dependents; to the Committee on World War Veterans' Legislation.

9595. Also, petition of Almon H. Medbury, Alphicle Sutherland, James E. Cheek, and 291 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9596. By Mr. DELANEY: Petition of the Association of Army Employees of New York, urging the preservation of the citizens' military training camps; to the Committee on Appropriations.

9597. Also, petition of the Finger Lakes Wine Growers Association, of New York, urging the repeal of the eighteenth amendment by referring such issue to State convention instead of to States for legislative action, and also urging Federal control of the manufacture of all alcoholic beverages; to the Committee on the Judiciary.

9598. Also, petition of the A. C. Clark Co., of New York, urging a higher tariff on Japanese tuna fish, in order to protect this industry, together with all the people connected with it in the United States; to the Committee on Ways and Means.

9599. Also, petition of Bacon & Trubenbach (Inc.), of New York, urging a higher tariff on Japanese tuna fish in order to protect this industry in the United States; to the Committee on Ways and Means.

9600. Also, petition of the National Federation of Federal Employees, urging support of the Ransley amendment to the War Department appropriation bill; to the Committee on Appropriations.

9601. By Mr. GARBER: Letter of F. D. Mowbray, captain, Field Artillery Reserve, Enid, Okla., urging support of appriations for national defense; to the Committee on Appropriations.

9602. Also, petition of the transportation committee of the Chamber of Commerce, Cleveland, Ohio, urging support of House bill 11642, providing for ab initio repeal of the recapture clause of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

9603. Also, petition of the Queensboro Chamber of Commerce, New York City, urging favorable consideration of House bill 11642, providing for changes in the existing rule governing rate making for the railroads, the retroactive repeal of the recapture clause, and the distribution of the processes of railroad valuation; to the Committee on Interstate and Foreign Commerce.

9604. Also, petition of the North River Bridge Co., Jersey City, N. J., protesting against House bill 13461; to the Committee on Interstate and Foreign Commerce.

9605. Also, petition of State Chapter No. 347, the Railroad Employees' National Pension Association, Willard, Ohio, urging support of Senate bill 4646 and House bill 9891, railway pension bills, and expressing opposition to Senate bill 3892 and House bill 10023; to the Committee on Interstate and Foreign Commerce.

9606. Also, petition of the National Federation of Federal Employees, urging amendment of the War Department appropriation bill by striking out the provision for the limitation of the amount which may be expended other than through competition with outside firms for manufacture at the Philadelphia Clothing Factory of wearing apparel for enlisted men of the Regular Army; to the Committee on Appropriations.

9607. By Mr. HANCOCK of New York: Petition of H. M. Williams and other residents of Baldwinsville, N. Y., opposing the modification of the Volstead Act and repeal of the eighteenth amendment; to the Committee on the Judiciary.

9608. By Mr. KELLY of Pennsylvania: Petition of citizens of Allegheny County, Pa., protesting against repeal of the eighteenth amendment; to the Committee on the Judiciary.

9609. Also, petition of citizens of Pittsburgh, Pa., protesting against reduction of funds for the National Guard; to the Committee on Appropriations.

9610. By Mr. LAMNECK: Petition of Mrs. P. G. Mittler, Paul G. Mittler, Ella A. Connell, and numerous other citizens of the city of Columbus, Ohio, urging favorable consideration 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 Immigration and Naturalization.

9611. By Mr. LINDSAY: Petition of Association of Army Employees, Governors Island, N. Y., favoring continuation of the citizens' military training camps for our national defense; to the Committee on Appropriations.

9612. Also, petition of National Federation of Federal Employees, Washington, D. C., urging support of the Ransley amendment; to the Committee on Appropriations.

9613. Also, petition of A. C. Clark Co., canned-food brokers, New York City, urging a higher tariff on Japanese tuna fish; to the Committee on Ways and Means.

9614. Also, petition of Finger Lakes Wine Growers Association, Naples, N. Y., favoring modification and repeal of the eighteenth amendment; to the Committee on the Judiciary.

9615. By Mr. MILLARD (by request): Petition signed by citizens of Thiells and Haverstraw, in the State of New York, favoring the stop-alien-representation amendment; to the Committee on the Judiciary.

9616. By Mr. PERKINS: Petitions containing the names of 51 residents of Washington, Warren County, and 50 residents of Lodi, all of the State of New Jersey, favoring the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

9617. By Mr. RUDD: Petition of Finger Lakes Wine Growers Association, Naples, N. Y., favoring the repeal of the eighteenth amendment, by referring such issue to State convention, also for the Federal control of the manufacture of all alcoholic beverages; to the Committee on the Judiciary.

9618. Also, petition of Association of Army Employees, Governors Island, N. Y., favoring appropriations for the continuance of the citizens' military training camps; to the Committee on Appropriations.

9619. Also, petition of National Federation of Federal Employees, favoring the Ransley amendment to the Army appropriation bill; to the Committee on Appropriations.

9620. Also, petition of Francis E. Fronczel, M. D., health commissioner, Buffalo, N. Y., favoring the inviting of the International Congress of Military Medicine and Pharmacy to hold its eighth meeting in the United States in 1935; to the Committee on Appropriations.

9621. Also, petition of Bacon & Trubenbach (Inc.), brokers, canned foods and dried fruits, New York City, favoring a higher duty on Japanese tuna fish; to the Committee on Ways and Means.

9622. Also, petition of A. C. Clark Co., brokers, canned foods, New York City, favoring a higher duty on Japanese tuna fish; to the Committee on Ways and Means.

9623. By Mr. SEGER: Petition of New Jersey Republican Association of County Chairmen, favoring the immediate action on repeal of the eighteenth amendment and modification of the Volstead Act to provide relief for taxpayers and unemployment; to the Committee on the Judiciary.

SENATE

TUESDAY, JANUARY 17, 1933

(Legislative day of Tuesday, January 10, 1933)

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

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

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

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

Ashurst	Barkley	Bratton	Capper
Austin	Bingham	Broussard	Caraway
Bailey	Black	Bulkley	Connally
Bankhead	Blaine	Bulow	Coolidge
Barbour	Borah	Byrnes	Copeland

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Costigan	Hatfield	Moses	Smoot
Couzens	Hawes	Neely	Steiwer
Cutting	Hayden	Norbeck	Stephens
Dale	Hebert	Norris	Swanson
Davis	Howell	Nye	Thomas, Idaho
Dickinson	Hull	Oddie	Thomas, Okla.
Dill	Johnson	Patterson	Townsend
Fess	Kean	Pittman	Trammell
Fletcher	Kendrick	Reed	Tydings
Frazier	Keyes	Reynolds	Vandenberg
George	King	Robinson, Ark.	Wagner
Glass	La Follette	Robinson, Ind.	Walcott
Glenn	Lewis	Russell	Walsh, Mass.
Goldsborough	Logan	Schall	Walsh, Mont.
Gore	Long	Schuyler	Watson
Grammer	McGill	Sheppard	Wheeler
Hale	McKellar	Shipstead	White
Harrison	McNary	Shortridge	
Hastings	Metcalf	Smith	

The PRESIDENT pro tempore. Ninety-four Senators having answered to their names, a quorum is present. The Senator from New Mexico [Mr. CUTTING] has the floor.

PHILIPPINE INDEPENDENCE—PRESIDENT'S VETO MESSAGE

The Senate resumed the consideration of the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, returned by the President of the United States with his objections to the House of Representatives, in which it originated.

Mr. HAWES. Mr. President——

Mr. CUTTING. I yield to the Senator from Missouri.

Mr. HAWES. Mr. President, on the House side the Resident Commissioners, Messrs. OSIAS and GUEVARA, have participated in the debates and have in the cause of Philippine independence performed fine patriotic service in the House.

Unfortunately, on the Senate side representatives of the Philippine people are not permitted to speak. I have, therefore, on occasion presented some of their remarks as part of the discussion now before the Senate.

Among others connected with the legislative mission from the Philippines is Mr. Marcial Lichauco, a graduate of Harvard University, a linguist of ability, assistant attorney general in the islands, and secretary of the legislative commission.

I ask that his remarks be made part of the debate on Philippine independence and be placed in the body of the RECORD and referred to the Committee on Territories and Insular Affairs, together with a letter from the Philippine commission.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter and address are as follows:

LEGISLATIVE COMMISSION FROM THE PHILIPPINES,
Washington, D. C., January 16, 1933.

Hon. HARRY B. HAWES,
Senate Office Building, City.

DEAR SENATOR: We wish to inform you on behalf of the Philippine Commission and the Resident Commissioners, authorized representatives in the United States of the Filipino people, that the independence bill awaiting the action of the Senate is satisfactory to us and that it is our earnest desire that it receive final approval.

For many years the Filipino people have striven for their independence. The bill now before the Senate would accomplish that purpose. Its enactment would not only fulfill the Filipino people's aspirations for separate nationhood but would also be a fitting consummation of America's trusteeship in the Philippines.

We avail ourselves of this occasion to record our sentiments of deep gratitude to the Congress and the people of the United States for their support of Philippine independence.

Very sincerely,

For the Philippine Commission and the Resident Commissioners:

SERGIO OSMENA.
MANUEL ROXAS.

ADDRESS OF MARCIAL P. LICHAUCO BEFORE THE FOREIGN POLICY ASSOCIATION OF NEW YORK, ASTOR HOTEL, JANUARY 7, 1933

(This address was broadcast through one of the networks of the National Broadcasting Co.)

It has been frequently insinuated that the Filipino people are divided as to the kind of independence which they want, it being claimed that an important section of the population is desirous of maintaining some form of permanent connection with the United States.

Let me first of all, therefore, remove all doubt from your minds as to what the people of the Philippine Islands really want. The pages of our history are replete with the struggles we have had against Spain in our efforts to achieve absolute and complete independence. We had practically attained that independence in 1898 when Dewey sailed into Manila Bay. Thus it was that after the United States paid Spain the sum of $20,000,000 for a title which she no longer possessed America found it necessary to spend an additional $500,000,000 and to send 100,000 soldiers into the Philippines to subdue the Filipino people because we knew exactly what we wanted.

Our attitude since then has never varied. Time and again during the last 34 years every Filipino leader and every Filipino Legislature has advocated absolute, immediate, and complete independence. That was what the leaders of the Filipino people in Washington asked Congress for and that is what the people of the Philippine Islands still want to-day.

The detractors of Philippine freedom during the past few years have been harping on the theory that there can be no political independence unless there is first economic independence. I ask you, what country now independent achieved economic independence before political independence? Ask yourselves that question about your own country. Were you economically independent in 1776? Were any of the countries in central Europe that were granted independence in 1918 economically independent at that time? The answer is too obvious to merit further discussion.

It is true that the Philippine Islands are to-day dependent to a great extent upon the free-trade relations with the United States and that the immediate severance of those relations would bring much hardship to the islands, but it is also to be remembered that that relationship was forced upon the islands in 1909, against the expressed will of the Filipino people who foresaw that such relationship would create artificial trade conditions in later years. No matter what kind of independence is granted the Filipino people, therefore, justice requires that Congress make provision for an adequate readjustment of the relations America herself initiated. The Philippine independence bill recently passed by Congress and now awaiting the President's signature makes such a provision, as I shall explain later on.

In viewing the Philippine situation to-day, and considering the advisability of enacting into law the terms of the independence bill just mentioned, one requires a brief study of the difficulties which Filipino leaders and their friends have in the past experienced in their efforts to secure congressional action on the Philippine problem. The Filipinos have never questioned the good faith of the masses of the American people. Since 1920 we have never doubted that if the American people could be brought to see the moral aspects as well as the material importance of Philippine independence they would, without hesitation, have voted to grant it. And yet, between 1920 and 1929, during which period 39 independence bills were introduced in Congress, not one of those bills was ever reported favorably by a committee of Congress. How did this come about? Why did so many years elapse between 1920 and to-day with nothing done to grant the Filipinos the independence which they so dearly covet?

There were several reasons for this. In the first place, one of the greatest obstacles the Filipino people have encountered in their campaign for independence has been the inertia, the indifference, the live and let live attitude of the American people. This attitude was for a good many years bolstered by the American retentionists who, desirous of fostering permanent or indefinite relations between the United States and the Philippines, argued that the Filipino people were incapable of independence, lacking as they did, not only training but even capacity for self-government. It was also argued by these persons that since America was doing such good work in the Philippines there was no reason why it should be abruptly terminated. Fortunately, that argument has lost its force. We soon demonstrated our ability to manage our governmental affairs, and our success in the administration of the various processes and attributes of government that have been gradually turned over to us, has been praised by all impartial observers.

Not to be daunted, however, the detractors of Philippine autonomy then began to claim that, although several Presidents of the United States had vaguely spoken of eventual independence for the Philippines, the United States had never formally promised to grant that boon to the Filipino people. This contention lost its validity when the Congress of the United States, in passing the organic law of the Philippines in 1916, formally stated that "it is, as it always has been, the purpose of the people of the United States * * * to recognize their independence as soon as a stable government can be established therein."

Finally, the opponents of Philippine independence came out with their latest contention, a contention which is still being advanced to-day. And that is that the Philippines are not economically prepared for independence. We have never been able to ascertain from the authors of this contention just what degree of economic preparation is expected of us as a condition precedent to independence, or how long a time it will require to give us the proper kind and measure of preparedness. This contention has derived its import and popularity not from its intrinsic validity but from the distinction of some of those who have urged it. A little while ago I raised the question whether, if "economic preparation" had been a prerequisite to the achievement or preservation of independence, the American Colonies could have met the test? Why should this new-born norm be applied to the Filipino people? It was given no application to Esthonia or Latvia or Czechoslovakia or Yugoslavia when the United States was asked to recognize their sovereignty and independence only a few years ago. Apparently this criterion of a people's readiness for independence was invented for the Fili-

pinos alone. Be that as it may, the argument has gained many supporters, and is still being used to-day by those who would defeat any independence measure.

Early in 1929 the possibility of ever bringing up the Philippine question before Congress was considered so small that some of the newspapers in Manila which had always advocated independence stated in their pages that the Philippine independence issue in the United States was dead; that our people could not possibly revive it; that we could not get intelligent people in America to discuss it, because America had so many other problems to think about and talk about; and that Filipinos should, therefore, resign themselves to a permanent connection with the United States.

I was asked by the editor of one of these papers to write an article on that subject, encouraging our people not to lose hope or faith in our cause. In the course of my article I mentioned an interview I had had with the late Moorfield Storey, of Boston, one of the noblest souls America has ever produced. In 1926 Mr. Storey, then in his eightieth year, had told me that I should never give up hope of our country's attaining eventual independence. He said the Filipino cause would never be a lost cause as long as the Filipino people had the heart and mind to keep up the struggle. I quoted Mr. Storey in my article, and it made quite an impression. However, I realized that I was mistaken. I should have said that the Filipino cause would never be a lost cause as long as there are economic depressions in the United States. For think of it, only three years have elapsed since 1929, and yet last April the House of Representatives passed an independence bill by a vote of 306 in favor and only 47 against, and last month the Senate passed a similar measure practically without a dissenting vote.

What had happened? Peculiar circumstances had occurred. The farmers and the laborers of this country, feeling that the cessation or restriction of free trade with the Philippines and the restriction of Filipino immigration into this country would give them some relief, have brought to bear upon Congress such pressure as they could muster in favor of Philippine independence. These important elements in American life have thus combined forces with the idealists of America to push through the necessary legislation that would pave the way for independence. The latter have been striving these many years to give us freedom, because America has pledged it. The former would now give us freedom to deprive us of free trade and free entry into America. We are not surprised at this peculiar turn of events. We are willing to pay a great price for a great blessing. Nor, as Dr. Jacob Gould Schurman has eloquently said, will it derogate from the honor and good faith of the United States if the final solution of the Philippine problem is obtained by the combined forces of materialism and idealism. For in politics, as well as in every other line of human endeavor, these two march hand in hand.

One thing that I have learned in the course of my trips to Washington is that all legislation, in the last analysis, is a matter of compromise between the interests to be affected by the proposed legislation. The Philippine bill, as passed by Congress, is no exception to that rule. Although the measure contains many unjust and unreasonable provisions, as far as the Filipino people are concerned, at least it has succeeded in harmonizing the conflicting views of those interested in the settlement of the Philippine question, and it represents a rational and realistic solution of a most difficult problem. This bill has received the most careful consideration by the two committees of Congress where it was discussed in great detail. It has received the support and commendation of the most important leaders of both parties in the Senate and the House, and it represents the result of many, many months of careful study and deliberation. It satisfies the opponents of immediate independence by postponing independence for 10 years; at the same time satisfying the farmer and the laborer in this country, by giving them the relief that they believed themselves entitled to. It gives the Filipino people, in the meantime, a much larger measure of autonomy than they now enjoy. It protects Americans, foreigners, and Filipinos who have invested their money in Philippine industries which depend on free trade, by giving them a reasonable period within which to readjust themselves to the new conditions they must face in subsequent years. It protects the American bondholder in this country by making certain that he will get back every dollar he paid for his Philippine bonds. It satisfies that American element which insists that the United States retain some foothold in the Orient by leaving that issue open until independence is granted, when the United States may, if it chooses, retain such military and naval reservations as it now has in the Islands. And last, but not least, this bill definitely states the date when independence is to be granted, thereby doing away with the uncertainty and the unrest which prevails in the Philippines to-day.

Although the bill, therefore, is not a perfect bill, although it may not even be called a good bill, it is, I sincerely believe, the best that the Filipino people can get from the present Congress. And there are no indications that a better bill can be secured hereafter. Certainly the forces of materialism and selfishness that have played a part in the passage of this bill now will continue to exert that influence. You can not ignore them. And there is even a possibility that a subsequent bill may contain more unjust restrictions than those found in the present one.

The present bill is so framed that in order that it may go into effect after the President has approved it, it is necessary that it first be accepted by the Filipino people, acting through their legislature. Of course, I do not know—no one knows—whether the bill will be accepted by our legislature. Perhaps my countrymen, sitting 10,000 miles away from Washington and not realizing the strength of the selfish forces that are striving for the protection of their own interests at the expense of the Filipinos, may think that the present bill contains too many unjust provisions, and they will therefore reject it, hoping that something better can be accomplished in the next Congress. But certainly it seems to me that the only fair and reasonable thing for President Hoover to do is to give us the opportunity of passing upon the bill. And I sincerely believe that the Filipino people, when duly informed of the difficulties of getting a better bill, will accept it gratefully. For the peculiar circumstances that have arisen during the last three years may not soon recur, and we may find it later just as difficult to overcome the inertia and the indifference of the American people as we found it prior to 1929.

Since the passage of this bill by Congress many responsible individuals have said that if it is approved the American people will in later years regard it with shame. But it is to be remembered that the last chapter of American history in the Philippines will not have been written with the enactment of this bill. That last chapter will be written when America withdraws from the islands 10 years hence. Between now and then it would be a simple matter for the American people, after the hysteria and fears of the present moment have passed, to amend the unjust provisions of the bill. It is easier to correct a statute than it is to initiate one. And so it seems to me that the friends of Filipino independence and the Filipinos themselves should prefer to take what can now be obtained, confident as I am that the unjust provisions of this measure will later be rectified.

I love the United States second only to my own country. I spent some of the happiest years of my life in college here. I want every American to be proud of America's Philippine venture. I know every American wants to be proud of it. And just because I wish that both the American people and we of the Philippines shall have nothing to regret and everything to make us glad and grateful for the mutual respect and confidence which mark the close of our thirty-odd years of relationship, I am eager that this bill just passed by Congress shall now or hereafter be cured of all its legislative defects, and freed from every hint that materialism and not idealism inspired it. Let this last chapter of Philippine-American relations, when completed, be written as we desire it to appear in history, with credit to America and justice to us. The record should be as you would have posterity read it, to your honor and glory, for once made it will be immutable, and then as the Persian poet reminds us always to be lamented but never to be changed:

"The moving finger writes; and having writ,
Moves on; nor all your piety nor wit
Shall lure it back to cancel half a line,
Nor all your tears wash out a word of it."

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

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

Mr. CUTTING. I yield.

ATTITUDE OF CERTAIN INTERESTS TOWARD THE BANK BILL

Mr. LONG. I have a resolution which has been on the table, and which I do not think will require any discussion, to investigate the lobby behind the bank bill. If there is no objection to it, I want to ask that the resolution be passed.

The PRESIDENT pro tempore. The Senator from Louisiana calls up Senate Resolution 326, which will be read for the information of the Senate.

The Chief Clerk read as follows:

Senate Resolution 326, by Mr. LONG, authorizing the appointment of a special committee to investigate the attitude of so-called big banking interests toward the banking bill and also charges of lobbying in connection with said bill

Whereas conflicting statements have been made in the press that the big banking interests of the United States are fighting for and against the so-called Glass banking bill; and

Whereas it is essential that the Senate be fully informed with respect to the truth of such statements: Therefore be it

Resolved, That a special committee of 5 Senators, to be appointed by the President of the Senate, 3 from the majority political party and 2 from the minority political party, is authorized and directed to investigate the statements made in the press with respect to the opposition by the big banking interests to the so-called Glass banking bill (S. 4412), and said committee is likewise directed to investigate the charges that certain people and banks are lobbying in favor of said banking bill, and to report to the Senate, as soon as practicable, the results of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-second Congress, to employ such clerical and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such

hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Is there objection to the present consideration of the resolution?

Mr. BINGHAM. Mr. President, I hope that we may get through with the Philippine bill before any matters of this nature are taken up. I hope the Senator will bring it up after we have had a vote on the Philippine bill. So I shall object.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COUZENS. Under the law would not the resolution have to go to the Committee to Audit and Control the Contingent Expenses of the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG. I will eliminate the part of the resolution providing for an appropriation.

The PRESIDING OFFICER. The Senator from Connecticut objected to the present consideration of the resolution. The Senator from New Mexico has the floor. Does he yield further to the Senator from Louisiana?

Mr. LONG. May I ask just one more question?

Mr. CUTTING. I yield.

Mr. LONG. As I understand it the Senator from Connecticut does not want the resolution to interfere with the Philippine bill, but he is not objecting to the resolution itself.

Mr. BINGHAM. I hope the Senator will let it go over until we get a vote on the Philippine bill.

Mr. LONG. Very well.

PHILIPPINE INDEPENDENCE—PRESIDENT'S VETO MESSAGE

The Senate resumed the consideration of the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, returned by the President of the United States with his objections to the House of Representatives, in which it originated.

Mr. CUTTING. Mr. President, before we took a recess yesterday I endeavored to point out a few of the major inconsistencies contained in the letters from the four members of the President's Cabinet. If one should go into detail, one could find hundreds of others, but I shall spare the Senate from that unusual form of punishment. I wish to remind Senators, however, that it was pointed out yesterday that Secretary Hyde desired a greater curtailment of Philippine imports to this country than was provided by the pending bill; that Secretary Chapin, on the contrary, desired practically no curtailment of such imports. It was pointed out that Secretary Hyde demanded, in effect, immediate independence, because no other kind of independence would benefit the agricultural interests of this country; that Secretary Stimson, in effect, demanded no independence now or at any other time; and that Secretary Hurley demanded independence at some indefinite date in the future when conditions might be such as to justify it, and that thereafter Secretary Hurley went on to say that probably, after all, Congress had no constitutional power to pass an independence bill at all.

Now I should like to discuss the President's message in the light of the letters from the members of his Cabinet. The President begins by saying:

> The Philippine people have to-day as great a substance of ordered liberty and human freedom as any people in the world.

That idea is derived from Secretary Hurley. The next sentences, I believe, are the President's own.

The President, in general, has combined the inconsistent arguments of his four Cabinet officers into a veto message which in its nature must be as inconsistent as the sources from which he drew it. Two-thirds—probably three-quarters—of this message are almost a verbatim quotation from one sentence or paragraph or another of the four Cabinet reports. The President has added an introduction and he has added certain conclusions. It is my desire to show that the conclusions which he has drawn are inconsistent with the reports made by members of his Cabinet, and are inconsistent, in many respects, with what the President himself has said in his veto message.

This message has been acclaimed to the country, Mr. President, as a statesmanlike and farseeing utterance. Both Houses of the Congress of the United States have been held up to obloquy because they have passed a hastily considered measure. I want to assure the Senate that their Committee on Territories and Insular Affairs has given as careful, as thorough, and as mature consideration to this bill as to any bill which has ever come before them or, I dare say, before any other committee of this body. I think that if the statements of the four Cabinet members had been published previous to the veto message, which is based upon them, there would be less talk about the "statesmanlike" quality of the veto.

The President starts out, as I before stated, with words which I am sure are his own. Anyone who has read a number of the President's speeches or messages will realize that he is very fond of using the word "spiritual," and that he uses it on occasions and under circumstances when most people would think the subject was purely material or practical. The President sees a spiritual side to the number of telephones and the number of automobiles which are owned in the United States. He feels that the rugged individualism which has reduced so many of our people to the status of inmates of the poorhouse is a spiritual thing. So it is probably consistent that the three sentences which immediately follow the quotation from Secretary Hurley contain the word "spiritual" twice.

