mr. LAGUARDIA] about agricultural conditions and what it would mean to wage earners and consumers if farmers were able to get a fair price for their products. I regret exceedingly that the people of his district saw fit to defeat him last fall, because not only has he proven himself to be a champion for wage earners and consumers but one of the best friends to agriculture we have in Congress. He has come to my rescue on various occasions in connection with cotton legislation, and I shall miss him when he retires. I want those of you who represent wage earners and consumers to get some actual facts that I am going to give you as to what really happened last spring and summer in marketing truck from my own farm here in the city of Washington.

During the month of September I sent up from my farm by trucks, 1,000 hampers of beautiful beans. The price received by me was just enough to pay for the expense of trucking and 10 cents extra per hamper. These hampers cost me 10 cents; so you see, after receiving pay for transportation and the price of the hampers, I did not receive anything for labor, fertilizer, cultivation, or even for picking these beans. In the meantime, the consumers in Washington were paying 7 and 8 cents per pound for my beans, or from $2 to $2.40 per hamper. Certainly this should be sufficient proof to bear out every statement that I have made in connection with prices received by producers and prices which are on a pre-war basis paid by consumers.

Our farmers are in no better plight than are our unemployed workers. There is no sale for large portions of their crops. They are accused of having produced too much in a land where we have 12,000,000 unemployed, and in which starvation stalks. Farmers are not receiving enough to pay their local taxes and clothe their wives and children. They owe about $11,000,000,000, secured by mortgages on their lands, and it is safe to say that their fixed charges for taxes and interest require nearly half of their gross income. Millions of farmers are in default, and foreclosures are driving them from their homes and depriving them of their farms. The picture of American agriculture to-day is not the picture of a plowman between the plow handles, or of the reaper on the plains gathering the harvest, but it is the picture of mothers and fathers and little children moving from the land of their inheritance and out into helplessness, becoming tenants, bankrupts, and filling untimely graves. No government can tolerate this kind of thing and expect to last. The situation in America can be summed up in the one word. The symptoms, the evidence, the characteristics of it, the destruction of security in the land indicate degeneration itself.

Manifestly the primary obligation of this Government is to address itself with all earnestness to the farm problem. The stability of government, the profitableness of enterprises, the circulation of money, the relief of unemployment, are each and all bound up in it. There must be a solution and it must appear in the harvest of 1933. The harvest of 1932 was a harvest of tears and ruin and the harvest of 1931 was a harvest of sorrow and despair. We have reached the point now where we can not afford any harvest other than a good one in the year upon which we are now entering. Farmers who sow in the coming spring must sow not in hope, not in faith, but in assurance. Mr. Chairman, I hesitate to contemplate what will be the consequences if we go through another year and another harvest in times like these. As I have already stated the more acute difficulty with agriculture is the disparity between prices received by the farmers and the prices paid by them. This disparity is largely caused by one fact, to wit: The American farmer sells in the world market on a world basis price, while he buys against protective tariffs and monopolistic fixed prices. We can neither balance the Budget nor maintain order under such circumstances; nor may we hope to extricate ourselves by a policy of procrastination, which has been the policy of the Republican administration for the past 12 years. There must be action, affirmative, definite, direct, and effective. If there is to be a new deal in America, let the people know it and let them know it now. One hundred and twenty million people, half of whom are in despair, millions of whom have been stretching vain hands out to the Republican administration, to the Congress, to the Government, want to know at last, and they are entitled to know.

Our immediate task is to correct the disparity between prices paid farmers and prices received by farmers. Moreover, this achievement is demanded not only as a matter of justice, but of national self-preservation. We must achieve this end or confess the failure of democracy and await the incoming of a new régime to meet the task. If we fail, how can we argue that the next man who proposes something, however radical, is not entitled to a hearing?

Farmers are not responsible for their surplus nor should they be penalized for producing it. They can not govern the seasons; they must deal with fruitful and unfruitful years. The beneficiary of his labors, those who in lean years enjoy abundance, because of him, ought to share with him against the disaster of his labor and his surpluses. We can not remain idle while millions of farmers are dispossessed of their homes, and their wives and children turned out of doors. This is an intolerable spectacle, and unworthy not only of the Government, but of anything that calls itself a civilization.

Mr. CLARKE of New York. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Chairman and my colleagues of the House of Representatives, if I attempt in the 15 minutes allotted to me in this debate to discuss the constitutionality of this bill and restrict my discussion to that subject, it is not wholly from inclination. Some of my colleagues have done me the honor to ask me to express my opinion on the constitutionality of this legislation, and the limited time requires me to discuss that and that only. I do not want my colleagues to get the impression that no public question that arises in this body has any interest to me except its constitutional aspects. That is not the fact.

If time permitted, I would prefer to discuss the economic details of this bill, quite apart from the question of con-

stitutionality, in the light of the changing political philosophy of the American people. Happily I have been anticipated in that phase of the subject by the very forceful and, if I may say, admirable argument made by the gentleman from Alabama [Mr. HUDDLESTON] on the first day of this discussion. He pointed out the portentous effect that this law will have on the self-reliance and self-respect of the American farmer. The great man who was laid to rest in the hills of Vermont last Saturday came of a generation of New England farmers, where farms, I fear, grow more rocks than crops, yet notwithstanding the poverty of the soil in many portions of New England, the New England farmer for over 10 generations has kept his self-respect and has preserved his own right to live his own life without a subsidy from the Federal Government, and it seems to me that he thus sets an example of sturdy self-reliance to all American farmers. Certainly Calvin Coolidge would have despised this dole to the farmer.

I have not time to describe the details of the proposed legislation. I think if a copy of the bill should reach the great dictator of Russia, Mr. Stalin, in the far-off Kremlin, he would be inspired with a passing feeling of professional jealousy, because while the power of compulsion is greater in the Russian dictator than it will be in the Secretary of Agriculture, if this bill becomes a law, yet the two instances seem to differ in degree but not in kind, because it is just as much an offense to constitutional government to bribe a class into support of a bill, that would be a surrender of the reserved powers of the States, as to coerce them by the force of military power.

If you were to take this bill and separate it into its component parts you could justify the constitutionality of many important sections. For example, the excise tax on processors, standing by itself, has no constitutional objection, because the motive with which the tax is proposed is a matter which the judiciary can not judge. In the second place, if this took the form of a direct bounty from the Federal Treasury in relief of a certain class of farmers, while it would offend what I think was the true spirit of the taxing clause of the Constitution, which is that all taxes are to be imposed for the general welfare—thereby implying a restriction that they were not to be imposed for the welfare of any section or class—yet, nevertheless, the general-welfare restriction has become a meaningless gesture, and has no operative effect on the constitutional jurisprudence of the country. But you must take this bill as a whole; and, taking it as a whole, it is apparent upon its face that the excise taxes are imposed not to bring money to the Federal Treasury but as a means of regulating agriculture in respect to certain commodities. Ten years ago it could have been said with a good deal of force that as long as it was in form a taxing statute the judiciary would be incompetent to invalidate it. Undoubtedly the rule was from the period of the Civil War until 1922 that the judiciary could not sit in judgment upon the motives of Congress in imposing excise taxes; and even though they were not intended for purposes of revenue and had an ulterior purpose, that was a matter for the conscience of Congress and did not present a justiciable question.

But we have had in the last 10 years a very notable departure by the Supreme Court in the matter of the power of the court to sit in judgment upon excise legislation. Ten years ago the Supreme Court on one fateful Monday handed down two decisions, which I think are most pertinent to the matter now under discussion. One was the result of an attempt to impose an excise tax upon future trading in the grain exchanges of the Nation. It was argued that as it was a tax, whether Congress intended that any money should be derived from it for the benefit of the Treasury was immaterial. The Supreme Court said, however, that looking through the form of the statute it was easy to discern from its face, and from the obvious result of its provisions, that it was an attempt to regulate the exchanges, which deal in wheat and corn and other cereals, and as such they declared it invalid. I venture to quote what Chief Justice Taft said, because it relieves me of the necessity of amplifying the argument in that respect. Departing from what had seemed to be the previous doctrines of the court, the Chief Justice said, in Hill *v.* Wallace (259 U. S. 44):

> Out of a proper respect for the acts of a coordinate branch of the Government, this court has gone far to sustain taxing acts as such, even though there has been ground for suspecting from the weight of the tax it was intended to destroy its subject. But, in the act before us, the presumption of validity can not prevail, because the proof of the contrary is found on the very face of its provisions. Grant the validity of this law, and all that Congress would need to do hereafter, in seeking to take over to its control any one of the great number of subjects of public interest, jurisdiction of which the States have never parted with and which are reserved to them by the tenth amendment, would be to enact a detailed measure of complete regulation of the subject and enforce it by a so-called tax upon departures from it. To give such magic to the word "tax" would be to break down all constitutional limitation of the powers of Congress and completely wipe out the sovereignty of the States.

The bill thus condemned was not limited to interstate or foreign commerce, and when a statute was subsequently passed which restricted such regulation of the grain exchanges, by invoking the commerce clause, it was sustained.

But on the same date that this case of Hill against Wallace was decided there was a far more pertinent decision of the court, and that was the so-called Child Labor case (259 U. S. 44). In that case an excise tax was imposed upon any manufacturer who employed child labor. It did not matter whether it was one child or a thousand children, a tax, which was prohibitive, was laid upon the manufacturer employing such child labor. The court, following the previous decision, from which I have quoted, held that while it was in form an excise tax, in point of fact it sought to regulate child labor; and that subject was beyond the power of the Federal Government and reserved to the States. That is the present doctrine of the Supreme Court, and there is no reason to believe it would depart from it. Applying that doctrine to this bill, can there be a question that the Constitution never intended to vest in the Federal Government any power over either agriculture or manufacturers as such? There can not be, because in the Constitutional Convention the proposition to give such power was signally rejected. It is true that agricultural commodities, as any kind of commodities, when they enter into interstate commerce, can be subject, in respect to such interstate commerce, to the power of the Federal Government; but there is nothing in this law that restricts this to interstate or foreign transactions in the commodities that are singled out to be the beneficiaries of this legislation.

On the contrary, it is an attempt, not so much by governmental coercion as by bribe, by robbing Peter to pay Paul, by taking from one class of a community a large sum of money, possibly aggregating a billion dollars, and appropriating it to another class to go into the reserved field of power of the States in respect to any farm that will surrender to this attempted usurpation of Federal power as to what kind of a crop he shall have, and if he reduces his acreage what shall be done with the idle acreage, and many other details to which I have not time to refer. Therefore, under the guise of a taxing statute, you are attempting to regulate the production, the distribution, the sale of four agricultural commodities produced within a State, largely the subject of intrastate transactions, by the power of the Federal Government, and to fix prices of such commodities. Hamilton and Jefferson would have agreed that the Federal Government was never given the power to fix prices.

I do not know how much of my time has been consumed, but I appreciate the practical fact that it is probable that by the time this case could reach the Supreme Court the trial year would have passed, but suppose you put into operation the trial year and the Supreme Court then decides, as I venture to think it will decide under the Child Labor case and the Grain Futures case, the whole law to be invalid as an unlawful regulation of domestic production and sale of agricultural commodities within a State, where are you?

You are in this position: That all processors, who have paid the billion dollars, if it amounts to that, will have the right to sue the Government to get it back; and I suppose the Government would then have the right to go to the farmers

and demand back the bounty which they had received, and it is needless to say that while the processors might recover the billion dollars and you would in a future Congress have again considerable trouble in balancing the Budget, yet as to the farmers you would have as much trouble in recovering the money thus paid them by an unconstitutional bounty as some creditors now have in the matter of exercising their rights under mortgages.

These views are expressed diffidently. I am quite aware that the gentleman from Michigan [Mr. KETCHAM] stated that a Mr. Lee of the legislative counsel had stated that the Supreme Court would "undoubtedly" sustain this legislation. I wish I had that enviable certitude of judgment. [Laughter.] I have practiced in the Supreme Court for 38 years and have argued a great many cases. I find that the ways of that court are like the ways of Providence, "mysterious and past finding out"; and while, therefore, I am by no means willing to dogmatize as to what the Supreme Court will do, I am confident that unless it depart from these noteworthy decisions to which I have referred, and to which I refer each Member of the House, this bill will be declared unconstitutional. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BEAM. Mr. Chairman, I yield 15 minutes to myself.

Mr. Chairman, no one has a greater desire than I to see the farmers of the United States prosperous. I am conscious of the fact that their prosperity will be reflected throughout the United States and have a beneficial effect upon all the people of our country. The fortitude and courage of the early pioneer, in blazing a trail across the western plains and majestically transferring a barren wilderness into highly cultivated and productive farm land, surely is one of the beacon lights in the development of our Nation, and an everlasting monument to the rugged Americanism, the undaunted zeal, and the chivalrous spirit which has always characterized the American farmer.

It is with exceeding regret that I can not follow the leadership of the distinguished chairman of the Agriculture Committee, for whom I entertain a most profound respect and high regard, in supporting this proposed legislation.

We members of the committee who filed a minority report are equally anxious and desirous of restoring prosperity to the great agricultural communities throughout the country, and it is only solicitude on our part and a keen anxiety to bring substantial relief to the farmers of America that we differ materially as to the means of accomplishing that desired end, and we have grave doubts that the theory advocated in this bill and the serious question of the constitutionality of the measure as presented and argued by the gentleman from Pennsylvania [Mr. BECK], who just preceded me, will work eventually and permanently for the success of agriculture.

I have listened patiently in the hope and expectation that some Member of the House advocating the enactment of this legislation would explain the practical workability of the bill as pertaining to the hog-producing industry. No one has attempted such explanation, and that same spirit of silence relative to the applicability of this proposed legislation pertaining to hogs which prevailed before the Agricultural Committee during the hearings is still present with us in the Committee of the Whole House. Not one practical hog producer or farmer testified before our committee as to this all-important subject.

But we did have a spokesman for the great agricultural interests before the committee, as stated by the chairman of the Committee on Agriculture and also by the distinguished gentleman from Alabama [Mr. BANKHEAD], who incorporated in the RECORD the names of the agricultural organizations he spoke for; and I for one am willing here to accept the testimony of this representative of agriculture, and I respectfully wish to call to the attention of the Members of the House the testimony therein introduced and appearing on page 47 of the hearings.

Here are the questions I propounded to him while he was on the witness stand, and the following are his answers in response thereto:

Mr. BEAM. So that a 2-cent tax which the live hog must have to bear is approximately 3½ per cent of the finished product.

Mr. LEE. It is about 3 cents under your figure.

Mr. BEAM. So that means that the consumer will be compelled to pay 50 per cent sales tax on the finished product.

Mr. LEE. Under the assumption that it was all passed on, and that the tax added to the processed article had gradually reached 2 cents a pound limit, that deduction could be reached.

I then asked him this question:

Mr. BEAM. It would be practically a 50 per cent sales tax on food; is not that true?

Mr. LEE. Yes; assuming that on hog products the tax has reached the 2-cent figure. The same is not true of the other commodities.

So, gentlemen, in the light of that testimony, in the light of that admission by the designated spokesman for the farm group, that this is a 50 per cent sales tax on food, I want to ask you, my fellow colleagues on the Democratic side, How can you consistently support a bill the effect of which, as admitted by the spokesman of these agricultural agencies, is to place a 50 per cent sales tax on food?

Pork has always been the poor man's food. It is so designated in the industry as the workingman's commodity. How can you at this time of great economic distress tax the food and clothing which the people of America are compelled to buy, as you will vote to do if you permit this proposed measure to be enacted into law?

Now, let us analyze this question a little further and let us see, Mr. Chairman, where this 50 per cent sales tax will ultimately be placed. In our consideration of this measure three factors present themselves, namely: One, the producer; two, the processor; three, the consumer.

The testimony before the Committee on Agriculture discloses the fact that last year approximately 72,000,000 hogs were slaughtered in this country, aggregating approximately sixteen and one-third billion pounds of pork products. Eliminating 10 per cent for farm slaughter, it leaves an aggregate of approximately 15,000,000,000 pounds which annually passes through the processors and packers in the channels of commerce upon which it is proposed to levy this tax. So on a 2-cent basis this 15,000,000,000 pounds of hog products would aggregate the enormous sum of $300,000,000.

At the present time the total amount of pork products shipped in export trade, as disclosed in the hearings before the committee, is about 2 per cent of pork, 25 per cent of lard, or a total of 6 per cent of the total output of pork products. This would aggregate a tax of $18,000,000 which the processor could regain and recover, the hope being that this amount could be enlarged by increasing export shipments. Such, however, is not the case.

Europe, according to all available information, is now working on a pre-war production basis. The droves which were almost completely wiped out and annihilated during the war have been fully restored, and the depression which is world-wide in character has rendered it well-nigh impossible to materially increase the purchasing power of customers for American pork products. Furthermore, practically every nation has erected trade barriers in the shape of tariffs or import quotas.

The three great countries of Europe who receive most of our export pork products are Great Britain, France, and Germany. England has set up quotas restricting the amount of pork which we may ship into that country. France has done the same. Germany, although she has prescribed no quota limit or amount of pork shipments, nevertheless has placed a limit on the amount of money that can be taken out of the country in exchange for pork products.

Therefore, gentlemen of the House, it is obvious that if this tax is levied, the packers and processors will be called upon to pay approximately $282,000,000 over and above the funds received on exports, which is approximately $18,000,000. No one contends that the industry to-day can absorb that tremendous tax. It is apparent that this $282,000,000 tax must be passed on in some way, either to the consumer or to the producer.

Pork is a very highly perishable product. Hogs are shipped to the markets throughout the country in unlimited

amounts, which bear no definite relation to the prospective consumer demand or to public buying power. The animals must be promptly bought when sent to market by the farmer. At least one-third of the live weight must be sold within two to four days after slaughter as fresh pork. Another 30 per cent matures in from 20 to 60 days as cured and smoked pork, such as hams and bacon.

We are then confronted with this question: Will the consumer be willing to pay a 50 per cent sales tax on this food product? Pork is a highly competitive commodity and as soon as this tax is placed on the retail sale, immediately there will be a boycott by the consuming public and they will turn to beef, veal, lamb, cheese, poultry, and fish. Pork is ordinarily sold in the largest quantities in the industrial sections of the country to the laboring classes. The largest pork consumers represent that portion of our industrial population which has been affected most severely by the depression.

Is there anyone here, within the hearing of my voice, who can say that the industrial workers of the United States to-day, with an average salary of $18.86 per week, as stated by the Labor Department Bureau of Statistics, can stand to have this tax placed upon the food they eat? Let me ask you Members of the House, Can the 12,000,000 of unemployed men and their dependents in our country to-day stand to have a sales tax placed upon the necessities of life such as bread, meat, and clothing?

The inevitable result will be that there will be a restriction of consumption, thereby creating an ever-growing surplus of pork, or more likely, a surplus of live hogs, which would threaten the very existence of the daily cash market for livestock, now afforded the Nation's farmers by the packing industry. Therefore there is only one conclusion at which we can arrive, and that is, that since this tax can not be placed on the consuming public, the amount of tax paid over to the Government would immediately become a part of the processors' cost of operation and would necessarily be deducted from his revenue before he could figure the value of his raw material.

He would accordingly be compelled to reduce his payments for raw material by that amount. This would place the tax burden directly upon the hog producers of the country. Instead of hogs selling for 3 or 4 cents a pound, they would immediately deduct the tax from them and they would be placed on the market at 1 or 2 cents a pound. So instead of aiding the producer of hogs by the enactment of this bill the inevitable conclusion is that it would result to his further detriment and place upon his shoulders the burden of assuming this unjust sales tax.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. BEAM. I yield.

Mr. GIFFORD. Is the processor forced to buy from the farmer who has accepted this plan, or can he buy his pork from the farmer who did not see fit to come under this plan?

Mr. BEAM. I am glad the gentleman has asked me that question, because this bill will bring about the greatest bootlegging in pork products that ever occurred in the United States. It is certain that some farmers will be unwilling to reduce their production of hogs. As a consequence they can not sell their hogs through commercial channels without suffering heavy penalties because adjustment certificates will not be issued to them. They will therefore endeavor to sell their hogs through a noncommercial channel. As a result many more farmers will kill their own hogs and endeavor to sell them directly to retail trade. As a consequence there will be more uninspected meats placed upon the market for consumption. This is only one of the unworkable provisions of this bill.

Mr. GIFFORD. The gentleman has not answered the question. Perhaps I did not make it plain. Under this bill is the processor forced to take the goods of the farmer who accepted this plan in preference to the farmer who did not?

Mr. BEAM. Certainly; that is the object of the bill, and, therefore, the result which I have described will ultimately follow.

We are in the throes of a great economic disaster. The farmers are not particularly more depressed than the rest of the country; and why, I ask you, should the wheat farmer, or the farmers who raise cotton or tobacco, or the corn farmer, or the hog raisers be singled out for a subsidy at this time? Has not every farmer, the man who grows potatoes, the man who grows peanuts—as the gentleman from North Carolina [Mr. KERR] argued—the fruit growers, the truck farmers, and the great dairy industry equally involved and entangled in this great depression?

So I say to you to-day, gentlemen, that if you pass this legislation you will absolutely destroy and impair the chances of passing a formidable constructive relief program for the agricultural interests of the United States.

I want to see the farmers benefited; I would like to see their interest rates reduced; I would like to see the time extended for them to pay their mortgages and the burden of taxation lifted in a large measure from their shoulders. [Applause.]

[Here the gavel fell.]

Mr. BEAM. Mr. Chairman, I yield myself 10 additional minutes.

But this will never be accomplished, gentlemen, by the enactment of this bill before us. If we pass this class legislation for a particular group of farmers, as designated in this bill, I want to tell you honestly and candidly it is my firm belief that a wave of protest and resentment will be heard from every corner of the United States.

A few days ago the gentleman from Pennsylvania [Mr. KELLY] in a very descriptive manner pictured the conditions prevailing in the steel mills of the Pittsburgh district; and what pertains to Pittsburgh, I want to tell you Members of the House, applies in a greater degree to the conditions prevailing in Chicago. Seven hundred and eighty thousand men are idle in Chicago, making an aggregate, according to the estimate of the charitable organizations, of 1,500,000 people, depending for their life sustenance upon charity. This is true of the great steel industry of Gary, Ind., as well as the coal mines of Pennsylvania, West Virginia, Illinois, and Kentucky. These are the men on whom a tax on pork products is sought to be imposed, because pork has always been classed as a poor man's food. Can you go back to your homes and face your constituency and say that you voted to place a tax of 50 per cent on the food the poor man has to buy?

Mr. McCORMACK. Will the gentleman yield?

Mr. BEAM. I yield.

Mr. McCORMACK. And, by the way, does not this bill tax charity?

Mr. BEAM. Absolutely; because by taxing pork, which is the poor man's food, and by putting a tax on bread, you are impairing and cutting down the distribution by charity which must go on.

Mr. McCORMACK. Will the gentleman yield further?

Mr. BEAM. Yes.

Mr. McCORMACK. Take, for example, the gentleman's city, as well as every other city in the United States; the city maintains hospitals and poorhouses at the expense of local government and local taxpayers. Will not this tax be passed on to local government on such products, as they must purchase for their hospitals, poorhouses, and other local government institutions?

Mr. BEAM. That is obvious.

These are unusual times in the history of our country. How can you tax 12,000,000 of unemployed men on the food they eat and the clothes they wear. These are times when the temper of men is strained, and what are you going to say to the country, in passing this bill and placing a 50 per cent tax on food? The greatest wave of resentment and reproach that ever came from the people of the United States will be voiced against the membership of this House who vote for this impossible measure.

Mr. CHRISTGAU. Will the gentleman yield?

Mr. BEAM. Pardon me; I have only a few minutes.

Not only are the farmers depressed, but this depression has affected practically all the people of the United States as

well. There are many elements which have contributed to this condition, namely: (a) The world-wide depression, (b) paralysis in industry, (c) depreciated incomes of industrial workers, (d) question of reduction of Government expense, (e) the overwhelming debt problem and repudiation of international debts by France and other European countries, (f) thousands of bank failures that have occurred in America, (g) the 12,000,000 unemployed American citizens, (h) the currency question, (i) the question of tariff regulations.

All of these questions have entered into bringing about the present condition of our country and have affected in some way the present condition which prevails throughout the world.

So I say to you gentlemen of the House, this is not limited or localized to any particular group of citizens or sections in the United States but obtains generally throughout the entire country.

We hear a good deal about overproduction. The trouble with the country to-day is that we are suffering from underconsumption and from a lack of purchasing power to buy the necessities of life. There is a lack of purchasing power among the people of the world. I want to quote to you the fact that the total meat consumption in 1900 was 142.8 per capita. We had a population at that time of 75,994,575. In 1931 the total meat consumption in the United States per capita was 133.2 and the population was 122,775,046.

The experience of the ages teaches us that it is futile to attempt to regulate production, as portrayed by the history of the failure of the corn laws of England, the wheat regulations in Canada, rubber in India, coffee in Brazil, and our own experience with the farm marketing act, which are ample proof of the futility of any such regulation.

Now, gentlemen, let us reduce the farmer's interest rates, refinance his mortgages, open up the great factories of industry, so that the great consuming population of America and the world can buy our farm products. The time, I trust, will never come in America when you can legislate for a special favorite class to the great detriment of the masses of the American people. The time will never come, I hope, in this country of ours when the great masses of our people not engaged in agriculture shall be sacrificed on the altar of experimentation. [Applause.]

Gentlemen of the committee, this bill is purely an experiment, the constitutionality of which is questionable, as our distinguished colleague from Pennsylvania pointed out; and if it is declared unconstitutional the millions of dollars in processed fees which are paid into the Treasury of the United States will only embroil the Government in endless litigation involving great expense and intensify the burdens placed upon the now overtaxed citizens of our country.

In conclusion, permit me to say that to include pork products here will be the biggest mistake ever written in any legislative measure. If I had the time, I would like to explain the impossible obligations placed upon the Secretary of Agriculture; and no matter how able he may be, he would be incapable of carrying out the obligations therein imposed.

The testimony before the Agriculture Committee discloses the fact that there are 4,000,000 farms in America on which hogs are raised. Imagine the great policing necessary to determine whether or not all these farmers have complied with the regulations and provisions of this proposed act. It would necessitate the creation of a bureaucracy necessitating a countless number of Federal employees and imposing additional burdens upon the taxpayers of America the extent of which it would be impossible to foretell.

Gentlemen, this proposed legislation is impractical in operation, speculative in theory, and unworkable in fact. [Applause.]

Let us meet this issue as men and decide in the light of intellect and judgment. This is America, and let us pass a relief measure for the entire country and not stultify ourselves by passing class legislation for a favored group. [Applause.]

Mr. JONES. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman and members of the committee, I would like to have your attention for a few minutes, because I have only five minutes. I am not an alarmist. I am not a pessimist. I am not a foolish optimist. I try to look at conditions as they are and deal with them as they are. That is what we are going to have to do from this time on. I believe that every person who is intelligent in this country recognizes that we are probably in the most critical condition this country has been in for a hundred years at least. It is not wise to deceive ourselves. It is not necessary that we should crash. We may turn about if we will, but we are heading straight for the rocks now. [Cries of "Oh, no!" Oh, no!"] We must not deceive ourselves. That is true, and I know it.

Practically the only people who are paying anything to-day are a few corporations who are paying out of their reserves. Everywhere we see evidence of the fact that the overhead of a paralyzed economic machine is eating up its reserves. In what direction is that heading us? Let us be sensible. We do not need to become hysterical. We need an intelligent understanding of the facts and an intelligent determination to deal constructively with our problems. With 12,000,000 idle people walking the streets, the Federal Treasury drained, and the future taxpaying power of the people mortgaged to provide money to loan to those who heretofore have kept the Treasury in funds, we are headed for the rocks. We are living on a "shot in the arm."