I shall read them to the Senate:

> They—

That is, the Philippine people—

> They lack the form of separate nationality which is indeed their rightful spiritual aspiration. They have been encouraged in this aspiration by every President of the United States during the years of our association with the Philippines and by declarations of the Congress.
>
> But in securing this spiritual boon to the 13,000,000 people in these islands the United States has a triple responsibility.

Mr. President, I submit to the Senate that Philippine independence is neither a "spiritual aspiration" nor a "spiritual boon." It is a plain pledge which the people of this country, through their Congress, made to the people of the Philippine Islands. It is just as plain and concrete as words can be. When the Congress of the United States passed the Jones Act, they agreed to give the Philippine people independence as soon as they established a stable government. A "stable government," as I have on other occasions pointed out to the Senate, means a government which is able to maintain order and which can carry out its international obligations. That kind of a government has been in existence in the Philippine Islands for a long time.

That is our pledge, and when the President says that that pledge is subject to a "triple responsibility," namely, a responsibility to the people of the islands, the people of the United States, and to the world, he is merely saying something which is equally applicable to any legislation which this Congress may pass. I do not believe that Members of the Senate or Members of the House of Representatives are inclined to disregard their obligations, or if you prefer the phrase, their "responsibilities" to the people of the islands, to the people of this country, or to the people of the world. But when those responsibilities are placed ahead of a definite promise, and when they are interpreted in such a way as to imply that we can not carry out our promise until we have accomplished ideal justice through equal partners, then, as I shall try to point out, it is made impossible to pass not only this bill but any kind of an independence bill for the Philippine Islands. There is no bill which can be passed which will not injure some people in the Philippine Islands, some people in the United States, and some people in the world at large. We might as well take that premise for granted before we argue the question of Philippine independence at all.

The President proceeds to summarize the bill. The summary, strikingly enough, contains no mention of the fact that the bill can not go into effect without ratification by the Philippine Legislature.

He then goes on to discuss the economic and social consequences. Paragraphs 6 and 7 of his message are taken almost verbatim from the letter of Secretary Chapin, who argued that the curtailment of Philippine imports into this country would of itself wipe out the economic life of the Philippine people.

The free entry of Philippine products into the United States—

Says the President—

that is 80 per cent of their foreign market, is to cease at that time, or at best be subject to an indefinite negotiation. Unfortunately for these people, their economic life to-day, and for many years to come, is absolutely dependent upon their favored trade with the United States. Many of their industries can not compete with the lower standards of living and costs in other tropical and subtropical countries, except by virtue of their favored entrance to our markets.

I have no intention of discussing these points in detail; they were dealt with at length when the bill was before the Senate; but I think the President implies by that statement that 80 per cent of the Philippine foreign market will be affected by the enactment of the present bill. As a matter of fact, the average value of imports into this country during the years 1928 to 1930 was 76.6 per cent of the total Philippine exports. Of those imports only 75 per cent were subject to protection in other countries. Hence the bill will affect not 80 per cent of the Philippine foreign market, but only 57.5 per cent of their total market. That is a detail, of course, but it is the kind of detail which carries an inaccurate streak throughout the presidential message.

While paragraphs 6 and 7 of the President's veto message are copied from Secretary Chapin, paragraph 8 is copied, equally accurately, from Secretary Hyde, who wanted a far greater curtailment on Philippine imports to this country, and who practically wanted the bill to go into immediate effect. The President uses the same 1928 figures which Secretary Hyde uses. Why, may I ask, should the figures for the year 1928 carry any particular value? Both Secretary Hyde and the President say that under the bill—

The amount of competitive commodities admitted into the United States duty free is in sugar 50 per cent larger than that of 1928; vegetable oils, 25 per cent larger—

Yet the fact is glaringly apparent that the importation of sugar in 1932 is greater than the amount which can be imported under the bill.

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

Mr. CUTTING. I yield to the Senator from Connecticut.

Mr. BINGHAM. The Senator remembers that we have been told that the amount which would be imported next year would be even very much larger than the amount imported in 1932?

Mr. CUTTING. Yes; and, therefore, if we delay the passage of a measure of this kind, the agricultural interests of the United States will be damaged to a far greater extent than even that which is held up to us by Secretary Hyde.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Colorado?

Mr. CUTTING. I yield to the Senator from Colorado.

Mr. COSTIGAN. Does the Senator know of any reason why a bill more favorable to the agricultural interests is likely to be secured if the present bill shall not be enacted into law?

Mr. CUTTING. I will say, Mr. President, that a bill more favorable to the agricultural interests of this country would, of course, be less favorable to the interests of the Philippine Islands. It would be open to more of the objections which the four Cabinet members have used to show that this is a selfish act, that it was promoted by selfish considerations, and that the true interests of the Philippine Islands were not considered by those who framed the present bill. It is impossible to pass a bill which shall not be worse either from the point of view of paragraphs 6 and 7 of the President's message or from the point of view expressed in paragraph 8. We shall have to move our figure up or down. If we move it either way, we make the bill worse from one or the other of those two standpoints.

May I call the attention of the Senator from Colorado also to what the President said when he spoke in the Senator's State at Denver on November 6, 1932?

The Republican proposal—

I do not know what Republican proposal he refers to. There has been no Republican proposal which has come upon this floor which carries out the statements made by the President in Denver; but I quote from his remarks:

The Republican proposal is of a gradually modified relationship with the Philippines. * * * We say that their amount of duty-free sugar must not be increased at all, but, on the contrary, must start at 600,000 tons and be reduced every year in order to gradually establish—

"To gradually establish" what? God save the mark!—

to gradually establish their economic independence.

What would Secretary Chapin say to any bill which immediately reduced the present imports of duty-free Philippine sugar to 600,000 tons, when during the present year they will export probably at least twice that amount?

The President goes on to speak about "responsibility without authority." This section of his message comes from the letter of Secretary Hurley.

The bill weakens our civil authority—

Says the President—

during the period of intermediate government to a point of practical impotence. The powers which the high commissioner can exercise on his own initiative are unimportant, and those which can be delegated to him by the President over legislation are doubtful and indirect.

Mr. President, I think anyone who has studied the bill realizes that it very carefully safeguards in their integrity American authority and sovereignty during the transition period. It retains in the American Government and its representatives all power and authority necessary to safeguard the continuing responsibilities of the United States in the islands. If any of the contingencies which the President cites in his message should arise, there is authority in this bill for the President of the United States to act immediately and effectively. The powers of intervention reserved to the United States by this bill are of such nature and scope that never during the transition period will the United States find itself in the Philippines in a position without authority commensurate with its responsibility.

As the Senator from Missouri [Mr. HAWES] pointed out the other day, the pertinent provisions which were finally embodied in the act were provisions drawn up by W. Cameron Forbes, a former Governor General of the island, a distinguished representative of the United States in the Far East, a man jealous of American authority, and a man probably better informed in this respect than any proconsul whom the United States has ever sent into the Orient. Those provisions are so strict that they have stirred up antagonism in certain quarters of the Philippine Islands. It can not be argued that the provisions have left the United States in a position of "responsibility without authority."

Paragraph 10 also comes from Secretary Hurley's letter.

Paragraph 11 points out the present external dangers to independence. That paragraph comes from the letter of the Secretary of State. It shows that there are external dangers to the independence of the Philippine Islands. Those external dangers, Mr. President, exist at the present time, and will exist under an interim government or under an independent administration.

The junior Senator from Indiana [Mr. ROBINSON] on Saturday pointed out that under the Washington treaty we are in a position where we can never defend the Philippine Islands against external aggression. I think every Senator who has studied the subject knows that fact.

But the President goes on to point out:

The political dangers of the situation are greatly increased by the present political instability in the Orient.

He thinks, as the Secretary of State thinks and says, that American prestige will be damaged by our withdrawal from the Orient at this time.

That, of course, is a matter of opinion; but I can say that some of us believe that American prestige in the Orient will not be injured, but will be advanced, when the Orient realizes that the United States is one nation which believes in keeping its solemn pledge, which does not believe in violating its agreement, whether the agreement be an international one or one initiated by its own legislative body.

I can not believe that in a long view of the situation the United States of America will be damaged by keeping her word.

In paragraph 12 the President goes on:

To-day the picture is chaotic. It is impossible to see what the next two decades may bring. It is a certainty that at the end of such a period we can see more clearly and the Philippine people can see more clearly the forces which are formulating.

Mr. President, is there not an obvious contradiction in that statement? First, the President says "it is impossible to see what the next two decades may bring." Then he goes on to say that "it is a certainty" that at the end of the next two decades we shall be able to "see more clearly the forces which are formulating."

I do not follow that reasoning at all. If we can not foresee what the next two decades may bring, why is it not possible that at the end of that period there may be a far more confusing state of affairs, and one where it may be infinitely more difficult than it is now to analyze the forces which may be formulating in the Orient and in the rest of the world?

That idea is derived from Secretary Hurley, who says that we ought to postpone the decision for an indefinite period, but I gather from the general tenor of Secretary Hurley's letter that he does not see any particular change which will occur at the end of the next two decades; that he thinks the situation will go on getting indefinitely more and more confused and more and more difficult to legislate about.

The President suggests an inconsistency in the present bill in that, on the one hand, it gives him authority to enter into a neutralization agreement with other nations concerning the Philippine Islands and that, on the other hand, it gives the United States the option of maintaining a military and naval base after independence. I shall read the President's words:

The bill makes no effective provision for the maintenance of their independence thereafter from outside pressure, except a promise of effort on our part toward neutralization. We have the option to continue maintenance of military and naval bases. Other nations are unlikely to become parties to neutralization if we continue such bases.

Mr. President, I do not think there is any inconsistency in the option given the President of entering into a neutralization agreement, or of maintaining military and naval bases. He does not have to do either one. Obviously, he can not do both. If, at any time, the United States should enter into a neutralization agreement with other nations about the Philippine Islands, one of the terms for such an agreement would certainly be our withdrawal from our military and naval bases. It is impossible to argue the contrary.

Personally, I believe that the United States should withdraw from its Philippine military and naval bases immediately after the islands obtain independence, whether or not there may be a neutralization agreement; but I was perfectly willing to accede to the terms of this bill, which leave the matter open for another 10 years, because I agree with the President in saying that we can not at this time know what the future is going to bring forth. And so the President is allowed to maintain these bases. On the other hand, he is urged to enter into a neutralization agreement with other powers.

Where is the inconsistency? Why is it not a sign of statesmanship to give the President—not any particular President, but the President of the United States, whoever he may be—the option of entering into negotiations, which may or may not be successful, and may or may not involve the withdrawal of the American people from the military and naval bases which they at present occupy? The argument of inconsistency has been made repeatedly in the public press, and I confess I can see not the slightest validity in it. We are simply leaving for the future the right to take care of the problems of the future.

The President makes one criticism with which I am in complete agreement. He believes that the plebiscite which the Philippine people are required to take should be held at the end of the interim period rather than at the beginning. I think that is a sound criticism. I have argued the same thing on the floor of the Senate so often that I do not wish to stultify myself by withdrawing my words. A majority of the Senate voted otherwise.

Mr. President, I can support this bill with the amendment which the majority of the Senate inserted in it only on this theory: In the first place, I believe that, no matter when or in what way a plebiscite is held, the people of the Philippine Islands will vote for freedom. No people who have ever had that proposition put before them have failed to vote for liberty. No matter what suffering the Philippine people might endure under the economic provisions of the bill, they nevertheless, in my opinion, will vote for independence.

Second. Even under the present act, if the economic conditions of the Philippine Islands should be so severe that the people found themselves unable to endure them, there would be nothing to prevent their holding a plebiscite of their own, and, in the absence of such a plebiscite, there would be nothing to prevent the Philippine Legislature from petitioning the Congress of the United States. In either event, I am confident that no United States Congress would ever turn the inhabitants of the Philippines away from the protection of our flag if they themselves did not wish to be turned away.

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

Mr. CUTTING. I yield.

Mr. BINGHAM. Does the Senator remember that some years ago, when faced with a different situation, the Republic of Hawaii, through its legislature, petitioned the United States to annex them?

Mr. CUTTING. Yes; I remember that.

Mr. BINGHAM. They had been recognized as an independent country—under a monarchy, under a provisional government, and under a republic—for more than a century. They offered to give all that up because they faced very serious difficulties with some of their neighbors to the west. It seems to me that the Senator is taking the absolutely correct position in stating that if the Philippine Islands found themselves coming under such tremendous difficulties that they could not support themselves as an independent country, after this experiment, they might well vote to ask the United States to take them back, to reannex them, as it were, and that the Congress could not, in justice to them and to our obligations to them, refuse to do so, even though it meant a certain amount of inconvenience and suffering for our own people.

Mr. CUTTING. I am glad to have the concurrence of the Senator from Connecticut in my view.

Mr. BORAH. How about Texas?

Mr. CUTTING. The Senator from Idaho points out that the same reasoning applies to the acquisition of the State of Texas. Perhaps there may be some difference between the present situation and that which existed when we annexed the State of Texas. As the Senators from that State are not on the floor, I prefer to go on with the consideration of the bill before us.

Mr. President, I want now to draw attention to the conclusions which the President reaches. His conclusions are based in part on Secretary Hurley's letter, but in some part also on his own ideas. I want to remind Senators that the United States has promised freedom to the Philippines as

soon as they are capable of maintaining a stable government. Listen to this from the President's message, paragraph 13:

If the American people consider that they have discharged their responsibilities to the Philippine people, have carried out the altruistic mission which we undertook, if we have no further national stake in the islands, if the Philippine people are now prepared for self-government, if they can maintain order and their institutions, if they can now defend their independence, we should say so frankly on both sides. I hold that this is not the case.

Mr. President, I say frankly that I think that on the whole that is the case. I disagree with the President to that extent. But what is much more important than any question of personal agreement or disagreement is the fact that we did not promise to give the Philippine Islands their independence when the American people considered that they had "discharged their responsibilities to the Philippine people." We did not promise to give them independence when we had "carried out the altruistic mission which we undertook." We did not promise independence when we had "no further national stake in the islands." We certainly did not promise independence in case the Filipinos could "now defend their independence." We promised them their independence when they had a stable government, and, under the definition made by President McKinley, and made by innumerable international lawyers in this country, and in practically every other civilized country, "stable government" means just one thing, the capacity "of maintaining order and observing its international obligations."

Mr. LONG. Mr. President, I did not notice that in the President's message. Did he say in the message that they are not able to maintain their national defense? Is that one of the reasons he gives?

Mr. CUTTING. He says:

If they can now defend their independence, we should say so frankly on both sides. I hold that this is not the case.

Mr. LONG. By that standard there are only about four countries in the world that could be free to-day.

Mr. CUTTING. Of course, Mr. President, there are very few countries in the world which would qualify for independence under the series of conditions which the President lays down.

The Secretary of War, when he appeared before our committee, said that "stability" meant "economic stability"; and if we establish that standard, I submit to the Senator from Louisiana that there is not one nation in the world, including our own, which would qualify for independence.

Mr. President, let me go on and show the alternative which the President suggests, an alternative which neither he nor any other member of the administration submitted to the Senate Committee on Territories and Insular Affairs at any time while the bill was under consideration. This is the alternative:

In my view we must undertake further steps toward the liberation of the Philippine Islands, but they should be based upon a plebiscite to be taken 15 or 20 years hence.

What about Secretary Stimson, who says that we should never divorce ourselves from the islands? What about Secretary Hyde, who says that American agriculture will obtain no protection unless we separate from the islands immediately? What about Secretary Hurley, who says that we can not tell in any way what is going to happen 15 or 20 years from now, and that we should not set a definite date of any kind, but leave it to the vague future to determine?

Obviously, Secretaries Stimson, Hurley, and Hyde, if they gathered together, would immediately turn down the suggestion which the President makes in his message, and if he left it to them to reconcile themselves, it would take a great deal longer than it has taken the members of the Senate Committee on Territories and Insular Affairs, the Members of the Senate and the Members of the House of Representatives, to iron out their differences of opinion and come to a compromise between their divergent views.

The President goes on to say that the Filipinos "should then have freedom to form their own constitution and government, both in the light of experience and the forces moving at that time. In the meantime we should develop steadily through an expansion of the organic act a larger importance to their own officials by extension of authority to cabinet government."

Can one for a moment imagine Secretary Hurley agreeing to anything like that? He would be the first one to write a dissenting letter, a much more severe letter than the one which he has sent against the bill now being discussed.

The President continues:

Immigration should be restricted at once.

Secretary Hurley agrees with him in that respect, but who else agrees with him? Who else thinks, if we are not going to give these people their independence, if we are going to keep them against their will, subject to ourselves, that we have a right to make any discrimination against them as compared with any other people under the American flag? The only excuse for restricting immigration is that it is part of the preparation for independence.

The President goes on:

We should cooperate with them to bring about their economic independence before the plebiscite by very gradual reduction of their free imports.

What about Secretary Chapin? How would he stand on any such proposition as that? He says we should make no reduction at all, or practically none, because it would altogether wipe out Philippine prosperity. And what about the President's speech at Denver, when he said that we should start with a curtailment to 600,000 tons of duty-free sugar? That is not "gradual"; that is an immediate reduction of 50 per cent.

The President goes on:

We should, prior to such plebiscite, or any sooner date that the Philippine people propose, fix a mutual preference in trade similar to and on a wider scale than that with Cuba.

Secretary Chapin points out in his letter that a preference similar to the preference which we have established with Cuba would be of no benefit whatever to the Philippine Islands, that they would suffer as much from a preferential agreement as they are going to suffer from the operation of the pending measure.

On the other hand, Secretary Hyde, who says that there is no alternative except to make the full tariff go into effect at once, would certainly not be in favor of mutual trade agreements similar to the one with Cuba.

I do not see how the President could possibly get the members of his own Cabinet to accept any one of the suggestions which he makes for an alternative bill.

Finally, the President makes this suggestion:

The United States should plainly announce prior to the time of this plebiscite whether (a) it will make absolute and complete withdrawal from all military and naval bases and from every moral or other commitment to maintain their independence, or (b) the conditions as to authority and rights within the islands under which we will continue that protection.

No one could draw up a measure which would give an option of either (a) or (b). We would have to draw up a measure which would make a decision between the two. The President, in that statement, it seems to me, is in disagreement not only with the members of his Cabinet but with himself. Which does he want to do? Does he want to withdraw from our naval and military bases, or does he want to retain authority and rights within the islands?

Those questions remain unanswered. They were unanswered when the members of the administration appeared before the Committee on Territories and Insular Affairs. They remain unanswered now. How can the President expect the Senate of the United States to evade the moral obligation and the literal verbal obligation which we have made to the world, in the hope that at some future date we will get a bill which will carry out the utterly inconsistent provisions which he now proposes? He can not get the members of his own Cabinet to agree on a substitute to the present bill. He can not write a message which is not in conflict with itself.

Mr. President, I do not make these criticisms of the President's message in any spirit of faultfinding. I make them primarily because the press of the United States has been misled into thinking that the President offers a tangible

solution for this problem other than the solution which the two Houses of Congress have reached. I make them further because a great many Members of the Senate think that if we put the bill over to a future date we will get a bill which will be better.

It is possible to devise a bill which will be better than this one, from my point of view. It is possible to devise a bill which will be better from the point of view of almost any other Member of the Senate.

The things to which I object are perhaps not the things to which some other Senator would object. To my mind, for instance, one of the features of the bill that might justly be criticized is the provision which allows us to restrict Philippine imports into this country and gives them no corresponding right to restrict our imports to them. Strangely enough, that criticism is not contained in any of the letters from the four members of the Cabinet or in the President's message. That is an illustration of the fact that we can not pass a bill of any kind which will not do injustice to somebody. We can not pass a bill of any kind which will not work hardship on the people of the Philippine Islands, on the people of this country, or on the people of the rest of the world—one or the other or all of them together.

I think there is a feeling in the Philippine Islands themselves that perhaps they could get a better bill at some subsequent date. Perhaps they could, Mr. President, but it is a very doubtful chance to take. I do not believe it. I do not believe, with the tremendous domestic problems which are facing this country, that we will ever again get a committee of the Senate or a committee of the House to give as much time and as much work to the question of Philippine independence as has been given during the recent hearings and during the recent debates on the floor of both Houses.

This is not a hastily drawn measure. It is a measure which has involved detailed discussion, evidence, testimony, and debate. I think the Senator from Connecticut [Mr. BINGHAM] will agree with me that every member of the committee changed his mind at some point or other in the hearings. Just as the Senator from Connecticut, who was originally against any independence or at least in favor of independence at some remote period, changed his mind to see that some action must be taken in the comparatively near future, so the Senator from Missouri [Mr. HAWES] and I, who started out with the idea that a 5-year bill would be best, changed our minds on hearing the testimony and realized that the economic readjustment would take longer than that and that we must extend the time period.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Connecticut?

Mr. CUTTING. I yield.

Mr. BINGHAM. May I bring to the Senator's remembrance the fact that probably no committee of the Senate is composed of men representing more diverse views as conservative Republicans, progressive Republicans, and Democrats in our different ways of thinking, and that it was by a meeting of the minds and compromising on their extreme views that the bill was finally drafted.

Mr. CUTTING. I quite agree with the Senator, and I think that would be true of any bill that is going to pass and any bill which will be accepted by the Philippine Legislature. I think, if I may say so, that the divergence of opinion among the three or four members of the President's Cabinet is simply typical of the kind of difference of opinion which will be bound to come to the front in any discussion of the bill in any Congress or committee of Congress.

Mr. HAWES. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Missouri?

Mr. CUTTING. I yield.

Mr. HAWES. The Senator's reference to the Philippine Legislature prompts me to make this suggestion. The Senator is familiar with the fact, I know, that 11 members of the Philippine house and two senators are appointed by the Governor of the Philippines. Frequently we hear through the press of Manilla that some of the members of the Philippine house and some of the senators are opposing independence. Does the Senator know of any country in the world, colonial or any other kind, where the executive appoints the members of the legislative branch of the government?

Mr. CUTTING. Of course, that often happens in legislatures of subject nations, but I agree with the Senator that we should not pay much attention to that sort of thing as an expression of popular opinion because, of course, it is nothing of the sort. I can well see that there are perfectly legitimate reasons why Philippine citizens should oppose the bill or some sections of it. I can see perfectly legitimate reasons why American farmers should oppose some sections of it. I can see perfectly legitimate reasons why the press should oppose some sections of it. It is obvious that the President's own Cabinet members oppose a large number of sections of it, but not the same ones.

Mr. President, my feeling is just this: We should never have gone into the Philippine Islands in the first place. The Filipino people had won their independence with practically no assistance from us. We injected ourselves into a situation where we had no place. It is too late, however, to consider that now. In the intervening years there have been so many mutual obligations and mutual responsibilities and our situation has become so inextricably involved in the situation of the Filipino people, that to tear ourselves apart means inevitable hardship. It means hardship and it means suffering, and no kind of bill we are going to pass is going to avoid it, whether it be this bill or any other bill.

We have heard a good deal of talk about this legislation being promoted by selfish interests. No doubt there are a great many interests of people of this country involved, and I do not dispute for a moment their right to look after their own interests in any way they choose. But the ultimate force behind this legislation is the force which has been behind it ever since the late Senator from Massachusetts, Mr. Hoar, protested in this body against the imperialistic adventure on which the United States entered in his time.

That force has ever since then been growing in this body. It has been growing in the House of Representatives and it has been growing in the country. We have tried to do our duty by the agricultural interests of this country. We have tried to do our duty by the world at large. But the main purpose back of the bill has been to do justice to the Philippine people, whom we regard as our wards and for whom we have the primary responsibility of living up to a promise which we made to them.

I submit, Mr. President, that the bill is not perfect, that it is highly imperfect, and that any other measure which may be submitted for final passage will be at least equally imperfect. Our people are going to have to go through hardships and the people of the Philippine Islands are going to have to go through a great deal of economic suffering. There is no question about that. The members of the Philippine delegation, which has supported the committee, which has supported the spirit of compromise which existed in the committee from the start, is now prepared to support the measure. They represent the Philippine people. They were sent here as the official spokesmen for that people. I know there has been some backfire at home. There was bound to be. But these men, these officially designated and officially elected representatives of the Philippine people, who have been through this fight from first to last, know that this bill is the best that they can get. They know the difficulties with which we have had to contend. They are backing the bill. They have no illusions about it. They know and the whole people of the Philippine Islands will know that the economic provisions in the bill mean suffering, mean hardship, mean tribulation.

But may I remind the Senate of the sufferings our own people went through before they obtained their independence from Great Britain. May I remind the Senate of what had to be endured by the Dutch, by the Swiss, and in our comparatively recent times by the Bulgarians, the Czechs, the Poles, and the Irish? Those nations and, so far as I know, every other nation which has obtained freedom, have ob-

tained it through violence, through starvation, through famine, through bloodshed; and now we are asked to withhold action on a bill of this kind, because, forsooth, some foreign market may be withdrawn and because the people of the Philippine Islands may be asked to make some readjustment of their present economic status.

Such considerations, Mr. President, are a small price for any people to pay for freedom. I am confident that the Philippine people will be willing to pay the price. If they are unwilling, they have the right, under the terms of this very act, to reject ratification of the measure by their legislature, and to reject any constitution which may be adopted under the terms of the act. It is for them to decide.

When the United States of America, by solemn act of both its Houses in Congress assembled, gives the people of the Philippine Islands the right to determine their own future destiny, it is a very futile act to stand here and argue about the details of a bill when we know that if those details are changed and other provisions are substituted there will still be suffering and hardship.

We are giving the Philippine people the right to determine their own destiny. It is, so far as I know, a unique proposal. It is something which, to my mind, will be one of the glories of American history. I beg the Senate now, at the last moment, not to take any action which will dim that glory or postpone to the future the action which we ought to take to-day.

Mr. BORAH obtained the floor.

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

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

Mr. BORAH. I yield.

The VICE PRESIDENT. The Secretary will call the roll.

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

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

The VICE PRESIDENT. Ninety-four Senators have answered to their names. A quorum is present.

Mr. BORAH. Mr. President, after listening to the speeches of Members of the Senate who have the matter immediately in charge, I hesitate to discuss this bill, but the veto message of the President and the letters of the four members of his Cabinet seem to justify individual Senators in presenting their views with reference to some features of the subject covered by the message and the letters.

Mr. President, there will never be an ideal time for granting independence to the Philippine people; there will never be a time when conditions may not exist which may be considered as forming valid ground for opposing independence by those who do not desire to have independence granted. If we are going to survey conditions throughout the world, and particularly in the Orient, with a view of ascertaining whether complete peace and perfect harmony prevail in that region of the earth, we shall never give independence to the Filipinos. If we are to search the oriental sky for clouds, we shall always find the clouds, and their portent will be measured by the desire or lack of desire upon one's part for the independence of the Filipino people.

Neither, as has been so well said by the able Senator from New Mexico [Mr. CUTTING], shall we ever have an ideal bill which will be supported by all who are called upon to act in regard to it. There will always be conditions which will make for a divergence of view with reference to a measure of this kind; in fact, there is no subject which is more calculated to give rise to a divergence of view than this particular problem. It has been so from the beginning; it was so when the Filipinos were taken over by the United States, and it will continue to be so. The conflict of views, the conflict of interests, will always force a compromise with reference to this kind of a measure, and in the compromise, as a necessary result, there will be found provisions in the bill to which some one may make legitimate objection. There is no possibility in connection with a measure of this kind of having prevail a different state of affairs from that, and, therefore, we proceed to its consideration with the distinct understanding that it is a compromise, that it is necessarily a compromise, and that there can be no legislation except that which is based upon compromise.

I should like to have had in some respects an entirely different bill. I felt in the beginning, and I still feel, that the time allotted in the bill for the granting of final independence to the Filipino people is too long, and all the objections, to my mind, largely center in the undue length of time, as it seems to me, which has been provided for in the bill. Neither would I, Mr. President, have undertaken to give assurances with reference to negotiating a treaty of neutrality, or with reference to preserving for ourselves a naval base in the Philippine Islands. I should have omitted those features from the measure. I desire to say now that any treaty of neutrality which may be negotiated will have to be very limited in its terms before I shall feel bound to support it. I would say also I would vote to-morrow to return them their naval base.

The members of the committee working upon this bill devoted weeks and months to the task of placing before us a measure representing the views of the committee. After taking testimony to a very marked extent, after weeks of discussion in the committee, the measure was brought to the Senate, and, in my judgment, as it passed it was the very best possible measure that could pass the Congress at this time. The great ultimate object which I have in mind is not so much the details of the bill as it is the fulfillment of what I consider to be the obligation of this Government, made in the beginning, to grant independence to the Philippine people and to restore that which we ourselves really deprived them of, their independence and their government. I would surrender almost any view which I entertain as to details before I would give up the great objective of granting independence to the Filipino people.

The longer we delay the independence of these people, the more difficult it will be to bestow independence upon them. The interests against independence will be strong. The views upon their part will be well expressed. They have a vast advantage, it seems, in the press of the country; and year by year it will be more difficult to reconcile the views of those who are opposed to the granting of independence with any bill whatever.

Nothing could better illustrate the utter impossibility of securing anything like harmony in regard to a measure of this kind than, as has been suggested by the Senator from New Mexico [Mr. CUTTING], the views expressed by the four Secretaries. I shall not go into detail regarding them, because he covered the matter entirely; but the four Secretaries present accentuated divergent views as to the policy which should obtain with reference to the Philippines.

There could be no possible reconciliation in those views if some one did not surrender some conviction which he entertained in the beginning. In view of the fact that any measure giving the Philippine people their independence will always have to pass through an assembly, through a congress, both in this country and in the Filipino country, I venture to say that there will be to the end of this controversy a very strong divergence of view earnestly advocated by the parties entertaining the different views. If we are not willing to compromise, then it is proof positive that we are

not in favor of independence, because in no other way can the people of the Philippine Islands secure their freedom.

I want to call attention to this divergence of view, particularly upon the question presented with reference to agriculture.

I have here a message, a number of which I have received, to the effect that—

The Idaho Beet Growers' Association requests you to do all possible to prevent the passage of the Filipino freedom bill in the present form in the Senate—

proceeding upon the theory that at some time or other a bill more satisfactory to these people will be passed, and that in some way they can secure an additional advantage to that which is given in the bill. But we can not by any possibility hope for a bill which will fully protect the sugar-beet growers or the sugar producers of this country unless we do that which no one is willing to do—a signal injustice to the Filipino people—and this bill compromises, as it should compromise, upon that proposition.

While I go all the distance that within reason one should go to protect the agricultural interests of our own people, necessarily in this situation that can not be the sole guide. There must be some consideration for the agricultural interests also of the Filipino people. I should myself feel justified in going further than the committee has gone; but I venture to say that if we deal with this matter in the future rather than to-day the situation will be no more satisfactory upon the agricultural proposition. I feel equally certain that delay will inure to the injury of our people rather than to their benefit.

Here I call attention to the views expressed by the President upon this question of agriculture:

A large part of the motivation for the passage of this bill is presumed relief to certain American agricultural industries from competition by Philippine products. We are trustees for these people and we must not let our selfish interest dominate that trust.

My friend who sends the telegram must bear in mind that those who are opposing the bill are not opposing it upon the theory that an accentuated or enlarged protection can be given to the agricultural interests of this country.

However, from our agricultural point of view, during the first period of presumably two years it gives no protection of any kind. During the following five years it gives no effective protection because the amount of competitive commodities admitted into the United States duty free is in sugar 50 per cent larger than that of 1928; vegetable oils 25 per cent larger. In any event the sugar benefits inure more largely to foreign producers than to our own farmers. If we are to predicate the fate of 13,000,000 people upon this motive we should at least not mislead our farmers about it.

I do not think the farmers of the United States are misled. We have found in the last 20 years, in dealing with the farm question, that it is very difficult to mislead the farmers of the United States. They do more considering of their interests than we give them credit for. They know precisely what has taken place. They hope for a better condition of affairs; but I venture to say that time would disillusion them as to the better bill which they hope for.

If we are to base our action upon economic consideration—and I do not neglect its importance—then also we should give regard to our farmers, workers, and business men whose livelihood, particularly upon the Pacific coast, will be largely destroyed by lack of positive provisions for reciprocal trade after independence upon which they can predicate their future.

Mr. CUTTING. Mr. President——

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

Mr. BORAH. I do.

Mr. CUTTING. While the Senator is discussing that question, I wonder if he has noticed this sentence from Secretary Hurley's letter:

Whatever small, if any, degree of benefit the agriculturist might receive by exclusion of Philippine products during and after the 10-year period would be more than offset by the loss of the Philippine market for American agricultural exports (dairy products, wheat flour, cotton goods, cigarettes, etc.) to the Philippines.

Showing the utter and complete divergence of view between Secretary Hurley and Secretary Hyde.

Mr. BORAH. Quite correct.

Secretary Hyde also says, in connection with the subject of agriculture:

It seems clear to me that the American farmer is being misled as to the protection offered by this bill. It is now that he needs protection, not several years hence, when the country has generally recovered.

Suppose this bill is defeated. What is the immediate protection which the American farmer receives from the association of the Philippines with the United States? What can the American farmer hope for if the relationship remains the same as it has been for the last thirty-odd years?

While we hold control of the Philippines and dominate the Philippines, we can not erect a tariff barrier, in the way of full protection, to protect the agricultural interests of the United States. It must always be a very modified protection, and therefore the farmer can not hope for any change in the situation if independence is not granted.

The truth is that the real benefits flowing to the farmer and his only hope to be relieved from competition with the Philippine producer is independence, and independence just as soon as it can in reason be given. It was for that reason, Mr. President, that I was very much in favor of five or less years in the granting of independence. In no other way can we really establish a permanent system which in a measure will protect the agricultural interests of the United States.

If we follow the logic of the message of the President and the logic of the letter of the Secretary of State, to which I will refer in a few moments, the farmer could look into the future in vain for any relief whatever from the competition, which in some respects is a deadly competition, to the agricultural interests of the United States. It arises out of the fact that here are two nationalities, two different peoples, two different races, undertaking to do business under one economic system, and necessarily under such circumstances that the people of the United States will suffer so long as it is so. In view of the fact that the President's message leads to the conclusion that the Philippines are to have independence, if at all, in the indefinite future only, certainly the American farmer can find no consolation in the opposition which is presented to this bill in that respect.

I say the logic of the message is "no independence." The logic of the lucid letter of the Secretary of State is "no independence." I do not feel to-day, Senators, that I am voting on the details of this bill pro or con. As the issue is here presented by the message, I feel that I am voting on the question as to whether or not I believe in the independence of the Philippines at all. I feel that the main question presented by the message and the bill is, Shall we withhold independence for all time or shall we fulfill the promise of independence?

If we follow the reasoning and the argument presented against the measure, the details sink into insignificance. The overpowering and dominating proposition which is presented is that the Filipino people are not to have their independence at any time.

May I call attention to the language of the President first, and next to that of the Secretary, because in this respect they are quite in harmony?

The President says:

The Philippines include, in terms of comparison with their neighboring oriental countries, large areas of undeveloped resources. The pressures of those immense neighbor populations for peaceful infiltration or forcible entry into this area are most potent.

When will they be less potent? If we are to hold the Philippines until the pressure from stronger nations in the Orient ceases to be potent, when will it be possible for the Philippines to enjoy their independence or their freedom?

The President continues:

Many of these races are more devoted to commercial activities than the population of the islands and the infiltration is constant and fraught with friction.

And so it will ever be. These people will have, sometime, to stand alone if they have their independence. They will

have, sometime, to take their place in that vast arena of the Orient, where the teeming millions are going to change matters beyond what anyone at this time can foresee or in safety prophesy:

Nor has the spirit of imperialism and the exploitation of peoples by other races departed from the earth.

And it never will. Certainly, Mr. President, we will not hold the Filipino people until the spirit of imperialism has departed from the earth. Shall we hold the Philippines until certain nations in the Orient cease to be ambitious? What we call the Christian nations, which have been living under the teachings of the Christ for 2,000 years, are to-day as thoroughly imbued with the spirit of imperialism as they were 2,000 years ago. We can not expect under any circumstances that the spirit of imperialism will not continue to prevail; and, in my opinion, it is no more active now in the Orient than it may be in the future.

Will anyone undertake to say what changes shall take place in the Orient, what readjustments of nations or peoples shall take place? Will anyone undertake to prophesy how the final adjustment—if a final adjustment is ever had in the Orient—shall come about? Certainly not, Mr. President, if the argument is against imperialism to-day, against the pressure of economic forces to-day, it will be equally so a century from now.

Unless we are prepared to say to these people, and they are prepared to say to themselves, that they shall take their chances in the competitive conditions which are to arise, we may as well dismiss the question of independence and say to the Filipino people, "You shall remain a part of the United States. We will no longer discuss the subject."

Again, the President says:

The bill makes no effective provision for the maintenance of their independence thereafter from outside pressure except a promise of effort on our part toward neutralization.

No; we make no promise in this bill for their protection after independence has been granted, and that is one thing that would have compelled me to vote against the bill if any such provision had been found in the measure. Would I commit my Government to an interminable and intolerable policy looking into the future to protect an independent nation against the pressure of an outside power in the Orient? Certainly not; and that was wisely left out of the bill if it was desired to pass it through this body.

To-day the picture is chaotic. It is impossible to see what the next two decades may bring.

That is quite true; it is impossible to see what the next two decades may bring. It will be equally true when these two decades shall have passed and two more are confronting us.

Mr. President, it seems to me the arguments of the message of the President and of the Secretary of State lead to the ultimate conclusion that when we vote to sustain the veto we are voting for a policy which banishes all expectation upon the part of the Filipino people, if that policy is followed out, for independence.

The Secretary of State has given us, I think, a very able and candid letter, and, from his viewpoint, it is not to be criticized; but certainly it presents this issue which I have sought to accentuate in unmistakable form. He says:

Any withdrawal of American sovereignty from the islands, even under the best and most carefully devised conditions and with the utmost and continuous good will on the part of both of the governments concerned will necessarily be attended by hazard and uncertainty and will involve risk to the welfare of the Filipinos, on one side, and to the prestige and future interests of the United States, on the other. After a careful examination of the provisions of this bill, I am convinced that it will seriously accentuate these risks and dangers.

For over 30 years this Government has been conducting, with remarkable success, the courageous experiment of establishing among an oriental people the practices of western economic and social development and the principles of political democracy. The Philippine Islands represent to-day an islet of growing western development and Christian thought surrounded by an ocean of orientalism.

Nothing could more graphically describe the real situation in which we find ourselves at the end of 30 years. We have an islet in which we have planted something in the nature of western civilization, something in the nature of western culture, which is in the midst of a vast oriental ocean.

I am not sure, Mr. President, that it is well for the Filipinos, or well for the United States, to have an island of western culture in the midst of an oriental ocean, unless we are proposing in some way to transform the nature of that oriental ocean, a task which I have no desire to undertake myself. It is a mere infinitestimal item in the great surging forces of the Orient, and will continue to be so.

Again the Secretary says, and this is the important paragraph to which I direct attention:

The American founders of our Philippine policy thus clearly foresaw the possibility that some future connection between the United States and the Philippines, such as, for example, that which has since been realized between the free nations which compose the British Commonwealth of Nations, might be arrived at by the voluntary action of both peoples, and that it might have very important advantages to both nations. They wisely left this decision open as one which might be so entered into in the ripeness of time and experience.

As I understand the able Secretary, he is there contending that the real policy here should be the establishing of a relationship between the Philippine people and the people of the United States such as characterizes the relationship in the British Empire between the different peoples which constitute that Empire. I can imagine nothing in the world, Mr. President, more undesirable to the people of the United States. Nothing more to be avoided in the interest of our people and the security of our institutions. That would be imperialism in the most marked degree and would inevitably, in the end, result in injury to the very institutions under which we live.

Whatever may be the virtues of a democracy—and they are many—one of them is not the capacity to govern or rule another people. It does not make any difference how near they come to the mother government, it is always a question of ultimate independence on their part, if we are acting in accordance with the true sentiments and the true principles of American democracy.

Abraham Lincoln once said that no man is great enough or good enough to own or control or dominate another individual. That applies equally to nations. No nation is sufficiently civilized or sufficiently great to own or control another nation, and if, through circumstances, through war or otherwise, a subject people comes under our control, it is only temporary and should always be with the ultimate idea of giving that people their independence. Otherwise, we are not true to the principles which we preach and upon which our institutions rest.

It needs no imagination to grasp the effect which it would have upon the moral prestige and material influence of the United States in the Far East.

I can not agree with that, Mr. President. In these days, when contracts, when obligations, when treaties, and when moral forces are all deep questions in international affairs, how could there be anything more calculated to restore confidence in the integrity of treaties, the honor of nations, and revive belief and faith in contracts and pledges, than for the United States to do that which no nation in the world has ever believed we would do? If search is made of the literature upon this subject from the beginning, it will be found that there has been skepticism thrown upon our good faith from the beginning and doubt entertained that the American flag would ever come down from over the Philippines, that we would adhere to our promise to give them their independence. I venture to say that when it goes forth to the world that the United States has fulfilled her obligation, has kept the faith, has restored freedom, it will be like an electric shock among the nations of the world that the great Republic still adheres to the fundamental principles upon which she was built.

It will establish faith in the United States among the people of the Orient. It will establish respect in the Orient for our Government. It will give us more of prestige in the Orient, instead of diminishing it. In my opinion, it will be worth all that we shall lose by reason of a larger importation of Philippine products.

Mr. President, in dealing with this question, which involves a nation's independence, we must bear in mind that with reference to such subjects the times are exceptional and extraordinary. Much has transpired in the last 30 years to fire the aspirations and arouse the hopes of peoples conditioned as are the Filipinos. Not since the American revolution has the gospel of liberty and independence been preached with such fervor and apparent sincerity as during these last thirty-odd years.

Our own Nation has been a leader in the crusade which had for its great objective the removing of the last vestige of domination from all peoples. We have joined in teaching people everywhere to look upon domination as a badge of inferiority.

The right of peoples to live their own lives in their own way, not according to some rule or standard set up by a superior power but to live their own lives in their own way, was a tenet of the Great War. It came from the United States. Self-determination was upon the lips of all—in subject nations most of all. It is difficult at this time to realize the effect of that appeal, that message, upon the plans and purposes of the entire world. It was one of the great contributing factors in determining the World War. There were no subject people on the round globe but accepted it as a solemn pledge. The restless spirit now moving in the hearts of uncounted millions in the Near and Far East, the deep-growing resentment against all forms of domination, whether mild or severe, are the fruits in a large part of our own teachings. If, therefore, we are to legislate intelligently, if we are to take into consideration all facts and factors, if we are to act with wisdom and justice—the wisdom and justice which come from the deep searching of human nature—we have to remember that the day has passed when a people, however backward that people may be in the eyes of others, are to be satisfied with an overlord, however mild and generous and just that overlord may be, and the United States has been all these. By the common consent of the world in the world's greatest crisis, and by reason of our own teachings, the reign of the overlord draws to an end. This is a fact we can not in wisdom overlook. It is altogether the most stubborn, the most persistent, the most imperious fact in this whole controversy.

If under these conditions and in the light of the history of recent years we refuse independence, or if we go farther and refuse to fix a definite date within a reasonable time when independence may be assured, the Filipino people will look upon it all as a broken pledge. Disappointment and resentment will sink deeper and deeper into their lives, and resentful, discontented, distrustful, and unhappy, they will not get the best out of life or be able to make the most of their opportunities. They will under such circumstances be slow to learn the lesson of self-government. Confusion and uncertainty will not only foster chagrin and bitterness, but will paralyze the energies of an entire people.

There are those who seek to minimize the feeling of the Filipino people relative to independence. But it can not be minimized. To them it is a matter of incalculable concern. Their grasp of the principles of self-government may not be, and undoubtedly is not, as strong and steady as all would like to have it. Their knowledge of politics may not be, and undoubtedly is not, as profound as that of the Anglo-Saxon. But, after all, the fundamental truths which regulate the deeds and morals and political relations of men are no great distance below the surface. They have, in any event, advanced to that stage where their desire for self-government is intense and inextinguishable.

We as a people absorbed in our own imminent and vexing problems, confused and troubled with our own task, may well and naturally look upon Philippine independence as an incident in our national affairs. Not so with the Filipino people. To them it is the great overshadowing question. So long as there is the slightest hope of realizing it, they will never be able to put it aside. Let us not trifle with them.

There is another very important fact which seems to me well worthy of attention. It is one we are naturally inclined to overlook. The extent to which the United States may assist in preparing the people of the Philippines for self-government is greatly overestimated. The most important part of that preparation the people of the Philippines must work out through experience and, I venture to say, in the light of all history, through bitter experience. The path to power for any people is in a large way not only a difficult but a lonely one. It is not what you give or can give a people that counts in the making of a nation. It is test and trial that fit them for this task. It is the wisdom gained when a people are forced to rely upon their own efforts. This is the preparation that counts. Character, self-reliance, discipline—these are the virtues which come through arduous living. What people ever acquired the capacity for self-government save through years of adversity, of struggle, of much suffering, and of great sacrifice? Liberty and independence are costly possessions. You may inspire the one and bestow the other, but in the last analysis they must be paid for, by all who would possess them, with their own blood, their own toil and struggle, their own Gethsemane. There is no royal road to national freedom and power. For all these things, those who would enjoy them must pay the price.

If we should remain in the Philippines for a century and then depart, the Filipino people would still have to learn the lesson of self-government. They would still have to learn how to stand alone. They might have acquired some wealth, they might have acquired great culture, but the lesson of self-government they would still have to learn. This idea that you can by tutelage, by domination, prepare a people for self-government is in the face of all human experience. If there is an exception to this iron rule of progress and freedom, it has escaped my reading.

I know, Mr. President, that whenever independence is granted there will be a risk. I am aware that the Filipino people may stumble and fall. But knowing full well that whenever independence is given these same things may—I should almost say must—happen, I am not willing longer to deny them a chance to work out their own salvation. Brave, gallant, and patriotic, they are entitled to win. I believe they will win. I shall evidence my faith in them by my vote.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. LONG. Mr. President, I move that the Senator from Idaho be given more time, if he desires to have it.

The VICE PRESIDENT. Such a motion is not in order.

Mr. LEWIS. Mr. President, I have been out of the Chamber in committee session and do not know if there is some understanding or agreement that the vote should possibly follow the address of the eminent Senator from Idaho. If so, I do not wish to interfere.

Mr. BORAH. I do not know of any such understanding as that to which the Senator from Illinois alludes.

The VICE PRESIDENT. Under the agreement, the Senator from Illinois will have a half hour if he desires it.

Mr. LEWIS. I have no purpose of consuming so much time.

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

Mr. LEWIS. Mr. President, I want to speak to the Senate as to this measure and this veto from the standpoint of the preservation of the United States. I am not altogether in sympathy with the reasons we profess to the world of altruistic devotion to liberty of Filipino people in surrendering the Philippine Islands, and I must concur that we have long been under something of an understanding and something of a pledge of honor to aid the Filipino people in what we speak of as independence.

My association with the subject is not without some personal interest for me. I was rather an unimportant officer in the Spanish-American War, serving with one or two eminent colleagues of the Senate who served in the war with me at the same time. I spent some time in inconsequential service in the Philippines. I have been greatly concerned as

to what would be the result upon the United States of the adventure we undertook when we assumed imperial colonial policy in Asia.

I recall how, while I was a Member of the House of Representatives previous to and following the Spanish-American War, the eminent Senators from Massachusetts—and I may say the Members of Congress—led by Senator Hoar, of Massachusetts, supported by Senators Hale and Frye, of the State of Maine, were pilloried throughout the country as "little Americans" because they forbade their country to make this adventure into imperialism, as the eminent Senator from Idaho has correctly characterized the undertaking. I can not forget that what was known as the anti-imperialist societies of New England were held up as being unworthy the confidence of their fellow countrymen, and that those of the political party with which I am allied, when the issue was made that to enter into this political form of government was against the very spirit and theory of American institutions, were heralded as unpatriotic, "pulling down the flag," as was the constant characterization, and everywhere throughout the Union our political party of the Democracy was impugned and impeached as lacking the patriotism of Americans, all this because Democracy sought to hold its countrymen firm to the foundation and the principles of the Constitution on the one hand—the theory of human liberty to the individual on the other.

Mr. President, we have reached the point where we are to decide now what we shall do. Shall we yield to the veto of the President, or, with great respect to him as a citizen and an officer of government, overcome the veto by the expression of individual judgment of the body of the legislators?

I can not support the veto, for reasons which apply to my own United States. The Holy Scripture informs us that a humble shepherd approached a king on an occasion when the king inquired of him, "Who is the offender of whom you speak?" The humble one turned to face the royalty of the Orient, exclaiming, "Thou art the man."

I desire to say to my country that she occupies a place of danger to-day, the greatest and the most threatened of any nation in the world. We must confront the truth. There, thousands of miles away to the east, lie the Philippines. They are claimed to be the possession of the United States. In that Orient and its contact sits Russia with her grievance against us deeply buried within her bosom. They simmer in vengeance. They literally smoke in the intensity of their hoped conflict. Under the past administration of President Taft we disrupted a treaty with Russia because of the conduct of that country against a class of Americans we speak of as the Jewish citizen. Under Wilson's administration we were compelled to withdraw the funds which had been intrusted for republican democracy because of the manner in which the appropriation was being polluted and used for objects in violation of the very purposes of that understanding.