I do not see how anybody with practical sense can close his eyes to the fact that we are moving toward the precipice. The time has come when sensible men and women in this country should quit jollying themselves, should quit dealing with themselves as if they were 14-year-old children, and meet this situation fairly and squarely.

This debate discloses that we Democrats and Republicans have not yet got ourselves in the attitude of unbiased statesmanship, of intelligent appreciation of a common danger, city people and country people, necessary for us to have, in order to decide upon the best method and have the best chance to save ourselves. One part of those who are arguing against this bill insist that the farmers will have no benefit from it, that it will be another burden upon them, while other opponents insist that this burden is going to be passed on as a burden to consumers, to charity. My distinguished friend from Pennsylvania [Mr. BECK] comes on with his constitutional objections. I am afraid my friend is sometimes an advocate. When we had up the question of the power of the President to grant a moratorium last year, he said in his argument that Washington in his position with regard to the Jay treaty, who contended only that the treaty-making power was lodged in the President and the Senate, had thereby set a precedent for Mr. Hoover's action a year ago with regard to the moratorium.

Let us see where we are in our attitude toward this matter. Are we honest-to-goodness willing to do for the farmers of this country economic justice? Just ask ourselves that question. We city people had as well know that we have reached the point where nothing can save us short of justice to these farmers. They must buy if we sell. We must free agriculture from economic slavery or lose our own economic freedom. Upon the backs of these agricultural producers we lay the burden of the tariff-protected industries; and now, when these farmers are crushed to the earth, we deny them relief. We will not give back to them this enforced contribution to us.

My distinguished friends from Massachusetts the other day, two of them, speaking in behalf of their cotton mills, denounced this bill as proposing a sales tax on cotton goods. At the very time they were making that argument cotton mills were receiving a tariff boost on such goods as my shirt is made of of 45 per cent. It had been 35 per cent under the act of 1922, but that was not enough, so in 1930, it was increased to 45 per cent.

There was nothing in their mental functioning that made them conscious that that 45 per cent ad valorem on manufactured goods was a sales tax which was passed on to the final consumers and paid for by them, but to increase the

price of cotton to the cotton producer at the rate of about 3 cents per shirt to enable him to buy the product of the factory is a sales tax. That is what I am talking about. In that attitude—and I speak not in criticism but in warning—lies our greatest danger. We are one economic body now. We are each a part of the other just as each of our physical members makes up a part of our one human body. We of the cities are as inseparable from these farmers as that part of the tree above the ground is inseparable from the root, and in a very similar way we are economically dependent upon them. We have been pumping the sap away from the root which ought to have been left there to develop a normal root structure. Now a drouth has come and now if we would save ourselves we must put some of that sap back into the root. Our greatest danger lies in the fact that we may not realize that in time.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. GIFFORD. I think the gentleman is referring to the gentleman from Georgia, and not New England gentlemen.

Mr. SUMNERS of Texas. No; I refer to the gentleman from Massachusetts [Mr. MARTIN]. You who oppose this bill objected to the export debenture. You object to this. These propositions may all be objected to. Academically, none of them are sound, no more sound than the protective tariff. You are looking for a boulevard to go out on. Gentleman, there is no boulevard that leads out from where we are. There is not a thing on earth that you can present that does not have objections, and serious objections. The question is whether you are going on just as we are going, or turn about and go out on the best road that you can go out on.

One time I was camped on an island fishing. That night a head rise came down the river. We did not stand around in the water and try to jolly ourselves into believing that everything was going to be all right. We did not go scouting around trying to find a perfectly dry, safe road to go out on. We knew there was not any such road. Some of us were from the city and some from the country, but we realized we were all in the same fix. The first thing we did was to get the team hitched up, the wagon turned around, and headed in the right direction.

We had left the road. We had gone off into the timbers, stumps, and driftwood, and deep water was between us and safety. If those farmers, who were more or less in charge, had used the same brand of intelligence which these, our wise statesmen, have been using, the person who gave the alarm that the water was rising would have been pounced upon as an alarmist, and then in order to reassure everybody that there was no danger and everything would be all right just around the corner, we would have kept on going farther and farther away from the high ground and into deeper and deeper water. Just as we have been doing.

And now when we can hear the roar of the river and are being caught in the grip of the current growing stronger each day, those of us who insist we must turn about, and indicate the best road with regard to which there is any semblance of agreement, we are asked by those who point out no road, who have no remedy, to convince them that the road we point out is free of danger and difficulties. There is no such road, and, my friends, that is not the spirit, that is not the attitude, that is not the teamwork necessary to get us out of our danger. That is the one point which I hope to impress before we come to the detailed consideration of this proposed legislation.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JONES. Mr. Chairman, I yield to the gentleman from Missouri [Mr. CANNON] such time as he may require.

Mr. CANNON. Mr. Chairman, we are witnessing the greatest national tragedy ever experienced by any people in any land in any period of the world's history. In our own country, in this enlightened age, an industry employing directly and indirectly one-third of the people of the United States is being driven to the verge of beggary. Taxes are delinquent, mortgages are foreclosed, equipment is worn out, buildings are decaying, income has vanished, banks are closed, life savings are gone, and the standard of living of a once prosperous people has fallen to the irreducible minimum.

Through the operation of laws passed by Congress they have been robbed and despoiled as ruthlessly as if they had been held up at the point of a gun by a highwayman. Not since the march of the hordes of Attila across medieval Europe, or the sack of Ireland under Elizabeth and Cromwell, has there been such wholesale and systematic rapine as that to which the farmers of America have been subjected in the last decade. They comprise the most cultured and progressive agrarian class on the globe. By the use of modern methods of cultivation they are supplying food for the national table in greater volume and variety than ever before. They are producing raw materials for mill and factory more efficiently than other generations dreamed could be possible; and they are entitled to ample compensation from a grateful world. But instead of the reward which they have every right to expect in return for this generous service they have been plundered and exploited, deprived of lands and equipment, and are to-day being denied all but the barest necessities of life. Is it to be wondered that a fast-following retribution is at last overtaking those responsible for this situation and that it is engulfing in a common ruin of bankruptcy, suicide, and social upheaval practically every other industry of the Nation?

The depression which these conditions have brought about can not be laid at the door of the Creator. It is a man-made catastrophe. It is the direct product of a selfish greed that would disgrace an African savage.

This disposition to take unfair advantage of agriculture was first evidenced during the early stages of the World War when, through manipulation of an act of Congress, the farmer was singled out for discrimination. Oil, copper, chemicals, and a score of other commodities were just as necessary for war purposes as wheat. But they arbitrarily put a price on wheat and compelled the farmer to sell at a fourth of the price he would have received in the open market. It affected not only the price of wheat but the return from every other grain he produced. At a conservative estimate $8,000,000,000 were taken from the farmer's income in one year through this one device, while he paid unrestricted toll to every other industry.

Even with this handicap the farmer prospered. And the Nation prospered with him. But the money power of the country, reaping unprecedented profits, was unwilling to share the Nation's prosperity with the farmer. Like the proverbial cur with a bone, it resented any other cur having a bone. And on that fateful May 18, 1920, they dynamited the price of farm products. No other product was affected. No other industry was deflated. The farmer was the goat. While farm prices dropped, the wages of organized labor and the commodity prices of other industries not only maintained their war-time schedules but advanced far beyond what they had been during the war. Wheat went down and fertilizer went up. Corn dropped and farm machinery advanced. Hogs and cattle declined while freight rates climbed higher. With raw materials from the farm at panic prices, industry was declaring unheard-of dividends. With food at less than the cost of production and wages constantly increasing, labor reached a standard of living on a plane with that of Continental nobility. Wall Street tickers, fattening on the plunder from the American farm, soared to dizzy heights. For eight prodigal years labor and industry lived in this false paradise. They imagined they could live permanently at the expense of an enslaved agriculture. They watched with self-centered disregard the distress of the farmer while they ate his bread without paying for it. It meant nothing to Wall Street or the United States Chamber of Commerce or the American Federation of Labor or the Congress or the White House that the farm income had fallen to a third of what it had been at a time when the national income was increasing from $51,000,000,000 in 1917 to $91,000,000,000 in 1929. They made no effort to help when they saw the farmer's capital investment in land and equipment sink to a fourth of its value. They gleefully threw into the discard the McNary-Haugen bill, the deben-

ture bill, and every relief measure advocated by the farm organizations. They continued to erect tariff walls; to raise the price of manufactured commodities; to increase the purchasing power of the dollar; to advance freight and other utility rates; to increase taxes and production charges, with an utter disregard for the great industry they were pauperizing. For a gold dollar, worth half a bushel of wheat when it was borrowed, they demanded 3 bushels of wheat when it was repaid. Not until the farms of America had been stripped and the vast agricultural resources of the Nation completely exhausted did they suddenly awake to the fact that in destroying the farmer they had destroyed themselves. Only then did it dawn on them that if the farmer could not buy, industry could not sell; and if industry could not sell, labor could not work.

If anyone had entertained any doubts as to the attitude of the Government toward agriculture and industry, all such doubts were now dispelled. While the farmer was losing the last dollar of equity in his farm, the White House sat silent as the tomb of Tutankhamen. It had aroused from its lethargy only on rare occasions to veto farm bills with scathing denunciation. But when the sacred dollars of Wall Street were menaced it galvanized into frantic activity. The kings of finance and captains of industry were hurriedly called into conference; Congress poured out billions through the Reconstruction Finance Corporation for the railroads, stock-exchange gamblers, and metropolitan banks; and every available legislative and administrative resource was invoked. The administration had nothing for the farmer but everything for the gamblers who rigged the farmer's market.

And the word which comes from the White House to-day indicates that there has been no change of heart toward the farmer, even in this extremity. When discouraged by repeated rebuffs he timidly asks even this modest bill, every agency of the administration and big business oppose it. The bill is woefully weak. It provides only 5 cents for hogs, when, in comparison with the prices the farmer pays, he should have at least 15 cents. It authorizes a mere 75 cents for wheat, when if paid in keeping with his costs of production he should have not less than $1.50. It is wholly inadequate, and yet industry and labor are fighting it vigorously. Apparently they have not yet learned their lesson. They do not seem to understand that this panic has been brought on by low farm prices. Like the Bourbons and the Romanoffs, nothing short of a revolution will teach them. They can not realize that every dollar the farmer receives goes directly back to their tills. The farm is in dire need of every article they produce and every service they sell. Pay the farmer a fair price for his products, an honest wage for his labor, a reasonable return on his invested capital, and the next day he is spending the entire amount with the merchant. The merchant passes it on to the factory. The factory pays it out for labor. Everybody is employed. Everybody is making money. Everybody is prosperous. And there is no other way to make everybody prosperous.

This bill does not solve the problem. It does not go far enough. It is only a makeshift to tide us over for one season. But we have been told, plainly and emphatically, that the President will veto any real farm legislation, and I am willing to support it as an emergency measure until a new Congress can be convened and a new President inaugurated.

They say this bill would increase the cost of living. The consumer should not permit himself to be misled by the plausible arguments of interests opposed to the bill. The price of hogs to-day is 4 cents lower than in 1913, but the price of ham is 7 cents higher. When wheat sold at $2.40 a bushel bread was 10 cents a loaf, and when wheat sold at 42 cents a bushel bread was still 10 cents a loaf. If bread had dropped in proportion to the drop in wheat a loaf would sell to-day for less than 2 cents. The farmer gets 15 cents a bushel for corn, and here in Washington the consumer pays $2.80 per bushel for meal. It is the middleman and not the consumer who profits by the farmer's loss.

Even if the consumer were able to buy food for a song, what would it profit him if he did not have the song? Labor was enjoying every luxury of life when it was paying agriculture $27.50 for hogs. Industry was declaring record dividends when it was paying the farmer $1.82 for wheat. Let us get back to high food and high wages and high dividends. They go together and one is impossible without the other.

Our cities are equipped with high-powered factories and skilled artisans ready to produce every necessity and every luxury. Our farms are manned by trained husbandmen and experienced stockmen anxious to produce every food and fruit and flower from nature's cornucopia. The farmer who successfully tills a quarter section of land is entitled to receive in return for his industry the automobiles, radios, modern plumbing, and electrical appliances produced in these factories. The competent workman who contributes his service to the successful operation of the factory is entitled to receive in return for his industry the richest products of farm and orchard and garden. Every problem of production has been solved. There is more than enough for all. The only difficulty is in distribution. And that difficulty is occasioned by the unconscionable greed of those who demand everything for themselves and are unwilling to concede anything for the farmer.

Labor demands high wages in factory, mill, and shop but objects to an honest wage for an honest day's work on the farm. Industry exacts high interest and exorbitant dividends on its own investments but refuses a fair return on the dollar invested in land and stock. Until labor understands that the farmer can not pay high freight rates on low-priced grain and can not support high manufacturing labor out of the proceeds from low-priced livestock, the number of unemployed will walk the streets of our cities in increasing numbers as the days go by. And until industry and commerce and banking realize that the farmer—and the country business man and professional man dependent on farm patronage—can not pay taxes, interest, mortgages, or dividends on 15-cent corn or 3-cent hogs or 4-cent cattle or 9-cent eggs, cobwebs will fill their smokestacks and engines will rust in their freight yards and banks will continue to close out their accounts.

The remedy is so plain that even a wayfaring man may read. Farm prices must be increased. There is no other remedy. This bill proposes to adopt that remedy. It will increase the price the farmer receives for his products. It will enable him to pay some of his debts and buy needed supplies. It does not go far enough. It is too short a step. But it is a step in the right direction. And it is the only farm bill we will be given an opportunity to vote on during this Congress. For that reason it should have the support of every section and every industry.

In saving the farms we will save the Nation. [Applause.]

Mr. JONES. Mr. Chairman, I yield two minutes to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL. Mr. Chairman, ladies and gentlemen of the committee, when I was elected to Congress, I sought a position on the Committee on Agriculture. It is the most important committee in the House to the people of my district for it deals with farm legislation. I was fortunate enough to be elected on this exclusive committee for which I am grateful to my colleagues.

I have no desire to continue the strife and friction of political life, for any personal gratification, but alone because of a desire to render real service to that great constituency in the fourth district of Tennessee, who have honored me by their support, and from whom I received my commission. To them I pledged the best service of which I was capable in an effort to reduce the cost of Government, to reduce taxes, to restore equal opportunities to all men, to do away with favoritism in Government.

The district I represent is the equal of any, if not the greatest, in the South. Its natural resources are unsurpassed. In area it is one of the largest; likewise in population. Its climate is ideal. It is rich in agricultural possibilities, with thousands of acres of fertile river and creek-bottom lands. Its blue-grass hillsides are the most beautiful and valuable in the world. They are covered with the finest dairy herds to be found in any section. The beef cattle produced in our section command the best price on the market. My district is the home of the winner of the international prize for polled shorthorns and black Angus cattle. The winner of

the Jersey herd for milk production and butterfat is also within my district.

Our farm lands grow the best of corn, cotton, tobacco, wheat, alfalfa, clover, and all varieties of hay and forage crops. It is truly an empire within itself. It can grow any kind of crop produced in America, with but few exceptions.

It has within its boundaries practically every kind of mineral resource known. Its coal mines yield the finest grade of steam and domestic coal the market affords. Its timber and lumber products find their way to every market, and much of it is exported. Its factories yield a bounteous supply of their output to all people in every land and country. Its silk and cotton mills supply many markets. Its cream and dairy products lead the world. Its beef and pork helps to feed all nations. Its wool and sheep are at the top of the Nation's market, under normal price conditions. It is celebrated as the home of fancy saddle horses. It raises the very best grade of all kinds of livestock. Its mule market at one time was the greatest in the South. Its quarries furnish the finest of building material. Its beds of limestone and cement plants add their wealth to all sections of our common country.

While it is rich in every natural resource, above and beyond its material wealth is its wealth in citizenship. The people make it great. Happy homes with true southern hospitality decorate its hills and valleys. Its towns and cities are unequaled in beauty and industry with schools and colleges of the highest grade. Its churches are the pride of our people. The moral, religious, and educational training of its people is the source of gratification and inspiration to all.

We are abundantly blessed by a kindly Providence in natural wealth and resources, but our people are depressed and suffering from the effects of the most disastrous panic ever known. It has wrought serious consequences in the earnings and accumulations of a thrifty, happy, and otherwise prosperous people.

We can produce every commodity and every manufactured article necessary for man's existence, independent of any outside assistance. We possess in my State one-fifth of all the potential power sites in America. We have sufficient electric energy to supply every demand, and sufficient to drive the wheels of commerce and industry within our own territory and furnish a surplus to all the cities of my State and many of the communities in the Southland. The history of its public men in the past and of to-day is one of which our people are justly proud.

In the midst of this happy environment suddenly and unexpectedly an awful panic was thrust upon us through no fault of ours. The farmers did not overproduce to bring it about. It was the greed of international bankers, who sold in America through New York bankers and through Federal reserve and local bankers more than $18,000,000,000 of worthless foreign bonds, stocks, and securities. It was the bankers and stock gamblers who speculated on Wall Street in an effort to make millions overnight, without regard to the value of stocks so sold that largely caused this panic.

It was the influence of these bankers and corporate interests that prevented the collection of foreign debts when they were due more than a year ago. As a result our people at home are forced to pay increased taxes.

When the era of gambling and speculation was over, values fell of their own weight. Our foreign trade stopped. Our local markets ceased. Banks intrusted with the safe-keeping of the people's money failed on every hand. We have been staggering under a load of debts, mortgages, and taxes ever since. No income. No sale for farm products. No money in circulation. We are face to face with a great crisis. We must have relief. Our farmers, who produce the wealth of the world, who feed and clothe the world, can not sell their crops at cost of production. The products of the farm, the forest, and the mine is the real basic circulating medium which has been handed down to us through centuries of barter and trade. Money is but a symbol of value for the convenience of exchange.

It will not move until farm products again circulate in the channels of trade. Industry is built on these basic products. Both agriculture and industry are now prostrate. The demands of the hour are upon us. Something must be done. We propose this bill from the Committee on Agriculture as an emergency relief measure to aid the farmers. It is to assist agriculture. It means an immediate increase in the price of wheat, cotton, tobacco, hogs, and dairy products. The prices fixed for these crops are as follows: Cotton, 9 cents per pound; hogs, 5 cents per pound; butterfat, 26 cents per pound; wheat and rice, 75 cents per bushel.

I promised the people of my district to work for legislation that would be helpful to them. I am trying to keep the faith. This bill is the result of many months of work and labor by the committee. We have had extensive hearings which continued both night and day during the Christmas holidays, without a vacation, so as to have the bill ready for passage at the earliest possible date. Its provisions have been approved by all the farm organizations and by leading farmers throughout the Nation. It is proposed as a relief measure for one year only, unless by proclamation the President should extend its operation for the second year. He has this option in the bill. If the effect of the legislation is not good, and it is not workable, no bill is required to repeal it. We propose this measure as an experiment. It is an effort to help the farmers immediately. It is no greater experiment, or violation of precedent, than when Congress last session created a fund from the Treasury, through the Reconstruction Finance Corporation, of more than two billions of dollars to be loaned to the banks, railroads, insurance companies, and other corporations. I did not support that bill. It was justified by those who did support it on the ground that an emergency existed that warranted its passage. It was so-called emergency legislation. Then why not violate precedent again and do something to aid the farmers of the Nation?

If we can violate precedent and legislate for the big interests, why not pass this bill in behalf of those so long neglected?

Why not help the American farmer? Why not help the "forgotten man" in this country?

It must be done, and justice demands it. On May 23, 1932, at Atlanta, President-elect Roosevelt, in a speech delivered there, said:

> The country needs, and unless I mistake the temper, the country demands bold, persistent, experimentation. It is common sense to take a method and try it; if it fails, admit it frankly and try another. But above all, try something. The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach.

The safety of this Republic rests upon the farm homes of America. The farmers' problems are the problems of the Nation itself. Without agriculture there would be no industry. Without the country there would be no city.

The occupation of farming and tending the fields and herding the sheep and cattle are the oldest and noblest of human occupations. Monarchies and republics have come and gone, civilization itself has been swept away by the ravages of time, but always and ever mankind has lived from the soil which he cultivates. Bread is the staff of life, and will ever be.

Except for the courage, the fortitude, and the long suffering of the farmers to-day this country we love so dearly would be in the throes of a revolution. The farmer has been discriminated against and industry favored through tariff legislation, property and other taxes, which have been levied against him throughout the years. He is unorganized, so far as his trade goes. He has labored and served in every emergency. Selfish and corporate interests have built up favored and class legislation against him until the farmers and home owners are rapidly approaching bankruptcy, and poverty is just over the hill.

Their buying power has been destroyed. The farmer buys his machinery largely from the International Harvester Co., which has no limitation as to the price it will demand. He buys in a market that is protected by the Government, while

he sells his produce off the farm in a free world market with competition from every nation. He buys clothing for himself and family protected by a tariff. His wagon, his automobile, his farming tools, are all trust-made and sold at enormous and outrageous prices to him in proportion to what he can sell his corn, wheat, hogs, tobacco, cotton, or livestock for. He has been bled until he can not longer endure it. He should not. So many outrages have been perpetrated upon him by those whom he trusted to protect his interests that he does not longer know upon whom to rely. He has all too often felt the hand of Esau but heard the voice of Jacob. No longer can he rely upon his fellow-man as his brother's keeper. The golden rule has been forgotten in the mad rush for gold. The bankers, who kept the farmers' earnings through the years of his toil have failed him and the accumulations of the farmer, and the family, which had been stored away for old age, sickness, and distress, have been swept from him.

A national bank, which should afford Government protection and security as its name implies, has proven to be the wolf in sheep's clothing. This species of deception, larceny, and robbery of the people's money must be stopped. The next step to be taken here is to require a guarantee on the part of national banks to each and every depositor the safe return of his money before the bank is permitted to do business. Let us require them to purchase a sufficient amount of Government bonds and keep them in escrow in the United States Treasury before being allowed to open their doors to do business with the public. Let the Treasury Department at Washington hold these bonds as security to the patrons of the bank. This we owe the people. It is a duty Congress owes America. I expect soon to propose a measure of this kind to the House.

No nation or people should tolerate a system of chain banks. They afford a monopoly of the banking business in the hands of a favored few. It means the removal of the banking business from the hands of each local community. It affords opportunity for great abuses of the people's money. It is undemocratic. It destroys the independence of communities and takes from them their sovereignty in local self-government.

There will be no relief from this panic until the buying power of the farmer has been restored to him. One-third of the people of the United States, or 40,000,000 of our citizens, are dependent on agriculture for support. The railroads and factories will continue to borrow money from the Government upon which to run, and 12,000,000 of people will remain idle until the farmers are again restored to normal buying power by a sale of their products at a profit.

We can not restore prosperity by loaning money to banks, to railroads, or other corporations, nor by loaning to individuals. Neither will creating work for the unemployed by Government appropriation do more than afford temporary relief from suffering and distress. We all favor this, but realize that at best it is temporary.

The buying power of the people must come back through the channels of trade and commerce. This will be done when the farmer can sell his products at a profit.

We must have more money in circulation. The dollar must be inflated and increased in circulation. Expenses of Government must be reduced in every branch. The mere selling of stocks and bonds on the New York market will add nothing to the wealth of the Nation.

The prices farmers receive at this time for their produce are not one-half what they were before the World War. Cotton has lost more than half its purchasing power, tobacco has suffered in price reduction, dairy products are at the lowest price in their history, and hogs have gone to almost nothing.

When we speak of the price at which the farmer sells we refer to his income. What about the fixed charges against him? Have they likewise gone down in price? No. His taxes are more than three times what they were before the war. His indebtedness is three times the amount it was when contracted, measured in his ability to pay from his sales off the farm.

The value of his farm is reduced in like proportion. Freight rates and telephone charges of all kinds have increased. The price of all he buys has gone up. All he sells has gone down.

THE PURPOSES OF THE BILL

The purpose of this bill is to increase the price of all commodities by increasing directly the price of cotton, wheat, tobacco, hogs, and dairy products. These are our major crops. They affect the price of all other commodities. It is intended to bring back the price to the farmer up to the average price level existing in 1909 to 1914—the 5-year period before the war.

This increase will apply only to that portion of his crop, or that per cent which is consumed in our domestic trade, but not to that part exported to other countries. We can not increase the price for export purposes and sell away from home in competition with others. We can increase the price for home use, but have no power to raise it elsewhere.

The provisions of this bill are voluntary. The farmer is not required to go into it unless he prefers to do so. He can remain out and sell as he now does. If he gets the benefit of the increase in price and comes under the provisions of the bill he must agree to reduce his acreage 20 per cent, and as to hogs, 20 per cent in the number of pounds he sells. It is intended by this to reduce production and thus create a demand that will raise the price within the 2-year period. We are endeavoring to get rid of the surplus.

ADJUSTMENT FEE

The adjustment charge provided for is collected by the Government from the processors, or in the case of wheat, from the miller, who must pay the fee. In the case of hogs, from the packer, who must pay the fee. And in dairy products from the creamery which buys the milk. The farmer, or the seller of the commodity, in addition to the market price the buyer pays him, upon proper proof to the Government agents that he has reduced his acreage, or tonnage, is then given a certificate which covers the increased price he is to receive. This certificate is issued in two parts, one payable within 30 days, and the other payable at any time within 6 months.

This will increase prices for the farmer, and will only very slightly affect the price to consumers. This will be offset in the increase in business and the amount of money put in circulation by restoring the farmer to a profit-sharing basis in the greatest industry of the people.

When cotton is selling at 5 cents per pound, and hogs at 2 and 3 cents, and dairy products below the cost of production, and our farmers are suffering from debts and taxes which they can not pay, it is time for us to do something. It is time to experiment, it is time to afford prompt relief.

Let us make a determined effort to rally from this condition which for the past four years has threatened the very foundation of our Government and wrought such disastrous consequences to our people.

I know from experience every day as a farmer, of the difficulties of my people and how they suffer. I know from experience what it means to pay interest on notes to banks every 90 days. I know what it means to pay 8 and 10 per cent upon the renewal of these notes. I know what it means to have the mortgage hanging over you day and night like a huge nightmare. It is like a millstone about our neck, with no prospect of being able to do more than pay the renewal interest and possibly the taxes. And these payments can not be made with sales from the farm. We are forced to meet these debts from other sources of income, or other fields of endeavor. We are slowly being reduced to poverty by the present economic condition.

The man who feeds and clothes the world deserves better at our hands.

The passage of this bill will stimulate and encourage business. Consumers will start to buy before the increase in prices. Merchants will buy more meat, cotton, flour, and tobacco. Mills would start up at full capacity. They will pay better prices to the farmers. They will employ labor. The farmer will start his spring crop with the knowledge

that he will receive a profit on his labor for the year. All lines of business would feel the effects of this legislation, and prosperity would gradually be restored.

The tobacco farmer in my district, and over the country, have been underpaid at all times except for a short period during the war, when, by cooperative marketing, he controlled the price. He has not sold at a fair price since. For several years the price of tobacco has been below 10 cents a pound to the farmer, but when manufactured it sells at from one to three dollars per pound. Every man who deals in tobacco has made money out of it except the farmer. The warehouseman, the company that manufactures, the wholesaler, the jobber, and the retailer and the State and Federal Governments get huge profits out of it, but the man who grows it has suffered. Such will not be the case if this bill becomes a law, for the producer is guaranteed a price which means a profit to the man who is most entitled to receive it.

The same is true in the case of the cotton grower, the wheat grower, and the producers of hogs.

The allotment plan as applied to tobacco will work better than as to most any farm product, for tobacco is a luxury and no one will go hungry or cold if the price is raised to the producer, as it should be. The tax can be more easily collected than on any other commodity in the bill and less chance to defeat the purposes of the bill. It would not increase the cost to the Government, as it is now collecting a revenue tax on it and could collect the fee without added expense. The manufacturers would largely absorb the tax.