To-day the Bolshevist Government of Russia has the grievance that we decline as a nation to recognize it and hold it as a possession of politics that we view as unworthy of our recognition. Readily we confess we have given to this country grievances which have been ever sufficient to every other land in the world to feel to us as their feeling is intensified and developed every hour and disclosed toward us every day.

Mr. President, we have a system of government that says to the Japanese and the Chinese "We can not allow you to be either residents of our land or citizens of our country." As the eminent Senator from California [Mr. SHORTRIDGE] alluded on yesterday, the question is not one of opposition to their races, but of the preservation of the institutions of America and the spirit of our Republic, though the oriental nations do not so understand it. Let us be clear. When we tell the world that we do not regard them as worthy of being citizens of the United States or of being competent even to be residents, we hold them before the earth as certified by ourselves as lacking the elements that make them the equal of their fellow citizens of the world at this moment, despite the fact that we took them as allies in the World War and accepted both Japan and China, who allied themselves with France and England under a treaty which prevailed, looking to the defense of each other and in this we joined them. It is by this they have a right now to point the earth to us and to say: "Behold the United States of America. When in peril she consented to choose us as allies for her preservation;" and they add, "We sent our people to die in the same cause. Yet they say we are still held by them to be unworthy as either citizens or residents."

They will soon be found to note that the United States has not one friend nation in all Europe. They will turn to France and England and say, "Gentlemen, in view of these relationships we have borne with you in the World War and your interests which you are preserving financially with us now, we ask you to ask the United States to permit us to occupy the same place in the confidence of the country and enjoy the citizenship of their land that your people are allowed."

Does anyone fancy England will decline the request? Does anyone feel that France will withhold her assent to the demand? The very moment France or England declines to accept the suggestion from those nations these Orient nations will drive England out of China, from Hong Kong to Hankow, and turn to France in the French possessions of the Chinese dominion of Indo China and drive her out upon the theory that she is an enemy to their interests. No one knows this more than England and France. Therefore, sirs, we could never look to those who were our previous allies in a previous conflict to remain such in a matter that might arise in conflict between our land and the Orient. Let us look to it face to face and exclaim, "The specter frightens, and thou art the man."

Then what will be the situation? Citizens of my country and my fellow colleagues, we have a doctrine much alluded to by speakers here, and called the Monroe doctrine, which preserves and prevents the advance of Europe on America by way of South or Central America. Do you not realize what will happen? Very shortly Russia will have her understanding with China and Japan. The present apparent hostile relations there in the Orient between these lands are but temporary. They have a common grievance against us, and never in the time of all history has a common grievance failed to bring the brotherhood of action between nations. A Monroe doctrine of Asia will soon arise against their real or imaginary offender before our eyes, with its principal object being to gratify the grievance of Japan and China for our thrusting their citizens out as unworthy people from our soil. To this alliance, Russia, because of our refusal to recognize her as a nation being worthy of sitting among the nations of the world, will add her government and her forces.

In what position will we be? Will those people come to America to assail us in any conflict with us? Not at all. We gave them the lesson of action. When the United States was in conflict with Spain, through which the Philippines came to us, did we go to Madrid and Barcelona? Not at all. We seized Cuba, lying at our door. From 4,000 miles distance we said to Spain, "Come and get her." We seized the Philippines 13,000 miles away and said to Spain, "Come and get them." That lesson we gave. From this lesson those angered people of Asia will seize the Philippine Islands, and with the grasp of them in military hand, the oriental nations will say to us, "Gentlemen, come and get them." With 8,000 miles intervening from the base of our supplies, it taking two years in the present form of transportation to land an army sufficient to defend—with aerial navigation in its perfection—with Japan having been given by the United States, in an hour of lack of sense or lack of conscience on the part of United States statesmen, the very base on which we could maintain conflict against them, all leaving us no place of sufficient proportions for supplies or naval weapons in the Orient. Here in this picture we behold the situation in which the United States would then find itself.

Where is the sense of our remaining in possession of a country which we would be called upon to protect and defend, which imperils the Republic in the manner that it does in the event of the arising of these conditions to which I allude and which every citizen of our land and every student of everyday history must see is a cloud, in the language of Holy Writ, which may be "no larger than a man's hand," and yet surely on its way to where it will be the storm, holding that flame will send its furies upon our Republic?

It is time the United States woke up to realize her situation. She is an island between Europe and Asia with not any nation anywhere her unselfish advocate, her ardent upholder. Why should we hazard ourselves by remaining in a situation which in the event of conflict in such manner would place us at such a disadvantage that would endanger us in the conflict and in the meantime leaves us helpless against our foes?

Mr. President, I pay great respect to the message of the President of the United States. I give my praise to the eminent orators on both sides of the Chamber for their defense of the liberty of the Filipinos. I reckon with these eminent gentlemen that we are under the obligation heretofore described to keep faith in giving wherever we can the independence of the Filipinos. But apart from all of that and without resting upon the mere ethics of those contentions, I base my opposition squarely on the defense of the United States of America against what I see the future Monroe policy of all Asia, with Russia, China, and Japan—all to be organized to contest the United States.

Seeing the situation, contemplating the dangers which surround us, the lack of friendships which unhappily we must confess, the imperiled attitude which our Nation occupies, I hasten to call attention that the act we are doing to-day in overriding the veto of the President is one in the preservation of the United States and in carrying out the policy which eminent commanding soldiers and our former Presidents and leaders of our Government, military and naval, have ever pointed out—that "the Philippines are a source of great weakness to the United States." To which I add, the danger zone of future existence of the Republic. If we ever, through failure of the preservation of our institutions, involve ourselves in a conflict with nations at such distance where we can not assure supplies to our people and sustenance to our Army, we must not be blinded nor should we through sentiment in any wise cloud what will be the result on the United States.

Therefore, until we can renew friendship with the nations of Europe upon the basis of justice to ourselves, and look forward somewhere for those who might lend aid to us in the event of our peril, so long as we remain the pariah alone literally with all hands raised against us and our hands against them, it is no hour to imperil us further by clinging to a sentimental position and an unprofitable pursuit that invites conflict to the end, which I fear even in this hour the complete imperiling if not the destruction of the institutions of this Republic.

Mr. President, I conclude. The world to-day is inflamed within the hearts of mankind. There is no real respect for the principles of liberty anywhere. There is no obedience to constitutional government out of reverence or respect for the government. The only obedience there is to laws to-day in any of these lands is merely out of fear of punishment. The same must be said of America. We have neither reverence for home, for parents, nor respect for laws as such. They are obeyed only in form of custom, and more generally the spirit of defiance to law or morality is in our land. It is no hour for us to trifle with the situation in America. We need everything to waken the confidence of the masses, to make the poor feel we are its friends. We here particularly must invite our country to realize the perils that surround us, to not enter willingly with these nations or with these peoples whose object is vengeance wherever it can be enjoyed, and resentment wherever it may be pursued. This will mean the destruction of all institutions that are now founded in the past. Those who do it hope that some new order of the future may be built upon the ruins. This is a speculation of their to-morrows and a prophet of their hopes.

For that reason, that we may return to our own land, attend to the affairs of our domestic hearthstone, loyal to our flag, faithful to our citizens, with our hands from that which invites conflict to the United States at such an hour when she is so endangered in the surrounding situation, I approve the overriding of the veto of the President, not because it is a veto of the Republican President but because the passage of the bill begins the preservation of the United States as a republic of the United States of America, where again we can return to our country with confidence in those who guide it and with love for its institutions. Sirs, for myself, I repeat, speaking with Commodore Decatur:

> Our country! * * * May she always be in the right; but our country, right or wrong!

Mr. PITTMAN. Mr. President, I believe that in a few minutes the Government of the United States will execute its trust with regard to the Philippine Islands; I think that we shall consummate our pledges to the Philippine people. That action should bring happiness to the Philippine people and arouse pride in the bosoms of our own citizens. Yet when that act shall have been consummated, so far as the Senate and House of Representatives are concerned, still it will not be finally consummated. It will be consummated so far as our Government is able to consummate it, yet this act must be submitted, first, to the legislature of the Philippine Islands to see whether they will accept the act; and, second, it must be submitted to the people of the Philippine Islands to decide as to whether they will accept the terms of independence provided in the act. It is only for the purposes, as I may say, of addressing the Philippine people for a few moments that I take up the time of the Senate in discussing something that is already practically foreclosed. There is nothing that can be added to the arguments that have been made here with regard to the passage of this bill, notwithstanding the objections of the President, but there may be some things said to the Filipino people which have not been said on the floor of the Senate, nor do I believe they have been said on the floor of the other body.

If this legislation shall be finally defeated, it will be defeated by the same power that has constantly defeated such legislation in the Congress of the United States over a period of a great many years. I speak of the power of imperialism. I mean not only those in the Senate and in the other House who think the thoughts of imperialists and hold the idea of imperialism but that class of people throughout the United States who entertain similar views. They are not a large class; they are a very small minority of the Senate of the United States, they are a very small minority of the House of Representatives, yet by reason of the complexity of this problem, by reason of the wide divergence of opinion, this small minority in Congress and throughout the United States has been able to stimulate disagreement between those forces who have sincerely favored independence on various conditions. They have been defeated in the Congress of the United States so far; they will be defeated in the Senate of the United States in a very few minutes; but the problems of the Philippines will not be settled until the Filipino people shall have passed on this question.

Immediately after we took possession of the Philippine Islands there was a spirit of liberty actuating all our people and our Congress, but it gradually evolved, and it is evolving now. In 1909 the spirit of imperialism had grown to the point that we had decided to utilize the Philippine Islands not for their own development and independence but for the benefit of the United States, looking, I believe, to a permanent policy of possession. In 1909 we forced upon the Philippine people a tariff against every other country in the world except our own, and then the entwining of our lives became more intimate, the entwining of our economic systems became closer, and is becoming closer and closer

every day, so that the interrelationships are very much more difficult to unravel now than in 1916, and it will be more difficult to unravel them 2, 3, 4, or 5 years from now if the steps we have taken so far shall be abandoned by the Filipino people themselves.

I say to you, Mr. President, that it has been imperialism, small as the minority representing it was, that has delayed for twenty-odd years, since I have been a member of the Committee on Territories and Insular Affairs, every effort not only of the Filipino people but of our own people to carry out our pledges and to consummate and execute our trust. I say now that the same influence moving from this body, moving from this Government to the government of the Philippine Islands and to the Philippine people will make its last stand there. The imperialists appeal to every selfish interest in this country against this legislation; they appealed to both sides of the question; they appealed to every side of the question. They used every lobbyist in every cause and every policy connected with the problem to the end of bringing about a disagreement and failure of action. We were fortunate in the Congress of the United States this time. We had a committee in the other House and a committee in the Senate that were harmonious before the bills were actually drawn. They themselves participated together in the drafting of the original act, and when it came to the final adoption of the measure in conference every member of those two committees was so imbued with the idea that this was possibly the last chance we would have in years, as has been previously stated, that they surrendered some of their own desires in this matter, some of their own theories, so that they might get together. Thus, we have reached the greatest compromise, the fairest compromise both to the people of the Philippine Islands and to our own people that has ever as yet been suggested, in my opinion, and which ever can be accomplished.

I wish to appeal to the Philippine people, because I have the deepest affection for them. I was in the Philippine Islands summer before last with the Senator from Missouri [Mr. HAWES], accepting their hospitality everywhere, and I know that they are a hospitable, lovable, peaceful, and loyal people, and I wish them every happiness and every success. I want the friendly relations that have existed during all the years of our possession of the Philippines to continue and to grow, as they should continue and should grow. Yet I can see on the horizon there a cloud that is growing, the cloud of distrust that is being stimulated in the minds of the people of the Philippine Islands. I can see that the old spirit of selfishness is being aroused there by imperialists. They are stimulating in the minds of the Philippine people the hope that they can get something better, they say, the hope that they can get immediate independence or early independence and yet at the same time retain some of their present economic relations with the United States. I want to say that such people in the Philippine Islands do not understand the situation in the United States and in the Congress of the United States; they do not understand the unselfishness of our people, the unselfishness of our Congress, that has been demonstrated by the care we have taken in this act for the future welfare of the Philippine people. I know that every member of our committee was unselfish. Differing, as they may partially have done, with regard to the time for ultimate independence, they were unselfish in that they were looking after the interests of the Filipino people. But I hear to-day voices, coming almost silently, so low that one may hardly hear them, moving across the Pacific from another little group in the Philippine Islands, a little group of politicians, a little group who do not represent the Filipino people. They are whispering that if this legislation shall not be accepted by the Filipino people, then those who are doing the whispering will be able to obtain far better conditions for the Filipino people; that they will probably be able to obtain what Aguinaldo wanted—that is, almost immediate independence, with free trade for 10 years thereafter. That was his proposition. That, however, would not be considered fair by the people of the United States; it would not be considered fair by me, and I would vote against it.

I make a last appeal to the Filipino people, as I appealed to them before their joint legislature a year and a half ago in the Philippine Islands. I then said to them, "Appoint the ablest commission you can possibly find; send them to the United States to negotiate with the Congress of the United States; do not suggest that they make demands upon the Congress of the United States, but that they meet the Congress half way, and you will get legislation." I stated further to that legislature, "When you have appointed such a commission trust them." I am happy to say that the Legislature of the Philippine Islands appointed the ablest and most representative commission that has ever appeared here on behalf of those islands, and I may say the ablest commission representing any people whatsoever, that ever appeared before any committee of which I have been a member. They have been diplomatic, they have been fair, they have been loyal to their own people in fighting for everything they could obtain for their people, and yet their ability and their knowledge of the situation, their natural sense of justice and diplomacy have finally led them unequivocally to assure the President of the United States that, while this bill is not all they would have liked to have, they consider it honorable, fair, and just, and they begged him to sign it. To-day, through the Senator from Missouri, who is soon to leave this body, and whose heart has been so closely wrapped up in this question for many years, there has been placed in the RECORD a letter addressed to the Congress of the United States signed by every member of that commission pleading with the Congress of the United States, pleading with the Senate of the United States to consummate this old trust, to carry out the pledges of the Nation by adopting this bill as it is.

After we have carried out our pledges and passed this bill, I think it would be a tragedy if the forces of imperialism in the Philippine Islands should deceive the Philippine people and cause them to reject this offer, which is the consummation of nearly two decades of intensive work, in the hope of something better in the future, because I tell the people of the Philippine Islands that, in my opinion, the exigencies of our own country, the suffering of our own people, the great economic problems that present themselves to us are going to prevent us from considering at the next session and perhaps for session upon session yet to come any such question, and they had better now settle this matter once and for all.

I shall be happy when in a few minutes the Senate passes this bill finally, and I shall be more than happy when the Filipino people express their confidence in the sincerity of our people, their confidence in our friendship as we have confidence in their friendship, so that those ties may become stronger as time goes on and may never again be threatened.

Mr. HATFIELD. Mr. President, I desire only a brief time in which to explain my vote upon this subject.

I have had definite convictions over a long period as to the course I should take in recording my vote respecting Philippine independence

History records that Magellan visited the islands in 1521, and that the first mass was said on the island of Cebu. The spot where this prayer was offered is held sacred to this day, located as it is in the shadow of the Church of St. Augustine. This place Cebu became the first settlement in the Philippine Islands. That was 75 years, Mr. President, before Boston was founded, and 42 years before Capt. John Smith located his little colony at Jamestown.

Four centuries have passed since the visit of Magellan to the Philippines and his death by assassination at Mactan. What a transformation there has been since his time, and especially since the islands came under the protection of the American flag!

The Philippine people, Mr. President, had long had some form of government when the forefathers of this land were battling for their independence. The formula which Congress has adopted under which independence will ultimately be given to the Philippine Islands may not be completely satisfying to everyone, but when will we have the opportunity to vote for a better measure? Although con-

fusion and differences of opinion exist in the Congress of the United States upon the kind of a bill that should be adopted, I have the conviction that we, as a Nation, in keeping with our own history and traditions should not undertake to govern a people who resent our protecting arm. Will they not develop more rapidly in self-reliance by being permitted to assume and develop their own destiny?

The formula for the independence of the Philippine Islands may be one of "folly" in the way of responsibility, as has been argued upon the floor of the Senate; but when will we have a formula with less "folly"?

It has been stated that under this bill no relief is given to the American farmer. It may well be said that less will be realized by the Philippine people in the way of exchange of commerce during the twilight interim that will exist between the time when they vote to adopt their constitution and the time when they come into control of their own government. The longer independence shall be delayed the longer will it take each of the interested parties to appreciate the full possibilities of economic return when each country shall be independent of the other.

It has been some 30 years since we assumed the responsibilities of these islands. From what I have been reading in current history respecting the ability of the Philippine people to govern themselves, I have the impression that they have more consideration for their own economic welfare and the industries upon which they must depend, as shown by recent legislative action upon their part in dealing with the depreciated-currency problem, than this Nation has displayed upon the same question. It is a problem that confronts us in our own land, and we have been unwilling to consider it in the interest of American labor and American industry; but the Philippine Legislature has manifested a paternal and protective feeling for its own industries that is not evidenced by our own Congress.

The Philippine people were in a state of revolution in 1898 against Spain. They are in a state of patriotic unrest against this Republic at this hour, due to their desire for their own independence.

If the principles laid down by Washington as to the conduct of the Government of our own Republic at the time of his passing from public life had been adhered to, in my judgment the citizenship of this land at this hour would be in a different state respecting their contentment, both spiritually, financially, and economically.

Mr. President, so far as my influence and vote may go, I shall, in the future, be more determined in my advocacy of our rededication to those sacred principles, both in private and public life, which Washington laid down as a guide to our footsteps as a people.

Although I admire the high idealism that motivated our distinguished President in vetoing this legislation, I feel impelled, Mr. President, to cast my vote for the passage of House bill 7233, as I am convinced that the principle of self-determination of races and peoples is one to which this Nation has always subscribed, and that the passage of this measure will serve notice to the covetous nations of the world that America has no imperialistic designs.

Mr. LA FOLLETTE. Mr. President, after the brilliant and exhaustive debate which has taken place in this Chamber upon this bill, first, when it was first before the Senate for consideration, and now in connection with the veto message of the President of the United States, I do not rise with any idea that I may add anything to what has been said upon this subject. Nevertheless, in view of the long and effective interest which my illustrious predecessor in this body took in the cause of Philippine independence, I desire to state briefly my reasons for voting to override the veto of the President of the United States.

May I say, Mr. President, that in the seven years I have been a member of this body, and in the years in which prior to that time I was in and about this Chamber, I have never seen a committee more exhaustively or fairly work upon an important piece of legislation than was the case with the Committee on Territories and Insular Affairs in connection with the framing of this legislation. I believe it fair to state that the members of that committee have given a distinguished and unbiased and a patriotic consideration to every phase involved in this intricate and delicately balanced question of economic relationships, and the larger question of independence for a deserving and an ambitious people. I pay particular tribute to the exhaustive, the indefatigable work done by the Senator from Missouri [Mr. HAWES], the Senator from New Mexico [Mr. CUTTING], the chairman of the committee, and other members of that body.

I believe the pending legislation presents a fair compromise of the conflicting economic interests that exist between the United States of America and the Philippine Islands. Likewise, I believe it presents a fairly, a delicately balanced compromise between the conflicting economic interests of the people of the United States.

I am not unmindful of the intense interest of the agricultural producers of the United States in some relief from the competition which they envision and which they have experienced from the Philippine Islands. Nevertheless, as has been so well stated by the Senator from Idaho [Mr. BORAH], there can be no relief from that competition, severe as it may be, until a direct and definite step is taken to achieve independence for the Philippine people. No matter how compelling might be the economic interests of the people of this country, I can never bring myself to believe that the Members of the Senate and of the House of Representatives representing those conflicting interests would ever so far stultify themselves as to impose upon a people whom we have held against their will the cruel action of a tyrant, to impose upon them the status of a subject people and at the same time to levy against them tariffs and restriction of immigration while we still maintain our control over them and over their government.

Therefore, to those in the United States who are not satisfied that this bill brings independence speedily enough may I say it at least provides for independence; it takes a step directly toward independence and quickly applies the partial remedy of the import duties.

Furthermore, in view of the long study given this question, in view of the time taken by the legislative bodies at this end of the Capitol and at the other, I venture the assertion that if this measure be defeated here this afternoon years will go by before it is once more presented in a form in which it may hope to receive favorable action by the Congress. In fact, I am so convinced in my own mind that it is "now or never" so far as ultimate Philippine independence is concerned that I would have compromised even further concerning the length of time that this intermediate period is to run rather than to see the legislation fail at this session of Congress.

Little as may be the consideration given to the pressing and desperate economic plight of the United States at this short lame duck session of Congress, I can not but believe that those questions will, in one form or another, so irresistibly force their attention upon the special session of Congress and the regular session to follow it that legislation of this character will of necessity be crowded into the background.

I shall not at this time, Mr. President, attempt to analyze either the veto message of the President or the alleged supporting statements of his four Cabinet Secretaries. The inconsistencies of the positions of those Secretaries, the inconsistencies of the President with himself in his own message, have been laid bare before the Senate so ably that no further discussion upon that point would be of value.

Stripped of its verbiage, Mr. President, its inconsistencies laid bare, it becomes perfectly evident that the message of the President of the United States and the statements made by the four Cabinet members, with the exception of the Secretary of Agriculture, may be boiled down into the simple proposition that they are opposed unalterably to independence for the Philippine people, either now or at any time in the future.

Furthermore, in view of the long record of promises, made officially and unofficially by this Government, and by mem-

bers of it, it seems to me that the time has come for action looking to the legislative implementation of the aspirations of these Philippine people for ultimate independence, lest we stultify our good faith and besmirch our record for honest dealing with this particular people, and with the world at large. Therefore I would characterize the President's message as a recommendation for us to take another action looking to delay in the long record of promises which we have made to the ears of the Philippine people and to the world, but which we have broken to their hope.

In the last analysis this question rises above the conflicting economic interests of any particular group or of the United States as a whole. It rises above the conflicting economic interests of the Philippine people. It raises a question fundamental to the perpetuity of this Government. If we are to maintain the principles upon which this Government was founded, we must in truth take this step now to give independence to the Philippine people. If we are not to take that step, then we should no longer profess that we adhere to the fundamental principles laid down in the Declaration of Independence and in the Constitution of the United States.

For the reasons I have stated, I trust that the Senate of the United States will pass this legislation, the veto of the President of the United States to the contrary notwithstanding.

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

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

Mr. BINGHAM. Mr. President, it has been brought to the attention of the Senate that a dispatch from the Philippine Islands, from Manila, tells of a caucus held by a certain part of the Philippine Legislature, or perhaps about half of the lower branch of their legislature, in which a majority of those present voted to oppose the bill now before the Senate. The implication is that they agree with the President's veto and would like to see it sustained.

It should be stated, however, for the RECORD, that the leader of those in opposition to the bill has repeatedly stated himself as in favor of immediate independence. So far as we have been able to learn, the only objection to this bill which has come from the members of the Legislature of the Philippine Islands, is that it does not give them independence quickly enought to suit them. They wish immediate independence.

The President in his message has pointed out the disadvantages to the Philippine people of independence even at the end of 10 or 12 years. The implication all through his message, with the exception of the letter of the Secretary of Agriculture, is that it would be greatly to their advantage to have independence indefinitely postponed, or to give it to them at a much later time.

Therefore, Mr. President, it should be clearly understood by those who wonder why the Philippine Legislature, or some members of it, are opposed to the pending bill, that it is not that they agree with the President's position, but that they desire immediate, complete, and absolute independence, in accordance with the propaganda that has been going on there for many years.

As has been so ably stated by the Senator from New Mexico [Mr. CUTTING] and also by the Senator from Idaho [Mr. BORAH], and others, it would be impossible to pass a different bill without causing more injustice to the people of the United States, or greater injustice to the people of the Philippine Islands. The bill now before us is the result of a long and carefully worked out and well-studied compromise between the extremists on both sides, and, as I stated this morning, met the approval of almost every member of the Committee on Territories and Insular Affairs, a committee where those who call themselves conservative Republicans, those who call themselves progressive Republicans, and Democrats of diverse opinion, are represented. With the exception of one or two who desire immediate independence, or the Senator from Michigan [Mr. VANDENBERG], who has his own plan, all the members of the committee were in favor of the bill as it was reported to the Senate.

The VICE PRESIDENT. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding? The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. BROOKHART's name was called). I desire to announce the unavoidable absence of the senior Senator from Iowa [Mr. BROOKHART]. He has a pair with the Senator from Wyoming [Mr. CAREY]. If present, the Senator from Iowa [Mr. BROOKHART] would vote "yea."