The tobacco farmer has been at the mercy of the buyers for years. There has been no real competition between the buyers except at rare intervals. They have combined on the floor of the warehouses to take the farmers' crops at any price they agreed upon. This will stop under this bill, because the price will be fixed on each grade and kind of tobacco in advance of its production.

The dairy farmers have suffered untold hardships in reduced prices and this will afford them an increased price, and a fixed price, and enable them to realize a profit. This they are in great need of in every section. No work on the farm is more burdensome than that of the dairy business. The farmers' cattle are inspected and kept free of disease. His barns must be kept sanitary. His milk products are carefully inspected and his returns in recent years have been below that of any industry. He is entitled to more relief than this bill will afford, and better prices than we have been able to fix. I hope we may be able to increase his income by revival of business generally which will follow this law.

Patience has ceased to be a virtue longer with farmers. They have already turned both cheeks and have received cruel blows at the hands of those whom they elected to represent them.

Expensive government has been meted out to them from the Nation's Capital. Waste in every branch of the public service has been their reward for suffering. Needless appropriations for useless boards, bureaus, and commissions have been the harvest. So many needless appropriations have been made that time will not permit naming them. Three hundred million dollars have been spent up and down Pennsylvania Avenue in condemning private property for public use. At this time the Government is tearing down and destroying business houses that would have stood for an hundred years but an expensive President and a "theoretical engineer" must adorn the Nation's Capital while the American farmer bleeds at every pore in an effort to pay the bill and to produce the taxes. Some of these appropriations were made years ago when times were more prosperous, but no one in authority at the White House to-day is to be found who will stop spending the people's money in this crisis. No wonder the Budget is not balanced. It will not be until we cease to spend. Too many appropriations. Too much favoritism. Too much political logrolling. Too much of the family affair. Too much of a desire to get all in sight. Too much nepotism. Too many wives, sons, daughters, and in-laws on the pay roll at the expense of the taxpayer.

Decency and good government demand that it cease. How can the taxpayer have any respect for those he honors and sends here when he finds that his trusted Representative has betrayed him, and is padding his own pay roll and increasing his own salary by putting members of his family on Government pay as clerks who never come about the Capitol, or if they do, only as a visitor to the gallery, or to enjoy a meal at the House restaurant, where the taxpayers of the country are again called upon each year to make up a shortage in what the self-sacrificing statesmen have eaten during the session.

Lo, how the mighty hath fallen! Shave him, bathe him, spray him, talcum powder him, and feed him at Government expense, and then complain because there is an effort made to help the people who send us here and whose servants we are.

This bill does, by legislation, only the same thing for the farmer that has been done for the public utilities and big interests. The bill has the same principle as its basis, that is, that the production of certain necessities of life "is affected with a public interest." This is the theory the courts have used in price fixing for them. Certainly the production of wheat, cotton, corn, and livestock "is affected with such an interest."

Economic slavery exists to-day. "This Government can not endure permanently half slave and half free." The farmer works long hours and at hard labor to produce the necessities of life upon which others subsist. Not only do they work, but they furnish the land, the farm machinery, the seed, the fertilizer, and the work stock for crop production; they pay taxes on this property to run national, State, and county Governments, for the benefit of others, as much as for themselves.

In return for their work and the use of their property they do not receive a daily wage. The fruits of their labor is taken from them in prices below the cost of production. But they are forced from year to year to render this service and the use of their farms. They can not escape by deserting the farm they own. They would only add to the twelve millions now walking the highways begging for bread, and looking for a ride to take them, God only knows where, in search of a job.

If the farmers of America should abandon the farm, then what? If they should go on a strike, then what? What would happen to the mills, mines, factories, railroads, and all other industries in the United States? Where would be your cities and your skyscrapers? Suppose they should stop for just one year to produce the necessities of life; it would mean hunger, famine, and starvation.

There are just two kinds of people in all the world—one is the farmer, and the other is the man who lives off the farmer.

Industry, the factory, and the mill is shutdown to-day, and the railroads do not earn money because the purchasing power of the farmer is gone.

They have no money with which to buy because of the prices at which they are forced to sell. They do not get for it the labor bill required to produce it, to say nothing of the capital invested in the land, the building, farm implements, livestock, tractors, machines and threshers, seed, and fertilizer, which depreciates in value from use year by year.

The price level of farm products must be raised. Industry of all kinds will be idle until the farmer has restored to him a proper price for his products. The factory can not sell its goods until the farmer can buy them. The producer of farm commodities is entitled to the cost of production and a fair return upon his labor and the capital invested as a matter of right. In public utilities, in the railroads, telephone and power companies this principle is recognized and prices have been regulated and production controlled by authority of law. This has been due to the fact that in such cases the articles produced or the services rendered was held by the courts to be "affected with a public interest."

The world got along for years and man existed from time immemorial until in recent years without the electric light, the telephone, or the railroad; but no people have ever been

able to exist without bread. Food and raiment are necessary for life. Then why build up in a modern age a finespun legal theory that certain lines of industry already favored too long by special legislation, such as our public utilities, and say they are "affected with a public interest," while the production of meat, bread, and clothes, which are the essential necessities of life, and without which the human family could not exist, does not affect the public interest?

The whole public have a direct and positive interest in what the farmer grows. Without his efforts, starvation would be abroad in the land.

To refuse to the farmers of America the cost of production and a fair return upon their investment, which means a fair profit, is a "denial of due process of law," and amounts to the "confiscation" of his property so "taken." I say it is unconstitutional to deny him equal rights and equal opportunities with others. I respect the courts and believe in them, but I respect more the man who feeds the courts and supports them. Without the farmers of the United States, there would be no courts, no judges, no gowns, no upholstered seats, nor plush-top tables covered with law books.

Will some patriotic statesman rise in his seat and explain to me why the courts of our land and country have classified and indorsed the application of that principle in the Constitution, to the owners and workers in properties valued at billions of dollars, such as the telephone, water, gas, electric light and power companies, and then would undertake to deny a similar right to the producers of grain, the growers of cotton, and the raisers of livestock, which have not heretofore received such Government protection? While farmers are forced to sell their products for less than it costs to produce them. Do you want to destroy them? Do you want to enslave them, and make them hewers of wood and drawers of water forever? It shall not be done! They are entitled to and shall receive better treatment at the hands of the Government.

Would any judge, however learned or wise, be found who would decree that the ferry, the railroad, the telephone and telegraph, the electric-power companies, the sleeping-car companies, the grain elevators, and those engaged in similar businesses are to be guaranteed the cost of production and a fair return upon their investment, while the farmer must continue to toil and slave that these and other big interests may prosper at his expense? I deny it. Let us right this wrong. The farmers have suffered too much. We owe him every consideration. Let us pass this bill, and give him much-needed relief. Let us share his burdens and enable him to get on his feet again. This bill seeks only to do this. After his prices are up to pre-war levels no further benefits come under the bill. This he should have at the hands of Congress.

I believe in price fixing, if it is necessary, to get bread to feed the hungry or to buy clothes for the naked. Already the farmers of the Northwest have resorted to a species of revolution to prevent the orderly collection of debts due to economic conditions. The farmer is not revolutionary. He is the most tolerant and law-abiding man on earth. He believes in law and order and will stand for it longer than all others, but he also believes that he is entitled this day to his daily bread and to a reasonable return for his toil. Price fixing is not new. It is done in all of the businesses "affected with a public interest." It was done many hundreds of years ago in England—some 400 years or more since. Also, in 8 States out of the original 13, at the time the Federal Constitution was adopted, the price of bread was then being fixed by the States.

It has been done heretofore by Government agency and power in the interest of the consumer to prevent monopoly and profiteering.

If the principle of price fixing has been heretofore established for the consumer, why should it not be exercised for the protection of the producer as well? It was exercised during the recent World War. It must be exercised now, if need be, before the farmers of America are bankrupt and lose their homes and all their earnings of a lifetime and that of their families. Agriculture must not, and shall not, perish or fail. The farmers' property must not and shall not be longer taken from them under the flimsy pretext that Congress will do violence to the Constitution if it undertakes to help him.

In my judgment, we violate the Constitution if we fail to give them security and protection.

The courts have held that the ginning of cotton is "affected with a public interest." The stockyards of the country have been held to conduct a business "affected by public use of a national character," and that they perform an "indispensible service in the interstate commerce in livestock." The courts have held that the storage of grain, the unloading, the feeding, and selling of livestock are "affected with a public interest." Then, why not, on the same line of reasoning expect a similar holding on the production of wheat, cotton, tobacco, and livestock and other necessities of life affected with a public interest, even greater and more vital than their storage and transportation? It is a national necessity to produce and to raise them. No transportation or storage could exist unless they are first produced in the public interest.

The time and conditions which give rise to the necessity of this law will go far toward giving it validity as affecting the public welfare, as is so clearly the case in the presence of this national necessity and emergency. I do not fear the constitutionality of the act so much as I do the fate of this measure on Capitol Hill on the opposite of this Chamber and the veto power at the White House. If it does not become the law at this session it will do so after March 4, when a "new deal" is to be inaugurated in response to the will of the people. Then it is that the neglected and forgotten men of this country may hope for their cries of distress to be heard and their demands for relief granted.

Let us return to the time-honored occupation of farming. Let us renew our faith and our hopes in agriculture. Let us return to the faith of our fathers. Let us reduce expense in every branch of government from top to bottom. Let us reduce salaries, reduce appropriations, reduce taxes, and restore a brighter and better day for America. She has had a glorious past; let us with courage and determination so guide the ship of state through the present storm that when it shall have spent its force we may emerge a greater, a stronger, and happier people.

Mr. CLARKE of New York. Mr. Chairman, I yield one minute to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EATON of Colorado. Mr. Chairman, I have the utmost respect for the sincerity of these gentlemen who are the proponents of this bill, but that respect does not go so far as my distinguished friend from Missouri [Mr. CANNON] would go, as he expressed it a few moments ago. When I see a man going to put out a fire with a bucket in his hand and he puts his bucket in a barrel of gasoline instead of water I can not go along with him. I am willing and glad to vote for sane and proper legislation which will furnish some actual relief to the farmers and livestock producers of our country, but I can not join with those who, believing the house is on fire, insist in throwing gasoline instead of water and who would feed the flames instead of quenching them and close their eyes to the inevitable results.

The chairman of the committee has complained that no one has offered any other remedy than that set forth in this bill and in the same breath admitted that he had a number of amendments. He has challenged anyone to mention any other remedy.

Neither he nor anyone else suggested at that time that transportation charges might be reduced and that those charges were already the subject of bureaucratic control of one of the most powerful bureaus of our Government. Nor has any suggestion been made concerning the change in the redemption privileges upon mortgages. Why can not some legislation be contrived to provide that redemption shall be

permitted by paying up back interest, taxes, and other charges, and reinstatement of the loan with a new maturity, instead of requiring the mortgagor to have a full amount of principal and interest and taxes and all other charges to make his redemption? And why may not the period of redemption be extended and by the change in these details a practical moratorium be declared which has not the odium of the word "repudiation" attached thereto?

It is not the function of Congress to change State, county, city, school, or other taxes; but the time for sale and redemption from sale for taxes may very properly be the subject of drastic modification in the various States.

Let me give you an analysis, in part, of the bill before us. The Secretary of Agriculture must first have his statistical force find out and determine the "normal marketing year" for wheat, cotton, tobacco, and hogs.

Then some one must determine the "domestic-consumption percentage" of each producer during some undefined period, for which an adjustment certificate would be given to the producer by the purchaser of his commodity, whether it is newly raised or held over from the last or some other preceding year.

Then it is up to the Secretary of Agriculture to estimate the percentage of total domestic production of each commodity of this calendar year 1933 that will be marketed and needed for domestic consumption.

In section 4 it is found that the normal marketing year on wheat, cotton, and tobacco may be entirely disregarded, and the statistician may make a new set of figures if a normal marketing year is not decided to be the calendar year. He may declare an estimate and reduce it to a percentage of an estimated quantity of the domestic production of a commodity that will be not merely marketed, but, whether marketed or not, estimated to be needed for domestic consumption.

For hogs it is conceded that the 1933–34 year may be a normal marketing year and special provision is made therefor; but for wheat, cotton, and tobacco the calendar year is the yardstick, and the normal year is that little equation which is authorized just to make a whole program more confusing.

I am glad that those who drafted the bill recognized that there was some difference between raising of hogs and the production of wheat, cotton, and tobacco.

The bill provides that the value of these last three shall be put in the adjustment certificates at a sum equal to a "fair exchange allowance" per like unit of the commodity at the date of marketing less the administration expenses prorated to the commodity.

But hogs are differently classified. For hog adjustment certificates the face value for the initial marketing period shall be a flat 1-cent per pound of hog. Who knows the logical reason why the fair exchange allowance for hogs shall be an arbitrary amount of a cent a pound and for wheat, cotton, and tobacco there will be simply more jobs for statisticians and clerks?

This money is to be raised by taxing the processors. You do not find the phrase "sales tax" any place in the bill. But you do find that each processor must obtain a registration certificate from the Secretary of the Treasury. Mind you, not from the Secretary of Agriculture. Then the certified processor is to be assessed—the bill says—

> there shall be levied, assessed, and collected an adjusting charge on the first domestic processor.

Out of this new "sales tax" 2½ per cent is authorized to be deducted for administration expenses, and in addition to whatever may be spent under this 2½ per cent by section 26 there is further "authorized to be appropriated such sums as may be necessary for the purpose of this act." In other words, the whole of 2½ per cent of the tax collected is authorized to be spent in its administration, and who knows how many employees it is going to take and how much additional appropriation will be asked not merely to collect the taxes but to verify the affidavits of proof that each individual producer is required to furnish to show that he is entitled to collect his certificate.

As a matter of practical experience in computing costs, how is this tax to be finally absorbed or paid? Anyone familiar with the composition of purchase prices knows that the ultimate sales price is the final determining factor; and when that figure does not permit the coverage of all the new and old and contemplated items of cost, then the difference is deducted from the purchase price to be paid. Otherwise there is no purchase. To say it another way, the purchasing power of the consumer regulates the amount to be paid to the producer.

It follows just as sure as night follows day that this new allotment tax will ultimately be paid by the producer by his receiving for his product a less amount than he would if the tax had not been imposed.

Mind you, there is another provision that if commodity prices go too low, then every dollar and cent of the adjustment charges may be entirely abated. The Secretary of Agriculture is authorized to make his rules and set up all the machinery to carry out his interpretation of what is written in this bill.

One of the little tricks is that any producer who wants to obtain one of the adjustment certificates is required to furnish proof that he is entitled to it. And does the bill writer make this a simple process? He does not. The requirement is that the proof shall be "satisfactory to the Secretary." Now, how is the Secretary of Agriculture to be satisfied? The only place you can find an answer in the bill is in the section authorizing the Secretary to make rules and regulations. It is a good guess that his rule will require thousands of inspectors and special investigators and special agents to examine the proof submitted upon the papers of the producers and each of these officials submits a written report thereon. Of course, any time the producer is not satisfied he will probably reread the regulations before some superior official of the Department of Agriculture, maybe in his own State, and he may have a final review before the Secretary of Agriculture sitting in Washington as his judge. For we find in section 7 an express requirement that no action of anyone issuing and fixing values of any certificate shall be subject to the revision of any court or any person other than the Secretary of Agriculture.

To become entitled to an adjustment certificate the wheat, cotton, or tobacco producer is required to cut down his average acreage 20 per cent for an unnamed period, which unnamed period is to be designated by the Secretary of Agriculture in such manner as he deems it proper from "previous normal-production conditions in the area." How much area? A township? A county? A State? A region?

And when the producer finds out what his 20 per cent reduction amounts to in acreage, even then he is prohibited from using those omitted acres for the production of any commodity upon which "there is likely to be produced an exportable surplus." Actually, Mr. Chairman, those are the exact words of the bill. The words are "likely to be produced an exportable surplus."

Up to this point this bill is a wonderful speech to catch the unwary and to foster a new scheme to farm the farmers. No Indian medicine man was ever more cryptic in stating his riddle. It is as good as the child's riddle of "round at the ends, high in the middle, guess this riddle and I will give you a gold fiddle." Millions of children have learned and spoken the answer, but never yet have any of them received a gold fiddle. I predict if this bill should ever become a law that not a single farmer or hog raiser who finds that the answer to the riddle is "that he gets less than before," will ever collect a gold fiddle or one red cent more than he would have otherwise gotten for his production.

I have not commented upon the chances which a hog raiser takes in reducing his production 20 per cent. Perhaps the comments of some of those who have been successful in that industry will be interesting, if they will take the time to tell us.

Probably the most interesting problem in administration ever delegated to a new bureau is authorized by this bill. Look at the hog provisions and then look at the penalties.

For certain violations of the attempts to reduce production, a hog producer may be fined $2,000 and put in jail for a year.

Now, if he tries to make his 20 per cent reduction in hog production, he must have accurate biological knowledge and keep his production and reproduction within the 20 per cent reduction. He must cooperate in approved biological fashion under rules and regulations prescribed by the Secretary of Agriculture so that old mother sow will not accidently deliver a family of 9 or 10 instead of, we will say, a regulated 6 little piggies. If the sows refuse to obey the rules and regulations and increase production, then will the producer have to go to jail on account of their willfulness or mistake?

I leave it to you to consider this remarkable confidence by those who drafted this bill that is reposed in the administrators and producers.

There is not time to further discuss the hog situation, but it is particularly significant that in one of the sections of the bill the Secretary is given just one day's time to determine and proclaim a "fair exchange allowance per unit for each commodity." If the bill is enacted, he is required to make this statement on the following day. And he is authorized to change those figures showing the exchange allowances in money any and every day he deems it necessary. He is required to base these figures on the preceding three months' experience. Now, almost everybody believes that current prices are balanced between past experience and future expectations. By the new formula, demand or future expectation is entirely eliminated in determining the fair exchange allowance of any one of these four commodities. Except the hogs; and as to them they are placed in a special class and their fair exchange value is arbitrarily designated at from 3½ to 4½ cents per pound for specific periods during 1933 and 5 cents or more for the 1933–34 marketing year. I yield back the balance of my time.

Mr. CLARKE of New York. Mr. Chairman, I yield the remainder of my time to the gentleman from Indiana [Mr. PURNELL].

The CHAIRMAN. The gentleman from Indiana is recognized for 10½ minutes.

Mr. PURNELL. Mr. Chairman, ladies and gentlemen of the committee, it has fallen to my lot to sum up some of the objections which many of us on the Republican side of the House have to this measure. I think after my 16 years of service in this House, most of which has been spent on the Committee on Agriculture, it is not necessary for me to make proof of the fact that I have a deep interest in the success of American agriculture and the early restoration of the buying power of those who produce the food of the Nation. We have been "rassling," so to speak, for a number of days with this new plan of farm relief, and in my humble judgment the poor American farmer, whom we have been trying to help through all these years, is about to suffer another fall. How many more falls he can take before being counted out I do not know.

Mr. BECK. Mr. Chairman, will the gentleman yield?

Mr. PURNELL. Yes.

Mr. BECK. Merely to suggest whether it would not be more appropriate to say that the farmer is going to get another brick.

Mr. PURNELL. In this instance "fall" and "brick" are synonymous. I think my distinguished friend and colleague from the State of Missouri [Mr. CANNON] has very properly summed up the argument of those who are sponsoring this legislation. He said, if I quote him correctly, that this measure does not seem to suit anybody, but that it is a matter of any port in a storm.

I have never taken part in the consideration or discussion of any measure since I have been in Congress about which there has been such an air of mystery as there is about this bill. In the cloakrooms, on the street, in the offices, I have yet to find one single Member who is whole-heartedly for this measure. I am not much impressed with the argument made by my distinguished friend from New York [Mr. LAGUARDIA] and many others, who seem to take the position that, because we do not have anything else to offer, we must accept this proposal whether it be sound or unsound. The distinguished chairman of the Committee on the Judiciary, the gentleman from Texas [Mr. SUMNERS], says we are headed for the rocks. We are headed for the rocks and agriculture is in distress, but because we are headed for the rocks, is that any reason why we should kick the American farmer and ourselves in the pants and shorten the gap between where we now are and the rocks? [Applause.]

If I had time, I would like to sum up the many objections which many of us feel can properly be lodged against this measure, but I can only point out some of the high spots. First of all, it is price fixing in its purest form. Those of you who advocate and favor price fixing should vote for this bill.

In the next instance, let me remind my Democratic friends again that this is a magnified sales tax. Those of you who would not support our proposal to balance the Budget with a manufacturers' sales tax, even though we exempted from the application of the tax the necessities of life, are going by your votes to put a tax upon the necessities of life alone in four or five times the amount contemplated in that manufacturers' sales-tax proposal.

Mrs. ROGERS. Will the gentleman yield?

Mr. PURNELL. I regret I can not yield, as much as I should like to do so. I only have a few minutes.

The next objection which I raise to this bill is that it will set up a new bureaucracy that will be composed of not less than 20,000 employees. I have given a great deal of consideration to that phase of the proposal, and I say to you that this bill can not be made to work in any county in the United States where its provisions will be applied with less than three employees. If you want to set up another bureaucracy in the country; if you want to send men out into all parts of the country policing the farmers, policing all the mills and processing plants, large and small; if you want to send Federal agents out through the country teaching the old sows of the Nation the virtues of birth control, then, I say to you, here is your opportunity, here is the way to do it; vote for this bill. [Laughter.]

Now, it is true that the bill provides in section 20, under title 3, that the Secretary of Agriculture is authorized to expend for the payment of administrative expenses under this act not to exceed 2½ per cent of the money which comes into the fund. But that is not all that may be implied. If there are outstanding certificates in the hands of the farmers and not sufficient money in the fund with which to redeem them, then the Treasury of the United States is liable for the balance.

An already depleted Treasury will also be liable for the payment of the expenses of this army of new Federal employees that will be set up by the proposed legislation. You are going to saddle more than one billion dollars in additional taxes, if it works—and I deny that it will work, but that is the theory of those who favor it—upon all of the American people and turn that billion dollars over to the producers of five agricultural products which represent in value only 40 per cent of all farm commodities. The consumers, if it should work, would, in 32 States, pay out more in taxes than would be returned to the producers in those States in the form of bonuses. The farmers themselves, if it should work, would, in 10 States, actually pay sales taxes in excess of the amount returned to them as bonuses. But I deny that it will work, for the reason that this tax can not be passed on to the ultimate consumer. That is the object of the bill. The theory of it is that the processors shall pay certain sums of money into this general fund, and that they shall reimburse themselves by passing the cost on to the consumer. This, I am firmly convinced, can not be done.

I am further convinced that the processors can not absorb it. The packers can not absorb it. Neither can the millers absorb it, and yet the bill provides that it must be paid. If it can not be passed on, if the processors can not absorb it, then those whom you are seeking to help by this legislation will actually pay for the cost of the experiment. The tax will be passed back to the producer of hogs, the grower of wheat, the producer of cotton, and the producer of

tobacco, in the form of decreased prices, and in the end, Mr. Chairman, you will have worked a hardship upon the very people you are trying to help.

Now, I have another objection to this bill. If this new bootstrap plan is good for hogs, wheat, cotton, and tobacco, then it ought to be good for every other agricultural commodity and they all ought to be included. [Applause.]

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. BEAM. Mr. Chairman, I yield two minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, my distinguished colleague from Missouri [Mr. CANNON], for whom I have great admiration and who is generally right on farm matters, a few moments ago, while admitting that the success of this bill was doubtful, said, "Any port in a storm." Well, Mr. Chairman, the barometer tells me there is a storm brewing for the friends of agriculture, for if this is the best you can produce, then I advise you to locate the port at once. [Applause.]

I say to you it would be better to bring in a bill that would refinance farm mortgages or, better still, bring in legislation that will repeal all the laws that placed shackles upon agriculture.

My colleague from Missouri [Mr. NELSON] has suggested several measures that would benefit agriculture. The farmer is weighted down with mortgages upon his property. He would help that condition. If conditions were such as to make farm land of any value, no telling how many millions of farmers would be sold out. As it is, farms are going under the hammer every day. I have always wanted to help the farmer, and I am willing to help him now if you present sound legislation, but one thing is certain, I am through with experiments. You have not only hurt the farmer with your experiments but you have cost the taxpayers of the country hundreds and hundreds of millions of dollars.

Congress has passed law after law regulating every phase of agriculture, with the result that the price of farm products is at the lowest ebb it has been in 75 years. Why not repeal the laws, turn the farmer loose, tell him we have taken the shackles off of him, and say: "See what you can do for yourself; we have failed."

Not only Congress but the farm organizations have failed to present legislation that would make the farmer's life worth living. Therefore, I say again, take the shackles off by repealing the laws that regulate agriculture, and see what the farmer can do for himself.

The Farm Board was a most costly experiment. I read where they claim they have $140,000,000 left out of the $500,000,000. This is not in cash but in holdings. Why not salvage this $140,000,000, or as much as possible, before it is gone and use it for some good purpose to help the farmer? A majority of this House will vote to repeal the law creating the Farm Board. Why not bring it in and put an end to this experiment?

Last week we passed a bill appropriating about $25,000,000 for the Department of Agriculture. What for? To stimulate production, to show the farmer how to increase his yield; and here you want us to pass a bill whereby you are going to pay a subsidy to the farmer if he decreases his yield. Mr. Chairman, this is not sound logic, and I say we are making a mistake when we attempt to help the farmer in this way.

If the farmer was receiving the price for his product that he was receiving prior to the time Congress passed all the laws regulating his business, he would be extremely happy. Is that not a fact? If it be a fact, then the thing to do is to put him back where he was when he was receiving more for what he raised than the cost of production. He is not even receiving the cost of production now. If you have no remedy now, then wait until you get a remedy that will help him.

The way to get something that will help agriculture is to defeat this bill. Picture, if you will, the administration of this measure. Think of the Farm Board; think of the way the seed and crop production loans have been administered. Mr. Chairman, I regret more than I can say that something more substantial has not been brought forward by the committee. I know they have labored night as well as day, but the fruits of their labor do not appeal to me.

I can not vote for this bill. [Applause.]

[Here the gavel fell.]

Mr. BEAM. Mr. Chairman, I yield two minutes to the gentleman from Missouri [Mr. NELSON].

Mr. NELSON of Missouri. Mr. Chairman, on last Friday in connection with a speech I made I asked and was granted permission to extend my remarks by inserting in connection therewith certain reports, extracts from letters, and also some excerpts from newspaper editorials bearing directly on this subject. I now renew that request, as I was not able to do so at that time.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. NELSON of Missouri. Mr. Chairman, may I say that never in the 10 years I have been in this House have I been so deeply concerned as I am to-day. I believe this House is about to do a vain thing.

Men ask why we have not done something for agriculture in these 10 years. It is because we have been too selfish or too cowardly. One group after another has enjoyed a subsidy, or we have given "stilts" to this industry or that industry; and now, because of selfishness or cowardice, it is proposed to continue these subsidies and these "stilts" and permit the farmer to go on suffering. That is why the farmer is in this situation to-day. My colleague, the gentleman from Missouri, and for him I hold the highest respect, said that he was going to vote for this proposition because it was the only thing that this Congress would do. That in my opinion is why the bill ought to be defeated; and then something worth while ought to be done before the end of this session. [Applause.]

Mr. Chairman, as I have previously stated during a discussion of the so-called allotment or parity plan, the measure now under consideration, I feel that the first consideration should be that we avoid making a mistake in connection with the so-called farm-relief program. Agriculture, upon which doubtful legislative experiments have been tried, is so weakened that it can not with safety withstand another.