Mr. BULKLEY (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who is necessarily absent from the city. A two-thirds vote being required, the senior Senator from Iowa [Mr. BROOKHART] joins in the pair on this vote. If the Senator from Wyoming [Mr. CAREY] were present, he would vote "nay." If the senior Senator from Iowa [Mr. BROOKHART] were present he would vote "yea," and if I were permitted to vote I would vote "yea."

Mr. SCHALL (when his name was called). Mr. President, I am for immediate independence and not for overriding the veto——

Mr. ROBINSON of Arkansas. Mr. President, a point of order. Debate is not in order.

Mr. SCHALL. I therefore vote "nay."

The roll call was concluded.

Mr. BULKLEY. I am advised that the junior Senator from Idaho [Mr. THOMAS] has not voted. I therefore transfer my pair with the junior Senator from Wyoming [Mr. CAREY] to the junior Senator from Idaho [Mr. THOMAS] and vote "yea."

The roll call resulted—yeas 66, nays 26, as follows:

YEAS—66

Ashurst	Costigan	La Follette	Russell
Bailey	Couzens	Lewis	Sheppard
Bankhead	Cutting	Logan	Shipstead
Barkley	Dill	Long	Shortridge
Bingham	Fletcher	McGill	Smith
Black	Frazier	McKellar	Steiwer
Blaine	George	McNary	Stephens
Borah	Glass	Metcalf	Swanson
Bratton	Gore	Neely	Thomas, Okla.
Broussard	Harrison	Norbeck	Trammell
Bulkley	Hatfield	Norris	Tydings
Bulow	Hawes	Nye	Wagner
Byrnes	Hayden	Oddie	Walsh, Mass.
Capper	Howell	Pittman	Walsh, Mont.
Caraway	Hull	Reynolds	Wheeler
Connally	Johnson	Robinson, Ark.	
Coolidge	Kendrick	Robinson, Ind.	

NAYS 26

Austin	Glenn	Keyes	Townsend
Barbour	Goldsborough	Moses	Vandenberg
Copeland	Grammer	Patterson	Walcott
Dale	Hale	Reed	Watson
Davis	Hastings	Schall	White
Dickinson	Hebert	Schuyler	
Fess	Kean	Smoot	

NOT VOTING—4

Brookhart Carey King Thomas, Idaho

The VICE PRESIDENT. On the vote the yeas are 66, the nays 26. More than two-thirds having voted in the affirmative, the bill is passed, the objections of the President to the contrary notwithstanding.

Mr. CUTTING subsequently said: Mr. President, I had occasion to make some quotations from and criticisms of statements made by four members of the President's Cabinet in connection with the Philippine independence bill. In making those remarks I had assumed that some Senator supporting the President's veto had already inserted those statements in the RECORD. I am amazed to find that none of the Senators who based their action on those communications has seen fit to insert the letters written by the four Secretaries, and I think, in justice to them, that those letters ought to be printed in the RECORD in full. I ask unanimous consent that they may be printed in the permanent RECORD in connection with the debate on the Philippine bill where the subject came up.

The VICE PRESIDENT. Without objection, the letters will be inserted in the permanent RECORD and printed in connection with the debate referred to by the Senator from New Mexico.

The letters referred to are as follows:

SECRETARY STIMSON'S OPINION

MY DEAR MR. PRESIDENT: You have asked me to give you my views as to the effect which the bill (H. R. 7233) recently passed by both Houses of Congress to provide for the independence of the Philippine Islands will have upon our foreign relations.

Any withdrawal of American sovereignty from the islands, even the best and most carefully devised conditions, and with the utmost and continuous good will on the part of both of the Governments concerned, will necessarily be attended by hazard and uncertainty and will involve risk to the welfare of the Filipinos, on one side, and to the prestige and future interests of the United States on the other. After a careful examination of the provisions of this bill, I am convinced that it will seriously accentuate these risks and dangers and almost inevitably be followed by evils to both peoples which might otherwise be avoided.

For over 30 years this Government has been conducting, with remarkable success, the courageous experiment of establishing among an oriental people the practices of western economic and social development and the principles of American political democracy. The Philippine Islands represent to-day an islet of growing western development and Christian thought surrounded by an ocean of orientalism. They have become a physical and spiritual base for American influence—political, economic, and social—in the Far East. There we demonstrate before the eyes of all far eastern peoples and of all governments which exercise authority or influence in the Far East American ideas and methods. We show, and they see, how we organize, maintain, and administer agencies of government; agencies for establishing and preserving order; agencies for the peaceful solution of the problems of human contact; and agencies for regulating, safeguarding, and promoting the interests and welfare of the individuals, the groups and the entire people who make up a commonwealth.

WARNS OF UNSETTLING EFFECT

Furthermore, our presence in the Philippines has already contributed to the development of a new base of political equilibrium throughout the area of the western Pacific and eastern Asia. Withdrawal of our sovereignty from the Philippines and the termination of our responsibility in and for the islands, under the best of circumstances, would tend profoundly to disturb that equilibrium. Even under the best of circumstances it would inevitably have an unsettling effect in the relations to political thought of the various races or nations in the Far East, and in the relation of those races or nations among themselves and with the rest of the world.

The wise founders of our policy in the Philippines clearly foresaw these contingencies. While they fully recognized that the bold experiment in teaching self-government, which they were conducting in the Philippines for the benefit of the Filipinos, might ultimately lead to the desire on the part of their wards for a complete severance of the ties between the two peoples in the shape of absolute independence, they consistently and repeatedly insisted that the decision on this momentous question should not take place until after a full measure of education and political and economic experience, and until their wards by demonstrated capacity in self-government had shown themselves competent both to make a wise decision and to undertake the responsibilities which would be involved in such a separation.

THEODORE ROOSEVELT QUOTED

Thus, in 1902, President Roosevelt said:

"Our earnest effort is to help these people upward along the stony and difficult path that leads to self-government. * * * When they have thus shown their capacity for real freedom by their power to self-government, then, and not till then, will it be possible to decide whether they are to exist independently of us or to be knit to us by ties of common friendship and interest. When that day will come, it is not in human wisdom to foretell."

Mr. Taft, with his double experience of Governor General of the Philippine Islands and American executive as Secretary of War, similarly, in 1904, said of the Filipinos:

"* * * when they have learned the principles of successful popular self-government from a gradually enlarged experience therein, we can discuss the question whether independence is what they desire and grant it, or whether they prefer the retention of a closer association with the country which, by its guidance, has unselfishly led them on to better conditions."

The vast difference between individual freedom and popular self-government among the Filipinos, on the one hand, and a complete severance, economic and political, between those islands and the great Nation which had educated them, on the other, was thus clearly recognized. It was also recognized that a decision between these two alternatives required the fullest possible political maturity on the part of our wards, in the light of the far-reaching responsibilities which such a decision involves.

COMMONWEALTH PLAN ENVISAGED

The American founders of our Philippine policy thus clearly foresaw the possibility that some future connection between the United States and the Philippines, such as, for example, that which has since been realized between the free nations which compose the British Commonwealth of Nations, might be arrived at by the voluntary action of both peoples, and that it might have very important advantages to both nations. They wisely left this decision open as one which might be so entered into in the ripeness of time and experience.

The fundamental vice of the pending bill is that it completely disregards these precautions and reverses this wise policy. It not only fails to recognize the vital distinction which the founders of our policy drew between self-government, on the one hand, and complete separation from America, on the other, but it would inevitably mislead the Filipinos into making a decision in favor of the latter in the belief that they were voting solely for the former.

Furthermore, it proposes that they should irrevocably make this vital decision not after the fullest possible measure of education and experience, both political and economic, which can be given, but avowedly 10 years before their proposed education is completed; while they are still untrained in the executive power of their insular government, as well as in the choice of their judiciary, and while they have not yet tasted the difficulties of the probationary period in tariff legislation, which the bill proposes subsequently to give them.

BAIT TO ISLANDERS ASSERTED

The progress of the Filipinos in self-government thus far, creditable and remarkable as it has been, has been made under the supervision of an American chief magistrate who has possessed wide powers of supervision over both the insular and provincial governments of the islands, who has had direct command of its constabulary, and who has appointed its judiciary. It has also been made under the supervision of an American auditor, who has possessed wide powers of fiscal control.

The bill proposes to authorize the Filipinos to enact a constitution which will enable them to take over these powers subject to certain legal restrictions of a not very practical administrative character. It thus offers to the Filipino the bait of an extension in self-government, which he naturally and strongly desires. But the bill provides that when this constitution, extending these powers, is laid before the electorate for their decision, a vote in favor of the constitution "shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence."

Under the bill this decision would be made at once, probably within two years after the enactment of the law. It would then be followed by a 10 years' probationary period, under the new government and still under American sovereignty, during the last 5 years of which period an American tariff upon Philippine exports to the United States would be gradually raised 5 per cent each year, and afterwards the full tariff duties of the American law would be imposed as against all foreign countries. The standard of living of the Filipino laborer to-day is said to be nearly 300 per cent higher than that of similar classes on the adjacent Asiatic mainland. This high standard is based upon his present access to the American market. The effect of such a readjustment as would be made necessary by this legislation upon the social conditions of the islands is manifest. Their commerce, their business, their new schools and roads, which to-day form such a striking contrast to the conditions of their neighbors, would be disastrously affected.

THEIR SUFFERING PREDICTED

The effect which would be produced upon the Filipino mind by such a sequence of events as is provided for in this bill can be readily understood. No one can live with the Filipinos and not realize that their desire for what they call independence is fundamentally a desire for a fuller measure of domestic self-government and not a desire to cast off the protection and advantages of their connection with the United States. No one with such an experience can fail to anticipate that after the vote for the new constitution has been taken and after, through the subsequent provisions of the bill, the Filipinos have come to suffer from the economic consequences of the 10 years' period of ostensible probation which the bill sets up, and after they then find that they have bound themselves irrevocably to a loss of the economic advantages which they previously enjoyed, they will be quick to

charge that they have been the victims of a shabby trick at the hands of the Government which has assumed to be their guardian and their benefactor.

The new probationary government will thus be inevitably subjected to strains arising out of the economic distress in the islands, and with its limited effectiveness and powers may be unable adequately to control the disorders which may ensue. Long before the time for the termination of our responsibility through the announcement of independence has arrived, the American Government at Washington may be placed in a most embarrassing and difficult position in its relation to its insular wards, and for the preservation of the order for which it would still be responsible might be obliged to fall back upon the only effective power which it would still retain, namely, that of military force.

ALSO BLOW TO OUR PRESTIGE

After the successful progress of the past 30 years, after the wisdom and idealism on the one side, which has been shown by the American leaders, and after the intelligence and restraint which have been shown on the other side by the Filipino pupils, such a result would be simply catastrophic. It needs no imagination to grasp the effect which it would have upon the moral prestige and material influence of the United States in the Far East. To every foreign eye it would be a demonstration of selfish cowardice and futility on our part. The charge that we had tricked those whom we had undertaken to protect would be accepted. In the Orient, far more even than in the Occident, prestige is the measuring rod of success. Such a situation might be an irreparable blow to American influence at a time when the state of affairs in the Far East is chaotic, when every element of stability is threatened, and when out of the Orient may again come one of those historic movements which might disturb the whole earth.

Finally, may I say that these serious hazards to the welfare of our foreign relations in the Far East seem to me to be doubly tragic when it is considered that they are entirely unnecessary. On the one hand, it is easy to demonstrate that the enactment of this bill would not benefit materially the economic interests in the United States, in whose behalf it has been so strenuously pressed. On the other hand, from my own experience in my residence in the islands as Governor General, I am thoroughly convinced that, given the requisite patient, disinterested, and intelligent effort by the representatives of this country, a solution of the Philippine problem ultimately could be achieved with the full consent of the Filipino people, which would not only satisfy their aspirations for self-government but honorably and fully safeguard the interests of the United States both at home and in the Far East.

Therefore, in summary, the bill, in my opinion, is open to the following most serious objections. In the first place, it finally and totally abandons the opportunity for a constructive solution of the Philippine problem which would preserve for future generations of Americans and Filipinos the benefit of this remarkable and successful experiment in cooperation between these two peoples. In the second place, it terminates our relationship to the Philippines in a way which will inevitably create economic distress and provoke resentment and unrest in the islands. Thirdly, it will thus tend to disturb the equilibrium of the Far East and also to greatly damage the prestige and material interests of the United States in that region. And fourthly, it will cause these evils unnecessarily and without any commensurate benefit to the agricultural interests of the United States.

Very respectfully,

HENRY L. STIMSON.

SECRETARY HYDE'S LETTER

THE PRESIDENT,
The White House.

DEAR MR. PRESIDENT: I refer to the so-called "Philippine" bill, which provides for eventual independence, and should like to call your attention to some phases of this bill as it affects American agriculture.

Under the bill there are four stages or periods which relate to free imports of Philippine agricultural products into the United States.

The first period begins with the enactment of the bill and lasts until after the intermediate government is set up.

There then ensues a second period, during which quota limitations upon sugar, coconut oil, and fibers are fixed.

The third period commences after five years, during which an export duty rising from 5 per cent in the sixth year to 25 per cent in the tenth year is provided.

The fourth and last period begins with complete independence. During this last period full import duties will be applied to importations of Philippine agricultural products.

During the first period—that is, until establishment of the intermediate government—no protection whatever is afforded to American agriculture. Under the provisions of the bill, this period, even in normal workings, is practically certain to occupy three full years; and should there be differences of opinion between the Philippines and the United States as to legal questions, this period might be indefinitely prolonged.

Therefore, this bill permits a period of time lasting from three to an indefinite number of years, during which time the Philippines can delay while they debate the merits of free imports as against independence. So long as they comply with the technical provisions of the act, the United States can not expedite their action. There is no protection for American agriculture during this period. The bill does not, therefore, constitute what has been claimed for it.

In the third period there is no established rate. These quotas are set for sugar, 50 per cent higher than imports for 1928; for vegetable oils, 25 per cent larger.

In the third period there is no real protection afforded to American farmers by the export taxes. Even the maximum, 25 per cent of the existing duties, would afford American competitive products no adequate protection.

The fourth and final period, of course, brings Philippine products under tariff protection of American agriculture. That time may be 10 to 12 years off.

It seems clear to me that the American farmer is being misled as to the protection offered by this bill. It is now that he needs protection, not several years hence, when the country has generally recovered.

Sincerely,

ARTHUR M. HYDE, *Secretary.*

SECRETARY CHAPIN'S VIEWS

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, January 9, 1933.

The honorable the PRESIDENT OF THE UNITED STATES,
Washington, D. C.

MY DEAR MR. PRESIDENT: In connection with the bill just passed by Congress providing for the eventual independence of the Philippine Islands, I should like to call your attention to the anticipated effects of the measure upon the economic life of those islands. This opinion is based on a thorough examination of the material on the economic situation in the Philippines available in the Department of Commerce.

Economic stability of the Philippines and their ability to import from abroad mainly depend upon the exportation of the principal Philippine agricultural products—sugar, hemp, coconut and tobacco products, and also embroideries, which recently have attained considerable importance. On the basis of the substantial free-trade relations with the United States inaugurated in 1909, and the more complete free trade established in 1913, the American market for Philippine products has advanced from a value of $14,700,000 in 1909 to $105,000,000 in 1930 ($124,460,000 in the peak year, 1929), or over 600 per cent.[1] The United States now takes annually approximately 80 per cent of all Philippine exports. These figures make it apparent that the prosperity of the people of the Philippines depends in extraordinary measure upon the state of their trade with the United States.

It has been estimated by a reliable authority that had the Philippine and the United States tariffs, respectively, been in force in 1930 between the two countries, Philippine exports to the United States probably would have amounted to about $39,000,000, representing a loss of 63 per cent of the actual value of exports to the United States that year.

WHERE LOSS WOULD FALL

Of these export products, hemp and copra would not be affected materially by a change in trade relations with the United States, as they are admitted free. Loss of the American market, therefore, would fall upon the other principal export commodities—sugar, coconut oil and other coconut products, cigars, and embroideries.

The sugar industry, with an investment of approximately $200,000,000, accounted in 1931 for 48 per cent of the total returns from Philippine exports. Philippine sugar, so far, has not been able to compete effectively in world markets with either Cuban or Javan sugars and is therefore sold entirely in the United States. From a study of comparative production costs it is clear that it could not be sold in the American market even if admitted under the reduced rate on Cuban sugar, and, considering the present overproduction, no other market is available.

The export of coconut products ordinarily accounts for about 25 per cent of total Philippine export trade. Investments in the industry, including groves, mills, and crop loans, total about $132,000,000. The bulk of the world's desiccated coconut industry has been removed from Ceylon to the Philippine Islands, and the value of Philippine coconut exports has increased from $7,000,000 to $37,000,000. But with the withdrawal of free-trade relations the Philippines would lose its only market for coconut oil and the by-product, copra cake. Europe buys copra, but not oil, having its own mills to keep busy. Assuming that copra is continued on our free list, the loss in oil trade might be partially offset by an increase in exports of copra to the United States to supply the demand of our west-coast mills. The coconut-oil industry, however, would probably be lost entirely to the Philippines and the desiccated coconut industry, which has developed so conspicuously in recent years, would be likely to revert to Ceylon, where labor is cheaper and freight rates to the United States lower.

The United States takes nearly 80 per cent of Philippine cigars, compared with less than 5 per cent prior to their free entry into this country. Loss of the American market, with little likelihood of establishing a large or stable outlet elsewhere, would probably endanger the life of that industry.

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[1] For the purposes of this discussion, comparisons and estimates are based upon 1930, which, although a bad year commercially, was not as abnormally depressed as 1931.

EFFECT SERIOUS IN THIS COUNTRY

The budgetary effect of the falling off in trade into the United States would be extremely serious. The insular government derives the bulk of its revenue from commercial and industrial sources which would be particularly affected by any severe disruption of the country's trade. Calculations based on actual government incomes in 1930 and 1931, and on the estimated decline of 50 per cent, indicate that total receipts of the insular government, pending readjustments to conditions brought about by loss of the American market, would be considerably less than actual expenditures in the past two years.

Land values would be affected materially. The 640,000 acres of land devoted to sugar cultivation would depreciate heavily in value, and as some of these lands came into competition with areas producing other commodities they would have the effect of lowering prices of such commodities and in turn lowering general land values.

The Philippine National Bank has approximately $13,000,000, or 55 per cent of its total investment, in loans and advances directly dependent upon the sugar industry for liquidation. Disruption of this industry would seriously affect at least two-thirds of the value of those loans, or more than the combined capital stock and surplus of the bank. In addition, 64 per cent of the bank's local loans are secured by real estate, and the indirect losses incurred by depreciated real estate values would amount to such a substantial sum as to endanger the solvency of the bank. There are, moreover, five other commercial and savings banks whose chief form of security is real estate.

RAILROADS GET SUGAR REVENUE

During the past eight or nine years the two railway systems of the Philippines have received the bulk of their freight revenue from sugar, which has not only accounted for the increases in total freight receipts but has actually absorbed the substantial losses in revenues derived from the transportation of other freight. Loss of the sugar traffic not only would be a heavy blow to the railroads, but it would entail further losses from the great reduction in merchandise which is now carried to the sugar Provinces. The Philippine government owns the Manila railroad, which heretofore has been a profitable investment, and holds bonds of the Philippine Railway Co. to a considerable amount. Moreover, the government has guaranteed interest payments on the bonds of the two railways to the extent of $21,704,000. In addition to its other budgetary difficulties, therefore, it is believed the government would be faced with further heavy financial obligations in the event the railways suffered by reason of any serious disruption of the sugar industry.

Among other probable results might be mentioned the budgetary burden incidental to unemployment, the lowering of the standard of living, and the tendency of capital to leave the country under the conditions of economic disturbance created by the loss of the American market.

Very sincerely,

ROY D. CHAPIN,
Secretary of Commerce.

SECRETARY HURLEY'S REPORT

The PRESIDENT:

I have the honor briefly to report, in accordance with your request, on H. R. 7233, "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes," now awaiting your action after passage by Congress.

INTRODUCTION

Inasmuch as the War Department is charged with the administration of the Philippine Islands, under the present organic act, this report covers, in a general way, the entire range of pertinent matter, but leaves to the Secretaries of State, Treasury, and Commerce detailed remarks with regard to specific phases of international, financial, and economic factors, respectively.

This report contains, first, a brief, general discussion of Philippine independence; second, observations on various sections and provisions of the bill; third, opinions on the bill as a whole; and fourth, a suggestion for the improvement of the Philippine-American relations under the present law.

Part I. Philippine independence

The United States has a moral commitment before the world to give the Philippine Islands independence when the Filipino people are prepared for it and if they then desire it. The United States, of course, has the right to give the Philippines independence when they are prepared for it, whether they request it or not.

The question by which we are confronted to-day is this: Are the Philippines now prepared for independence? The facts answer that question in the negative. The operation of the bill would destroy the progress made toward self-government by the Filipino people. We are told that a large majority of Filipino leaders want immediate independence even at the cost of the economic chaos and social disorder that this measure will entail. All of that may be true. But let us not lose sight of the fact that among existing responsibilities of the United States is included a special obligation to consider the welfare of the Filipino people.

Accordingly, to be true to its trust, the United States must withhold independence until the Filipino people are reasonably prepared, politically and economically, to accept it, and until a stable government can be established with reasonable assurance that it will continue to exist and, finally, until international conditions and relations justify the step.

Part II. Observations on sections and provisions of bill

Section 1 of the bill provides for the formulation of an interim constitution for the Commonwealth of the Philippine Islands. The proposed change would disrupt the progress made toward self-government through a third of a century of successful effort.

Under the present government the people of the islands have enjoyed peace, prosperity, progress, and individual freedom unsurpassed by any race. This bill substitutes for that successful government a period of continued American sovereignty under a loose, destructive, dangerous plan which does not discharge the United States from responsibility but does in large measure deprive it of its means to discharge that responsibility. Such substitution is unnecessary, because the present organic act has, of itself or with proper modification, sufficient flexibility to allow for a further progressive evolution of self-government by the Filipino people.

Section 2 lists certain mandatory provisions of the proposed constitution and thus implies indirect legislation by the American Congress during the remaining period of American sovereignty. The advantage of indirect legislation over direct legislation is not apparent. Several provisions of this section tend to weaken the power and prestige of the United States in the Philippine Islands by implying that certain essential attributes of United States sovereignty are continued during the interim period by sufferance rather than by right.

QUESTION OF DEBTS RAISED

Other provisions needlessly duplicate or confuse existing United States legislation. Furthermore, no effective assurance is given that the debts of the present Philippine government, contracted during American sovereignty and under authority of acts of Congress, will be assumed and paid by another Philippine government. A subsequent provision of the bill does provide that the President may direct the high commissioner to take over the collection of customs and apply such part of the revenue received therefrom as may be necessary for the payment of overdue indebtedness. There is, however, no assurance that the customs collected would ever be sufficient to pay these obligations.

Section 4 provides for the submission of the constitution to the Filipino people. This presents the possibility of a confusion of issues, since votes cast for the constitution will be considered as votes for independence. It is, to say the least, very doubtful if a just final decision could be reached by plebiscite on such an important question submitted in such an involved form. Furthermore, questions affecting the future American policy in the Pacific should not be determined by a vote of the Filipino people.

While the bill provides for the maintenance of American sovereignty in the Philippine Islands for at least 10 years after the inauguration of the Commonwealth government, section 5 requires, on the establishment of the Commonwealth government, the immediate transfer to the Philippine Islands of all United States properties and rights in the Philippine Islands, except such lands and properties as already have been designated for military or other reservations of the United States. This transfer is premature and binds the United States to present lands and installations during the interim period.

WARNS OF FINANCIAL CHAOS

Section 6 concerns trade relations between the United States and the Commonwealth of the Philippine Islands during the interim period, and section 13 prescribes the basis for such relations after independence has been established. As economic independence is a prerequisite of political independence, these sections are of great importance. The bill, as drawn, purports to impose upon Philippine products entering the United States restrictive quotas, United States customs duties, and/or Philippine export taxes operative, in each case, over an indicated respective future period of years. The consequences are necessarily highly uncertain. In so far, however, as can now be foreseen, and based upon existing United States tariff rates, the provisions of the bill would prevent, not promote, economic preparation for independence.

Subject to exceptions that are practically negligible, all products of the Philippine Islands now enter the United States free of duty or tax. Under the bill the total measure of preparation accomplished up to and including the day before independence would be reflected, as regards at least the present volume of shipments, in a change from duty-free entrance to entrance subject to Philippine export taxes equivalent to 25 per cent of the full United States tariff rates. Upon the inauguration of the independent government the following day all Philippine products would enter the United States subject to the payment of 100 per cent customs duties. That radical and abrupt transition would in all probability precipitate such financial chaos as to cause great internal disorder. The mere prospect of such conditions may easily provoke that chaos and disorder prior to independence. A simple example will fortify this point.