As showing that I am not alone in doubting the soundness and effectiveness of the measure now under consideration, attention is directed to the opinions of others. First, I here submit a brief entitled "Summary of Some Economic Aspects of the Proposed Domestic Allotment Plan," which has been prepared by Dr. O. R. Johnson, of the Department of Agricultural Economics, Missouri College of Agriculture, and who is recognized as one of the outstanding authorities in the Corn Belt:

First, we might compare this general plan with the use which has been made of the tariff. The general principle of the tariff is to maintain an artificially high price to encourage expansion in production in the lines involved. On the other hand, the domestic allotment scheme proposes to hold prices up to an artificial level in industries where production has already been developed in excess of the quantity which will sell at a price satisfactory to producers. The plan proposes to extend this premium benefit to producers who voluntarily curb their production in face of the fact that price competition has failed to cause sufficient reduction in production to give the desired price relief. The scheme is basically unsound in that it strikes at production cures when production is not our chief difficulty. There is no sound reason for offering a plan for a cure of an economic ill when the cure is applied to a portion of our economic anatomy which is not the seat of the major trouble. It would be like being treated for the toothache when the real remedy is removal of an appendix.

Suppose we assume that production is the difficulty. The objective seems to be to accomplish a reduction in production in order to sustain a higher price. They propose to do this by bribing producers generally. Is this a reasonable way to bring about reduction? We have always understood that reductions are accomplished by forcing more producers below the margin. Raising the price will certainly not do this. The plan proposes to offer all producers regardless of their position relative to the margin a premium for reducing, when it seems to me we as a Nation are not interested in discouraging production by the individual farthest above the margin. The only sound way to reduce production, assuming that that should be done, is to put marginal fellows out of business and let the supermarginal producers go ahead by simply raising the point at which men become marginal. Such a plan as is proposed violates this fundamental concept.

Offering a premium for reduced acreage regardless of whether a man is marginal or otherwise tends to rob efficient producers of the normal incentive to efficiency in production.

The voluntary subscribing to the plan seems to me to be another weak point in the proposal. The tendency will be for those men who are just about marginal to subscribe to the plan and leave the incentive for those a long ways from the margin much less powerful. With wheat, for instance, the wheat grower in the middle of the Wheat Belt will have less incentive to cooperate in the plan than will the wheat grower in the border region; and this border-region producer is probably our least efficient wheat grower, and by such a plan we are guaranteeing that he will remain in wheat production and continue to embarrass the other fellow.

In this same connection a pertinent inquiry would be, What will happen to the land dropped out of production of a given commodity? This land will not remain idle. It will go into its next best use; and with the rent already allowed, this next best use will distinctly embarrass other producers by increasing competition with them. The shifts in the border wheat region would especially embarrass producers of oats, barley, and corn, as land will be shifted to these products. While this land is perhaps not as adapted to the growing of oats, barley, and corn as land already devoted to those uses, yet the acre premium paid to the wheat grower so shifting will give such land a distinct advantage over other farmers who have been normally producing the oats, barley, and corn. Regional shifts of this nature will be most embarrassing and unjust to the farmers in those regions not favored by the bounty. When applied to hogs to curb pork production the corn thus saved will be devoted to the production of other meats or in other uses, thus increasing production in these alternative uses and reducing prices for such commodities. This will be of direct interest to consumers, and that leads us to a consideration of the consumer's side of the question.

From the consumer's standpoint there will certainly be shifts to substitute products just as far as such shifts are possible, if we assume that this plan will tend to raise the price to the consumer. With most of these products demand is to some degree elastic, more so in the case of hogs and less perhaps in the case of wheat. To the extent that this demand is elastic, just to this extent will consumers refuse to accept the added burden of this increased price. I am confident that they can successfully refuse to assume a large part of this burden; and as middlement have no margins by which they can assume it, the charge will be passed back to the producer to reduce his supposed benefit. If the plan is applied to wheat, a portion of the burden will be shifted to the dairymen and poultrymen who use wheat bran and middlings. Some of the burden they assume they can pass on to the consumer of dairy and poultry products; but the tendency will be for consumption here to be reduced, and to this extent the burden will be saddled on the dairymen and poultrymen. With hogs there is a wide variety of substitutes which will be resorted to as the price of pork products is raised. Thus demand will be curbed, and the cost of this artificial raising of price will be to this extent passed back to the producer.

The above objections, I think, are basic. Briefly, such a plan, if it could be administered, places a premium on inefficiency and, while benefiting the producers involved much less than calculated, will penalize other producers who are in no wise to blame for the situation. The idea of boosting the price of a group of commodities to a point where they are out of line with other prices is foredoomed to failure because you can not sustain such a process.

Finally, the administration of the plan, I am convinced, is impossible. The cost of administering, even if the mechanics were possible, would be so heavy that any group of commodity producers cooperating would be grossly disappointed with the results. Because of geographic difficulties and because of the impossibility of controlling production by any such plan, only disappointment awaits an attempt to work it out. Then I must go back to the original assertion that we are "barking up the wrong tree" in thinking that such a proposal will be of any substantial or continued benefit to any group of farmers.

A much wiser program than this would be to direct our efforts toward demolishing trade barriers and getting our enormous idle credit resources and productive forces to work creating employment and restoring purchasing power of consumers both here and abroad. Then farm prices will take care of themselves, and we will not be asking farmers to do uneconomic things which must again be undone when normal national and international activities are again restored.

The press of the Nation has had much to say regarding the allotment plan; and almost without exception, so far as I have observed, there have been expressions of doubt, if not actual opposition, as to the advisability of the passage of this bill. I here incorporate extracts from a few editorials:

Mr. NELSON, from his wealth of practical experience, classes this latest scheme as just another in the long line of quack remedies that can contribute nothing to farm relief. He takes the broader view that prosperity can not be restored by taxing the many for the benefit of a few. This is strange doctrine to the "political farmers" in Congress, but it is one that appeals to the tired taxpayers and the ultimate consumers who would have to foot the bill. (Philadelphia Public Ledger.)

The difficulties of applying the plan are so great that the more it is studied in Congress the less enthusiastic are the leaders for it. At present they propose to limit its trial to a year. If it should run the gantlet of both Houses and escape a presidential veto, its constitutionality undoubtedly would be attacked in the courts, which would hold up its application for a considerable time. (Kansas City Star.)

Mr. NELSON has been a consistent critic of the Farm Board. He says that the first need of the farmer is to be relieved of the burden of such ruinous cures. The other needs of the farmer, he says, are relief from retaliatory tariffs, help on interest rates and mortgages, and relief from oppressive taxes. The farmers' needs, in other words, are little different from those of business and industry generally. He would also have such few functions of the Farm Board as he considers useful taken out of that body's hands and placed where they belong—i. e., in the Department of Agriculture. This is a sane and carefully considered farm program. (Baltimore Evening Sun.)

Congress is going to establish a fixed price for tobacco, cotton, wheat, and hogs, and by some yet to be explained magical process that body is going to make these four products pay the farmer a profit. Congress will try anything except cut down taxes or put a stop to trusts and combinations among manufacturers of the articles and machines the farmers and the general public have to use every day. (Centralia (Mo.) Fireside Guard.)

Under the caption "Debunking Legislative Panaceas," the Chicago Daily Drovers Journal, in an editorial, has the following to say regarding the agricultural situation, also suggestions as offered by myself:

During the course of the hearings on farm relief before the Agricultural Committee of the House one Member, Representative NELSON of Missouri, exposed and condemned the political bunk that finds expression in the legislative panaceas that come and go on the emotional waves of farm distress. He said frankly what every sensible man knows, that there can be no cure in that direction. As a substitute he suggested a 7-point program containing a lot of common sense, though it might not prove to be workable in all its phases. His points, with our brief comment, follow:

1. Repeal the agricultural marketing act.

Only a few besides the job holders and their friends will disagree with that. This act has proved to be the worst thing that ever happened to American agriculture. That conclusion can not be avoided by those who will get at the facts and view them without prejudice.

2. Revise the tariff so far as to restore the foreign demand for American products.

Sounds all right, but probably futile. Joint action of the leading nations of the world is needed. What Moses will discover the way to bring that about?

3. Extend the time and reduce the interest rates on farm mortgages.

This should be done. It could be done on all loans made by Government agencies, such as the Federal land banks. Nothing would help the farmer more than this. It is one thing well worth working at.

4. Adopt a policy of controlled expansion of the currency in order to produce "an honest dollar."

Would control be possible? That question worries a lot of good people who, were they assured on that point, would support this proposal. Uncontrolled, the end would be ruin. Yes; conditions could be worse. Those who do not think so should engage in welfare work in any large city and imagine what they find extended to great masses of our people, in country as well as city.

5. Eliminate Government subsidies. O. K.

6. Reduce Government expenditure. You bet!

7. Let the farmer alone.

Just about the most important of all. If we could know how much value has been talked out of farm property during the past decade, the amount would stagger us. And, as if that were not enough, legislation had to be added to just about complete the job of ruin.

From hundreds of letters which I have received from farmers and others interested in this great national question upon which the solution of our economic ills largely depends I quote briefly, and from but a few, as follows:

I heartily indorse your stand on the allotment program. You are absolutely right; to use a slang phrase, "It is the bunk." Your 7-point program is good. I feel that you are voicing the sentiment of your people. (J. M. Taylor, Columbia, Mo.)

I have just read in the Arkansas Democrat, published at Little Rock, what purports to be a statement made by you to your colleagues of the House on the domestic allotment plan for farm aid, etc. When you say, "The most effective farm relief would come through the repeal of the agricultural marketing act, lower freight rates and extended farm mortgages, controlled money inflation, elimination of industrial subsidies, and reduced taxes and Federal expenditures," you have sounded the key to the farm situation. There is more sense embodied in these few words than all the stuff I have yet read on the question. (Mark Valentine, Ferda, Ark.)

We notice you are quoted as saying that the allotment plan would probably put Roosevelt in as bad as the Farm Board has made it rough on Hoover. It sounds like a worse mess than the Farm Board. (First National Bank, Centralia, Mo.)

I have read with much interest the press report in which you are attributed with stating that you are in favor of repeal of the Federal farm act, tariff revision, lower interest on farm mortgages and an "honest dollar," repeal of industrial subsidies, lower taxes, and "let the farmer alone." I congratulate you upon your outspoken honestly. (Ernest L. German, Louisville, Ky.)

I was greatly interested in your statement, reported by the Times, regarding farm relief, and agree excepting No. 4. During the last four months I have given considerable time to a study of agriculture, particularly wheat, though we are cattle raisers in New Mexico. At first the domestic allotment plan appeared a great improvement on anything tried so far, but now I question it. The further I go, frankly, the less satisfactory it appears as a permanent cure. I am afraid that economic influences have to take their course and eventually will. However, a way may be found to ease them, so that the adjustment may be less violent. (George F. Dominick, jr., Greenwich, Conn.)

The writer was very much pleased to see in the Portland Journal under date of the 17th your ideas regarding the proposed farm legislation and other legislation of the nature to help agriculture. We have certainly had enough meddling, and the disastrous experience of the Farm Board to teach us that we can not by law regulate prices, demand, or production. We have not for a long time seen a sensible program as you have outlined for repealing the Farm Board act, tariff revision, lower interest charged on farm mortgages, repeal of industrial subsidies, lower taxes, and let the farmer work out his problems with a system which will really enable him to compete with other industries. We have written to our Senators and Representatives from Oregon asking them to work for the passage of the program which you have outlined and trust that you will be able to influence the committee on agricultural relief to take up the points which you have enumerated for the betterment of agriculture. Your warning to the incoming Democratic administration to be warned by the experiences and results of the agricultural marketing act deserves very serious consideration, and we trust that Roosevelt will work for an early reduction of tariff duties in conjunction with other European countries so that foreign trade may again take on normal proportions. It has been so long since we have heard of any common-sense program being advocated that we could not refrain from writing you a letter of commendation on your stand, and we trust that all of the measures which you have recommended will be enacted in the very near future. (Duckwall Bros., Hood River, Oreg.)

Your talk of December 17 on farm relief fits in with 65 years' experience here in the Corn Belt. If Congress would wipe everything they have attempted for farm relief off the slate and adopt something along your line, it will help; but as to crop production, let him alone. (T. L. Galpin, Galesburg, Ill.)

I wish we had a few more men in Congress who have studied the farm problem as you have and then had the courage of their convictions. (E. J. Bodman, vice president Union Trust Co., Little Rock, Ark.)

I really think it (the voluntary-allotment plan) would be about the biggest blunder Congress ever made to pass such a bill. (Jesse W. Ware, R. F. D. 2, Higbee, Mo.)

Your program is the most encouraging news I have seen come from Washington. I do hope you can get your program up and over. We are all praying the new Congress will do something sensible. (Mrs. Roscoe I. Keator, Box 7, Bonners Ferry, Idaho.)

I heartily agree with you in your suggestion to the Committee on Agricultural relief, as quoted in the Kansas City Star of December 17. Mr. NELSON, I have been reading the ills and cures for farm relief, and no doubt the committee is doing everything within its power to secure relief, but I fear they are not having enough individual farmers to testify before them. Now it would help if there could be a rate of interest made direct to the farmer, as has been made to the cooperative set-ups by the regional banks at 3 or 3½ cents. (J. D. McCarty, Clarence, Mo.)

I believe some of the theories already advanced are too complicated for farmers to understand. What we should have is a low rate of interest and long-time payments. (T. A. Harris, Sunnyside Stock Farm, Lamine, Mo.)

It seems to me that the farm-relief allotment proposal has some good features in it, while others may do more harm than good. I think the cheapening of the interest should be the first aid to the farmer. Farm loans on high-priced lands, bought during "boom" period, must be revised and taken care of in some manner. The farm income on such farms can not possibly liquidate such debts under present conditions. And everybody well knows very few farmers would acquiesce in the matter of having the Federal Government tell them how much or how little to raise of this and that on their farm. (Charles W. W. Steiman, Dalton, Mo.)

Your 7-point program interests me very much, and I hope some such plan can be put through. The points are wise and so simple and easy to understand. The complicated bills of the past and apparently near future are unwise and so complicated that few can know what is intended and none know the ultimate result. Fred Taylor, Calvert County, Lusby, Md.)

I am not a farmer but wish to second the motion that the allotment, as we see it in the newspapers, can not help the farmers. Although I am not a farmer, several of my family are. They are not interested in allotments, but how to hold their farms. Just look at this farmer, a widow, left with 520 acres, mortgage of $26,000. She has reduced that debt to $12,500. The mortgage holder would have closed had she not raised $187. She has nothing to sell. The dry weather saw to that. She has enough timberland to more than pay that mortgage. An insurance company holds this mortgage paper. She has no chance to save her home unless some chance is given to hold off that mortgage foreclosure. It is due in March. What kind of a crop can she raise? We have tried Reconstruction Finance Corporation, also the Farm Board; because she is a widow, nothing can be borrowed. It makes us all wild and want to do most anything to help her hold her farm until she can have a chance to pay that mortgage. We shall hope and pray that you get some action along this lines. (Nina Johnson, Kansas City, Kans.)

Have heard that you are not favoring the domestic allotment plan to raise farm prices. Neither do I. Think it another crazy proposition. (W. L. Stanberry, Marshalltown, Iowa.)

Your opposition to the so-called allotment plan is to be commended, and I congratulate you on your stand. If Congress would confine its efforts to some concrete legislation like solving the farm-mortgage situation, it would solve the farm problem. If the farmer is placed in a position where he can handle his indebtedness, he can, with the employment situation improved, work out his own salvation. (Edward W. Wickey, East Chicago, Ind.)

I notice in the Kansas City Star that you have stated your opinion against the farm allotment bill, and I think possibly you are right. I also see that you are in favor of the Government taking over the farm-mortgage situation. I am glad to note this. Our sheriff tells me that there were 72 foreclosure cases in the November term of court here in Brown County, Kans. It is pathetic to see the homes taken away from the people when they are in their declining years and no longer able to face the hardships of life. In the name of humanity, please get a bill through at once which will fix a moratorium on payments on principal and reduce interest charges. I think the joint-stock land banks and the insurance companies and other loan companies would be glad to swap their mortgages on 3 per cent Government nontaxable bonds after knocking off 25 per cent or more. There were 19 foreclosure sales here at our county seat in one day recently. F. E. Poinster, city clerk, Morrill, Kans.)

I have no sympathy whatever with the domestic-allotment plan. It bears on its face every assurance that it would be a greater "dud" than was the attempted stabilization of prices by the Farm Board. (Dan D. Casement, Juniata Farm, Manhattan, Kans.)

If a majority of Congress could be made to think on the lines you do, we would get some legislation which would mean something. The writer has been a farmer, banker, and livestock man for over 50 years; connected with Federal land-bank system for 9 years; president of Federal land bank at Louisville for a time; country banker for 20 years. Scoffed at Bryan in 1896 when he advocated free silver, but am now beginning to wonder if he was not 36 years ahead of his time. Sooner or later we must have cheaper money. For over two years I have advocated Government guarty of Federal land-bank bonds. Wouldn't cost the Government a dime to loan their credit, farmers could refund at 4 per cent or less. (George M. Wilber, Oaklands Stock Farm, Marysville, Ohio.)

I very much admire the stand you have taken on the domestic-allotment plan for farm relief. I feel this plan would only mean a quicker death to the farmer. (Carl P. Siegel, Florence, Mo.)

Government financing of farm mortgages, so that farmers can save their farms, is the most urgent of farm-relief legislation calling for immediate action. It is capable of solution. Such a measure will practically solve farm relief. (C. A. Thormann, Sedalia, Mo.)

I read last night what you had to say about the "domestic allotment plan," and you voiced the ideas that I hold exactly. With you, I certainly hope that President-elect Roosevelt will not have this thing tied around his neck. It is the same insane line that has so often prompted the cheap politician to cast a sop to the farmer, merely as a vote getter, or as political expedient. Samuel M. Jordan, institute lecturer and seed specialist, the Missouri State Board of Agriculture.)

Mr. Chairman, so far as I know, no letter from which I have quoted—and I have many more—is from a packer. I say this because during the discussion of this allotment bill an effort has been made to have it appear that all the opposition is coming from packers or is inspired by them.

There is not a packer in the Missouri district which I have for 10 years had the privilege to represent. The nearest packing establishments are more than 100 miles from Columbia. If I am under packer control, it is "remote control," very remote. I represent a district of farmers, and I am one of them. I am not concerned with any fear that my constituents might question my sincerity. It does seem to me, though, that the proponents of this measure should be willing to discuss it on its merits, rather than charge that sinister influences are at work to prevent its passage.

Missouri has two state-wide farm organizations. Neither has petitioned or written asking me to support this measure. On the other hand, I have heard from individual members of these organizations who feel that the plan will not work

and that the bill represents a doubtful and dangerous experiment.

Not one Missouri farmer has asked me to support the bill. All, I believe, feel just as I do—that there has been enough of novel and unworkable experiments at the expense of the farmer. Not only am I convinced that the bill will not work, but my fear is that, should it receive the approval of the House, it might mean that no worth-while legislation to really help the overtaxed and debt-burdened farmer will be enacted during the present session. It is of him that I am thinking.

Mr. JONES. Mr. Chairman, some curious things have developed in the course of this debate and in connection with the propaganda that has been carried on against the measure. I noticed a day or two ago a representative of the Millers' National Federation made the statement that this bill would cost the consumers hundreds of millions of dollars. If you will turn to the testimony of the representative of that organization in the hearings, you will find that he said it would do the farmer no good; that the farmer would get nothing out of it. The curious question naturally arises, Who is going to get the hundreds of millions if the consumer is going to pay it and the farmer is not going to get it? Where is it going?

Then I understand that the dairy people are going to offer an amendment to have dairying included in the bill. My good friend, the gentleman from New York, Mr. CLARKE, and the gentleman from Minnesota, AUGUST ANDRESEN, I understand, will sponsor it and will vote for it. If the bill is as bad as they make it out to be, why do they want dairy products included?

Mr. CLARKE of New York. Does the gentleman want an answer?

Mr. JONES. Oh, consistency, thy name is not August! Surely, I want an answer.

Mr. CLARKE of New York. If the House discriminates and legislates for one class of farmers in this country, there should be legislation protective of all classes.

Mr. JONES. I agree to that proposition, but——

Mr. CLARKE of New York. Then why not include them?

Mr. JONES. Does the gentleman want in on something he thinks is bad? If the bill is as bad as the gentleman says it is, then why does he want in on it, regardless of what other products may be included? Why does the gentleman want in on it if it is going to do injury rather than give help? [Applause.]

Everyone who has a grain of knowledge or common sense knows that the discrimination against our major surplus products has not only reduced prices for them but has brought all agricultural prices down with them. If they are restored, business generally will be stimulated. If this bill takes care of the big export surplus crops—dairying has not yet reached that point, but it will unless something is done—I believe the passage of this bill will take a lot of people out of milking cows 365 days a year. Many of them do not particularly relish the job, but in their desperation they are compelled to in order to secure a little ready money, small though it is. The price levels of the major commodities are so low that they turn to whatever is at hand. They have to milk cows Christmas Day, Sunday, and every other day, and many of them have done it purely in desperation. When price levels are restored many of them will only use cows enough to supply their own needs. Thus the operations of this bill will relieve the dairy situation.

The gentleman from Massachusetts [Mr. LUCE] complained about helping the quarter of the people which has to feed the country, and he calls it a milking process. Well, he certainly ought to be an expert on the milking process. He has lived where the great industries have carried it on so long that he seems to feel that they have a sort of divine right to continue. But surely in fairness he should allow similar rights to all parts of the country. As a matter of fact, if we restore the purchasing power to the great stretches that make out toward the Pacific coast, where they are prostrate, where they are in desperation, we will start the wheels of industry moving and have a chance to save this old Republic. That is where she is anchored. She is going to pull up out there and pull out on you if you do not watch what you are doing.

I am going to show you how this bill will help industry. The testimony in the record before the committee shows that last fall when cotton went up to 9 cents a pound for a few days the business of the whole South revived. One of the largest concerns in Chicago stated that their business from that section increased 40 per cent. What might not be accomplished if we restored the purchasing power of the producers of these four basic commodities? This is not a bill to relieve farmers primarily, it is a bill to help meet a national emergency, and you had better think carefully with farmers carrying their ropes to the courthouse for men who try to foreclose mortgages. Your insurance companies have mortgages on those farms. The whole Nation is threatened; the whole Nation is interested in this question, for it is a national question. If you do not think so, you would better think again. [Applause.]

The gentleman referred to lack of enthusiasm for the bill. Did you ever see any enthusiasm in a sick room? Did you ever watch a blood transfusion? There is no enthusiasm there; it is too serious. I want to tell you the time has come when we must have a blood transfusion to save this situation. Nobody is going to be enthusiastic about that but it is sometimes necessary.

I listened with interest to the sophisticated rhetorician from the City of Brotherly Love. It is not altogether disagreeable to witness the unparalleled elation with which he gages the symmetry of his glittering constitutional generalities. But, as usual, he has nothing to suggest to show us a way out. He did not offer anything to make it constitutional. That is the trouble with these men; they get up here and attack what is offered and have nothing to suggest to take its place.

I repeatedly questioned the representative of the packers who carried on a propaganda and the millers who have done so, "Don't you realize this is a desperate situation?" They would say, "Yes; we know it can not last." I would inquire of them, "Well, do you object to the various measures that have been offered?" They objected to all of them. "What do you have to offer?" "Nothing." God pity the representative of a system who can not offer something when a great pillar of our national life is crumbling. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The Clerk will read the bill.

Mr. HARLAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HARLAN. In considering the bill under the 5-minute rule, will it be read by paragraphs or by sections?

The CHAIRMAN. The bill will be read by sections.

The Clerk read as follows:

SEC. 2. It is hereby declared—

(a) That the depression in prices for that portion of our agricultural commodities for domestic consumption, and the effect of unsettled world conditions upon foreign markets for that portion of our agricultural commodities for consumption abroad, and the inequalities between the prices for agricultural and other commodities, have given rise in the basic industry of agriculture to conditions that have affected transactions in agricultural commodities with a national public interest, that have burdened and obstructed the normal currents of commerce in such commodities, and that render imperative the enactment of this act for aiding in the relief of the present national economic emergency in agriculture and thereby facilitating the recovery of industry, transportation, employment, and finance.

(b) That it is the policy of Congress to encourage agricultural planning and readjustment to meet changed world conditions and to aid in restoring the parity between agriculture and other industries and in correcting the inequalities between the prices for agricultural and other commodities.

(c) That the provisions of this act are made applicable solely with respect to wheat, cotton, tobacco, and hogs by reason of the fact that the prices for these basic commodities are a controlling factor in establishing prices for other domestic agricultural commodities, that exportable surpluses of these commodities or products thereof are ordinarily produced in such quantities as to make prices on world markets a controlling factor in establishing do-

mestic prices, and that substantially the entire production of these commodities is processed prior to ultimate consumption.

Mr. GLOVER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GLOVER: Page 2, line 17, after the word "wheat," insert a comma and the word "rice."

Mr. BURTNESS. Mr. Chairman, I make the point of order, simply, that the amendment is not germane to the bill. I do this, not because I am particularly interested in this amendment, but I think we may as well have a policy declared at this time so we may know from the decision the Chair will make whether other amendments will be germane.

The CHAIRMAN (Mr. WARREN). The Chair, of course, will only rule upon the amendments as they are offered. The Chair certainly thinks that an amendment offering to include another agricultural commodity is germane and therefore overrules the point of order.

Mr. BURTNESS. Mr. Chairman, may I ask this question? With this ruling will we, in the further consideration of this bill, be confronted with the question of whether in suggesting the inclusion of other commodities the Chair will give any consideration to the fact of whether the commodity proposed is an export surplus crop or otherwise? From the language contained in the bill, as well as in the declaration of policy, it seems to be plain that it shall be applied only to export surplus crops. I recognize, of course, that rice, which is now proposed, is a crop of which we do have an exportable surplus.

The CHAIRMAN. Since the gentleman recognizes that rice is exportable, the gentleman may renew his point of order when the time arrives.

The gentleman from Arkansas [Mr. GLOVER] is recognized for five minutes.

Mr. GLOVER. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GLOVER. Mr. Chairman, I offer this amendment by authority of the Committee on Agriculture. The amendment was adopted by the committee after the printing of this bill.

There is no reason I can see why this commodity which is now offered can not be administered under this bill and under the machinery of the bill without a single change in the construction of the bill. The only thing that will be necessary is that wherever the word "wheat" occurs to add this additional word "rice."

There are four great rice-producing States in the United States. These States produce the larger percentage of this crop, amounting to more than 45,000,000 bushels a year, half of which is exportable.

I want to show you for a moment, if I may, a picture of the part of my district that is engaged in this business. There is the finest black land—as level as a floor—that can be found anywhere in America. This land is suitable for the production of this commodity. They have placed this land in a state of cultivation, with their pumps and other machinery, and with rice mills as a permanent investment to be used for the carrying on of this industry to feed our American people.

If there is a single thing mentioned in this bill that ought to be taken care of, I think it is this one product, for this reason: It costs very much more to produce a bushel of rice than it does to produce a bushel of wheat. As you know, rice grows in water about 6 inches deep. You have to first prepare your land with costly machinery and disk it and then you have to plant it. Then you have to pump the water from deep wells by expensive pumps that cost about $5,000 each. It costs $15 an acre, I am told, to water the land, and when you get through with the production of this commodity under present prices you have about 15 cents profit out of each bushel for the farmer to pay his taxes and to pay for the wear and tear on his machinery and pay for the investment that he has put in, in order that this product may be milled in this country.

I have gone along with you with respect to these other commodities, your wheat, your hogs, and your tobacco, as well as the other articles that are mentioned in this measure, and I want to say to you now that out of fair play I come to you and appeal for a people that can not go much longer under present conditions. We must either quit the production of this great food product in America and be forced to buy this product from other countries, or else we must take care of our home base. I appeal to you to-day, out of a spirit of fairness to my people, that this product be included in the bill. It can be administered with but very little cost. There are four States where it would be administered, and it will not cost anything additional to include this crop, and there is no good reason I know of that anyone can offer to prevent the placing of this commodity in the bill.

Mr. ALLGOOD. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. ALLGOOD. What does the gentleman figure it will be worth to the rice farmers to include them in the bill?

Mr. GLOVER. It will be worth the salvation of them in their business. They have come to the point of desperation now. They have come to where they can go no farther. They have come to the point where they must have some relief or quit raising this commodity.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. LAGUARDIA. Has the gentleman stated whether the rice that is exported from this country is processed before it is exported?

Mr. GLOVER. Yes; it is processed in this country. We have an exportable surplus of nearly 25,000,000 bushels which we are now exporting to other countries.

Mr. BURTNESS. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. BURTNESS. What I am particularly interested in, in voting on the merits of the amendment, is to get a price picture of rice during the past 10 or 12 years, and more particularly as to what it is now, compared with the ratio price in this bill. Can the gentleman give that, preferably, in percentages?

Mr. GLOVER. I can give that information to the gentleman. To-day, it is worth about 60 cents on the market. Let us go back to the period prior to the last war, from 1909 to 1914, and I may say to you that it is hardly fair to take this period with respect to this commodity, but rather than to clutter up the bill in any way, I have agreed to take that period for this reason. As the gentleman well knows, in that period of time, before the Underwood tariff bill, when the screened-rice provision was put in the bill, foreign nations were dumping their products into this country practically duty free, and we placed that provision in the last bill. It was left out of the bill of 1922. This provision has helped my people somewhat up to this time.

The period from 1909 to 1914, taking the five years put together and dividing by five, would bring it to about 81 cents a bushel for rough rice, and, of course, higher for the polished rice.

Mr. BURTNESS. Does the gentleman say that the purchasing power of rice to-day as compared with that from 1909 to 1914 is approximately 75 per cent?

Mr. GLOVER. No; I said prior to the last war the price would be about 81 cents a bushel, and now it is 60 cents a bushel. I figure that this would help the rice growers 33⅓ per cent in price per bushel. I believe it will be their salvation, and I hope that every man in this House will vote for this amendment in fairness and justice to them.

Mr. BURTNESS. During the last 12 years has it been above that or below?

Mr. GLOVER. Prior to 1920 it was two or three times what it is now.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. WILLIAMSON. What does the processing of rice consist of?

Mr. GLOVER. It is too complicated to explain here. It takes the most delicate machinery that ever was constructed to process this commodity. They take it in rough rice and it goes through and on and on through different processes until it comes out the polished form ready for market. It is very expensive.

The most costly mills in the country are located there in my district.

Mr. WILLIAMSON. Is this processing done always before it is exported?

Mr. GLOVER. Absolutely; it is all processed in this country in order to give labor to American people.

Mr. LOZIER. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. LOZIER. Is it not a fact that more people of the world use more rice than they do any other cereal?

Mr. GLOVER. I think that is true in the world at large, and in New York, Chicago, and other large places it is a commodity that enters into practically every home, and if you destroy the growing of rice in this country you will leave us at the mercy of foreign countries who are manufacturing and processing rice. I do not know where it would lead us to in the cost of living.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. CLARKE of New York. Is it not true that dairy products enter into all the poor homes?

Mr. GLOVER. Absolutely.

Mr. CLARKE of New York. Then why should not dairy products be included?

Mr. GLOVER. The gentleman from New York ought to know that I am in favor of that and voted for it in committee.

Mr. MANLOVE. Will the gentleman yield?

Mr. GLOVER. Yes.

Mr. MANLOVE. If the gentleman's amendment including rice should become operative under the provisions of the bill, would it be operative in the same manner as provisions affecting other commodities?

Mr. GLOVER. Yes.

Mr. MANLOVE. Do I understand that the rice growers are desirous of being incorporated in the bill?

Mr. GLOVER. Absolutely. I do not think I have received a single letter or telegram to the contrary.

Mr. JONES. The committee voted to include rice.

Mr. GLOVER. In answer to the gentleman let me say that the committee voted for the inclusion of rice and authorized me to offer the amendment that I have just offered.

Mr. RAMSEYER. The gentleman gave us the number of bushels of rice that are exported. What is the total production of rice in the United States?

Mr. GLOVER. Something like 45,000,000 bushels.

Mr. RAMSEYER. We also import rice. How much is imported?

Mr. GLOVER. We import some, but after we got that amendment into the Smoot-Hawley bill, which is the best part of the bill, where we put the screened provision in, we have cut out a whole lot of it.

Mr. RAMSEYER. How much does come in?

Mr. GLOVER. Possibly 1,000,000 bushels; to be accurate, it was 1,278,000 bushels.

Mr. BRIGGS. The Department of Agriculture Yearbook says the production in 1931 was 45,000,000 bushels and the imports into the United States were only 1,278,000 bushels.

Mr. GLOVER. It has been cut down since that amendment was passed.

Mr. BRIGGS. And a great amount of that was seed rice.

Mr. GLOVER. Yes; that is true. I see no reason why this commodity should not be included. I know it will do no good to this industry, and it will do no harm to the bill.

Mr. LAGUARDIA. Mr. Chairman, I offer the following as a substitute for the amendment of the gentleman from Arkansas.

The Clerk read as follows:

Amendment by Mr. LAGUARDIA: Page 2, line, 18, after the letters "ble," strike out "solely with respect to wheat, cotton, tobacco, and hogs" and insert in lieu thereof the following: "to certain commodities hereinafter specified."

Mr. STAFFORD. Mr. Chairman, I make the point of order that that is not a substitute.

The CHAIRMAN. The point of order is made by the gentleman from Wisconsin that this is not a substitute. The Chair does not think that it is a substitute for the pending amendment. The pending amendment seeks to include rice only, while the gentleman's substitute seeks to strike out certain language in the section and insert in lieu thereof other language.

Mr. LAGUARDIA. It is a perfecting amendment for the whole proposition, solely to clarify the matter.

The CHAIRMAN. Does the gentleman insist upon his point of order?

Mr. STAFFORD. Yes.

The CHAIRMAN. The Chair sustains the point of order that it is not a substitute for the pending amendment.

Mr. LAGUARDIA. May I offer it as an amendment?

The CHAIRMAN. As soon as the Glover amendment is disposed of. The question is on the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. SCHAFER) there were—ayes 99, noes 24.

So the amendment was agreed to.

Mr. COX. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COX: Page 2, line 17, after the word "cotton," insert a comma and the word "peanuts," and in line 20 strike out, beginning with the word "that," down through the comma in line 24.

Mr. JONES. Mr. Chairman, I make the point of order that the amendment is not germane, and I wish to make a brief statement on that.

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. JONES. Mr. Chairman, on account of the fact that the decision on this will govern other decisions, this is an important proposition. A discussion of it necessarily bears on the merits of the proposition to a degree. If the Chair will note, in two different places in the declaratory sections, the declaratory section refers to the exportable surplus of commodities, and the last part of the third section to which this is offered reads:

* * * That exportable surplus of these commodities or products therefore is ordinarily produced in such quantities as to make prices on the world markets a controlling factor in establishing domestic prices.

There was reason for including only surplus exportable products or commodities in the bill. The statement was made frequently in the hearings that on any other commodity there was danger of the buyer's passing the fee back to the producer in the form of decreased purchasing power. The reason you can not do that on export commodities is this: There is competition between the domestic buyer and the export buyer. That competition goes down to the last quarter of a cent. Therefore the domestic buyer can not sink the price to the producer because he must compete with the export buyer. If a commodity is not on an export basis, I believe these gentlemen would find that the amendment would not be worth anything to them. The same thing will apply to dairy products, and I know that a lot of gentlemen are interested in these various commodities.

Mr. KERR. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. KERR. Perhaps I may be of use to the gentleman. A great many peanuts are imported. Last year 6,500,000 pounds of peanuts were exported because of the fact that they could be bought more cheaply in this country than in China.

Mr. JONES. Of course if there is a net export over the import, the gentleman would be correct, but the report from the department does not indicate that. It indicates that there is a net import rather than an export of commodities. If I have not construed this report from the department cor-

rectly, then my argument is not effective, but as I understand it, there are more peanuts imported than are exported, and this commodity is not really on an exportable basis.

Mr. COX. The report does not show that.

Mr. JONES. If I have my figures crossed, I would like to be corrected.

Mr. COX. The figures in the Yearbook show that there are a great many more peanuts exported than are imported.

Mr. JONES. Has the gentleman checked up on those figures carefully?

Mr. COX. It is common knowledge to those who have any information at all of the industry.

Mr. JONES. Then, Mr. Chairman, I withdraw the point of order if the gentleman can assure me the figures are correct.

The CHAIRMAN. The point of order is withdrawn.

The gentleman from Georgia [Mr. Cox] is recognized.

Mr. COX. Mr. Chairman, I, of course, have no authority from the committee sponsoring this proposed legislation to offer this amendment. It is an endeavor to bring peanuts into the picture. I am confident that if our colleague, the gentleman from North Carolina, were not in the chair presiding over this committee, he would be on the floor offering this particular amendment, because the gentleman comes from a section of a great State which is vitally interested in this industry and knows more about a certain type of peanut than probably any other man in the House.

The committee sponsoring the legislation has accepted an amendment bringing rice within the provisions of the bill. I presume the committee was persuaded to take that attitude because of a conviction that the principle which they undertake to establish here, being good for one crop, might probably be said to be good for all. At least, my colleagues, this amendment does offer a test of the loyalty of those sponsoring the bill to the principle which they are undertaking now to establish. The burden of their argument is that agriculture is in a failing condition and that heroics of this kind are necessary in order to save the industry. I would like to say that the peanut is in as bad condition as cotton, wheat, or any of the other commodities embraced within the provisions of the bill. As a matter of fact, it is in a worse condition. If the adoption of this theory will operate to benefit cotton and wheat, and if it is conceded it would likewise benefit peanuts and the dairy industry, why not bring them all within the picture? They are entitled to uniformity of treatment, and certainly those who have been opposing the measure thus far interested, however, in the betterment and improvement of the bill, will gladly join with those favoring the establishment of the principle, to the end that all agricultural crops which are not bringing a price equal to cost of production, shall be brought in.

As far as I am concerned, I am for bringing in dairy products, corn, and all of the other agricultural commodities which we know are being produced at a great loss to the farmer.

Mr. FULMER. Will the gentleman yield?

Mr. COX. Yes. I yield.

Mr. FULMER. Where would the gentleman collect the processing fee on peanuts?

Mr. COX. The fee on peanuts would be collected at the time they go into the hands of the processor, and under an amendment which will be offered following this amendment, if adopted, the processor is the crusher, the cleaner, or whoever takes charge of the peanuts for the purpose of working them into a condition to be put into the channels of trade. That is where the fee would be collected.

Mr. FULMER. Is it not a fact that peanuts are sold on the street corners and all over the country and it would be almost impossible to collect the fee?

Mr. COX. Not at all. If the bill is workable as to rice or wheat, it is also workable as to peanuts; and let me say that as far as rice and peanuts are concerned, they are not to be compared at all in their importance. There are 18 States which are producing peanuts in great quantities. There are only four States that make any pretension whatever to the growing of rice. In some of those four States, as one of my colleagues has said, there is not enough rice grown to supply the needs of a first-class wedding.

I was in favor of putting rice in the bill, and I voted for it, and I will vote for other amendments of the same type that come along, but I think peanuts ought to go in, because peanuts are one of the major crops of many of the States, being produced in 18 of them; and I beg this House to adopt the amendment which I have offered.

Mr. JONES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I sympathize naturally with the wishes of these gentlemen. I do not blame them for wanting to be included, but I hope the House, in view of the emergency through which we are passing, will not load this bill down. I do not think it is possible for the National Government to go into a 1-year program that would take in all commodities. What we have tried to do is to take those commodities that are as nearly as possible controlling in their effects. I do not think that any great amount of peanuts, in the first place, are processed in any one particular area. Many of them are roasted. Many of them are prepared in other fashions. I think there would be difficulty in collecting the fee. It is different as to rice. There are great rice mills which must register, and which can be identified, just like any other method of collection. I think we would run into infinite difficulties in trying to collect the fee for peanuts.

I believe thoroughly that we are facing a crisis in this country, and I believe this is the test vote to determine whether or not you want an agricultural bill. If you are going to put this commodity in, and I do not blame the gentlemen who represent those districts in wanting to put it in, there will be little excuse not to put in all other commodities. It is impossible, I believe, or I believe it is wholly impracticable to organize a basis in a 1-year bill, to cover all agricultural commodities. I do believe that if you take the major commodities and breathe life into the price levels for those commodities, we will do a great work for this great American Nation of ours and tend to bring back prosperity.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. COX. To breathe life into them you must do so at the cost of contribution from the producers of these other agricultural commodities.

Mr. JONES. No, no. May I correct that impression which one or two Members tried to create a while ago? This only levies a processing fee on those who use the commodities; that is, the processor. They talk about taxing all the people. It does not tax all the people. It only makes those people who use the product pay that price for the commodity to which it is entitled, according to the opinion of anyone who knows the facts. If you do not use the product, you certainly will not pay anything. Your peanuts will not be taxed. You will levy a processing fee on those who consume the commodity on which it is levied. So you do not do injury to any commodity which you leave on the outside. You simply are undertaking to restore price levels to certain major commodities in the hope that it will reflect to the advantage of all commodities.

I hope the House will vote down this amendment.

Mr. LANKFORD of Virginia. Mr. Chairman, I rise in support of the amendment.

There seems to be a good deal of misunderstanding about this proposition of peanuts. I would like just a few minutes to call your attention to the serious nature and importance of this product. A few years ago it amounted to some $80,000,000. Those of us who were raised in the peanut country know peanuts are the one crop that farmers in that section depend on.

Peanuts are important, being raised from Virginia right along down through North Carolina, South Carolina, Georgia, Texas, clear out to Oklahoma and California.

The price on that crop has dropped from $80,000,000 a few years ago to some $10,000,000 now.

The gentleman from Michigan [Mr. KETCHAM] the other day read to the committee a list showing the falling prices of farm commodities in the last few years. He said wheat had dropped to a 36-cent dollar, cotton to a 48-cent dollar, and corn had dropped to a 30-cent dollar. Peanuts have dropped to a 25-cent dollar.

We have heard a great deal about this bill. I do not know whether it is going to work or not, but I am willing to go along with it and hope it will, and a great many of the peanut people are willing to go along with it if you put peanuts in; but we are not going to vote to impose a sales tax on the staff of life like bread and hogs and cotton and these other things that our people eat and wear when our people can not get the benefit of the bill; and I do not believe anybody can tell me or explain to me or convince me that by increasing the price of wheat, hogs, cotton, and tobacco the price of peanuts will be increased also. I will vote for this bill if it is extended to cover peanuts. If there are no peanuts in this bill, then, as for me, no peanuts no bill. [Applause.]

Mr. BURTNESS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we can look at the immediate amendment in whatever way we like, but the fact is that upon this vote, as I see it, this House is going to be judged as to whether we are trying to legislate here to-day or whether we are going to be peanut politicians. Now I say that without any attempt to discredit the peanut farmer but simply in the colloquial way in which that term is sometimes used. Do we, or do we not, want a farm bill? That is the issue now confronting us.

You can not load this bill down with a lot of commodities and hope for any legislation. Rice has already been included. There was some justification for including rice, for consideration was given to it by the Committee on Agriculture and it came in here in the form of a committee amendment as a recommendation from the committee. Now we are to vote on peanuts. Other products are going to be proposed to be included within this bill as soon as peanuts are disposed of. Some of them I personally raise. Naturally, I would like to see the price advanced on them. One of these in which our State is greatly interested is butterfat; but I am going to be consistent and I am going to vote against the inclusion of any other product, for I know that if you do start and put one new commodity in, regardless of the principles upon which this bill is founded, many others will be included; and you will eventually have it so loaded down that it will amount to little or nothing, and the machinery devised and set up under this bill will simply break down in its administration.

The sensible thing to do, as I indicated on Friday, when we are trying a new experiment of this sort is to limit it to a few basic commodities. If I had the arbitrary power to do so I would limit the first experiment to cotton and wheat, but the committee has recognized four commodities. However, in any event let us try out the experiment with as few commodities as possible—not more than four. If it works Congress will be in session in later years and new commodities can then be added in the light of the experience had. If we had tried out the equalization-fee principle a few years ago with reference to one or two basic crops we would know more about the practicability of legislation to cure the agricultural situation than we do to-day.

Now, let us not make this mistake. It is rather strange to note that some of those who are opposing this bill, those who have made the most bitter attacks upon it, seem to stand ready and anxious here on the floor of the House to load it down by adding all other commodities proposed. If you so load it down, it will fail. Let us start now defeating these amendments that propose including new products. In that way we can best serve agriculture and the country. Stand by the chairman of the committee in the plea he has made. Stand by the recommendation of the three large farm organizations.

Mr. GREEN. Mr. Chairman, I rise in support of the amendment, and move to strike out the last two words.

Mr. Chairman, I agree with the distinguished chairman of the Committee on Agriculture that we should, if possible, breathe life into the agricultural commodities again; and when this life is being breathed into the nostrils of wheat and of rice and various other products, I want the Congress to go down in my district and breathe life into the nostrils of our peanut growers.

I am ready for this to be a test vote; perfectly ready for it to be a test vote. If you want to protect the wheat that is grown in the Northwest, if you want to protect the rice that is grown in the district of the member of the committee, then we want to protect a product that apparently does not have a representative on the Agricultural Committee. [Applause.]

I think any Member of the House realizes that if the fee is paid upon the processed peanut that this will tend to raise the price of those that are not processed.

You gentlemen do not expect this bill to operate only for the relief of the produce that is sold for actual processing, but you expect it to raise the general price of your wheat, your cotton, and various other products enumerated in this bill. If this is the case, I do not believe there is a single class of growers that is in more destitute circumstances than are those that this amendment seeks to protect and assist. Some 16 or 18 States are producing peanuts. My friend from North Dakota may not be a peanut politician. I do not say there are any peanut politicians in this House, but if every one of you who has been styled here and elsewhere as a peanut politician will vote for this amendment it will be adopted. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. JONES) there were—ayes 99, noes 71.

So the amendment was agreed to.

Mr. JONES. I demand tellers, Mr. Chairman.

The Chair appointed as tellers Mr. JONES and Mr. COX.

The committee again divided and the tellers reported that there were—ayes 111, noes 110.

So the amendment was agreed to.

Mr. ANDRESEN. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. ANDRESEN: Page 2, line 17, after the word "tobacco" insert a comma and the word "butterfat," and in line 20 strike out beginning with the comma after the word "commodities" down through the word "consumption," in line 25.

Mr. JONES. Mr. Chairman, I make the point of order that the amendment is not germane to this particular bill for the identical reasons I stated a while ago. I understand there is not any doubt that dairy products are on a net import basis. They are not far from an export basis, but are on a net import basis.

Mr. SNELL. If the gentleman will permit a question, I would like to know what provision there is in this bill that excludes every article except those on an export basis. There is a declaration of policy, but this does not exclude other articles.

Mr. JONES. I may call attention to the declaration of policy which outlines the basis of the bill, because of the controlling principle with respect to exportable surpluses. I take the position that not only is it against the philosophy of the bill, but in the very paragraph where the amendment is sought to be inserted, and which the gentleman is undertaking to strike out, it is stated—

products * * * produced in such quantities as to make prices on world markets a controlling factor in establishing domestic prices.

Mr. SNELL. If the gentleman will yield once more, in lines 24 and 25, the language is—

and that substantially the entire production of these commodities is processed prior to ultimate consumption.

This is applicable to dairy products.

Mr. JONES. But the gentleman knows he must bring himself wholly within the rule.

Mr. SNELL. Not necessarily.

Mr. JONES. I will say to the gentleman that this is not done in an effort to be captious, but because I believe that there is a reason for this position. If you do not have an export market, there is very grave danger of the price being reduced the amount of the fee, and thus having it neutralize itself.

Mr. SNELL. Granted that is so, the gentleman is just giving an explanation why he selected some of these other products. This is no reason why the general bill should not be applicable to other products.

Mr. JONES. Except with respect to the entire philosophy of the bill as well as the language outlined in the bill.

Mr. SNELL. From a parliamentary standpoint there is nothing in that position.

Mr. JONES. I think there is.

Mr. STAFFORD. Mr. Chairman, it is not within the province of the Chair, in passing upon the rule of germaneness, to determine the legislative effect of any amendment. The province of the Chair is to determine whether the subject matter included in the amendment is covered by the other rule, that where the bill carries more than one subject matter kindred subject matters may be included. The committee has already adopted an amendment, and the chairman of the committee withdrew a point of order—and properly so, because I believe it was not well taken—striking out lines 20 to 24.

This is fundamental, and I remember the great James R. Mann, than whom there was no greater parliamentarian in this House during the time I have served, or perhaps in prior years, contending it is within the province of the committee at all times, no matter what its effect may be, to strike out any or all parts of a bill.

This is the purpose of the pending amendment. The gentleman seeks to strike out the remaining portions of lines 24 and 25, which have not been previously stricken out. The amendment of the gentleman from Georgia [Mr. Cox] was to insert the word "peanuts," and strike out, in line 20, all after the word "commodities" down to the word "prices." This amendment has been adopted. The gentleman from Texas, as I just said, withdrew his point of order against that amendment. The amendment emasculated the bill. True, it emasculated the bill, but it was within the power of the committee to strike out anything the committee saw fit. It is for the committee to determine what the legislative effect may be of striking out any part of the bill.

On the question of insertion of new subjects, I ask whether the committee is going to be hamstrung and limited as to what may be included or what may come within the purview of the bill. This is for the committee to determine. This is a legislative function and is something for the committee and not for the Chair to determine by a ruling on the germaneness of an amendment.

The CHAIRMAN (Mr. WARREN). The Chair is ready to rule.

The amendment offered by the gentleman from Georgia [Mr. Cox], which has just been adopted, struck out, practically, lines 20 to 24, and this amendment now seeks to strike out the balance of line 24 and all of line 25. The point of order is raised to this amendment on the ground that it is not germane. Surely, with the other part out, an amendment would be in order to strike out the remainder of the paragraph. The Chair therefore overrules the point of order.

Mr. ANDRESEN. Mr. Chairman, this amendment simply seeks to place dairy products within the provisions of the bill. Some of our opponents have designated those who desire to incorporate the different commodities as peanut politicians. Those who favor the dairy industry are favoring the largest single group in agriculture, involving twelve and a half million people, operating in every county and State in the United States, with a total business in 1929 of $1,800,000,000. If this amendment is adopted, it will give the dairy farmers an additional return estimated at $171,000,000 in the coming year.

The gentleman from Texas, the chairman of the Agriculture Committee, stated that there were no exports of dairy products. I want to say that last year, in 1931, we exported nearly $100,000,000 of dairy products to virtually all the countries in the world. The total was more than the exports of wheat, rice, and tobacco.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. CHINDBLOM. Have there been any exports of peanut butter?

Mr. ANDRESEN. There have been, without question, exports of peanut butter. But you will find that we have exported canned milk—condensed, evaporated milk—and powdered milk to virtually every country in the world. In 1921 we exported $2,000,000 or more of cheese to other countries.

The National Milk Producers Federation, consisting of 350,000 dairy farmers in more than 28 States, are in favor of this amendment. They ask through their directors for the adoption of the amendment. I will place in the RECORD the telegram received from them which states their view. It is as follows:

CHICAGO, ILL., *January 6, 1933.*

Hon. AUGUST H. ANDRESEN,
House Office Building, Washington, D. C.:

At a special meeting attended by representatives of the member associations of the National Cooperative Milk Producers Federation, in joint session with the federation directors, the following resolution was adopted as the united position of our organizations:

"In recommending a policy to the board of directors of the National Cooperative Milk Producers Federation with respect to the position of dairy products in the pending Federal farm relief allotment bill, the representatives of the member associations of the federation in special meeting at Chicago January 6, 1933, are actuated by the following considerations:

"First. Dairying is the largest single branch of agriculture. The cash value of dairy products at the farm in 1929 was over $1,800,000,000. The dairy-farm investment in that year was nearly $6,000,000,000 in land and buildings, and approximately $575,000,000 in dairy equipment. The number of dairy producers is over 2,500,000, and they are more extensively distributed than are the producers of any other major agricultural commodity. At least 12,500,000 persons who live on farms are dependent for their livelihood on the returns of dairying.

"Second. All agricultural products are now lower in purchasing power than are the products which farmers must buy and dairy products have shared greatly in that decline to a position of marked disparity between the returns of urban industry and the returns of agriculture. As a result hundreds of thousands of farmers including dairy farmers have already lost their equities in the farms which they have called their homes.

"Third. In part some of the ills of agriculture are traceable to acts of government, and it now seems to us absolutely imperative that government through amelioratory legislation do all in its power to rectify these wrongs and to improve the condition of those who live on farms.

"Fourth. We regard the proposed Federal allotment legislation as only one sincere effort toward what must be a series of necessary legislative efforts to improve the economic condition of agriculture. Other needed legislation must follow, and follow quickly, if agriculture is to be saved from further collapse.

"Therefore, we recommend that the board of directors of the federation first indorse the previous action of its executive committee with respect to this legislation.

Second. That the board insist upon clarifying amendments to the pending Federal bill with respect to the utilization of any acreages of field or other crops named in the bill to the end that protection will be given those agricultural commodities which now are so nearly on an exportable basis that a small percentage of national increase of production or a national decrease of consumption would place these commodities on an exportable basis. If such amendments can not be secured, we recommend, in order to protect our producers from disastrous production increases, that the directors instruct their officers and their proper committees to oppose the legislation.

Third. That the directors seek the inclusion in the bill of dairy products on the basis of butterfat in all of its forms.

Fourth. That the directors place in the hands of its executive committee full power to act in behalf of this program.

Our federation representing 350,000 organized dairy farmers who sell all of their milk and its products through our member associations speaks for the dairy farmers of the United States and your assistance is solicited to forward this program.

HARRY HARTKE, *President.*
CHAS. W. HOLMAN, *Secretary.*

Mr. LAGUARDIA. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. LAGUARDIA. One of the strongest arguments against the bill was made by members of the dairy interests. I would like to ask the gentleman if butterfat is included it will be a bona fide benefit to the bill?

Mr. ANDRESEN. I will state to the gentleman that if the bill includes butterfat and dairy products I will vote for it, and if it does not I will vote against it.

Mr. MANLOVE. Will the gentleman yield?

Mr. ANDRESEN. Yes.

Mr. MANLOVE. Are the dairy farmers throughout the country in favor of inserting this provision in the bill?

Mr. ANDRESEN. Absolutely. If this bill is enacted, producers of cotton will be benefited in 10 to 13 States, wheat from 8 to 10 States, rice 3 or 4 States, and tobacco 2 or 3 States; while if the dairy products are within the provisions of this bill, it will go into 48 States of the Union and benefit twelve and a half million people. [Applause.]

Mr. KNUTSON. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. KNUTSON. If the bill passes and will do what the proponents claim, it will increase the price of mill feed, so that it is necessary that butter be included, otherwise dairy interests will be penalized.

Mr. ANDRESEN. Yes; and the reduction of acreage of other crops in the bill will give the wheat, cotton, tobacco, rice, corn, and hog farmers an opportunity to go into the dairy business, thereby increasing dairy production, which would place the dairy business on an export basis. It is therefore necessary to include dairy products in the bill, so that this great industry may have equality of protection with other agricultural commodities as a matter of self-defense.

Mr. JONES. Mr. Chairman, in view of the misunderstanding a while ago, I think in justice to myself I should read a sentence from the report of the Department of Agriculture:

> Usually we have a slight import balance for peanuts amounting to about 1 per cent as much as the United States crop. We also have a net import balance for dairy products.