HUGE TRADE LOSS ESTIMATED

Based upon present United States tariff rates and upon the amount of Philippine sugar imported into the United States in 1931, such an overnight change in trade relations would represent a loss to the Philippine Islands in the marketing of its sugar export alone of approximately $30,000,000 annually, a figure over 20 per cent in excess of the total estimated revenues of the government of the Philippine Islands for the year 1933. Certainly the

economic requirements of a responsible trusteeship should not be met in this manner. On the other hand, the United States has built up a large agricultural and industrial export trade with the Philippine Islands based on a privileged status of free entry, which permits competition with the cheap labor of the Far East. The bill threatens gradually to destroy this export trade through the reduction of Philippine buying power, accentuated later by the probable imposition of Philippine tariffs. In short, the trade relations prescribed by this bill, while purporting to promote the solution of economic problems, would in fact reflect no adequate economic preparation of the Philippine Islands for independence.

The provisions relating to trade would be futile as measures for the benefit of the American farmer. Whatever small, if any, degree of benefit the agriculturist might receive by exclusion of Philippine products during and after the 10-year period would be more than offset by the loss of the Philippine market for American agricultural exports (dairy products, wheat, flour, cotton goods, cigarettes, etc.) to the Philippines.

POINTS TO DANGER OF DELAY

Under the bill as drawn it is entirely possible for the Philippine Legislature or leaders, after accepting the provisions of the bill and thereby committing the United States to a quasi contract for further execution of the provisions of the bill, to delay indefinitely the inauguration of the Commonwealth government. That period of delay could be extended over many years, unless the United States Government should meanwhile repeal or amend the act. If the act were repealed without the concurrence of the Philippine Legislature, it would lead, undoubtedly, to complications and recriminations and, possibly, to very serious consequences. During the entire period of the possible delay quotas and other limitations imposed by the bill on duty-free entry of Philippine products would not be operative. Duty-free shipments would, therefore, be unrestricted during that period, and might reflect large increases over present figures.

Section 7 prescribes the powers of the President and of his representative, the high commissioner, during the interim period. While giving a specious appearance of vesting important powers of American control and supervision, this section provides in fact no adequate means for the effective exercise of any of the essential powers thus nominally delegated to the President and his representative. A marked condition of responsibility without authority is the result.

Under the present organic act the Governor General is vested with those vital powers of supervision and control normally inherent in a chief executive, including authority to take positive action of his own initiative to meet emergencies. On the other hand, the sole powers and functions vested in the high commissioner for exercise of his own initiative are those of having access to records and information of the insular government and making certain reports to the President and Congress. Further than this, he represents the President in the Philippine Islands, may administer the customs under certain contingencies (but only following prior report to and express instructions from the President), and is charged with such additional duties as the President may see fit to delegate to him and may be authorized by the act to so delegate.

RISK OF VIOLENCE ASSERTED

The provisions of the bill are not clear regarding the extent to which the President may delegate in advance to the high commissioner authority to be used in emergency.

Authority that can be expressed by the high commissioner after specific report to and approval by the President is unsuited for use in emergencies, especially in the case of a Federal representative separated from the National Capital by 10,000 miles. In this respect the bill is dangerously defective. During the interim period the United States Government will be required to protect the Commonwealth government from the result of actions which American authorities will not be in a position to control. With facilities for the prompt and effective exercise of United States civil powers reduced to inconsequential proportions, there must frankly be faced the resulting risk that conditions may require the use of American armed forces. For example, if under the bill the high commissioner should be directed to take over the collection and administration of the customs, a necessity for the use of the military might easily arise. There can be no justification for the United States to assume any such responsibility as the bill contemplates unless accompanied by adequate provisions for the prompt exercise of preventative authority.

Section 10 deals with the establishment of the independence of the Philippine Islands, to which event during the eleventh year after the inauguration of the Commonwealth government the act purports to commit the United States irrevocably pursuant to a decision previously made by the Filipino people over 10 years earlier. In case the folly of that decision should meanwhile have been amply demonstrated by developments, Congress in any possible steps directed to amendment of the act to meet conditions would be confronted with the complications resulting from the provisions contained in section 17 of the bill. It is considered both inexpedient and hazardous to anticipate future developments by adopting an arbitrary time-table or by specifying a definite date for ultimate independence. Qualification for independence is a condition to be achieved gradually as a result of trial and error and progressive adjustment. To say now that the Philippine Islands will be prepared for independence in a particular future year and that world conditions will then be propitious is as impossible as it is unwise.

NO PROVISION FOR PROTECTION

The paragraphs prescribed by section 10 for incorporation, prior to independence, in the constitution of the Commonwealth government, fail to include provisions in reference to various matters which should be covered in any single bill that purports to present a comprehensive plan and detailed procedure leading up to Philippine independence. For example, it contains no provisions for the protection, after independence, of equities acquired by citizens of the United States, the Philippine Islands, or foreign countries as the result of public service under the Philippine government, or under the United States Government in connection with American administration of the Philippine Islands.

Section 10, taken in connection with section 5, implies that United States sovereignty and control shall continue, after the establishment of the independent government, over certain military and other reservations to be retained by the United States. That implication is in apparent conflict with the definition, under section 1, of the jurisdiction of the Commonwealth government and with certain requirements of section 2, such as the one to the effect that "all citizens of the Philippine Islands shall owe allegiance to the United States" pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands.

The bill is not clear as to the contemplated disposition, after independence, of the United States armed forces retained in the Philippine Islands during the existence of the Commonwealth government. It should be borne in mind that the Philippine Scouts, a force of approximately 6,500 officers and men, comprise a considerable portion of the United States armed forces in the islands. The bill makes no provision for the taking over of this native armed force by the Commonwealth government, either during the period of transition or at its close. It may be superfluous for me to point out that, under the revenues anticipated, the independent government would be without financial ability to maintain this force.

ISLANDS WEAK AND ISOLATED

Section 11 proposes an effort on the part of the United States to obtain international neutralization of the Philippines for safeguarding the new, weak, and isolated state. This seems hardly more than a hope under present conditions, and certainly, in the light of history—even recent history—it does not appear to be a practical means of safeguarding the future liberties and independence of the Philippines.

Besides the defects of the bill, to which attention has heretofore specifically been drawn, there could be pointed out various defects and omissions that would undoubtedly lead to unnecessary and unfortunate complications. Important among these is the fact that no consideration has apparently been given to the incompletely fulfilled obligations of the United States as regards those elements of the population of the Philippine Islands now administered under the Bureau of Non-Christian Tribes and representing, at the last Philippine census, a large majority of the combined population of nine special Provinces, together comprising about 40 per cent of the total land area of the Philippine Islands.

The wording of the provisions of section 15, which purports to define certain legislation, continued in force and repealed, respectively, as of the date of the inauguration of the Commonwealth government, could hardly fail to give rise to much confusion and to extensive and costly subsequent litigation.

The final section of the bill requires that, before the act can take effect, the Philippine Legislature, or appropriate convention, must accept the act by resolution. This invites difficulties in connection with possible amendment of the act by future Congresses, because it will no doubt be claimed that the Philippine Legislature must concur before any amendment to the act will become effective. Amendment of the act without such concurrence would undoubtedly be the occasion for allegations of bad faith.

Part III. Opinions on the bill as a whole

In my annual report to you and elsewhere, I have raised a question regarding the constitutionality of an act of Congress purporting to alienate the sovereignty of the United States over the territory and people of the Philippine Islands. It is incumbent upon me, as an official, to raise that question again. I am not convinced that the Congress and the President are without power to dispose of the Philippine Islands. You will, no doubt, consult the Attorney General on this point. I am, however, transmitting herewith the opinion of the Judge Advocate General of the United States Army, which is concluded as follows:

"Withdrawal of the sovereignty of the United States over the territory and people of the Philippine Islands would necessarily involve withdrawal of the protection of the Federal Constitution from some 13,000,000 American nationals who inhabit those islands, and who now enjoy certain fundamental rights under that Constitution. The proposal to withdraw that sovereignty and destroy those rights by simple act of Congress is, in my opinion, repugnant to the letter and the spirit of the Constitution. Careful examination of every clause of that instrument fails to disclose any reasonable basis for the belief that the Congress has been empowered by the people of the United States to do so. I am constrained to conclude that that power still resides in the people and can be conferred upon the Congress only by further amendment to the Constitution."

Regardless of the question of constitutionality, this proposed legislation is fundamentally unsound. It would break down and ultimately destroy the economic life of the Philippines, built up

with great care and at great cost during a third of a century. It would create new elements of danger to both the Philippines and the United States. Carrying out the provisions of this bill would not give the Philippines independence. In my opinion, it would destroy the progress toward independence already made and postpone or prevent the independence of the Philippine Islands.

If, in the opinion of Congress, the Philippines are prepared for independence and desire it, it should be given them without entangling the United States in a procedure that must lead to economic chaos and revolution.

HAS INHERENT WEAKNESSES

Technically, the bill is a compromise. It has in it weaknesses inherent in all of the previous bills out of which it grew. As a compromise it is believed that few, if any, desire that its provisions be put into actual effect. The argument has been presented that if this bill is not accepted, a worse bill will be forthcoming. That threat should not be considered a justification for being a party to the enactment of provisions which, there is every reason to believe, would prove disastrous alike to the people of the United States and of the Philippine Islands. Statements have been made by Filipino leaders indicating that they are well aware of the possible grave social disturbances and of other dangerous and disastrous complications that the execution of the measure would probably entail. But, they state, all these are merely incidental to the great objectives of the Filipino people, namely, liberty—independence.

That is a robust argument. The attitude of the Filipino leaders who advance it may appear courageous, but the wisdom and prudence of the course implied are certainly open to question. A further practical and pertinent question is whether it is in keeping with the responsibilities resting on the United States to permit recklessness on the part of the more vocal elements among the Filipinos to involve it in so dangerous a program.

If the American people desire to give independence to the Philippines at a time and under a procedure that may be expected to result in conditions such as are to be anticipated if this bill is given effect, then the grant should be unequivocable and without any future responsibility on the part of the United States. If independence is given under circumstances so adverse to the prospective welfare of the Filipino people as a whole, the United States should be generous in the trade and other concessions given to the new Philippine government at independence. The United States should, under no circumstances, permit itself to be involved in any responsibility for the Philippine Islands after its authority there has been dangerously weakened or terminated.

Objectively, the proposed legislation is shortsighted and would, in fact, fail to accomplish one of the main purposes for which it was drawn—that of securing for American farmers relief from competition ascribed to the duty-free entry of sugar and certain other Philippine products. On the other hand, it would eventually ruin many carefully nurtured industries of the Philippine Islands, closely involved with American business and agricultural interests; and for American merchants and farmers it would cause the eventual loss of an important and relatively stable market.

ECONOMIC EXPEDIENCY CHARGED

Morally the bill forsakes the high ground of conscientious trusteeship followed for 30 years for the lower levels of attempted political and economic expediency.

The bill fails even as a political expedient—as a subterfuge for the discharge of our Nation's obligations. It will not discharge us from present responsibilities. It will further involve us.

This legislation would not serve the best interests of either the Filipino or American people. It is more destructive than constructive. The bill would substitute a doubtful experiment in insular government for a system under which the people of the Philippine Islands have enjoyed peace, prosperity, and progress such as no other colonial dependency has ever known.

This bill puts the Philippines in an economic strait-jacket. Under it, after voting for independence and the constitution, the Filipino people have no alternative but to destroy themselves economically.

The bill does not constitute a proper solution—economic, political, or social—of the question of future Philippine-American relations. Its provisions do not reflect progressive steps, each taken in the light of facts and experience developed by preceding steps, but an attempt to prescribe detailed measures to be applied over a long period and under future conditions which can not be determined in advance. It neither confronts present uncertainties, inherent in the situation, nor does it attempt to obviate them. Instead, it emphasizes them and creates greater and more dangerous uncertainties. It involves the United States in a series of unnecessary and premature commitments for the future and complicates and renders more difficult any subsequent sound solution of the Philippine question.

Part IV. Suggestions for the improvement of Philippine-American relations under the present law

The Filipino people are not unhappy. When the United States first came in contact with them they were oppressed. To-day they enjoy as great a degree of personal liberty as exists anywhere on earth. They unquestionably aspire to complete independence. In this they have been encouraged by the United States. There is no basis for any apprehension that the Filipinos may be the subject of exploitation at the hands of American colonists. After 33 years of occupation, out of more than 13,000,000 inhabitants of the islands, less than 6,000 are Americans. To date, the Filipino people have been the recipients of liberal treatment at the hands of the United States. They have enjoyed the protection and aid of our Government, to the support of which they are required to make no contribution whatever.

A survey of the whole situation will demonstrate that the adjustments incident to the termination of free trade and unrestricted immigration from the Philippine Islands, respectively, are the two problems that demand primary consideration.

It should be understood that responsible Philippine leaders originally opposed free trade with the United States, partly on the ground that it would create an economic situation that would tend to bind the islands to the United States and would thus offer an obstacle to independence. It should also be remembered that those same Filipino leaders have recognized the 2-way disadvantage of any considerable emigration of their people to the United States. The initiation of free trade and the lack of restrictions up to the present time upon the coming of Filipinos to the United States was intended to reflect the liberal course heretofore followed by our Government with respect to the islands. Thus we find that the primary responsibility for the conditions which require readjustments before independence is of American rather than Filipino origin. The effort must be made to eliminate those problems with a minimum of resulting complications.

GRADUAL TRANSITION URGED

If the trade readjustments are to be accomplished progressively, the first essential step is a decision as to what will be the most probable basis of Philippine-American trade relations after independence.

The change from free trade to that basis could then be effected before independence. This, if given reasonable time, would involve no abrupt and violent transition at independence, with resulting shock to the economic structure of the Philippine Islands.

There might appropriately be made effective in the interim before independence and in anticipation of conditions that would prevail after independence measures limiting Philippine immigration to the United States somewhat along the lines of section 8 of the bill under consideration.

In the present status of world affairs it would seem most desirable for both the Filipino people, as well as for those of the United States, to continue to strive for the economic independence of the Philippine Islands under the general governmental system established by the present organic act.

There are indications that the Filipinos themselves are desirous of preventing the Philippine Islands from becoming a "sugar" or "1-crop" state, as it is likely to do if unlimited free trade with the United States is continued.

Also many responsible Filipinos with broad experience feel that the emigration of their people to the United States is not in the ultimate best interests of the islands or of the emigrants themselves. In fact, the opportunities open to Filipinos are greater in the Philippine Islands than in any other place in the world.

During this period of preparation for independence, cooperation by the Filipinos themselves, in making the necessary readjustments indicated, might as well be accompanied by provisions allowing them additional participation in the administration of government under the present organic act, amended if necessary. In this manner development toward social, political, and economic preparedness for independence would continue and the United States would not be deprived during the process of the power incident and essential to ultimate responsibility.

I respectfully recommend that you veto H. R. No. 7233, entitled "An act to enable the people of the Philippine Islands to adopt a constitution," etc.

PATRICK J. HURLEY,
Secretary of War.

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.

MESSAGE FROM THE HOUSE

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

S. 4340. An act authorizing the District Court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians;

S. 4791. An act to amend the United States mining laws applicable to the city of Prescott municipal watershed in the Prescott National Forest within the State of Arizona;

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.;

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., and

S. 5252. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States.

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

S. 4095. An act to amend an act entitled "An act to punish the unlawful breaking of seals of railroad cars containing interstate or foreign shipments, the unlawful entering of such cars, the stealing of freight and express packages or baggage or articles in process of transportation in interstate shipment, and the felonious asportation of such freight or express packages or baggage or articles therefrom into another district of the United States, and the felonious possession or reception of the same," approved February 13, 1913, as amended (U. S. C., title 18, secs. 409–411), by extending its provisions to provide for the punishment of stealing or otherwise unlawful taking of property from passenger cars, sleeping cars, or dining cars, or from passengers on such cars, while such cars are parts of interstate trains, and authorizing prosecution therefor in any district in which the defendant may have taken or been in possession of the property stolen or otherwise unlawfully taken;

S. 4509. An act to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain";

S. 4597. An act to restore to their former retired status in the Regular Army of the United States persons who resigned such status to accept the benefits of the act of May 24, 1928 (45 Stat. 735), and for other purposes;

S. 5160. An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes; and

S. 5232. An act to extend the time for completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.

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

S. 3675. An act relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects;

S. 5059. An act to extend the time for completion of a bridge across Lake Champlain at or near Rouses Point, N. Y., and a point at or near Alburgh, Vt.;

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.;

S. 5260. An act granting the consent of Congress to the Board of Supervisors of Marion County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Columbia, Miss.; and

S. 5261. An act granting the consent of Congress to the Board of Supervisors of Munroe County, Miss., to construct, maintain, and operate a free highway bridge across Tombigbee River at or near Old Cotton Gin Port, Miss.

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

H. R. 311. An act 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";

H. R. 4657. An act to authorize the disposition of the naval ordnance plant, South Charleston, W. Va., and for other purposes;

H. R. 6684. An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on Indian land when it is in the interest of the Indians so to do;

H. R. 6733. An act for estimates necessary for the proper maintenance of the flood-control works at Lowell Creek, Seward, Alaska;

H. R. 10743. An act to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works;

H. R. 12126. An act to add certain lands to the Gunnison National Forest, Colo.;

H. R. 12744. An act authorizing an appropriation for payment to the Government of Nicaragua for the account of Raimunda Valladares de Calderon, a citizen of Nicaragua;

H. R. 12748. An act authorizing an appropriation for payment to the Government of Nicaragua for the account of Salvador Buitrago Diaz, a citizen of Nicaragua;

H. R. 12751. An act authorizing an appropriation for payment to the Government of Chile for the account of Enriqueta Koch v. de Jeanneret, a citizen of Chile;

H. R. 13372. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C.;

H. R. 13523. An act in reference to land in the Bonnet Carre floodway area;

H. R. 13535. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Garrison, N. Dak.;

H. R. 13743. An act 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.;

H. R. 13744. An act 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.;

H. R. 13852. An act to extend the times for commencing and completing the construction of a bridge across the Rock River, south of Moline, Ill.;

H. R. 13959. An act 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; and

H. J. Res. 533. Joint resolution providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska.

FINAL ASCERTAINMENT OF ELECTORS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting, pursuant to law, copies of the certificates of the Governors of the States of Colorado, Nevada, and Rhode Island of the final ascertainment of electors for President and Vice President in their respective States at the election of November 8, 1932, which were ordered to lie on the table.

DISPOSAL OF SEWAGE FROM THE DISTRICT OF COLUMBIA (S. DOC. NO. 172)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant to Senate Resolution 44, agreed to March 11, 1932, a report on an investigation made by the Surgeon General of the Public Health Service of conditions resulting from the present method of disposing of sewage from the District of Columbia in the Potomac River, which, with the accompanying report, was referred to the Committee on the District of Columbia and ordered to be printed, with illustrations.

POSITIONS NOT UNDER THE CIVIL SERVICE (S. DOC. NO. 173)

The VICE PRESIDENT laid before the Senate a letter from the United States Civil Service Commission, transmitting, in response to Senate Resolution 303 (submitted by Mr. McKellar and agreed to on January 3, 1933), lists of positions or places under the Federal Government not under the civil-service rules and regulations, which, with the accompanying papers, was referred to the Committee on Civil Service and ordered to be printed.

CHANGE IN DATE OF THE INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the secretary of state of North Dakota, transmitting

certified copy of a joint resolution of the Legislature of the State of North Dakota ratifying an amendment to the Constitution fixing the commencement of the terms of President, Vice President, and Members of Congress, and fixing the time of the assembly of Congress, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Bismarck, N. Dak., January 14, 1933.

Hon. CHARLES CURTIS,
President of the Senate, Washington, D. C.

SIR: By direction of the Twenty-third Legislative Assembly of the State of North Dakota, now in session, we transmit attached hereto a certified copy of a joint resolution ratifying an amendment to the Constitution of the United States of America fixing the commencement of the terms of President, Vice President, and Members of Congress, and fixing the time of the assembly of Congress.

Very respectfully,

ROBERT BYRNE,
Secretary of State.
By CHARLES LIESSMAN,
Deputy.

UNITED STATES OF AMERICA,
DEPARTMENT OF STATE,
STATE OF NORTH DAKOTA.

To all to whom these presents shall come:

I, Robert Byrne, secretary of state of the State of North Dakota and keeper of the great seal thereof, do hereby certify that the following copy of Senate Concurrent Resolution No. A, Twenty-third Legislative Assembly, State of North Dakota, has been compared by me with the original resolution on file in this department, and that the same is a true copy thereof and of the whole of such resolution.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in the city of Bismarck, this 14th day of January, A. D. 1933.

[SEAL.]

ROBERT BYRNE,
Secretary of State.
CHARLES LIESSMAN,
Deputy.

Senate Concurrent Resolution A (introduced by Senator Indergaard)

Be it enacted by the Legislative Assembly of the State of North Dakota—

Whereas the Seventy-second Congress of the United States of America, at the first session begun and held at the city of Washington, on Monday, the 7th day of December, 1931, by a constitutional majority of two-thirds thereof, made and passed a proposal to amend the Constitution of the United States of America in the following words, which joint resolution was duly ratified by Congress on March 3, 1932, and approved by the President of the United States, to wit:

"JOINT RESOLUTION

"Proposing an amendment to the Constitution of the United States, fixing the commencement of the terms of President, Vice President, and Members of Congress, and fixing the time of the assembly of Congress

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"'ARTICLE —

"'SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"'SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"'SEC. 3. If, at the time fixed for the beginning of the term of President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such persons shall act accordingly until a President or Vice President shall have qualified.

"'SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"'SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"'SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission.'"

Therefore be it

Resolved by the Legislative Assembly of the State of North Dakota duly convened, That the said foregoing proposed amendment to the Constitution of the United States of America be, and the same is, hereby ratified by the Legislative Assembly of the State of North Dakota; and be it further

Resolved, That certified copies of this joint resolution be forwarded by the governor of this State to the Secretary of State for the United States of America at Washington, D. C., and to the President of the Senate and the Speaker of the House of Representatives of the National Congress.

OLE H. OLSON,
President of the Senate.
SIDNEY A. PAPKE,
Secretary of the Senate.
MINNIE D. CRAIG,
Speaker of the House.
JAMES P. CURRAN,
Chief Clerk of the House.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of South Carolina, which was referred to the Committee on Finance:

A concurrent resolution to petition Congress to enact the necessary legislation for the remonetization of silver and for the removal of excessive tariff rates

Whereas through the accident of war and the part played in it by the United States we have become the greatest creditor Nation of the world, and that notwithstanding the people of the United States are to-day in the midst of an economic crisis unparalleled in its history; and

Whereas it is believed that the prosperity of the people of this State and of the United States depends largely upon foreign markets for the products of our farm and factories; and

Whereas foreign nations which need and could use these products are unable to buy them because of a shortage of gold and because of prohibitive tariffs which restrict commercial barter, the basis of all trade; and

Whereas many of the leading trade nations of the world have abandoned the gold standard and are unable to settle adverse trade values in gold; and

Whereas the price levels of to-day are so much lower than price levels at the time when practically all of the existing debts of nations, States, political subdivisions of States, and individuals were contracted; and

Whereas if the present price levels continue the payment of the aforesaid debts will be almost a herculean task; and

Whereas it is believed that legal provisions for the remonetization of silver would rehabilitate buying power everywhere, create a world market for our crops and the output of our factories, and bring about a rise in the price of commodities, thus enabling all debtors to meet their obligations: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the General Assembly of South Carolina does hereby petition the Congress of the United States, now in session, to enact the necessary legislation for the remonetization of silver and for the removal of the excessive rates of tariff which stand as barriers to the legitimate trade of this Nation with the nations of the world.

Resolved further, That copies of this resolution be forwarded to the Clerk of both branches of the Congress of the United States and to each of the Senators and Members of the House of Representatives from this State.

On immediate consideration, the concurrent resolution was adopted, ordered sent to the house for concurrence.

A true copy.

[SEAL.]

JAS. N. FOWLES,
Clerk South Carolina Senate.

The VICE PRESIDENT also laid before the Senate a letter from William J. Hunter and C. I. Kessler, of Carey, Ohio, submitting a plan to pay the soldiers' bonus immediately without any outlay of governmental funds, which, with the accompanying paper, was referred to the Committee on Finance.

He also laid before the Senate a resolution indorsed by every member of the Independent Unit Bankers' Association of Wisconsin, protesting against the passage of legislation tending to promote or permit the establishment or furtherance of branch banking, which was ordered to lie on the table.