On that basis I made the point of order a while ago. It seems that the language of the department sustains the point that I made.

As to this particular amendment, I realize that dairy products are produced all over the United States. I would not hesitate at all to include dairy products, if I really felt they would get the benefits. I think there are too many difficulties about the matter. In the first place, you will have difficulty because of the great number of people who are engaged in dairying in a small way. This, it seems to me, will cause complications in making it applicable to the different ones who are engaged in the business. I think it is fraught with tremendous difficulties that the other commodities do not involve.

In the second place, I very much fear when there is no export buyer or no appreciable export demand that the producer of the butterfat will be paid just that much less, and thus the fee will neutralize itself. Those are my only two reasons, and I felt I should explain that position before the vote is taken.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BURTNESS. Can the gentleman tell us whether the Andresen amendment proposed as shown in the RECORD carries with it a reduction of the production of butterfat?

Mr. JONES. I would prefer that the gentleman from Minnesota [Mr. ANDRESEN] answer that question.

Mr. ANDRESEN. We have amendments to take care of that situation when we reach them.

Mr. BURTNESS. They are not included in the RECORD.

Mr. ANDRESEN. We were compelled to make several changes in the amendments that will be offered.

Mr. BURTNESS. Of course, unless there is a reduction in production, dairy products would be increased several hundred per cent.

Mr. DOWELL. These amendments will put the dairy industry in exactly the same position as those named in the bill?

Mr. ANDRESEN. Yes.

Mr. HARLAN. Mr. Chairman, I move to strike out the last word of the amendment. The last amendment offered to this bill seems to me to throw light on most of our problems. The gentleman tells this committee that the increase in the bounty on certain commodities is going to affect the production cost of dairy products, and, therefore, the amendment is necessary. When we increase the price of dairy products, we are going to make competition with butter substitutes and other things, and we will have to put an additional tax on them. When we increase the price of raw cotton, we are going to give the cotton manufacturer a basis upon which he can come and absolutely insist that he must have an increased tariff to protect himself in competition. In short, we are enacting into our economic life here a thing that is going to freeze into our tariff system an immutable law that we can never get away from. I speak to Democrats here for a moment. We have adopted as a platform promise a proposition of reciprocal treaties to alleviate the tariff problem.

Mr. MANLOVE. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I am sorry, but I have not the time. We are going to make it so that the Democratic administration here when it comes into power will have their hands tied on any reciprocal treaties, because we will not be able to touch the tariff until this is out. Another gentleman referred to this as a blood-transfusion proposition. It is a blood-transfusion proposition; while it helps the patient, it weakens the donor. It is taking money out of the pocket of one group and putting it into the pocket of another group. That does not increase purchasing power. You can not increase the purchasing power of a people in that way.

If this money were being taken away from a group that has a large saving and that is putting its money into banks, and were turned over to a group that would spend it, that might be at least defensible. You would be increasing the potential purchasing power of the country. But here you are taking away, largely from the laboring class, that is having to struggle for its existence and life, and turning it over to another class that is having a struggle for existence. That $10 that you take from the pocket of the laboring man and turn over to the pocket of the farmer is just as much purchasing power in one pocket as in the other. By pauperizing one group of society for the benefit of another, we are not helping things at all.

I find no public or other utterance that the next President of the United States or any of his advisors has adopted or approved this bill and I resent the inference made by the gentlemen on the Republican side of the House who insist on calling this a Roosevelt measure. It is nothing of the kind.

If this were a measure bearing the indorsement of our next President, if it had received mature consideration by a party conference in the House, and were approved by that conference, I should not be making this speech now.

This is a bill that bears the indorsement only of a group of very conscientious, hard-working Congressmen who are trying to do the best they can for the benefit of the farming population. I am forced to disagree with them in their means, but I certainly have the highest respect for them personally and for the thing they are trying to do.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I am sorry, I have not the time. This is a sales tax, a most pernicious sales tax, because it is taxing the very things that we excluded from our other sales-tax proposition, and I think the time to stop this is right now. If this dairy measure is to be voted on, I shall vote for it, certainly, because my people are interested in it, just as we always do on these log-rolling matters that get on the floor of this House.

That is the very baneful condition that always surrounds every measure of this kind. It develops into a log-rolling proposition in which each Congressman is almost forced to

protect the interests of his own district, and the net result is a law which is harmful to the whole country. We may idealize about national-minded legislators all we please. I do not believe that any Congressman is going to allow an industry in his district to be victimized while the industries in other districts are benefited just because he has belief that the whole bill is not desirable.

Call this crass "peanut" politics if you will; it is a cold fact and is one of the very reasons why laws granting bounties and preferential tariffs are always harmful. By the time we get through, a motion either to substitute all other farm products, or a motion to strike out the enacting clause ought to prevail.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. Yes.

Mr. SCHAFER. The gentleman does not feel so strongly opposed to a high protective tariff, as embodied in this bill? The gentleman is perfectly willing to get away from the free trade and competitive theory so far as this bill is concerned.

Mr. HARLAN. I must confess I do not understand the gentleman's question, but I am opposed to this bill for the same reason I am opposed to high protective tariffs. This is nothing but a tariff with the reverse English.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HOPE. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. BOILEAU. Reserving the right to object, I wonder if the gentleman will give me five minutes.

Mr. McKEOWN. Reserving the right to object, I want five minutes.

Mr. McGUGIN. Mr. Chairman, I desire five minutes.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOPE. Mr. Chairman, we might as well concede at the beginning of the discussion of this bill that there are some agricultural products to which it is not applicable. Under section C, which is under discussion just now, there are certain specifications set out which determine what products shall come within the purview of this bill. Those are not merely arbitrary distinctions. They are put there because any product which does not meet those particular conditions will not very likely benefit from the operation of this bill.

Butterfat, which is the subject of this amendment, is not on an export basis. Butterfat is on an import basis, and there is no reason that I can see why we should reduce our production of butterfat when we are not at this time producing a sufficient amount for our domestic consumption.

The theory and philosophy of this bill are to reduce our exportable surplus of products whose price is determined by that surplus. In the case of butterfat we do not have an exportable surplus. The price is not affected by world prices, and certainly there is no logic in saying we should reduce production of a product in this country which is not being produced in sufficient volume to meet domestic requirements and demands.

Mr. RAMSEYER. Will the gentleman yield for a question?

Mr. HOPE. I yield; yes.

Mr. RAMSEYER. What is the fair exchange value of butter? Has the gentleman gotten those figures?

Mr. HOPE. I do not have the fair exchange value, but I can give the index price.

Mr. RAMSEYER. As compared with 1909–1914?

Mr. HOPE. Yes. The index price during the month of December was 69 as compared with 100 during 1909–1914. Now that, of course, brings up another question, which is that dairy products are to-day in a more favorable position, as far as price is concerned, than almost any other farm product. As compared with 69, the index number for dairy products, grain products are 33 and cotton is 42.

Mr. KNUTSON. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. KNUTSON. Is it not a fact that it requires more labor to produce dairy products than any other kind of farm products?

Mr. HOPE. That may be true, but I can not see that that has any relevancy as far as the question of price is concerned.

Mr. ANDRESEN. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. ANDRESEN. The gentleman has no objection to raising dairy products up to the same level as wheat, cotton, or tobacco?

Mr. HOPE. I would have no objection, if I thought it could be done under the provisions of this bill; but I do not believe that this bill will operate effectively as to dairy products, first, because we have no export market to furnish the competition which is necessary to fix the price, if the tax is not to be reflected back on the producer. Second, because there are essential difficulties in the administration of the act as far as dairy products are concerned, among them being the fact dairy products are produced by an extremely large number of producers who produce in small quantities. Further, because a great number of dairy products are not processed, making it impossible to collect the tax on them. And for the further reason that many dairy products, such as butter, are processed on the farm. It would be impossible to tax those products, and yet their amount in the aggregate is sufficient to seriously affect the market and prevent the tax from being effective in increasing the price received by other producers.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. McKEOWN. Mr. Chairman, when you load this bill down, which of course the opponents of the bill are trying to do, to kill the bill, you will be accessory to its demise. When I see my good friends from New York, where the peanut peddlers have to buy peanuts, wanting to put peanuts in this bill, it rather smells as if something is rotten in Denmark. It looks like some sort of combination. Let me say to you gentlemen in all earnestness, the farmers of this country are in a terrible situation. They are to-day on the point where they are acting in mobs; everybody knows it. It is one of the most dangerous things in this country to-day. Although I come from an agricultural district of this country, if I can do anything, I am willing to vote for any measure that would put the unemployed back to work, because whenever it comes that the men who till the soil and the men who labor in this country have money to spend, that is when the tide of business is going to turn, and not until then.

Now the committee has brought in a bill, and some one says, "I am not going to vote for this bill because I do not understand all the things in the bill." If the people of the United States are never to get any relief until every man in this House understands everything that is in every bill, presented here, they will be a long time in getting any relief. The committee has given you a bill, the result of the labors and study of not only the committee but of learned economists and many outstanding farm leaders. This is not my choice of plans but I am yielding to the judgment of the committee.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. ANDRESEN. The gentleman's State produced 100,000,000 pounds of butterfat in 1929.

Mr. McKEOWN. I just hope the gentleman will not ask me now how I am voting on his amendment, for I am going to vote for his amendment, but I am talking about the proposition of loading this bill down; I am opposed to loading it down. I will vote for the amendment on its merits. There are as many peanuts raised in my county as in the

county of the gentleman from Georgia. They buy land in my county with peanuts. That is a common medium of exchange down there, yet, in my judgment, they have no place in this bill. Peanuts have no place in this bill.

Do not vote this bill down. Do not fool yourselves about this bill and say, "I am going to vote against this bill because I do not understand it."

A short time ago one of the Members said this was nothing but taking money from one man's pocket and putting it into another man's pocket. Yes; it changes it from one pocket to another, it is true, but the very fellows who are going to pay the farmer something to help him out are getting protection from the tariff that helps them against the importation of the articles they deal in.

You can laugh at this bill, you can make fun of this bill, and you can vote against this bill; but I am here to tell you this afternoon that if you do not do something to raise the buying power of the farmers in this country your factories are never going to turn another wheel and your unemployment is not going to be relieved. I want to tell you now this is a serious matter; it is worthy of your most serious consideration. If you are against this bill, do not go out and load the bill down just because you are against the bill. Have manhood enough to help us get the best bill possible, and then if you can beat us in a fair open vote on the floor of the House, well and good. You are playing with the destiny of this very Government itself if you do not give the farmers of this country some chance. In the State of Iowa, where they have as fine farms as there are in the world, yet the people are going in crowds to the courthouse and refusing to let foreclosure sales be carried out; and right over here in the conservative State of Maryland, at Hagerstown, the other day the farmers marched into the courthouse and refused to let them sell the property a banker was trying to foreclose.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. LaGUARDIA. The gentleman from Oklahoma is a well-informed and valuable Member of this House. Let me ask him if after this amendment is disposed of he will help defeat amendments that are offered for the purpose of obstructing and loading down this bill?

Mr. McKEOWN. I would have voted against this amendment but for the fact that I told these gentlemen I would support it, and I have never yet broken my word.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I rise in favor of the amendment.

Mr. Chairman, I want to ask your indulgence for a few moments to try, if I can, to picture the conditions in which the dairy farmers of this country now find themselves. I come from a district that is almost wholly a dairy district. The farmers out in my country produce milk and sell it to the factories for cheese and butter. We sell some raw milk to be used for consumption in the cities, but central Wisconsin particularly, and I may say practically the entire State of Wisconsin, is dependent for its livelihood upon the conditions in the dairy industry.

Along in 1926 the dairy farmers of my State were selling milk for $2.25 and $2.50 a hundred. To-day they are getting 70 cents and 80 cents a hundred for milk. They are selling it a great deal lower than the cost of production. Farmers have been trying to help themselves by curtailing production. They have weeded out the poor cows; they have brought their herds down to the lowest possible figure; they have been forced to sell cows because during the last year the drought hit them so hard that it left them without a sufficient amount of feed for their cattle. They have sold many of their cows. They are producing a great deal less milk than they were a few years ago, but still they are getting such a small price for the milk they are producing that they can not continue to go on much longer.

The gentleman from Kansas says the dairy farmer has not found himself as yet in as bad a condition as other farmers have. If that be the condition, then I pity the other farmers of this country and I am willing to help them; but, in my mind, it is not justification for denying relief to the dairy industry and voting against the dairy farmers, because they are not starving. They are in need of immediate relief.

I hope we will vote according to the merits of this matter. I have not heard one single Member of this House, or anyone else, say that the dairy industry was not entitled to this protection as well as any other part of the agricultural industry.

I submit to you, Mr. Chairman, in all fairness that the dairy industry is in need of this help, and I hope they will not be forgotten in the relief that is intended to be given to agriculture generally. [Applause.]

Mr. MANLOVE. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. MANLOVE. Let me ask the gentleman if he believes the features of the bill can be administered if applied to dairy products?

Mr. BOILEAU. I believe they can be. I have telegrams from many people who are interested in dairying in my State asking that they be included within the bill. We hope it will be satisfactory and that it will be administered properly.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. HOPE. The gentleman understands that if this amendment is adopted and dairying is included the dairy farmers will be asked to further curtail production?

Mr. BOILEAU. I will say to the gentleman from Kansas that we are for anything that will start prices going up so the dairy industry can get its fair share of relief. We are as much entitled to relief as is the wheat farmer who will have his prices raised two or three times as high as they are now. The cotton farmers will have their prices raised two or three times higher than at present, yet you object when we demand a paltry 20 per cent increase in price. You say you do not want to give the benefits of this bill to us because we are not starving, but I submit that is not fair and I ask the fair consideration of the Members of this House on this amendment.

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McGUGIN. Mr. Chairman, there is one question upon which every sensible and right-thinking person in America can agree. That question is that agriculture is in distress and despair, and until agriculture can recover there will be no recovery from our present economic and social distress. There are many things, national and international, which contributed to and collectively caused the present economic and social breakdown in America. There is nothing confined solely to the United States which has contributed quite so much to the present situation as the breakdown of agriculture. The agricultural breakdown would in and of itself cause this country to be in distress if there were no other national or international causes for the effects which we are now suffering. The depression did not start with the break of the stock market in 1929. The depression in the United States started at that moment in 1920 when the farmers dropped below economic equality with the rest of the people of the country. Beginning with the time when agriculture dropped below equality with the rest of the country, there were those from the farm section who immediately began to sound the warning that an economic condition was growing up in this country which would one day bring the entire 122,000,000 people to their knees. Outside of the agricultural section, this warning fell upon deaf ears. The only mistake these prophets from the agricultural section made is that in crying for relief from this discrimination against agriculture, they centered their activity upon an effort to better agriculture's selling market artificially and arbitrarily. The truth is, from 1920 to 1929 the farmer was not going broke on his selling market, he was going broke on his buying market.

It is now conceded by the leaders of agriculture that the really sound economic structure which was based upon

equality existed between 1909 and 1914 and before the war, rather than the economic structure which existed during that wild and speculative era from 1920 to 1929. This statement is proved by the bill which is now before this House. In Section E, page 10, wherein the Secretary of Agriculture is charged with the responsibility of trying to perfect a fair exchange value, in meeting this responsibility he is required to accept as the base period from September, 1909, to August, 1914. The last sentence of this section is as follows:

> The base period shall be the period commencing with September, 1909, and terminated with August, 1914.

From 1909 to 1914 the farmer could sell a dollar's worth of his products and take that dollar and pay a dollar's worth of taxes, buy a dollar's worth of commodities which he needed and pay for a dollar's worth of transportation. The statistics of the Agriculture Department disclose that from 1920 to 1929 the farmer received $1.30 for that for which he received a dollar from 1909 to 1914. However, the commodities and transportation which he bought from 1909 to 1914 for $1 cost him $1.70 from 1920 to 1929. The taxes which he paid for a dollar in the period from 1909 to 1914 cost him $2.70 from 1920 to 1929. Thus we see that from 1920 to 1929 the farmer had his increase in prices of 30 per cent, but he had to pay an increase of 70 per cent when he bought the commodities which he used and paid for transportation, and he had an increase of 170 per cent when he paid his taxes. The statistics of the Agriculture Department further disclose that the exchange value of the farmer's income dollar from 1909 to 1914 for his commodities and his taxes was $1, while from 1920 to 1929 the exchange value of the $1 which he received for his products, when he spent it for the products of industry, transportation, and taxes, was 85 cents. This discrimination of 15 per cent every time the farmer exchanged his dollar in the end broke the 27,000,000 farm people. They were no longer able to buy the products of industry, pay transportation charges, or pay taxes. The break had to come, and it came in 1929. Insolvency of every governmental unit in the United States and its inability to balance its budget, the actual bankruptcy of practically every railroad in the United States, the distress of every industrial institution, and the 10,000,000 unemployed industrial workers all stand to-day as mute but indisputable evidence of the 10 years of economic discrimination against the 27,000,000 food producers of America by the remaining 95,000,000 people. These remaining 95,000,000 people all—some to a greater and some to a lesser extent—profited by this discrimination. To-day we find the entire 122,000,000 people suffering the same despair that the farmer is suffering, some to a greater and some to a lesser extent.

Even in this hour of common distress we are still trying to meet this problem by trying artificially to increase the price of agricultural products. We are still flying brazenly into the teeth of all economic laws, national and international. As in the days of our pride, now in the days of our humiliation, we are still unwilling to a great extent fearlessly to meet and correct the real cause of the discrimination against agriculture. That economic cause of this discrimination is still found in the economic robbery of the farmer on his buying market. Industry, highly monopolized and centralized, is still tenaciously holding on in its determination to rob the farmer whenever he buys something. The steel industry, the implement, tool, wire, and hardware industries all jointly and concurrently are still determined to rob the farmer economically. These great captains of industry, transportation, and finance could not realize and understand that with the constant 15 per cent discrimination against the farmer, their best customer, from 1920 to 1929, they were destroying their only opportunity for perpetuated prosperity. Even to-day, after more than three years of industrial and financial distress, they do not understand the simple proposition that the picking of empty pockets is unprofitable. Transportation rates are still retained on the war-time basis. Railroads are facing bankruptcy, but the railroad industry does not seem to understand that it can not collect exorbitant transportation charges from a bankrupt agriculture. Congress and Government seem to be equally as stupid in this matter as transportation. Government loaning money to the railroads to keep them afloat while they still retain transportation charges which are prohibitive in the hauling of agricultural products and are daily drying up their tonnage, means the inescapable bankruptcy of the railroads and loss to all who have loaned them money, be the maker of the loan the Government, a governmental agency, or any other financial institution.

In the matter of taxes government from the Federal Government down to the local governmental units has been an even greater conspirator against agriculture than industry and transportation. This fact is illustrated by the before-quoted figures from the Department of Agriculture. The farmers' taxes from 1920 to 1929 had increased 170 per cent over the period from 1909 to 1914, while the prices of the industrial commodities, together with his transportation charges, had increased 70 per cent. The truth is, the cost of government and transportation charges have discriminated against both agriculture and industry. Before we can get out of this situation government costs and transportation charges must come down to the level of industrial prices, and then these three must come down to the level of agricultural prices. Relief for agriculture and the country is primarily to be found first in a reduction of governmental costs, then in breaking the back of monopolized industry and finance, and then in bringing transportation to its senses; this not alone for the good of agriculture but for the good of the entire 122,000,000 American people in each and every walk of life.

The bill presented can not possibly solve the situation because it is based upon the theory of artificially and arbitrarily lifting the price of farm products above the price set by economic and natural law up to that level of inflated fixed prices of noncompetitive monopolized industrial and transportation charges, and also up to the level of inflated paternalistic governmental costs. This is something which is beyond the power of man or government, and, for all we know, beyond the power of omnipotence.

The Farm Board or marketing act fiasco stands as mute evidence of the inability of man and government to perform this task. In my judgment, the enactment of this bill will only be more substantiating evidence of this inability of man and government to perform this impossibility.

He who reads section 1, page 7, of this bill, pertaining to the granting of allotment certificates to the producers of wheat, cotton, and tobacco, will realize that the execution of this provision by the Secretary of Agriculture requires that the Government of the United States come into intimate contact with all of the individual wheat, cotton, and tobacco producers in the United States. As a matter of government, this is utterly impossible. Assuming that the Secretary of Agriculture can do this, it is a charge upon the Secretary of Agriculture to work a rank discrimination between citizens who are the producers of these commodities.

As an illustration, let us take the case of wheat. This section requires a 20 per cent reduction in every individual's production who receives one of these allotment certificates. The Secretary of Agriculture is charged to make this reduction on the average acreage for such preceding period as the Secretary determines may represent normal production. It is generally accepted that this probably means the period covering the last few years and not to exceed five years. The very theory of this act is that there has been an overproduction of wheat. The people who brought on this overproduction are primarily the great power farmers, who developed millions of acres of land which had not heretofore been planted in wheat. This mass competition in the last five years has driven thousands of individual farmers to reduce acreage or driven them entirely out of the wheat business. To grant allotment certificates to individuals on the basis of this last five years of production would mean the granting of a governmental monopoly and premium to those who have brought about this overproduction, and at the same time it would be placing a penalty upon those who have been the victims of it. Thousands of these individual farmers have had no substantial acreage in the last five

years upon which to base such an allotment, yet under this act they are being compelled to reduce that acreage, while those who have an acreage based upon the last five years, which in many instances represents an increase of up to as much as 100 per cent, will receive this governmental bounty. When government takes a hand between citizens, it should raise its hand in defense of the weak rather than to use its heel to stamp the weak still more deeply into the mire of distress.

Let us turn to section 2, page 7. This section provides for the issuance of allotment certificates to producers of hogs. It requires that as a condition precedent to receiving one of these certificates the producer must reduce his tonnage of hogs 20 per cent. This is a mandate from Congress to the Secretary of Agriculture to get in touch with each individual hog raiser in the United States and ascertain his average tonnage of hog production during the preceding year or years. This is utterly impossible for many reasons. First, the Department of Agriculture can not possibly get in touch with each and every hog raiser. Even if the Department of Agriculture could get in touch with every hog raiser, it is an outright invitation on the part of government for every hog raiser in the United States to set a tonnage according to his own liking. The Government has absolutely no evidence as to the tonnage production of hogs of any hog raiser in the United States for previous years. There is another reason why this section is wholly impossible of execution. There is not 1 hog raiser in 20 who has any evidence as to how many tons of hogs he has produced during previous years. There might be a few hog raisers who have possibly retained their scale tickets for the past few years. There would not be 1 in 20. No man who knows anything about raising hogs on the American farm would suggest that it would be possible for the hog raisers for their own satisfaction to ascertain within 20 per cent the tonnage of their hog production during the last preceding year or years.

Section 5 provides that of the acreage reduction required for wheat, cotton, and tobacco such farmers as receive these certificates shall not use such reduced acreage for the production of any commodity of which in the opinion of the Secretary there is normally produced or is likely to be produced an exportable surplus. That would mean that the Department of Agriculture would be required to inform every cotton, wheat, and tobacco producer in the United States what could be planted in such surplus acreage which in the opinion of the Secretary would not produce an exportable surplus. It would also mean that at a later date some representative of the Agriculture Department would have to visit every such farm and ascertain whether or not this surplus land had, indeed, been planted in any commodity of which the Secretary of Agriculture believed there would be an exportable surplus.

It would be impossible to carry out with any degree of certainty this allotment act as to cotton, wheat, or tobacco without some agent of the Agriculture Department at least three different times during the first crop year visiting the farm of every producer of one of these three commodities. The first visit would be to ascertain the acreage during the preceding year or years in order to reach a basis of acreage less a 20 per cent reduction upon which the allotment should be issued. The second visit at a later date would be to inform each producer in what crops such surplus acreage could be planted of which in the opinion of the Secretary there would not likely be produced an exportable surplus. The third visit would be to ascertain whether or not such surplus acreage had been planted in any commodity which in the opinion of the Secretary might produce an exportable surplus.

I realize there are those who say that local agencies voluntarily and without compensation will perform this service. That is foolishness. Unless the restrictions in this act are unnecessary, then anyone with any knowledge of government and human nature knows that these restrictions can not be carried out except by the most rigid supervision by the Department of Agriculture. Again I submit that such supervision as will make this act effective will require a personal inspection by a representative of the Department of Agriculture at least three times during the first year of each and every farm of each and every cotton, wheat, and tobacco producer. After the first year at least one or two visits each year would be necessary.

Again, when we come to hogs, it is obviously conceded by the framers of this bill that the hogs present an even more complicated situation than allotments in the case of wheat, cotton, and tobacco. For instance, on page 11, we find the scale for the price of hogs to be set at four separate and distinct periods of time beginning with April 30, 1933, and ending with the marketing year of 1933.

Section 3, page 5, presents another situation pertaining to hogs which I believe is an insult to common intelligence. It provides that with the commencement of each marketing year, the Secretary of Agriculture shall determine and proclaim the percentage of domestic hogs to be marketed during such year that will be needed for domestic consumption. The Secretary of Agriculture may be able to obtain substantial statistics as to the amount of pork which may be consumed during the following year. I do not believe it is possible for the Agriculture Department to obtain statistics which can touch top side or bottom of the probable number of hogs which will be produced during a coming year. The Secretary can not possibly obtain substantial information as to how many brood sows all the hog raisers in the United States are going to use in the reproduction of hogs. The amount of wheat and cotton that may be produced in a given year may reasonably be estimated from the acreage which has been planted to wheat and cotton together with the rainfall which has been received, but when it comes to relying upon statistical information as to how many animals are going to be produced in a future year when that depends absolutely upon how many animals are used for breeding purposes, I deny that it is possible for the Government to obtain any accurate statistical information. The Department of Agriculture can not do it unless it has enough representatives to be in constant communication with each producer of such animals.

For reasons here stated, I do not believe it is possible to make this act workable as to hogs. Assuming that it can be done and that it will temporarily increase the price of pork, it follows as night follows day that with the increase in the price of pork the consuming public will turn to the competitive meats of mutton, beef, and poultry. When this happens, there will be a proportionate decrease in the consumption of pork. In my judgment, this will mean that in the end the producers of hogs will be the victims of this act. As far as hogs are concerned, if any lasting benefits are to be incurred from this act, I believe they will be enjoyed by the producers of beef, mutton, and poultry rather than the producers of pork.

This shows one of the thousand and one complications in which we become involved when government undertakes artificially to benefit a given class. More often it will rebound against such given class than it will benefit it.

Now, I realize there is some virtue in the theory of the allotment, in that it tends to reduce production. However, if ever the principle of the allotment plan can be placed into practical operation, I am firmly convinced that the allotment must run with the land rather than with the individual. The allotment must be based upon available acreage for each crop, the available acreage for each crop being based upon the probable amount of acreage necessary to produce enough for American consumption. This must be carried through as to cotton, wheat, corn, oats, and every other crop produced from the American soil. Then, if in the end there is a surplus of land, make each land owner leave absolutely idle that proportion of his land which is surplus. The mere fact that he may have a surplus acreage for wheat as provided in this act does not mean that his surplus is not likewise surplus acreage for some other crop. Instead of leaving with him the right to put his surplus wheat acreage into some other crop where he will become a competitor of some other producer and assist in bringing about a surplus of that commodity, let him leave his surplus

land idle. This will be much less complicated than the policy provided in this bill in section 5, page 9, wherein the Secretary of Agriculture shall permit him to produce something which, in the opinion of the Secretary, is not likely to produce an exportable surplus. Whenever the allotment goes to the land, it will mean fairness and equality as between individuals. Those who in the past have caused the surplus will not be given a governmental premium for their wrong, while those who have been the victims of their act are penalized. The benefits of the act will go to the one who tills the land now or in the future.

It may be that an allotment act worked out after great care and long deliberation and going to the land rather than the individual is necessary and is a proper plan. As an emergency measure, it is entirely too complicated and this bill is proof conclusive of the inadvisability of the allotment plan as an emergency act.

If we are going to have an emergency act, let us take the one which is the simplest of operation and which can be spread to every producer of every commodity. That act is the debenture. This act is proof conclusive that the allotment plan as an emergency measure is impossible. If this were not true, it would not be confined to a few commodities.

If the allotment plan can be worked out as the permanent plan, let us take ample time to work out a bill which will apply to every producer and let it be placed into effect at some future date, say approximately a year or two years in the future. In the meantime let us take the debenture. It is generally conceded that the debenture will be successful for a year or maybe two years. After that it will not work because it encourages surplus production, but if at the end of two years it is to be superseded by an allotment plan which is broad and inclusive and includes every acre of American farm land that will take care of the overproduction by forcing a reduction in acreage. Any allotment bill is subject to the criticism of requiring too much government to operate it, but a plan which goes to the land for every commodity produced from the soil will not require as much supervision after it is once established as it does to establish it. As a matter of fact, it will not require any more supervision to establish it than it will to carry out this emergency act if this act is carried out with any degree of efficiency.

Pass this bill and I make the prophecy that every man who votes for it will within two years be hated and detested by the farmers of America, and the Secretary of Agriculture who undertakes to carry it out will be condemned and hated by the farmers of America for his failure to carry out a responsibility which Congress required that he perform, but which is humanly impossible for him to carry out with any reasonable degree of justice, equality, and efficiency. Of course, if the bill is defeated, those of us who can not, in the exercise of our common judgment and good conscience, subscribe to a bill which we believe will bring still greater chaos and despair to American agriculture will suffer criticism from those who are now in despair and to whom this bill holds out glittering promises.

Let me leave one other thought with the friends of agriculture who believe there is still some hope for Government to benefit agriculture by legislation. The marketing act failed. Pass one more farm bill which is a failure and that is the end of all hope for governmental relief and assistance to agriculture. Pass one more bad bill and then in the future submit a bill that is sound and workable and it will be buried beneath the skepticism of a disappointed people. I believe this bill is doomed for as great or greater failure than the marketing act. There is not a man on the floor of this House who will give as his judgment that he honestly believes this bill will succeed. The most the supporters of this bill will say in defense of this bill is that they hope it will succeed. They justify their judgment in supporting this bill not upon the ground that they actually believe it is practical and will bring relief to agriculture but rather upon the ground that agriculture is in distress and they are going to do something. If I were a doctor and I were attending a patient, I would not administer strychnine simply because I did not know what to administer which would be beneficial. Because thousands of farmers in my district, in common with the farmers of the United States, are in economic distress, I will not vote for a bill which in my judgment will make their situation worse, simply because legislation has not been presented to this floor by those in control of legislation which I believe will be beneficial to the farmers and which I should gladly support if I had the opportunity.

One who concedes the distress of agriculture and the effect of this distress on the country as a whole, as I do, probably should not oppose this or any other bill unless he is willing to underwrite with his reputation as a public official some program which he believes is more beneficial to agriculture and the country. Here is my program so underwritten.

First. As a matter of temporary relief to get agriculture out from under its present rank and oppressive discrimination, I would turn to the debenture plan for a period of one or two years. I know that it is a subsidy and would mean that 95,000,000 people would be paying in taxes to subsidize temporarily 27,000,000 people, but the amount which would be paid by these 95,000,000 people would be nil as compared with the amount which these 95,000,000 people gained by the economic discrimination against agriculture from 1920 to 1929. Then, as permanent relief, I would prefer the following:

(a) Instead of lending money to railroads, I would stand aside and let economic pressure drive them into receivership as quickly as possible, to the end that their capital structure would be wrung down to that point where the railroads could be operated so that a fair return could be earned on the investment from transportation rates which had been reduced to a reasonable parity with commodity prices.

(b) I would not have the Government contribute one penny to subsidize any competing transportation with the railroads.

(c) I would have the Government tax commercial busses and trucks upon the public highways until these busses and trucks paid for their use of the highways and until their cost of operation is in keeping with an honest and fair reduced operation cost of the railroads, including the taxes paid by the railroads.

Second. I would enforce the monopoly laws until there is honest competition in industry. In the meantime I would not permit this monopolized industry to have the advantage of credit made possible by money advanced to the financial institutions of this country through any governmental agency.

Third. I would have monetary reform in the metallic money until the old-established exchange value between silver money and gold money and between American money and foreign money is restored. It would be my personal choice to bring this about by reducing the gold content of the gold dollar. My second choice would be an increased use of silver money until the demand for silver money would force the price of silver back to its normal basis. This silver reform would be my first choice except that I am fearful that the United States can not alone bring about this increased use of silver. I think it can only be done through international conference. I am skeptical of the success of the United States in international conferences.

Fourth. I would have government do everything within its power by legislation to force a reduction in the hours of labor. Then I would have government bring the whole weight of public opinion upon industry and employed labor to force a reduction in the hours of labor in those instances where it can not be done by legislation under the Constitution. I would do this in order that the increased use of modern machinery might be used to reduce the hours of labor rather than to reduce the number of employed, the purpose of this program being to return to employment millions of our unemployed, to the end that they will be in position to consume the productions of the American farm,

factory, and mine. Trying to solve our present problems by reducing production to the present basis of American starvation consumption is an economic error and a social wrong.

Fifth. I would force the most drastic economy in every governmental unit, from Washington down to the local units. I would have government do everything within its power to reduce the tax burden to the 1913 level, plus the taxes incident to the public debt which has been contracted since that time.

Then, if it were still necessary for government to take a hand in trying to perfect a more orderly production of agricultural products in keeping with American consumption, I should be willing to consider a well-thought-out allotment bill which would run with the land and pertain to every commodity which is grown from American soil. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. ANDRESEN].

The question was taken; and on a division (demanded by Mr. JONES) there were—ayes 102, noes 75.

So the amendment was agreed to.

Mr. BEAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEAM: Page 2, line 17, after the word "and," strike out "hogs."

Mr. BEAM. Mr. Chairman, I speak here, if you please, as a friend of agriculture, and I want to reecho the sentiments of the gentleman from Kansas [Mr. MCGUGIN], who just preceded me, by saying that if you attempt to pass such legislation as herein presented, you will destroy forever the opportunity of bringing back sound legislative relief for the farmers of this country.

Let us analyze for a minute the impossibility of this provision with respect to hogs. There are 4,000,000 farms in the United States on which hogs are raised. This bill, according to the statement of the chairman of the committee, is to be effective for a year as an experiment. Let me tell you what will happen in a year. Inasmuch as it takes four months from breeding to farrowing and approximately eight months for feeding, the hog supply for the next year is already fixed, and nothing short of a wholesale destruction of living hogs by the farmers or by disease can charge materially the number of head that will be available for market during the next 12 months. The livestock which will be marketed in January, 1934, will be born in the spring of 1933, and the sows will be bred in the winter of 1932 and 1933. In order to accomplish a reduction, it must be reflected in the breeding operation one year in advance. Probably one-third of the hogs produced in this country are produced by farmers having less than five brood sows. How is a farmer having less than five brood sows going to reduce his production 20 per cent in order to comply with the provisions of this bill? Are all these farmers to be permitted to retain their present number of brood sows, or will they be required to reduce their production more than 20 per cent? Depending on a variety of factors, pigs per litter vary from 10 to 12; and if the litters are large, what is to be done with the surplus pigs?

This shows how impossible it is to put in operation the various ramifications of this measure.

It will require an army of Federal employees to check hog production on 4,000,000 farms. I have been in this Chamber day after day and I have listened to the chairman of the Appropriations Committee pleading for economy. I want to say that by the enactment of this bill with respect to hogs, you are going to build up a bureaucracy and you are going to build up an army of Federal employees that will be detrimental to the people in whose interests you are advocating the passage of this measure to-day. It is impractical in theory, it is impossible of operation, and it is unworkable by every stretch of the imagination, even if you delve into the realm of speculation. Not only this, but you are putting a tax on pork which is distributed chiefly in the areas of industry where there is now less ability to purchase.

Gentlemen, strike hogs from this measure as a friend of the farmer and of the industrial workers of the United States. Strike hogs from this measure in order to prevent the establishment of a constabulary which will be necessary if you are to check hog production on every farm in the United States and burden down the taxpayers and the business of the country with an amount of money which our economic life can not stand at this time.

This is the substance of this amendment and by striking out hogs you will be acting in the light of reason; you will be acting, as the gentleman from Kansas has said, as a true, sound advocate of the farmers and the producers throughout the country.

Mr. CAMPBELL of Iowa. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, perhaps no man in this Chamber is more interested financially in the production of hogs than myself. We produce on the Iowa farms, in which I have an interest, something like 900 head of hogs.

I realize that my district is the district that has been referred to here so many times as the one in which farm strikes have occurred and the one in which the other day they led from the courthouse a man who was trying to get a deficiency judgment. I know the conditions, and I am not going to recite them here, for the reason you have heard them many, many times. However, if Iowa is not to have the relief that is embodied in this measure by way of an additional price on hogs, then Iowa gets but very little.

Iowa produces, as you well know, more hogs by far than any State in the Union. The gentleman from Iowa [Mr. RAMSEYER] showed me a list of the prices of hogs in his district at a packing house ranging from 90 cents to $2.50 a hundred.

I have operated farms ever since the death of my father when I was 18 years of age.

We know what hogs mean to the farmer. We know that day by day the foreclosures that are going on of these farms are due to the fact that we have no price as far as our hogs are concerned.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. CAMPBELL of Iowa. I yield.

Mr. CLARKE of New York. Would you not rather have corn come under the benefits of this bill than hogs? Would not it be easier to administer?

Mr. CAMPBELL of Iowa. I have studied this bill and I wish we could put corn under the bill, but due to the methods of processing it is not an easy matter to bring corn under the provisions of the bill. That provision, I understand, is left out.

Mr. HOPE. Will the gentleman yield?

Mr. CAMPBELL of Iowa. I yield.

Mr. HOPE. The gentleman has given much thought and study to the question as to how the bill will operate on hogs. I would like to have him tell us how it will operate.

Mr. CAMPBELL of Iowa. That is a fair question. I have tried to make a study of the bill. I realize that there are a good many handicaps that will come under the operation of the bill. The gentleman from Illinois has said that it is unworkable. I do not believe so. I realize, as the gentleman from Kansas has said, that we have been experimenting along certain lines, and yet after reading very carefully and studying it, representing an agricultural district, I would rather by far leave the provision in than take it out. I want to say to you Members from Iowa that if you do take it out we have nothing left so far as Iowa is concerned in the bill.

Mr. KETCHAM. Will the gentleman yield?

Mr. CAMPBELL of Iowa. I yield.

Mr. KETCHAM. The gentleman will notice that immediately upon the enactment of the bill the price of hogs is started at three and one-half and gradually increases until the bill becomes operative. Does not the gentleman think the increased price will be of immediate help to the farmers?

Mr. CAMPBELL of Iowa. I do. In answer to the gentleman, who represents the packing district of Illinois, I want to say that the easiest method you have in all these grades is in the hogs. For instance, I can take a hundred hogs and make them weight 200 or 300 or, like some that I

shipped last week, 440 pounds. It makes no difference how many sows you have or how many pigs you have, you ship them earlier and do not feed them so much grain.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. CAMPBELL of Iowa. Yes.

Mr. COLE of Iowa. Is my colleague absolutely sure the bill will not ruin the whole hog industry?

Mr. CAMPBELL of Iowa. You can not ruin the hog industry, it is ruined now. [Laughter.]

[Here the gavel fell.]

Mr. ADKINS. Gentlemen of the committee, if I thought that this provision was going to help the farmer, I would not be foolish enough to oppose it. There is no provision made for taking care of corn. That matter was talked, not publicly but privately, by members of the committee, and, because of the difficulties of administration, corn was not included in this bill. In my opinion, to-day the corn farmer in our country can get more out of the corn fed to hogs than he can by selling it in the market. Corn is selling for from 14 to 15 cents a bushel. Your supply of livestock is entirely controlled by the price of your corn. That was a part of my business for many years. When corn was cheap every amateur feeder went into the business of feeding livestock and ruined us for that year. If we had some way of increasing the price of other meat commodities, well and good, but you increase the price of hogs and what would the public do? It would quit buying pork and buy something else. The result of that would be that instead of helping the hog farmer you would do him great harm. The corn farmer is not limited in his production. A large number of farmers who raise corn do not produce hogs at all. The chances are that if there was a chance to increase the price of corn, he would increase his production. Only the fellow who wants to comply with this act would be the one who would reduce his acreage of corn. If it was possible to reduce the corn acreage, or increase the price of corn, that would regulate the supply of finished livestock.

The amateur livestock feeder, as I say, is the fellow who plays havoc with the regular feeder. He jumps in when it is cheap; but when corn is at a good price he sells his corn and does not bother with the matter of feeding livestock. So that the hog growers in our part of the country certainly are not looking for any relief, and all I have heard from are uneasy about the proposition of increasing the price of pork, because if you do, you will induce the buyer to buy something else than pork.

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. ADKINS. Yes.

Mr. COLE of Iowa. Is it not possible that this bill instead of being a benefit to the hog grower, will be a very severe discrimination against him?

Mr. ADKINS. I should think so, and every other hog grower that I have heard from feels the same way about it. If we are going to have an experiment here, and that is what everybody admits that this is, why not try your experiment on a couple of the commodities—cotton and wheat—that have a large exportable surplus and see, first, whether it works or not. We came in last year and loaded the thing down and the same thing will happen again now. What is the use of talking about farm relief if that is to be the case?

Mr. LAGUARDIA. Are the corn raisers in the gentleman's district getting enough to pay the cost of production?

Mr. ADKINS. I should say not. They are getting 14 to 15 cents a bushel. They do not get any relief in this. If we could control the price of corn, we could regulate the price of livestock without any Government interference.

Mr. LAGUARDIA. Even the hog raiser is not getting anything.

Mr. ADKINS. He is doing better than the corn raiser. Everyone who is raising hogs can get a better price for his corn in that way than the corn itself brings. Before this bill through its operation could help the distressed corn farmer he will be out of business. If we must declare an emergency and fix a price, which this in a roundabout way does on hogs, let us declare an emergency and fix a price on corn for a year, and the price of livestock will take care of itself. No money need be spent on a large force to enforce it, the buying public be no worse off, the corn farmer be relieved financially, and the livestock man will arrange his business accordingly.

Mr. JONES. Mr. Chairman and gentlemen of the committee, the principal reason for including hogs in this measure, or one of the principal reasons, is the fact that it is the only way as a practical matter to include corn and the corn area. According to statistics, some 85 per cent of the corn grown is fed in the county in which it is produced and never crosses a county line. A small percentage of it is processed, and so small is it that it is not practical to make a measure of this kind apply to corn. In the feeding of 85 per cent of this commodity largely in the raw state, and some of it in the ground state, a large portion goes into hogs. The effort is made here not to control the production of hogs, except incidentally, but to control the tonnage that is marketed, and that in effect will control the other. There is going to be no effort to go down and dictate how many pigs shall be produced, and so forth, as some have endeavored to intimate, but simply a control of marketing during the marketing period which may be established. That is the whole story. Then the processing fee will be laid and the money will be collected and the farmer will be paid the difference between the prevailing average market price and 5 cents per pound at the beginning and gradually step up to parity price.

I received a wire from one of the representatives of the American Institute of Meat Packers complaining of the bill. He said that hogs were at the lowest price they had been in 54 years, were selling at 2.30 on the foot. I wired back and told him I appreciated his telegram and said, "Surely you realize that this condition can not continue; what do you have to suggest?" He did not wire me, but he wrote a letter and said that he did not have anything to suggest. That is the story on which these men have been making their complaints all along. I am not as familiar with hogs as I am with some of the other commodities, and have depended largely on those farm representatives who are interested in hogs and who tell me that this will work. I can see no reason on earth why the farmer would not be better off to get at least 5 cents a pound for his hogs than to sell them for 2.30 cents a pound; and, if this legislation is passed, he will get the 5 cents and later 6 cents per pound.

Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on the pending amendment close in 20 minutes. Is there objection?

There was no objection.

Mr. BALDRIGE. Mr. Chairman, I am in perfect sympathy with the gentleman from Texas [Mr. JONES], and I have gone along with him on every vote. I want to vote for the domestic-allotment plan. I want to carry through on wheat and cotton. But it is tragic for the friends of hog growers to stand here and talk in generalities and tell the story about conditions in our part of the country and urge that hogs be included in this bill. Now, if you will listen to me, I will tell you specifically how this will work out to the ruin of our farmers. In the first place, pork is perishable. Fresh pork must be sold within 15 days after killing. If the pork is cured it must be sold and consumed within 90 days. So pork is a perishable product and the packers can not hold it indefinitely.

Next, the price of hogs depends absolutely on the price the public pays for retail pork. This is the most important point in my argument. Every morning the packers have their pulse on the price of retail pork at the meat markets. From the aggregate price at all the different points they figure out what the carcass brought, and they add to that the operating cost of their plant, and then they tell their buyers to go out to the stockyards, and from the figures thus obtained, they tell what price they can pay for the hogs. People seem to think that the price of retail pork depends upon the price of hogs. That is absolutely wrong. The price

of hogs depends upon the retail price of pork. That is absolutely fundamental.

Do you not see what will happen? This tax of one-half cent or 2 cents or 3 cents is supposed to be passed on to the consumers. If that is so, the retail price of pork must go up. If the retail price of pork goes up, a family with $2 a week to spend for meat will purchase either less pork or substitutes. The committee, realizing this, in their report, from which I will read one sentence, said as follows:

For example, if consumers pay more for pork, they will turn in part to beef, lamb, poultry, and thus the price of all meats will be helped.

Yes; the public will turn to beef, lamb, poultry, canned salmon and fish, and everything but pork. Then what happens to the farmer? That is the logical way in which this bill will work out. It will crucify the farmers, and yet the friends of the farmer stand here and ask to have this put in the bill. It is tragic for the farmers, because it means using substitutes, and instead of helping us it will do just the opposite. The packer now buys all the hogs that arrive at the stockyards every day. All the hogs that come in are purchased every day. The farmer knows if he sends his hogs to market they will be sold on that day for cash. If the price of pork goes up and if the packer can not sell his pork, they will not buy the hogs, and the half not purchased will be left in the stockyards at an expensive cost or else will have to be taken back to the farms. That is the logical way this bill will work. I am not talking about generalities. It is easy to tell the sad story about our farm situation in general terms. I am talking about the mechanism of this particular bill, and if the hogs are not taken out of this bill it will be a tragedy as far as we are concerned in the Middle West. [Applause.]

Mr. FULLER. Will the gentleman yield?

Mr. BALDRIGE. I yield.

Mr. FULLER. Does the gentleman not represent a district in which the Omaha packing houses are located?

Mr. BALDRIGE. Yes; but I represent a large farming district also that is much more important than our packing houses.

Mr. FULLER. I thought the gentleman was from the packers' district.

Mr. CHRISTGAU. Will the gentleman yield?

Mr. BALDRIGE. I yield.

Mr. CHRISTGAU. Suppose we had an epidemic which reduced the supply of hogs 20 per cent and it raised the price of pork, would we have to shed crocodile tears then?

Mr. BALDRIGE. No, indeed; but that is certainly no argument for this ridiculous scheme.

Mr. CHRISTGAU. The purpose of the bill is to substantially reduce the hog production, and thereby raise the price.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. WILLIAM E. HULL. Mr. Chairman, I come from the center of the corn district of Illinois. I naturally would be for this bill, but I can not see how we can possibly keep pork in the bill and take care of it. We have two packing houses in the city of Peoria. Those packing houses get every bit of their hogs from trucks. Those trucks go out through the country and gather up the hogs. Men on their own responsibility go out and buy those hogs. They bring them in and deliver them to the stockyards, and no one knows where those hogs come from. They would not know whether they came from one farm or from five farms. There is no chance in the world for those two packing houses in the city of Peoria to process and give certificates back, because they would not know where they came from.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. LAGUARDIA. That is not the mechanics of the bill. When each producer gets a certificate he reports his production and his previous production, and when he produces evidence of sale he gets the rest of his certificate or his allowance, and the processor pays the tax.

Mr. WILLIAM E. HULL. I understand; but how is the processor going to know whose hogs they are when they bring in hogs from three or four different farmers?

Mr. LAGUARDIA. He does not have to. Each farmer gets his own certificate.

Mr. WILLIAM E. HULL. Who gives him the certificate?

Mr. LAGUARDIA. The man who buys them.

Mr. WILLIAM E. HULL. Well, does the gentleman mean to tell me that the peddler gives that man a certificate when he buys those hogs? The gentleman lives in a city, and he does not know about hogs. The gentleman lives in a city, and that is the reason he does not understand.

Mr. LAGUARDIA. I understand the bill.

Mr. WILLIAM E. HULL. The gentleman may understand the bill, but the gentleman does not know anything about the hog business; I can see that from the way he talks.

Mr. LAGUARDIA. However, I understand the bill.

Mr. WILLIAM E. HULL. The real truth of the matter is there is no chance in the world for those processors and small packing houses to ever give a certificate back to the farmer, because he does not know where the hogs came from.

Mr. MANLOVE. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. MANLOVE. Is it not a fact that throughout the Central West hundreds of thousands of hogs are purchased by what we call shippers in the small towns from men who sell only one or two hogs a year?

Mr. WILLIAM E. HULL. Exactly. That is exactly what I have been saying. I do not see how the hog raiser can be helped by this bill. I would like to vote for this bill. I would even like to vote for it with hogs in it, but I do not see how the hog raiser can possibly get anything out of it the way the bill is written and therefore I think we ought to take out the provision making it applicable to hogs. I shall vote for the amendment.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. KELLER. What is the gentleman going to do about it?

Mr. WILLIAM E. HULL. Well, what is the gentleman from Illinois going to do about it? I did not write this bill. What is the gentleman going to do about it?

Mr. KELLER. I am going to vote for this bill.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. JONES. How will the farmer fail to get some benefit if he gets 5 cents for his hogs when he has been getting only 2½ cents?

Mr. WILLIAM E. HULL. He will never get the 5 cents.

Mr. JONES. The bill provides that he shall.

Mr. WILLIAM E. HULL. I know what the bill provides, but I am telling you how it will work out.

Mr. JONES. If he controls his marketing in accordance with the plan set out he gets the difference in the prevailing price and 5 cents per pound. He gets this in addition to his market price. That is what he gets.

Mr. WILLIAM E. HULL. Let me ask this question: Assume that I am a peddler; I am buying hogs; I go to five different farmers and buy a hog from each. How are they going to get their certificates from me?

Mr. JONES. The farmer is not going to sell his hogs unless he gets his certificate; you will not get his hogs unless he gets that certificate for the extra allowance in addition to his market price. The bill provides that on its face.

Mr. WILLIAM E. HULL. How is he going to get his certificate?

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. McGUGIN. I just want to say, in line with what the gentleman says, that the secretary of the Livestock Association of Kansas has this to say:

I do not believe there is a farmer in Kansas, when fully advised as to the provisions of the allotment bill as applying to hogs, would favor this bill.

That is true. I do not think this bill can help the hog raiser.

Mr. WILLIAM E. HULL. Mr. Chairman, I would like to see some bill passed and I am willing to vote for this bill, but I come from a district where corn is raised and where hogs are raised. I am opposed to hogs being in the bill.

Mr. CANNON. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from Missouri rise?

Mr. CANNON. Mr. Chairman, I ask unanimous consent that time for debate be extended five minutes in order to hear the other side of this question.

Mr. WHITE. Mr. Chairman, I object.

Mr. CANNON. Then, Mr. Chairman, I make a preferential motion to strike out the enacting clause.

Mr. STAFFORD. Mr. Chairman, I make the point of order that there is a pending motion before the House that should first be voted on. The motion before the House is the amendment of the gentleman from Illinois. There can not be two motions pending at the same time.

Mr. CANNON. Mr. Chairman, I am surprised that the gentleman from Wisconsin, one of the ablest parliamentarians of the House, should take such a position. Without arguing the proposition may I refer him to section 5326 of Hinds' Precedents.

The CHAIRMAN. The gentleman from Wisconsin is certainly aware of the fact that a motion to strike out the enacting clause takes precedence over all other motions and all other amendments.

Mr. STAFFORD. But there can not be two motions pending before the committee at the same time. The motion to strike out the enacting clause does take precedence if there are two persons demanding recognition at the same time. If the gentleman from Illinois offered a motion to strike out the words "and hogs" and then the gentleman from Missouri demanded recognition to strike out the enacting clause, the Chair would be obliged to recognize the gentleman from Missouri, but there can not be two motions pending for consideration at one and the same time.

The CHAIRMAN. The Chair does not think so and the Chair does not agree with the gentleman from Wisconsin and therefore overrules the point of order.

The gentleman from Missouri [Mr. CANNON] moves to strike out the enacting clause and the gentleman is recognized for five minutes.

Mr. CANNON. Mr. Chairman, the logic of the packers who have flooded our wastebaskets with propaganda against this bill, and the arguments of the gentlemen who wish to deprive the hog producers of its benefits by this amendment to strike hogs from the bill, are reminiscent of a classic incident in the history of scholasticism in medieval Europe. At a noted university learned scholars were debating the question as to whether a bowl of water would weigh more if a fish were placed in it. The debate continued with much erudition for two days until a simple-minded janitor actually took a bowl of water, placed a fish in it, weighed it, and abruptly ended the debate.

These gentlemen who represent the packing districts of Omaha and Chicago, and who are offering this amendment to deny the farmer the benefit of an increased price on hogs, on the ground that such an increase would drive the consumer from pork to lamb or beef, might take a lesson from this incident.

Who knows better than anyone else whether or not this slight increase in the cost of a pound of pork will curtail its consumption? I believe all will agree that the retail salesman who stands behind the counter selling these meats to the public is in a better position than anyone else to judge whether it will drive the average customer to the use of a substitute. And if these gentlemen, who argue as learnedly as any medieval disputant without any actual knowledge on which to base their conclusions, had taken the trouble, as I did, to get the opinion of men engaged in the retail meat business they would be edified to learn at first hand that there is no occasion to be alarmed over this imaginary hobgoblin with which the packers seek to scare the House into denying the farmers of the Corn Belt the cost of production on their hogs.

Last week I interviewed retailers of meats in various parts of the city, both clerks and proprietors, in the municipal markets, in independent shops, and in chain stores; and without exception they were of the opinion that the slight increase which might be expected from the operation of this bill would have no appreciable effect on the consumption of pork or pork products.

Washington merchants report that their customers choose pork because it is a wholesome and palatable food, and without a single exception every man I interviewed in the various meat markets of the city was of the opinion that the addition of a few cents to the already abnormally low price of pork would have no effect on the sales over their counters. That is expert testimony from men who make a daily study of the question, as contrasted with the plausible theories of the packers who seek by every known device to beat down the price of the farmer's hogs in the livestock markets of the Nation.

Mr. BALDRIGE. Will the gentleman yield?

Mr. CANNON. I regret that I have only five minutes. The gentleman who sponsored this amendment repeatedly declined to yield.

Another sophistical argument advanced by the packing interests in their widely circulated literature against this bill and repeated on the floor here since it has been under debate betrays an utter lack of familiarity with the fundamental provisions of the bill. They would have us believe that the marketing of small lots of hogs or any number less than five presents an insurmountable obstacle to the administration of the act. They seem to have overlooked the fact that we are dealing here, not with the number of hogs—which would be wholly indeterminate—but with the number of pounds produced and marketed. Anyone who knows anything at all about pork production knows that a hog can be marketed at 200 pounds or 300 pounds or 400 pounds with equal facility. Just last week a drove of hogs was marketed in my county averaging 460 pounds per hog. On the same day hogs topped the market at 175 pounds per hog. A man who feeds a single hog in the back yard of a tenement may just as accurately reduce his production the 20 per cent specified in this bill as the man who feeds a dozen carloads on a western ranch. And the serious suggestion of such a transparent argument by those opposed to the application of the bill to hog prices betrays the poverty of their cause.