Mr. CAPPER presented a petition of sundry citizens of Newton, Kans., praying for the repeal of the tax on bank checks, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Woman's Christian Temperance Union of Ottawa, Kans., protesting against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented a telegram in the nature of a memorial signed by officers of the Hays (Kans.) Woman's Christian Temperance Union, remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the New York Flour Club, of New York City, N. Y., protesting against the adoption of the farm-relief measure known as the domestic-allotment plan, also referred to as the "farm-relief parity plan," which was referred to the Committee on Agriculture and Forestry.

He also presented a memorial of sundry citizens of Ellensburg and vicinity, in the State of New York, remonstrating against the passage of legislation to legalize liquor with a stronger alcoholic content than one-half of 1 per cent, which was referred to the Committee on the Judiciary.

He also presented memorials of sundry citizens of Marion, Cadosia, Roscoe, and Apex, all in the State of New York, remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which were referred to the Committee on the Judiciary.

He also presented the petition of the Woman's Home Missionary Society of Olean, N. Y., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

He also presented the petition of the Woman's Home Missionary Society of Olean, N. Y., praying for the passage of legislation to regulate the motion-picture industry, which was ordered to lie on the table.

He also presented memorials, numerously signed, of sundry citizens of Rochester, N. Y., remonstrating against curtailment of the naval reserve program, especially training cruises, and compensation of the enlisted and officer personnel, which were referred to the Committee on Naval Affairs.

SENATOR FROM MINNESOTA

Mr. HEBERT, from the Committee on Privileges and Elections, submitted a report, in the matter of the petition of Einar Hoidale contesting the election of THOMAS D. SCHALL as Senator from the State of Minnesota for the term commencing March 4, 1931, and praying other relief, recommending that the petition and amendment thereto be denied and dismissed, which was ordered to be printed as Report No. 1066.

REPORT OF THE COMMITTEE ON IRRIGATION AND RECLAMATION

Mr. CAREY, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 5417) to extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932, reported it without amendment and submitted a report (No. 1067) thereon.

BILLS INTRODUCED

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

By Mr. DALE:

A bill (S. 5434) to foster American industry, promote education, and facilitate pursuit of the avocation of philately; to the Committee on Post Offices and Post Roads.

By Mr. CAPPER:

A bill (S. 5435) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller (with accompanying papers); to the Committee on Claims.

A bill (S. 5436) to amend section 653 of the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. REED:

A bill (S. 5437) to authorize settlement, allowance, and payment of certain claims (with accompanying papers); to the Committee on Claims.

A bill (S. 5438) to authorize the Secretary of War to sell or dispose of the remaining portion of the Pensacola Military Reservation, Fla., and for other purposes; to the Committee on Military Affairs.

By Mr. BARKLEY:

A bill (S. 5439) granting a pension to Delia England;

A bill (S. 5440) granting a pension to Ella Noe; and

A bill (S. 5441) granting an increase of pension to James Carr; to the Committee on Pensions.

By Mr. HAWES:

A bill (S. 5442) granting a pension to Mable Forrer (with accompanying papers); to the Committee on Pensions.

By Mr. DICKINSON:

A bill (S. 5443) granting a pension to Helen R. Benson; to the Committee on Pensions.

By Mr. BANKHEAD:

A bill (S. 5444) to authorize the purchase by the Government of silver, to provide for the issuance of silver certificates in payment therefor, and for other purposes; to the Committee on Banking and Currency.

By Mr. CONNALLY:

A bill (S. 5445) to extend the time for the construction of a bridge across the Rio Grande at or near Riogrande, Tex.; to the Committee on Commerce.

EXEMPTION OF CERTAIN MINERS FROM INCOME-TAX PAYMENT

Mr. HAYDEN submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 533) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, which was ordered to lie on the table and to be printed.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. FLETCHER submitted an amendment proposing to increase the appropriation for salaries and commissions of registers of district land offices from $68,750 to $76,000, and to increase the appropriation for contingent expenses of land offices from $150,000 to $156,000, intended to be proposed by him to House bill 13710, the Interior Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

AMENDMENTS TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. KING 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 58, line 2, to strike out "$19,000,000" and insert in lieu thereof the following: "$12,000,000: *Provided*, That upon the expiration of 60 days after the date of enactment of this act the Postmaster General shall make a careful examination of each air mail contract and shall make an investigation of the circumstances under which each such contract was entered into, and if he determines that fraud or collusion entered into the making of any such contract, or that any such contract is for any other reason illegal, he shall immediately cancel the same; and in carrying out the provisions hereof the Postmaster General shall consult with and obtain the advice and counsel of the Attorney General, and in any case where the Postmaster General is in doubt as to the legality of any contract he shall be governed by the opinion of the Attorney General."

Mr. McKELLAR submitted two amendments intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 57, line 9, after "$7,000,000," insert the following: ": *Provided further*, That no part of the money herein appropriated shall be paid to any company for carrying foreign mails by steamship, aircraft, or otherwise, under a contract with the Government that has not been declared valid by a court of competent jurisdiction: *Provided further*, That in no case shall any company receive for such services rendered an aggregate sum exceeding 50 per cent of the amount paid by the Government to it at the present time."

On page 58, line 2, after "$19,000,000," insert the following: ": *Provided*, That no part of the money herein appropriated shall be paid to any company for carrying air mail under a contract with the Government that has not been declared valid by a court of competent jurisdiction: *Provided further*, That in no case shall any company receive for such services rendered an aggregate sum exceeding 50 per cent of the amount paid by the Government to it at the present time."

AMENDMENT OF THE RULES—LIMITATION OF DEBATE

Mr. HASTINGS submitted a resolution (S. Res. 329), which was ordered to lie on the table and to be printed, as follows:

Resolved, That the "Standing Rules for conducting the business in the Senate of the United States" be, and they are hereby, amended as follows:

"SECTION 1. Strike out all of paragraph 1 of Senate Rule XIX and insert in lieu thereof the following:

"1. When a Senator desires to speak, he shall rise and address the Presiding Officer and shall not proceed until he is recognized, and the Presiding Officer shall recognize the Senator who shall first address him. No Senator shall interrupt another Senator in debate without his consent, and to obtain such consent he shall first address the Presiding Officer; and no Senator shall speak more than twice nor in all more than two hours upon any one question in debate on the same day without leave of the Senate, which shall be determined without debate. The time fixed herein shall not be enlarged for the purpose of speaking upon any amendment or motion affecting the question in debate without leave of the Senate, which shall be determined without debate."

LIMITATION OF DEBATE DURING PRESENT SESSION

Mr. TYDINGS submitted the following resolution (S. Res. 330), which was referred to the Committee on Rules:

Resolved, That during the remainder of this session of the Seventy-second Congress, which expires on March 4, 1933, no Senator shall speak longer than one hour on either any bill or amendment to the same, nor more than twice upon any bill or amendment to the same.

AMENDMENT OF RULE RELATING TO CLOTURE

Mr. ROBINSON of Arkansas submitted the following resolution (S. Res. 331), which was referred to the Committee on Rules:

Resolved, That Rule XXII of the Standing Rules of the Senate be amended as follows:

On page 28, line 13, of the Senate Manual for the Seventy-second Congress, first session (S. Doc. No. 2), strike out the words "two-thirds vote" and insert in lieu thereof the word "majority," so that the paragraph in which such words occur will read as follows:

"And if that question shall be decided in the affirmative by a majority of those voting, then said measure shall be the unfinished business to the exclusion of all other business until disposed of."

HOUSE BILLS AND JOINT RESOLUTION REFERRED

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

H. R. 6684. An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on Indian land when it is in the interest of the Indians so to do; to the Committee on Indian Affairs.

H. R. 12126. An act to add certain lands to the Gunnison National Forest, Colo.; to the Committee on Public Lands and Surveys.

H. R. 311. An act 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"; and

H. R. 13959. An act 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; to the Committee on Territories and Insular Affairs.

H. R. 12744. An act authorizing an appropriation for payment to the Government of Nicaragua for the account of Raimunda Valladares de Calderon, a citizen of Nicaragua;

H. R. 12748. An act authorizing an appropriation for payment to the Government of Nicaragua for the account of Salvador Buitrago Diaz, a citizen of Nicaragua; and

H. R. 12751. An act authorizing an appropriation for payment to the Government of Chile for the account of Enriqueta Koch v. de Jeanneret, a citizen of Chile; to the Committee on Foreign Relations.

H. R. 6733. An act for estimates necessary for the proper maintenance of the flood-control works at Lowell Creek, Seward, Alaska;

H. R. 10743. An act to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works;

H. R. 13372. An act to extend the times for commencing and completting the construction of a bridge across the Peedee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C.;

H. R. 13523. An act in reference to land in the Bonnet Carre floodway area;

H. R. 13535. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Garrison, N. Dak.;

H. R. 13743. An act 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.;

H. R. 13744. An act 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.; and

H. R. 13852. An act to extend the times for commencing and completing the construction of a bridge across the Rock River, south of Moline, Ill.; to the Committee on Commerce.

H. R. 4657. An act to authorize the disposition of the naval ordnance plant, South Charleston, W. Va., and for other purposes; and

H. J. Res. 533. Joint resolution providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the calendar.

BREAKING OF SEALS ON RAILROAD CARS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 4095) to amend an act entitled "An act to punish the unlawful breaking of seals of railroad cars containing interstate or foreign shipments, the unlawful entering of such cars, the stealing of freight and express packages or baggage or articles in process of transportation in interstate shipment, and the felonious asportation of such freight or express packages or baggage or articles therefrom into another district of the United States, and the felonious possession or reception of the same," approved February 13, 1913, as amended (U. S. C., title 18, secs. 409–411), by extending its provisions to provide for the punishment of stealing or otherwise unlawful taking of property from passenger cars, sleeping cars, or dining cars, or from passengers on such cars, while such cars are parts of interstate trains, and authorizing prosecution therefor in any district in which the defendant may have taken or been in possession of the property stolen or otherwise unlawfully taken, which was, on page 4, line 14, after "such," insert "money."

Mr. ROBINSON of Indiana. I move that the Senate agree to the amendment of the House.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate 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; and that the House had receded from its disagreement to the amendment of the Senate numbered 12 to the said bill and agreed thereto with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 4340. An act authorizing the District Court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians;

S. 4791. An act to amend the United States mining laws applicable to the city of Prescott municipal watershed in the Prescott National Forest within the State of Arizona;

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.;

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.; and

S. 5252. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON—CONFERENCE REPORT

Mr. GLASS obtained the floor.

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from South Carolina?

Mr. GLASS. I yield.

Mr. SMITH. I submit the report of the committee of conference on House bill 13607, which is known as the Red Cross cotton measure. The committee of conference have been able to agree, and I move the adoption of the conference report.

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

Mr. GLASS. I yield for that purpose if I shall not thereby yield the floor.

The VICE PRESIDENT. The Senator will not lose the floor if unanimous consent shall be given. Let the conference report be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 3.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

CHAS. L. MCNARY,
G. W. NORRIS,
E. D. SMITH,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
G. N. HAUGEN,
Managers on the part of the House.

The VICE PRESIDENT. Is there objection to present consideration of the report?

Mr. KING. Mr. President, I ask that the report may be printed and that it go over, in order to give Senators an opportunity to examine it. I shall object to its consideration at this time.

Mr. LONG. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. What is the status of the conference report? There was so much confusion in the Chamber that I could not hear what was being done.

The VICE PRESIDENT. The conference report will go over on the objection of the Senator from Utah [Mr. KING]. The Senator from Virginia [Mr. GLASS] has the floor.

MEMORY OF LENIN

Mr. DILL. Mr. President, I ask unanimous consent to insert in the RECORD an article appearing in the Literary Digest of January 14, 1933, entitled "The Daily March Past Lenin."

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

The article is as follows:

THE DAILY MARCH PAST LENIN

Past his embalmed body and through his marble tomb, in the heart of Moscow on the Red Square, files a continuous procession every afternoon from 2 to 4 o'clock.

A soldier stands with fixed bayonet on either side of him.

His shrunken head rests on a scarlet pillow. His beard is carefully trimmed and mouth firmly set.

This daily march past, says a Moscow correspondent of the Manchester Guardian, is the one ceremonial the Soviet Government has instituted, and it has been a remarkable success. Incidentally, he points out that when Stalin, dictator of all the Russians, appears in public it is in the simplest of costumes, and he behaves on the platform with less formality than the average city councilor.

This is said to be "not so much virtue as wisdom." For were Stalin to play the important personage in the traditional manner "his chances of continuing to be important would be so much the smaller."

But no one can be jealous of Lenin, fixed there in death as if he were alive in the mausoleum built of stones carried from all parts of the Soviet Union. On a mighty monolith stands the 24-ton coffin wherein lies the body of Vladimir Ilyich Lenin, creator of the new Russia that amazes the world.

The tomb is dark except for a light beating directly on him. Also it is silent, except for the sound of shuffling feet, and this Guardian Moscow correspondent continues:

"No one says anything; no one does anything. People just walk past, look sideways at him, and then go into the Red Square and about their business.

"They must do this habitually. Only so is it possible to account for the unending procession on every afternoon of every day of the week. Beyond taking off their hats and putting out their cigarettes they make no gesture of reverence.

"They might be tourists filing through a museum or an art gallery—just expressionless faces passing continuously by the embalmed body of a little man with a red beard and a bald head, who has lain thus exposed in his tomb for some years now.

"The idea is not, of course, new. The Pharaohs were embalmed and sealed up, along with their household equipment, in enormous pyramids and in tombs in a remote desolate valley.

"But their last resting places were intended to be secret. No one was to see them when they lay dead among their golden furniture and exquisite vases and ornaments and curious statues.

"It was to that extent a half-hearted gesture of protest against death's being no respecter of persons; a half-hearted vindication of their claim, when alive, to be more than human."

And then to-day in Leningrad, this informant notes parenthetically, the body of a saint is exhibited—contemptuously now—whose ossified finger was kissed bare by millions of devout lips. He, they say, was naturally embalmed. Certain qualities in the earth of his burial place prevented his body's decay. But Lenin provides with his body his own public monument, and we read:

"He is the materialist conception of history. Lying in a sealed vacuum, he demonstrates the fundamentals of the philosophy that he taught and that has had so great an influence on his times.

"His memory is preserved in the most literal manner possible—by preserving his body just as it was when he lived.

"It is as though his disciples, fearing that the magnitude of his achievement might lead to his being deified, decided to make available forever an absolute proof that he was a man like themselves. The thing has a peculiar fascination."

It is difficult to cross the Red Square on an afternoon without joining the queue waiting to see Lenin, it seems. According to one's mood, the little embalmed man is impressive or tawdry or even revolting, and it is pointed out that:

"His face has a kind of saintliness; at the same time it is practical. The eyes are, of course, shut, but the expression is none the less determined.

"It is the expression of a theorist possessed of great energy, of a fanatic theorist. He wears a plain khaki jacket with a red ribbon pinned to it, and his hands—delicately shaped—are half-clenched.

"If an outsider's mood varies, what do the others—Siberian and Mongolian peasants, soldiers, and factory workers, liquidated boeurgeoisie—make of him? What is in their minds as they pass through his tomb?

"Do they visit him to renew their faith, to find fresh inspiration? Or is it just habit? Or does society expect of them this small observance in honor of the revolution?

"Whatever may be the reason, there is no denying that they do visit Lenin's tomb in large numbers, and frequently.

"Here, then, is the single retrospective gesture encouraged in Soviet Russia. Everything except Lenin is in the future. To pause and look backward is permissible only in this one case. Apart from Lenin the past has no existence."

There is always a crowd surging around the Lenin mausoleum, according to Lydia Seifullina, who writes in Soviet Travel (Moscow), that the grown-up people push their way in, but "come out still and quiet." This soviet enthusiast speaks of the children as hurrying forward, in ordered file, but coming out noisily, eager

to recount their impressions. It is not so much with grief that Lenin is remembered, she adds, "as with a deep sense of responsibility."

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. WAGNER. Mr. President, I ask to have inserted in the RECORD a resolution relating to the immediate payment of the balance of the adjusted-service certificates, adopted by Alan F. Waite Post, No. 299, of the American Legion, of Yonkers, N. Y.

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

The resolution is as follows:

Whereas we are fully cognizant of and heartily approve of the fine work done by the American Legion in the teaching of Americanism, in cooperating to further the Boy Scouts of America—in which 2,753 posts were actively engaged in 1932—in reforestation, in campaigns on illiteracy, in the care of fellow veterans through such institutions as the American Legion Mountain Camp, and in cooperating with communities in maintaining law and order; and

Whereas we are in accordance with the high ideals expressed in the preamble of the constitution of the American Legion; and

Whereas we believe that a demand for payment of the adjusted-service certificates before they are due violates the spirit of that preamble, in which it is stated in part: "We associate ourselves together * * * to foster and perpetuate a 100 per cent Americanism * * * to inculcate a sense of individual obligation to the community, State, and Nation; to combat the autocracy of both the classes and the masses; to make right the master of might; * * * to safeguard and transmit to posterity the principles of justice, freedom, and democracy," in that such a demand is not American, is deliberately avoiding a sense of obligation to the community, State, and Nation, is setting up a class distinction, and is in direct violation of the principles of true justice, which makes no distinction of persons, recognizing neither high nor low, neither rich nor poor, neither the classes or the masses; and

Whereas we believe that hunger and distress know no class and that the hungry veteran is not entitled to preferment over his equally hungry nonservice neighbor; and

Whereas we believe our community is entitled to know our position on this matter: Therefore be it

Resolved, That we, the members of the Alan F. Waite Post, No. 299, do declare ourselves as being entirely out of sympathy with the action of the Fourteenth National Convention of the American Legion, at Portland, Oreg., in its demand for immediate payment of the adjusted-compensation certificates; and further be it

Resolved, That in order that there may be no misunderstanding of the attitude of the members of this post, a copy of this resolution be released to the press and copies be sent to the county, State, and national headquarters of the American Legion, to our two Senators, to our Congressmen, and to the President of the United States.

BANKING ACT

The Senate resumed the consideration of 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.

Mr. ROBINSON of Arkansas. Mr. President——

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

Mr. ROBINSON of Arkansas. I do not ask the Senator from Virginia to yield. I rise to a question of order.

The VICE PRESIDENT. The Senator will state it.

Mr. ROBINSON of Arkansas. I present a motion for cloture on the pending bill and ask the Chair to state the motion.

The VICE PRESIDENT. The clerk will read the motion.

The Chief Clerk read as follows:

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon 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.

Joe T. Robinson; Carter Glass; Robert J. Bulkley; Alben W. Barkley; Millard E. Tydings; Josiah W. Bailey; James F. Byrnes; Duncan U. Fletcher; E. D. Smith; W. J. Bulow; Sam G. Bratton; Key Pittman; David I. Walsh; T. J. Walsh; Pat Harrison; Royal S. Copeland; Carl Hayden; M. A. Coolidge; John B. Kendrick; Kenneth McKellar; M. M. Logan; Claude A. Swanson; J. H. Bankhead; E. S. Broussard; Cordell Hull; H. D. Stephens; M. M. Neely; Henry F. Ashurst; Robert F. Wagner.

The VICE PRESIDENT. The Chair desires to state that the rule provides that the Chair should make the statement of the motion. Without objection, the reading of the statement on the motion by the clerk will be considered as if made by the Chair.

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. The Chair desires to state further that all amendments intended to be proposed must be proposed before the vote is taken upon the rule, which will be at 1 o'clock p. m. day after to-morrow.

Does the Senator from Virginia yield to the Senator from Oklahoma?

Mr. THOMAS of Oklahoma. I was about to propound a parliamentary inquiry, but the Chair has just answered my question.

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

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

Mr. GLASS. I yield.

Mr. REED. I was unfortunately detained from the Senate when the Senator made his opening explanation of the pending bill a week ago last Monday. I noticed in his statement of that day, as I read it in the CONGRESSIONAL RECORD, that the Senator has prepared an amendment which would limit the branch-banking powers of member banks to the powers given in each respective State by the laws of that State. May I ask what is the status of that amendment at the present time?

Mr. GLASS. The amendment has been introduced, as I understand, with some acceptable modifications by the distinguished Senator from New Mexico [Mr. BRATTON] and is on the desk.

Mr. REED. I may not have another opportunity to explain my position on the amendment; so if the Senator will permit me, I would like to say that if the amendment can be adopted I shall be very happy to vote with him for branch-banking privileges as thus modified, and I shall be happy to vote with him for cloture on the bill.

Mr. GLASS. Mr. President, my colleagues on both sides of the Chamber have suggested to me that, in their view, it might be desirable at this time to have me, as chairman of the subcommittee which largely constructed the pending bill, brush away some of the rhetorical rubbish and elocutionary misrepresentations of the various provisions of the measure. It has been so bespattered with these that those Members of the Senate who have not had the time nor the inclination to follow the technique of the bill may have become confused, and the galleries, perhaps enjoying a circus performance better than careful and discerning discussion of a problem that affects the whole Nation, I am sure have been misled by these misrepresentations.

I anticipate no difficulty in convincing reasonable Senators as to the sound technique of the bill. I shall not hope or endeavor to convince any Senator who is ignorant enough seriously to think, for example, that England is on the "free-silver basis," or that the United States "Treasurer," a minor official of the Treasury Department, has for 19 years been a member of the Federal Reserve Board. The impression of those of us who think we are informed on such matters has been that it is the Secretary of the Treasury, the chief functionary of the Treasury Department, who has been a member of the Federal Reserve Board. Only the Senator who has consumed most of the time of the Senate on this measure has discovered and revealed to us that we were mistaken in that supposition.

THE NATURE OF BANKING INVESTIGATION

Mr. President, I venture to say that never in the history of the Congress has any serious measure been proposed which received more extensive or intensive inquiry than the pending banking bill. The inquiry was initiated by the distinguished Senator from Utah [Mr. KING] by a resolution which directed the Banking and Currency Committee, or a subcommittee thereof, to investigate thoroughly all phases of the banking business and of the stock exchanges. There have been implications, if not textual statements, upon the floor that there were no hearings on this bill.

The fact is that the bill is a product of almost the most extensive hearings ever had on a banking measure. There is not one provision of the bill which is not based upon an intelligent inquiry and a searching investigation of the problem to which it relates. Not only did we assemble in Washington men trained for years in various branches of the banking business, but we invited the representatives of commerce and of industry. Not only so, but we sent questionnaires to thousands of banks, great, intermediate, and small. No member of the subcommittee ever, so far as I am informed, manifested the slightest aversion to criticism or avoided any opportunity to ask for or to welcome information bearing upon the various questions treated.

HEARINGS ON THE BANK BILL

I hold here in my hand [exhibiting] the volumes of printed hearings had both before the bill was framed and after it had been prepared by the utmost care and by the subcommittee submitted to the general Banking and Currency Committee. I have here [exhibiting] the hearings before the general committee after the bill was introduced early in January of last year. At that time there appeared before the committee all bankers who had manifested any desire to be heard, the officials of the Treasury Department, of the Federal Reserve Board, and of the Federal reserve banks, and those who were not bankers but interested in reformation of the banking laws of the country. These hearings have been for months, now for nearly a year, available to every Senator who can understand and who has a real and honest interest in a reformation of the banking system.

The measure now being considered is not the "Glass bill." It is a composite measure representing the careful, considered judgment not only of the various members of the subcommittee and the general Committee on Banking and Currency but of the most experienced political economists and successful bankers, great and small, in the United States.

A NONPARTISAN MEASURE

It is not a party bill. It was prepared by a subcommittee a majority of which were Republicans, and reported with great unanimity by a committee of which a majority of the members were Republicans. It is strictly a nonpartisan measure—a measure of banking reform which has the approval of the President of the United States, who in his last annual message impressed upon Congress the vital importance of a reformation of the banking system; and I assert that it is a measure approved by the President elect of the United States, who desires its passage at this session of the Congress.

That does not mean to say that it is a bill which the President of the United States, if permitted to prepare the measure, would exactly, in all of its details, have prepared; nor does it mean to say that it is a bill which the President elect, in all of its details, would have prepared; but it is a bill which, in general terms, both approve, and which your committee regards as vital to the country—not to the bankers of the country only but to the great mass of people who have relationships with the banks of the country; a bill particularly of vital importance to depositors in banks.

FALSIFICATIONS CORRECTED

Not only have the contents of the bill been wantonly misrepresented here but the legislative processes which have accompanied its consideration have been falsified. Over and over again it has been said that this bill was introduced one day, referred to the committee the same day, and reported back to the Senate on that day.

What were the implications involved in that statement? What was the inevitable conclusion of every man or woman who sat in these galleries, uninformed on the technique of banking as most of them are, as to the meaning of that statement? It was that an unconsidered banking bill, prepared by the Senator from Virginia, was introduced one day, referred to the Banking and Currency Committee, and, without consideration favorably reported with great unanimity by that committee the next day.