Mr. Chairman, I am certain that all of us are glad to have the views of the packers on this bill. They are vitally concerned and are entitled to their day in court and were entirely within their rights in circularizing the House with literature opposing the bill, and especially in opposing provisions making the farmers from the hog and corn sections the beneficiaries of its increase in prices.

But, by the same right the farmers who have been depending on their hogs to bring in enough to pay their taxes and the interest on their note at the bank, and who now find them selling at the lowest price in 54 years, are also entitled to a hearing—even when it is necessary to take advantage of a motion to strike out the enacting clause in order to have an opportunity to present their side of the question.

Mr. Chairman, let us briefly sum up the situation. On one side are the packers. On the other side, every national farm organization in America. We must judge a bill by its enemies as well as by its friends. The Members of the House may take their choice. [Applause.]

Mr. Chairman, I withdraw the pending motion. Of course, it must be voted on sooner or later in the consideration of the bill; but for the present I ask to withdraw it.

Mr. GOSS and Mr. LAMNECK objected.

Mr. JONES. Mr. Chairman, I move that the committee do now rise.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. Mr. Chairman, what disposition is to be made of the motion of the gentleman from Missouri to strike out the enacting clause?

Mr. JONES. It is pending.

Mr. GOSS. It will be pending at the next meeting of the committee?

Mr. SABBATH. Mr. Chairman, a parliamentary inquiry. The gentleman from Missouri asked to withdraw his motion?

The CHAIRMAN. Objection was heard to that request.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 13991) to aid agriculture and to relieve the existing national economic emergency, had come to no resolution thereon.

EXTENSION OF REMARKS—FARM RELIEF

Mr. FINLEY. Mr. Speaker, Professor Einstein, who so easily imagines a fourth dimension and romps and plays with relativity, might understand the implications and ramifications of this bill. Nobody else could, or does, or ever will.

Many arguments have been adduced against it during the course of this debate. Among others, that it is an experiment; that it is a price-fixing proposal; that it is a sales or consumption tax; that it is class legislation; that it discriminates between branches of agriculture itself and against industry; that it will establish a superbureaucracy, fill our land with an army of spies and snoopers, and subject our farmers to such a system of surveillance and espionage as exists nowhere on earth except in benighted Russia.

I have listened carefully and patiently to this debate from the beginning; and I have not heard a single one of those arguments seriously challenged. And they alone are enough to condemn it.

But those are not the most serious objections to the bill. The bill is fundamentally wrong. It is based on the false assumption that price is the first and fundamental matter of importance to agriculture. There never was a greater fallacy. That never was true. It is not true now. It never will be true. Price of its products is not the first and fundamental matter of importance either to agriculture or any other producing industry and never will be. The primary, essential, and fundamental need of agriculture is a demand and a market for its products. Given the proper demand, and price will inevitably follow. Without demand there can be no price. Price is the offspring of demand. Demand is the mother of price.

This bill proposes to perform a Cæsarian operation, tear price from a dying demand, assure the death of the mother, and leave the babe without a nurse. To change the figure, this bill proposes to compel a blood transfusion to a patient afflicted with anemia, from the veins of a subject already dying of anemia.

The present plight of agriculture has been eloquently and darkly painted during this debate. I have no doubt it is a faithful portrayal.

But who has said anything about the plight of industry? If agriculture is on a bed of living coals, is industry on a bed of roses? My district is partly coal mining and partly agricultural. I see both pictures. What is the plight of industry, from which the transfusion is to be made? I hold in my hand a clipping from the Washington Herald of January 6, last Friday. Listen while I read it.

[From the Washington Herald, January 6, 1933]

MINE DISTRESS TOLD TO PROBE

Actual starvation is widespread in the bituminous-coal section of West Virginia, Van A. Bittner, of the United Mine Workers, told the Senate Manufactures Committee yesterday, in urging the passage of the $500,000,000 La Follette-Costigan Federal relief bill.

Bittner said many families are living on a ration of flour and water furnished by the Red Cross. Even miners with jobs must be assisted, due to "starvation wages," he added.

C. C. Carsters, of New York, executive director of the Child Welfare Legion of America, told the committee the number of children in institutions had increased 43 per cent since 1931.

On the same day a minister who is engaged in relief work in one of the coal-mining counties in my district was in my office. He told me that his committee has charge of only one-half of that county and that they are caring for more than 1,200 families. There are 12,000,000 men unemployed in this country, nine-tenths of whom were employed in other lines than agriculture. That sketches the picture of the plight of industry. I hang it alongside the picture of the plight of agriculture. This bill proposes to rob Peter to pay Paul at a time when Peter has not a penny to his name and is being fed by charity.

But let me return to my original proposition: Demand is the mother of price. Demand for its products is the essential and fundamental need of agriculture now and always. Given a proper demand, price will inevitably follow. What would it profit the wheat farmer if this Government should decree that wheat shall not be sold for less than $5 per bushel unless there should be no demand or market for his wheat?

And right here is the fundamental and fatal weakness of this bill. It does not increase the demand for agricultural products by so much as a bushel of wheat, a bale of cotton, a hogshead of tobacco, or a side of bacon, either here or abroad. On the contrary, it diminishes the demand and narrows the market. It is axiomatic that increase of price inevitably results in decreased demand and consumption.

Furthermore, and more important than that, the increased price must be added to the already staggering load borne by industry. It is all one, whether borne by operators or operatives, employers or employees. In any case, it becomes an added burden to industry and will be reflected in higher production costs.

More than 40 industrial nations have abandoned the gold standard and debased their currencies in the last three years. That means cheaper production by them. Already their cheapened products are hurdling our tariff barriers and infiltrating every community in our land. Every line of industry is affected by the hundreds of millions of this stuff now flooding the country. Every industry is affected, from steel to Christmas toys. Factories are closing, and their employees are joining the army of unemployed. I hold in my hand a paper weight which traveled across the Pacific Ocean, more than half across our continent to a small town 40 miles from a railroad, was bought by a postmaster, and sent to me as a Christmas present. On the bottom of it is stamped "Made in Japan."

Hundreds of millions of dollars' worth of similar stuff is coming to our shores from every quarter of the earth. And every cargo that is sold here means less use of American raw materials, less employment for American labor, and less demand for American agricultural products.

If American industry is already unable to meet this murderous competition, even in its home market, because of disparity in production costs, what could it hope to do if forced to carry the additional burden proposed by this bill?

Is the American farmer willing to see his home market stricken down by the striking down of the industries, the needs of whose employees create the only dependable demand for his products? Is the American farmer willing to depend upon a market 3,000 miles away, glutted by the products of low-wage countries of all the world? If he is, then the man who sawed the limb off between himself and the tree, the man who killed the goose that laid the golden eggs, and the little dog which lost his fine juicy bone by grabbing at a shadow were inspired philosophers by comparison.

If the leadership of this House will present a bill to reduce interest rates on farm mortgages to the same rates the Government pays on money it borrows, to extend time of payment of those mortgages, and to enable farmers whose farms have already been sold to satisfy mortgages

to reclaim them, it will do something for the farmers, instead of "doing" the farmers.

If it will forget its rabid repugnance to the Hawley-Smoot tariff law and increase the rates of that law so as to protect the most dependable customers of the American farmers in their right to employment at American wages, it will increase the price of all American agricultural products.

Our farmers have asked this Congress for a fish; in the bill before us our leadership offers him a serpent.

There will be no return of prosperity to the American farmer till prosperity returns to those classes of our people who consume the products of the farms. They constitute the demand, the dependable demand, for his products. Agriculture and industry are Siamese twins; neither can prosper while the other languishes. The efforts of this House should be directed to reemploying our 12,000,000 idle, instead of toward arbitrary price fixing for the benefit of one class of our people at the expense of another class in even worse condition.

LEAVE OF ABSENCE

By unanimous consent the following leaves of absence were granted, as follows:

To Mr. CHASE, indefinitely, on account of illness;

To Mr. STEWART, indefinitely, on account of illness in the family; and

To Mr. MILLER (at the request of Mr. DRIVER), indefinitely, on account of important business.

SHIPMENT OF ARMS FOR MILITARY PURPOSES (S. DOC. NO. 169)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Senate and House of Representatives:

Recent events have emphasized the urgent need of more authority to the Executive in control of the shipment of arms from the United States for military purposes. There can be no doubt that the control of such shipments to areas of prospective and actual international conflict would greatly aid the earnest and unceasing efforts which all nations now make to prevent and lessen the dangers of such conflicts.

However for one nation alone to engage in such prohibitions while other nations continue to supply arms is a futility. Moreover it would tend to give advantage to one nation over another by increasing the war potentialities in manufacture and skill of noncooperating nations.

There is before the Senate an international convention for the suppression of international trade in arms and ammunition and implements of war signed at Geneva, June 17, 1925, awaiting ratification. This convention has been adhered to by a large number of the other important nations and is practically stopped through failure of the United States to adhere to it. Its ratification would contribute to the ends being sought by the entire world for the prevention and limitation of war. I earnestly urge that this convention should be ratified.

If, however, it is impossible, as seems to be the case, for the Senate to now ratify this treaty it is urgent that legislation should be passed conferring upon the President authority in his discretion to limit or forbid shipment of arms for military purposes in cases where special undertakings of cooperation can be secured with the principal arms-manufacturing nations.

While such a measure would not accomplish the whole of the purposes which the advance thought in the world requires, it would at least enable the Executive in special cases to place the United States in line with other nations who are willing to make such sacrifices in the prevention of military conflict.

I therefore urge that this convention should receive ratification of the Senate now, or alternatively that legislation to the purpose mentioned should be promptly enacted.

I attach hereto the views of the Secretary of State upon this subject.

HERBERT HOOVER.

THE WHITE HOUSE, *January 10, 1933.*

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on January 9, 1933, present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 154. Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 45 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 11, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, January 11, 1933, as reported to the floor leader:

MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Continue hearings on S. 4491, to regulate intercoastal carriers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. H. Res. 343. A resolution relative to expenses of conducting investigation authorized by House Resolution 235 (Rept. No. 1837). Ordered to be printed.

Mr. BANKHEAD: Committee on Rules. H. Res. 349. A resolution providing for the consideration of S. 5160, an act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes; without amendment (Rept. No. 1838). Referred to the House Calendar.

Mr. GASQUE: Committee on the Territories. H. R. 311. A bill to approve Act No. 268 of the session laws of 1931 of the Territory of Hawaii entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the island of Molokai"; without amendment (Rept. No. 1839). Referred to the House Calendar.

Mr. SMITH of Idaho: Committee on the Public Lands. H. R. 13559. A bill authorizing the Secretary of the Interior to enter into a cooperative agreement or agreements with the State of Idaho and private owners of lands within the State of Idaho for grazing and range development, and for other purposes; with amendment (Rept. No. 1840). Referred to the Committee of the Whole House on the state of the Union.

Mr. PARSONS: Committee on the Territories. H. R. 13959. A bill to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes; without amendment (Rept. No. 1841). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. S. 4165. An act to remove existing discriminations incident to certain land grants and to subject them to the same conditions that govern other land grants of their class; without amendment (Rept. No. 1842). Referred to the Committee of the Whole House on the state of the Union.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H. R. 13372. A bill to extend the times for commencing and completing the construction of a bridge across the Peedee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C.; with amendment (Rept. No. 1843). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 13743. A bill granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Illinois and Mississippi Canal near Tiskilwa, Ill.; with amendment (Rept. No. 1844). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 13744. A bill granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Illinois and Mississippi Canal near Langley, Ill.; with amendment (Rept. No. 1845). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.; with amendment (Rept. No. 1846). Referred to the House Calendar.

Mr. BECK: Committee on Interstate and Foreign Commerce. S. 5183. An act granting the consent of Congress to the Board of County Commissioners of Allegheny County, Pa., to construct, maintain, and operate a toll bridge across the Monongahela River between the city of Pittsburgh and the borough of Homestead, Pa.; without amendment (Rept. No. 1847). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. S. 5231. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; without amendment (Rept. No. 1848). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. S. 5232. An act to extend the time for constructing a bridge across the Missouri River at or near St. Charles, Mo.; with an amendment (Rept. No. 1849). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. S. 5260. An act granting the consent of Congress to the Board of Supervisors of Marion County, Miss., to construct a bridge across Pearl River; with an amendment (Rept. No. 1850). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. S. 5261. An act granting the consent of Congress to the Board of Supervisors of Monroe County, Miss., to construct a bridge across Tombigbee River; with an amendment (Rept. No. 1851). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. H. Res. 342. A resolution providing for the payment of six months' compensation to the widow of William J. Curry (Rept. No. 1835). Ordered to be printed.

Mr. WARREN: Committee on Accounts. H. Res. 346. A resolution providing for the payment of one year's salary to the widow of Frank Hazel Barto (Rept. No. 1836). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FRENCH: A bill (H. R. 14123) to add certain lands to the Salmon National Forest; to the Committee on the Public Lands.

By Mr. SWING: A bill (H. R. 14124) amending the shipping act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. REILLY: A bill (H. R. 14125) to divest certain activities of their interstate character; to the Committee on Interstate and Foreign Commerce.

By Mr. MOREHEAD: A bill (H. R. 14126) authorizing John C. Mullen and John H. Hutchings, both of Falls City, Nebr., and William Shephers, of Rulo, Nebr., his or their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Missouri River at or near Rulo, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. HAWLEY: A bill (H. R. 14127) providing for an exchange of lands between the Colonial Realty Co. and the United States, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. STEAGALL: A bill (H. R. 14128) to provide for the redemption of national-bank notes, Federal-reserve bank notes, and Federal reserve notes which can not be identified as to the bank of issue; to the Committee on Banking and Currency.

By Mr. BRITTEN: A bill (H. R. 14129) to extend the time for the construction of a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.; and a bridge across the Michigan Canal, otherwise known as the Ogden Slip, in the city of Chicago, Ill.; to the Committee on Interstate and Foreign Commerce.

By Mr. MAPES: A bill (H. R. 14130) to repeal the act entitled "An act to save daylight and to provide standard time for the United States," approved March 19, 1918; to the Committee on Interstate and Foreign Commerce.

By Mr. MONTAGUE: A bill (H. R. 14131) to foster American industry, promote education, and facilitate pursuit of the avocation of philately; to the Committee on the Post Office and Post Roads.

By Mr. BLACK: A bill (H. R. 14132) to more fully define the meaning of paragraph 36, section 7, of the act of Congress approved July 1, 1932, being Public, No. 237, Seventy-second Congress (H. R. 11638); to the Committee on the District of Columbia.

By Mr. McKEOWN: A bill (H. R. 14133) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. PARSONS: A bill (H. R. 14134) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky.; to the Committee on Interstate and Foreign Commerce.

By Mr. HASTINGS: A bill (H. R. 14135) to create Federal rural mortgage land banks, to provide for the supervision thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. FISH: A bill (H. R. 14136) prohibiting the importation of cannabis indica, cannabis sativa, or cannabis Americana, for the purpose of making the narcotic drug known as mariahuana, or for any other purpose; to the Committee on Ways and Means.

By Mr. TAYLOR of Colorado: A bill (H. R. 14137) relating to security for certain loans under section 201 of the emergency relief and construction act of 1932; to the Committee on Ways and Means.

By Mr. AYRES: A bill (H. R. 14138) providing for loans or advances by the Reconstruction Finance Corporation, through its regional credit corporations, to farm mortgagors to enable them to lower the rate of interest on their farm-mortgage loans, and to secure the postponement of the foreclosure of farm mortgages for a period of two years, and for other purposes; to the Committee on Banking and Currency.

By Mr. DRIVER: A bill (H. R. 14139) to provide for the relief of farmers in any State by the making of loans to or contracts with States, political subdivisions of States, improvement districts, public corporations, boards and commissions, legal entities of States, private corporations, and individuals, and for other purposes; to the Committee on Banking and Currency.

By Mr. LAGUARDIA: A bill (H. R. 14140) to permit the admission of intoxicating liquors into the Virgin Islands of the United States for export; to the Committee on the Judiciary.

By Mr. COCHRAN of Missouri: Resolution (H. Res. 350) providing for the consideration of House Resolution 334, a resolution disapproving of several Executive orders group-

ing, coordinating, and consolidating certain executive and administrative agencies of the Government; to the Committee on Rules.

By Mr. DOUGHTON: Joint resolution (H. J. Res. 546) to preserve and stabilize the revenue to the United States derived from the sale of cigarettes, and for other purposes; to the Committee on Ways and Means.

By Mr. McCORMACK: Joint resolution (H. J. Res. 547) to exclude certain temporary employees from the operation of the economy act; to the Committee on Expenditures in the Executive Departments.

By Mr. MARTIN of Oregon: Joint resolution (H. J. Res. 548) authorizing a further modification of the adopted project for the Columbia and Lower Willamette Rivers between Portland, Oreg., and the sea; to the Committee on Rivers and Harbors.

By Mr. DICKSTEIN: Joint resolution (H. J. Res. 549) to provide for the return to the Philippine Islands of unemployed Filipinos resident in the continental United States, to authorize appropriations to accomplish that result, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. KUNZ: Joint resolution (H. J. Res. 550) amending Article XVI of the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BOYLAN: A bill (H. R. 14141) for the relief of August Walter; to the Committee on Naval Affairs.

Also, a bill (H. R. 14142) for the relief of Martin J. Walsh; to the Committee on Naval Affairs.

By Mr. CANFIELD: A bill (H. R. 14143) for the relief of Lloyd Vurl Lahrman; to the Committee on Naval Affairs.

By Mr. CARTER of California: A bill (H. R. 14144) for the relief of Charles D. Barnes; to the Committee on Military Affairs.

By Mr. COCHRAN of Missouri: A bill (H. R. 14145) granting a pension to Gustav Gumpertz; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14146) granting an increase of pension to Sarah A. Maack; to the Committee on Invalid Pensions.

By Mr. CULKIN: A bill (H. R. 14147) granting an increase of pension to Mary Hennessey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14148) granting an increase of pension to Adela Carmen; to the Committee on Invalid Pensions.

By Mr. DIES: A bill (H. R. 14149) granting a pension to Frank Mitchell; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 14150) granting a pension to Kathryn E. Fraley; to the Committee on Invalid Pensions.

By Mrs. ESLICK: A bill (H. R. 14151) for the relief of I. T. McRee; to the Committee on Claims.

By Mr. FISH: A bill (H. R. 14152) for the relief of Frank Gedney; to the Committee on Claims.

By Mr. GOLDER: A bill (H. R. 14153) for the relief of Walter Warren Kibbe; to the Committee on Naval Affairs.

By Mr. GOSS: A bill (H. R. 14154) for the relief of Robert R. Prann; to the Committee on Claims.

Also, a bill (H. R. 14155) for the relief of Michael Petrucelli; to the Committee on Claims.

Also, a bill (H. R. 14156) for the relief of Bertha A. Bishop; to the Committee on Claims.

By Mr. GREEN: A bill (H. R. 14157) granting a pension to Frank T. Douglas, alias Lewis Calhoun; to the Committee on Pensions.

By Mr. HARLAN: A bill (H. R. 14158) granting a pension to Louis Goldstein; to the Committee on Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 14159) granting a pension to Laura Parker; to the Committee on Invalid Pensions.

By Mr. KADING: A bill (H. R. 14160) granting an increase of pension to Franciska Steinbruecker; to the Committee on Invalid Pensions.

By Mr. McCORMACK: A bill (H. R. 14161) for the relief of John Neilson; to the Committee on Naval Affairs.

Also, a bill (H. R. 14162) for the relief of Charles Eben Stewart; to the Committee on Naval Affairs.

By Mr. McREYNOLDS: A bill (H. R. 14163) for the relief of Bernard Cyrus Snyder; to the Committee on Military Affairs.

By Mr. NELSON of Wisconsin; A bill (H. R. 14164) granting an increase of pension to Marietta B. Merrick; to the Committee on Invalid Pensions.

By Mr. SABATH: A bill (H. R. 14165) for the relief of Anna Kotjek; to the Committee on Claims.

By Mr. SANDERS of Texas: A bill (H. R. 14166) granting a pension to Mary Ann Sutton; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 14167) granting an increase of pension to Louise G. Cilley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14168) granting an increase of pension to Charles V. Harris; to the Committee on Pensions.

By Mr. STEAGALL: A bill (H. R. 14169) for the relief of Lillian R. Maugans; to the Committee on the Post Office and Post Roads.

By Mr. SWICK: A bill (H. R. 14170) granting an increase of pension to Clara Crawford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14171) granting an increase of pension to Elizabeth C. Hutchison; to the Committee on Invalid Pensions.

By Mr. WELCH: A bill (H. R. 14172) for the relief of Catherine Wright; to the Committee on Claims.

By Mr. WHITE: A bill (H. R. 14173) directing the Administrator of Veterans' Affairs to pay disability-compensation benefits under certain conditions to Justin G. Ballou; to the Committee on World War Veterans' Legislation.

By Mr. WHITLEY: A bill (H. R. 14174) granting an increase of pension to Mary J. Barrows; to the Committee on Invalid Pensions.

By Mr. YON: A bill (H. R. 14175) granting an increase of pension to Alda E. Ramm; to the Committee on Invalid Pensions.

By Mr. MURPHY: Resolution (H. Res. 348) providing for the payment of six months' salary to the daughter of Thomas M. Holt; to the Committee on Accounts.

PETITIONS, ETC.

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

9459. By Mr. AYRES: Petition of residents of Wichita and Wellington, Kans., in behalf of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

9460. By Mr. BOYLAN: Resolution adopted by the Manhattan Chapter of the Reserve Officers Association of the United States, petitioning Congress to appropriate sufficient funds to provide for adequate national defense; to the Committee on Appropriations.

9461. By Mr. CHAPMAN: Petition presented by 36 citizens of New Castle, Ky., favoring the proposed constitutional amendment to prohibit the counting of aliens in making future congressional apportionments; to the Committee on the Judiciary.

9462. By Mr. CHINDBLOM: Petition of the Joyce Methodist Episcopal Church Missionary Society, composed of 50 members, by Alice A. Synwolt, president, urging the enactment of legislation for the establishment of a Federal motion-picture commission; to the Committee on Interstate and Foreign Commerce.

9463. By Mr. CONDON: Petition of Oscar B. Nelson and 100 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9464. Also, petition of Arnold W. Thornton and 61 other citizens of Rhode Island, protesting against any reduction or

repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9465. Also, petition of Martin J. Revens and 57 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9466. By Mr. CULKIN: Resolution of the Harbor and Dock Commission of Oswego, N. Y., protesting against a grouping and consolidation of the various branches of the executive departments of the Federal Government; to the Committee on Expenditures in the Executive Departments.

9467. By Mr. DELANEY: Petition of the National Cooperative Milk Producers' Federation, urging the inclusion of dairy products in the pending allotment bill, H. R. 13991; to the Committee on Agriculture.

9468. Also, petition of the Shippers' Conference of Greater New York, protesting against certain items in Senate bill 4491; to the Committee on Merchant Marine, Radio, and Fisheries.

9469. By Mr. GARBER: Petition expressing approval of the stand of those who voted against the repeal of the eighteenth amendment and urging continued opposition to modification or repeal of the prohibition laws; to the Committee on the Judiciary.

9470. Also, resolutions passed by locals of the Oklahoma Wheat Growers' Association and other business interests in western Oklahoma, representative of the unanimous wish of the organized wheat farmers of Oklahoma, requesting the retention of the agricultural marketing act, except the stabilization feature, and urging the passage of adequate legislation extending the benefits of tariff to agriculture as embodied in the domestic allotment plan; to the Committee on Agriculture.

9471. Also, petition urging support of the railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9472. By Mr. GIBSON: Petition of James L. Burke and eight other residents of Alburgh, Vt., protesting the administrative furlough affecting the Immigration Service; to the Committee on Immigration and Naturalization.

9473. Also, petition of Rev. Albert V. Fisher and 14 other residents of McIndoe Falls, Vt., favoring the stop-alien representation amendment; to the Committee on the Judiciary.

9474. Also, petition of C. E. Ayer and eight other residents of Richford, Vt., protesting against the administrative furlough affecting the Immigration Service; to the Committee on Immigration and Naturalization.

9475. Also, petition of A. H. Fuller and 55 other residents of northern Vermont, protesting against the consolidation of the customs border patrol and the immigration border patrol with the United States Coast Guard; to the Committee on Immigration and Naturalization.

9476. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., and vicinity, urging favorable action on Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9477. By Mr. LEHLBACH: Petition of William M. Bailey and other citizens, protesting against alien representation; to the Committee on the Judiciary.

9478. By Mr. LINDSAY: Petition of the Shippers' Conference of Greater New York, registering certain objections to the legislation contained in Senate bill 4491; to the Committee on Merchant Marine, Radio, and Fisheries.

9479. Also, petition of The Best Foods (Inc.), New York City, protesting against the Andresen amendment to House bill 13991; to the Committee on Agriculture.

9480. By Mr. ROBINSON: Petition signed by George C. Pashby, Route No. 5, Cedar Falls, Iowa, and 14 others, urging the passage of the stop-alien representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9481. By Mr. RUDD: Petition of The Best Foods (Inc.), New York City, opposing the Andresen proposed amendment to House bill 13991, advocating a tax of 5 cents a pound on oleomargarine and a tariff upon its ingredients; to the Committee on Agriculture.

9482. By Mr. SEGER: Letter from Rev. A. L. Kletz, pastor of First Methodist Episcopal Church, Passaic, N. J., urging passage of stop-alien representation amendment; to the Committee on the Judiciary.

9483. By Mr. SHREVE: Petition of A. J. Knightlinger, A. W. Dennis, and others, of Meadville, and Mary E. Rigby and others, of Titusville, Pa., urging the passage of the stop-alien representation amendment to the Constitution of the United States; to the Committee on the Judiciary.

9484. By Mr. SNOW: Memorial of Eureka Grange, No. 113, of Mapleton, Me., indorsing proposed Sparks-Capper stop-alien representation amendment; to the Committee on the Judiciary.

9485. By Mr. SPARKS: Petition of citizens of Northbranch and Burr Oak, Kans., and Guide Rock, Nebr., submitted by A. W. Cline, of Northbranch, Kans., and L. M. Jeffery, of Guide Rock, Nebr., and signed by 52 others, opposing any measure permitting the sale of beer or wine; to the Committee on the Judiciary.

9486. By Mr. STALKER: Petition of W. C. Adams and 85 other residents of Arkport, N. Y., urging support of the stop-alien representation amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9487. By Mr. TAYLOR of Colorado: Petition of citizens of Kline, Colo., urging legislation for the remonetization of silver on a reasonable ratio with gold; to the Committee on Coinage, Weights, and Measures.

9488. By Mr. WYANT: Petition of citizens of Blairsville, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9489. Also, petition of citizens of Murrysville, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9490. Also, petition of citizens of Manor, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9491. Also, petition of citizens of Harrison City, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JANUARY 11, 1933

(Legislative day of Tuesday, January 10, 1933)

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

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

The VICE PRESIDENT. The clerk will call the roll.

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

Ashurst	Black	Byrnes	Copeland
Austin	Blaine	Capper	Costigan
Bailey	Borah	Caraway	Couzens
Bankhead	Bratton	Carey	Cutting
Barbour	Broussard	Cohen	Dale
Barkley	Bulkley	Connally	Dickinson
Bingham	Bulow	Coolidge	Dill