That was the implication; and it is as false as any ever uttered by human lips. As already stated, this bill was the product of months and months of study and inquiry by banking technicians, by men experienced in banking, and every provision of it is a result of that inquiry. It was gone over by a subcommittee provision by provision, paragraph by paragraph, line by line, word for word, and considered earnestly in every conceivable aspect of the problem as to its relationship to existing law, as to the constitutionality of its provisions, of course, as to the desirability of such legislation; and then, as I have stated, we had protracted hearings of all persons interested in the problem who desired to be heard. Then we took the bill back to the subcommittee and made various alterations in its text, changing in some respects the import of some of its provisions, clarifying in many particulars the text and meaning of the bill. We obtained the views and for days reviewed the comments of Treasury and Federal reserve experts in banking. We had the counsel of scores of bankers who did not appear at the hearings. We had the written suggestions of eminent publicists.

Pursuant to these exhaustive inquiries and these earnest criticisms, after weeks of intense work we agreed upon a measure and reported it to the general Banking and Currency Committee, where every provision of it was explained in detail, where every question propounded was answered; and then the full committee, with extraordinary unanimity—as I recall, with but 2 dissenting votes out of the 19 members—ordered the bill reported.

It not only did that but it performed an accustomed service for the Senate itself—it directed that the bill be reprinted in full as agreed upon by the committee and introduced as a new measure, referred back to the committee, and immediately reported to the Senate with the sanction of the committee in order that the interlineations, the alterations, the emendations, and modifications might not appear upon the printed copy of the bill to confuse and mislead the Senate.

Was that extraordinary? Was it unusual? Senators who have served here know perfectly well that it was an accustomed process in legislation; but the galleries were not told that. The galleries were deliberately led to believe that this was a new measure that nobody understood, hastily introduced one day, referred to the committee the same day, and reported back without investigation and without consideration, without understanding by the committee itself.

Mr. President, over and over again I have heard it stated—indeed, it has become an axiom of literature—that a half truth is frequently more misleading than a naked lie. Nothing has ever been uttered on the floor of the United States Senate more prolific of misrepresentation than the attempted description of the contents of this bill and the legislative processes that have attended its consideration. It has been stated here, Mr. President, that branch banking is a topic that was not treated in any of the several prints of this bill.

Mr. BORAH. Mr. President, the Senator has just referred to branch banking. Some of us have been somewhat confused about the branch banking feature, and I would like to have the Senator state the exact terms of the bill now with reference to branch banking. Has the amendment offered by the junior Senator from Michigan [Mr. VANDENBERG] been accepted in the mind of the Senator from Virginia?

Mr. GLASS. It has been, and I have stated that privately and publicly for the last three months. But it has been stated here that branch banking was not originally suggested in the bills severally presented under differing numbers. The galleries heard it proclaimed that Glass bill No. 1 had nothing in it about branch banking. I have a copy of Glass bill No. 1 here on my desk. Any Senator who will examine page 52, section 25, will see a page devoted to branch banking.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). Does the Senator from Virginia yield to the Senator from Ohio?

Mr. GLASS. I yield.

Mr. BULKLEY. Will the Senator state for the RECORD the number of that bill?

Mr. GLASS. It is Senate bill 3215. Glass bill No. 2 had nothing in it about branch banking, so the galleries were told. Of course, Senators knew that was not true. On page 45 of Glass bill No. 2, presented March 14, 1932, I will say to the Senator from Ohio, that subject is covered.

Mr. BULKLEY. Is that Senate bill 4115?

Mr. GLASS. Senate bill 4115. That bill contained quite an illuminating provision on the subject of branch banking. So these provisions on branch banking were carried forward from time to time and discussed, taken from one bill and recarried in a reprint until the final consideration of the branch-banking problem was had by the subcommittee of the Committee on Banking and Currency, at a meeting of which, in view of the bitter antagonism that had arisen in some quarters, we modified the branch banking feature of the proposed legislation so as to authorize branch banking in all the States, regardless of State law on the subject.

It was the belief of some of us that that provision would encounter bitter antagonism, and, above all, it was the judgment of some of us that it would enable certain banking interests in this country, with thousands of correspondent banks, to incite hostility to branch banking in order covertly to prevent the enactment of a provision of the bill of vastly more importance to them. I mean the provision which, if stricken out, would permit them again, when opportunity should occur, to fill the portfolios of thousands of little banks, and of large banks, too, with their investment securities. This practice, our whole investigation made conclusive, was the curse of, and the greatest contributor to, the present depression and paralysis of the entire banking community.

We have heard about "the advocacy of the great banking interests of branch banking." There has been none of it; and the sinister statement was made, utterly untrue, as I have demonstrated by the printed record, that there was no branch-banking provision in "Glass bill No. 1," nor in "Glass bill No. 2," but that it appeared in "Glass bill No. 3," only "after the house of Morgan had spoken."

WHERE OPPOSITION ORIGINATED

If the house of Morgan ever had any desire to approach any Senator, it knows what Senator to approach; and it knows what Senators not to approach. The sinister suggestion was made that we considered branch banking only after the speech of Mr. Lamont 10 or 12 days ago, whereas the printed record shows that we had that feature covered in the bill January of last year, and have had it in some form in every print of the bill. We did not concern ourselves to inquire what Mr. Lamont or any other great banker cared about it.

I want to say for myself that I anticipated this opposition, and was a keen observer of the tactics employed to inspire and incite it. A so-called great banker ran down from New York and was guilty of the effrontery of summoning a minor official of the Treasury Department to his apartment in the nighttime and asking him to point out for him those features of the bill which might be controversial. He wanted to be apprised of such alleged defects as might be picked out in order that he and his associates might be enabled to beat the entire bill. Going back to New York the next morning he had prepared and passed by his banking associates up there a sweeping condemnation of the bill.

That is where antagonism of a bitter nature was initiated. These men did not care a continental red about the branch banking feature. They stood in dread of those provisions of the bill designed to avert from this Nation another tragic financial debacle such as has involved every home in deprivation and distress as far as bank credits are concerned.

Mr. President, I started to say that the branch banking feature, as it appears in the bill now, is defensible in reason, although for one I foresaw the difficulties it would encounter.

DIFFUSION OF CREDIT PROVIDED

Talk about "centralization of wealth" in the branch banking feature of the bill! It is a decentralization of wealth. It is a proposal to "carry banking facilities to thousands of communities that are now destitute of all credit facilities," according to the report of the Comptroller of the Currency. It is a provision that would enable strong banks to extend ample facilities to communities now having inadequate and tottering credit facilities.

The plea has been made for "the American farmer" and the destitute. Why, Mr. President, who has been most afflicted by the failure of 11,000 banks, 80 per cent of them small banks with capital not exceeding $25,000? What group, what element of the American people has been most afflicted by that calamity? Why, the farmers of the country, who have been the depositors in these small, weak banks, tottering as they did at the first sign of a storm. I hold in my hand a chart exhibited by me on a previous occasion, indicating 529 so-called "banks" in one State of small population. To-day there are less than 200 of those little "banks" left, and it is doubtful if these will long be left unless some relief be afforded.

We are reminded of the question of "State rights," which it is said is involved. The Federal Government may go into 48 States of the Union and establish a national banking system without asking their leave. It may even deny to them the right of taxation, except by permission of Congress. It may go into the States and deny to every one of the 14,000 State banks the right of issue, the right of executing their own notes and passing them as currency. And yet we are told that the question of State rights is involved in permitting these Federal agencies to extend their credit facilities through branches. It is preposterous to so assert. There is no real question of "State rights" involved.

But perhaps I am uselessly taking the time of the Senate, because in order to get action it may be that we shall have to make concessions to these extraordinary contentions, unreasonable in every aspect of the case. That was proposed long ago to the knowledge of those who have occupied the time of the Senate in denouncing the branch-banking feature of the bill. The Senate has been told there were no "hearings" on branch banking. Why, we have data that would reach above the level of Senators' desks from chambers of commerce, from boards of trade, from wholesale and retail merchants' associations, in favor of branch banking. The United States Chamber of Commerce is on record as in favor of branch banking.

My information is that the National Association of Credit Men favors branch banking. As I have repeatedly said, and challenged contradiction, in the 32 years that I have been a member of the Banking and Currency Committees of the two Houses of Congress I have never known a business man, a merchant, an industrialist, who wanted credit, to come before either of those committees and protest against branch banking. After a little while I shall put into the RECORD—something I have never done in my whole congressional career—thousands of telegrams from business men, from merchants, business associations, manufacturing establishments, farmers' associations, as well as hundreds and hundreds of unit bankers themselves, deprecating as atrocious the filibuster against this bill and urging its enactment. I want some one to show me a telegram he has received from a business man who wants credit and is opposed to branch banking.

Oh, "the pee-pul"! Who are "the pee-pul"? The people are those who do business with banks, or, if not directly with banks, the people are those who are employed and who do business with those who do business with banks. They are "the pee-pul." And yet we have all of this talk about the "cold and shivering and starving" by Senators who have not lifted a finger to clothe a soul or to feed a hungry mouth!

Mr. President, I do not need to say this to the Senate, but I felicitate myself in the belief that there is not a respectable Senator in this body who does not know that I never violate the ethics of the Senate, that I never assume, even after nearly 14 years of service here and 18 years in the House, to take the leadership from those who have been selected by their associates on both sides of the aisle to perform that function.

Nor do I believe in personalities. Any Senator will search in vain the few speeches that I have had occasion to make

in either body to find that I have indulged in personalities except, perhaps, under extreme and justifiable provocation. And yet the whole attack on this bill has had the spirit and aspect of deriding the knowledge of those who had the bill in preparation and who conducted this extraordinarily comprehensive and searching investigation.

DISCREDITABLE PERSONALITIES

There was put in the RECORD the other day a statement to the effect that the Senator from Virginia was an advocate of a provision in the bill that would permit the worthless foreign securities, which have been unloaded on the banks and the investing public of America, to be made a basis for note issue. There is not a respectable Senator here who has done me the honor to hear me speak upon banking legislation who does not know that is a falsehood. It was said to have been initiated by an alleged Virginian in an alleged letter to a Member of this body. Well, Virginia was never partial to wanton falsifiers; and, if his name had not been withheld, it might be that we should more readily discover whether this fellow had any semblance of character.

Everybody knows that in the Reconstruction Finance Corporation bill and in the Glass-Steagall bill with my own hand I wrote the safeguards against the use of foreign securities. Everybody who was fortunate or unfortunate enough to have heard the only address made by me in the recent political campaign over the radio knows the statement thus inserted in the RECORD to be a wanton falsehood. The Senate knows I textually and vehemently opposed any such suggestion in legislation or otherwise. There may be casuists so skilled in refinements as to discover the difference between the culpability of a man who originates a lie and that of the person who disseminates it; but it is a differentiation that gentlemen scorn and that never appeals to an honorable man. The whole purpose of the insertion of this falsehood in the RECORD was to cast opprobrium either on me or upon this banking measure.

This is not a personal question; this is not a party question; this is a grave problem, confronting all Americans, involving the credit of every man, whether it be established on his character alone or on the security that he may be able to give. I have been amazed at suggestions here that would seem to applaud anarchy; that would seem to approve violence; that would contemn contractual relations; that would destroy the credit of every man and woman in this country should the idea prevail.

MEMBERSHIP OF RESERVE BOARD

Now, more particularly as to the provisions of the bill, and, first, the "nefarious" proposal of reorganizing the Federal Reserve Board to the simple extent of omitting, not the Treasurer of the United States, as we are wisely informed, but the Secretary of the Treasury from the board. That change has been advocated for 15 years by many of the most skillful, experienced, and successful bankers in the United States, large and small. Paul M. Warburg, one of the first members of the Federal Reserve Board, an international banker, who, whatever may have been his faults of temperament, had as thorough a knowledge of the banking business as any man that ever lived. With many of his views I did not agree, but, after years of experience as a member of the Federal Reserve Board, he publicly advocated that the Secretary of the Treasury be taken off the board.

I happened to be for something over a year Secretary of the Treasury of the United States. The newspapers have been told by one of the Senators that I am "not to be permitted to hold that place again" without his permission. Had I to do that, all the king's horses and all the king's men could never induce me to accept the distinction. As Secretary of the Treasury I noted that that official had an undue influence in the activities of the board. I myself exercised it as Secretary of the Treasury, and my only defense for having done so was that it was the immediate postwar period when billions of dollars of Federal securities had to be floated, and I insisted that the Federal Reserve Board and banks should coordinate their activities with those of the Treasury in order to make the tremendous task of floating these securities reasonably certain of accomplishment. But my very experience convinced me that the Secretary of the Treasury should not, in ordinary peace times, be a member of the board. To start with, he has practically two votes, his own and that of the Comptroller of the Currency. I do not recall any man ever having been a member of that board without the recommendation of the Secretary of the Treasury. So, he is the dominant figure, and, as I have before stated, the Federal reserve banking system has been made a doormat of the United States Treasury.

That was never intended; it was never intended that the Federal reserve system should undertake to "stabilize the market." It was never intended that the Federal reserve system should enhance or reduce the value of United States bonds in the open market. It was simply intended that the reserve funds of member banks of the system, withdrawn from the money centers, where they had been shamefully used for stock speculative purposes, should be impounded in the 12 regional reserve banks. For what purpose? Solely for the purpose of responding to the requirements of agriculture, commerce, and industry. But that has not always been done. The banks are choked up to-day, many of them reluctantly and others under coercion, with the securities of the Government, and that is largely because the Secretary of the Treasury has, in my view, dominated the Federal Reserve Board.

Very likely members of the board with spirit could wish that I had not said this, but I am speaking a little frankly to-day, and that is my view. But the Federal Reserve Board itself has wanted the Secretary of the Treasury to be put off the board. There is nothing personal in it. All of them had an affection for Secretary Mellon, and all of them, I venture to say, have an affection for Secretary Mills, as I have; but they do not think that the Secretary of the Treasury should be on the board, with two votes to begin with and a dominant influence on its activities; and yet the Senate is told that that is a "nefarious" suggestion.

Mr. KING. Mr. President, would it interrupt the Senator if I should make an inquiry pertinent to the matter he is now discussing?

Mr. GLASS. Not at all.

Mr. KING. Several years ago, I think in 1926, I introduced a bill for the purpose of eliminating the Secretary of the Treasury and the Comptroller of the Currency from the Federal Reserve Board, and providing furthermore that one of the members of the Federal Reserve Board should be connected with the State banks which were members of the Federal reserve system. I was wondering whether the Senator's committee, in the preparation of this bill, considered the latter suggestion—that is to say, that one of the members of the board should be connected with the State banks.

Mr. GLASS. Is the Senator deliberately inviting opprobrium by admitting to the Senate that he advocated putting the Secretary of the Treasury off the board?

Mr. KING. I confess that I am guilty.

Mr. GLASS. Responding seriously to the Senator's inquiry, no member of the Federal Reserve Board is allowed to be connected with any bank or any banking association. If it would not take too much of the time of the Senate, I could very briefly give an interesting recital as to that.

SEVERAL SENATORS. Go ahead!

Mr. GLASS. As chairman of the Banking and Currency Committee of the House of Representatives when we had Federal reserve legislation pending, I took the view that the member banks of the system should have minority representation on the Federal Reserve Board. I was very insistent upon my view; and in order to impress the then President of the United States I had a committee of the most distinguished bankers in the United States—Forgan, Reynolds, Festus Wade, and other men of that type—come to Washington to present the case to President Wilson. I led the procession to the White House, confident that we would overcome the view of this Princeton professor then President of the United States. I had already expressed to him on various occasions my view, with which he did not agree; so I sat back and let these gentlemen argue the case.

They assembled around the table and were very earnest. Several of them were vehement. Festus Wade—an old war

horse of banking—was threatening. They stated the case confidently. When they had concluded Mr. Wilson quietly said, "Well, gentlemen, can any one of you point to any board in any civilized country which has been appointed by the Government to supervise itself?" There was a dead silence. He continued, "Do you think it would be wholesome to have the railroads of the country select the Interstate Commerce Commission to govern their activities, or to have any representation upon that commission?" and several other pertinent illustrations to the same effect.

I was converted, and frankly and cheerfully confessed that I was; and the other gentlemen, after deliberating among themselves later, concluded that the President was right. The President, however, made this concession: After that conference he requested me to remain, and asked me to write that provision of the Federal reserve act which authorized the appointment of an advisory council, to be composed of a representative of the banks in each Federal reserve district, with no authority to do anything more than to advise the Federal Reserve Board as to banking technique and as to problems affecting banking.

I have not always been satisfied that their advice was wholesome; but that, I will say to the Senator from Utah, is why no banking interests are permitted representation on the Federal Reserve Board. It is strictly an altruistic body. It has no pecuniary interest whatsoever in the activities of the Federal reserve system, either of the Federal reserve banks or of the member banks.

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

Mr. GLASS. I yield.

Mr. KING. The reason why I made the suggestion, and the reason why I framed and introduced the bill to which I have referred, was that a number of persons interested in rather large State banks which had joined the Federal reserve system complained to me that most, if not all, of the appointees upon the Federal Reserve Board were persons who had been connected with or whose sympathies were with the national banks, or whose official life had been with organizations of that character, and that there seemed to be a disinclination to recognize the importance of the State banks as members of the Federal reserve system.

Mr. GLASS. I submit that that is a mistake. I have known the personnel of the Federal Reserve Board ever since it was constituted. It has members who have had connection with State banks as well as national banks and members who for years have not had any connection with any bank. I recall the two senior members now—Doctor Miller, who was professor of political economy in a California university and who is an exceptionally intelligent man, with a thorough knowledge of the banking business except that he was never a banker. Then I call to mind Governor Hamlin, who is a member of the board. He never had any banking connection—certainly not for years before he was appointed a member of the board. He was at one time an able Assistant Secretary of the Treasury and is a very fine man in every way. Then they have now, and have had for two years, Mr. Magee, from Utah, as the so-called dirt farmer member of the board; and I might recite other instances.

I have not changed my mind since my conversion by Mr. Wilson. I do not think that the banking interests ought to have anything to do with selecting this altruistic board.

"OPEN MARKET" TRANSACTIONS

Then we are told what a dreadful thing the open-market provision of this bank bill is.

The open-market provision of the existing law has been a dreadful thing—I mean in my judgment it has been dreadfully maladministered. Anyone has only to examine the report made to the House of Representatives at the time the Federal reserve act was passed to see what were the purposes of the act with respect to open-market transactions. What we thought we were doing was setting up a commercial banking system to aid agriculture, commerce, and industry and to respond automatically to their legitimate requirements, issuing credits upon demand and retiring credits at the consummation of business transactions. We put in the open-market provision, as I recall, over the intense opposition of many of the great bankers, who contended that it would bring Federal Reserve banks into competition with member banks in the open market.

The whole intent of the open-market provision was to enable Federal reserve banks to enforce their rediscount rate and to enable them to use their idle funds for such profits as were required to pay the expenses of these banks, and that is all. In other words, if the New York bank, for example, should establish a discount rate, and any one or more of the member banks should evince a disposition to disregard it—as they do whenever they please, now—it was intended that the Federal reserve bank could go into the open market, which we supposed would be a market for commercial paper and not exclusively a market for Federal securities, and purchase such paper, enforce its discount rate, and also, as I have indicated, earn a sufficient amount to meet its overhead, which is large.

What has been the result? The commercial aspects of the banking business have been literally submerged by the speculative activities and the wholesale purchase of open-market bills, not a dollar of which has ever related itself to a commercial transaction.

As indicated to the Senate and to the country in my radio address, they went into the open market and bought hundreds of millions of dollars of foreign securities, and actually went to the unprecedented extent of discounting acceptances for foreign central banks, a thing that no foreign central bank ever did for any other foreign central bank.

Mr. President, is this measure intended to perpetuate or elaborate that sort of thing? Of course not. It is intended to put it under control. It is intended as a limitation upon activities of that sort and the concentration of responsibility for such activities.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER (Mr. WALSH of Montana in the chair). Does the Senator from Virginia yield to the Senator from Michigan?

Mr. GLASS. I yield.

Mr. COUZENS. I wanted to ask the Senator what effect the Federal Reserve Board has had upon these transactions in the past, if it has had any effect? The Senator condemns the submergence of commercial transactions by these other transactions to which he refers. I ask whether or not the Federal Reserve Board itself, had it been properly managed, could not have prevented that.

Mr. GLASS. I think so. I think it could have prevented it; and I think hereafter it will prevent it.

Mr. COUZENS. Why has it not prevented it before? Does the Senator know of any reason why it has not prevented it before?

Mr. GLASS. Mr. President, these things are rather intimate. I think it has not prevented it heretofore because a dominating figure, one of the most affectionate and devoted friends I ever had in my life, now deceased, dominated the system, and devoted much of his brilliant talent and his activities to "stabilizing Europe" in the post-war period, instead of responding to the requirements of agriculture, commerce, and industry in this country.

Mr. COUZENS. Mr. President, will the Senator submit to another question?

Mr. GLASS. I am always glad to yield to the Senator from Michigan.

Mr. COUZENS. The Senator spoke a while ago about the submergence of commercial activities. The Senator, of course, is familiar with the general trend, since he aided in passing the Federal reserve act, of industries, manufacturing industries in particular, financing themselves, and therefore causing a drift away from the old system of commercial transactions. Is not that a correct statement?

Mr. GLASS. I think that has been done, and I have protested against it, publicly and privately, for a long time, many times. What has been done is this: Every corporation, instead of going to its bank for accommodations, for discounts, issues its own stock, and that stock is put upon

the list of the stock exchange, adding fuel to the flame, multiplying in a shocking way opportunities for speculation and gambling in securities.

Mr. COUZENS. The Senator's bill would not prevent the continuance of that, would it?

Mr. GLASS. Oh, yes, it would; otherwise I would throw it on the scrap heap.

Mr. COUZENS. What section would prevent an industry financing itself through the sale of stock?

Mr. GLASS. Oh, it would not prevent that.

Mr. COUZENS. That is what I was getting at.

Mr. GLASS. But I say that if the Federal reserve banks and the Federal Reserve Board had undertaken to build up a commercial paper market instead of a bond and stock market, there would never have been any necessity for that sort of thing.

This measure is not an encouragement to that sort of thing, it is a reasonable limitation upon it, protested against by some of the great banks, particularly the New York banks, and therefore it may not be accurately described by the learned antagonists of the bill as "a nefarious thing."

Now, Mr. President, I am coming to the proverbial "negro in the woodpile."

Mr. BULKLEY. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. GLASS. I yield.

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

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

THE REAL POINT OF ANTAGONISM

Mr. GLASS. Mr. President, I was about to indicate, when the call was made for a quorum, that I had come to the point in the bill which, in rather ordinary parlance, is called "the nigger in the woodpile."

If there was anything above anything else established by the extended and searching investigation ordered by the Senate and conducted by the subcommittee of the Banking and Currency Committee and by the committee itself—if there was anything more completely established than another—it was that these bank affiliates had been the greatest contributors to the depression, to the frightful crash and the ensuing paralysis of the banking business of the country in every hamlet, town, and community. They initiated opposition to the bill because of that provision which requires that in three years' time they must separate themselves from their affiliates. In order to avoid friction, with a desire not to seem unreasonable, with a purpose promptly and effectively to reform the banking system of the country, some of us agreed that we might extend that period to five years.

Mr. President, they have not a legal foot upon which they can stand. All any Senator who is in doubt about that has to do is to get the Senate document containing the suppressed opinion of Solicitor General Lehmann, sought by the President of the United States 20 years ago, and given in an exhaustive and conclusive way, to reach the conviction that these affiliates have not a foot in law upon which they can stand to-day. The national bank act prohibits and has for years prohibited national banks from doing the class of business that these affiliates are now transacting. Mr. Lehmann pointed out with great precision that they violated the history, the tradition, and the very text of the national bank act in their transactions. His opinion was approved by the then Attorney General. But it seems to have disappeared from the face of the earth until I revived it at the last session of Congress, and the Senate consented to make it a Senate document.

I have not asked the judgment of a clear-headed Senator who is a lawyer and who has read the opinion who does not concur in its conclusions. So that the Comptroller of the Currency could put these affiliates out of existence to-morrow under the opinion of the Solicitor General. Of course, it could not actually be done "to-morrow," because they would secure the ablest legal talent that money could employ to contravene the opinion of the Solicitor General—which brings me to remark again that one of the outstanding episodes in the investigation of the "Money Trust," so called, by the House of Representatives was when the committee counsel asked a very eminent banker if it was not the habit of the great banks to evade the law rather than to obey it. Much to the astonishment of the assembled audience, this eminent banker frankly said, "Why, yes; of course it is. Why do you think we hire the ablest legal talent in the world? Anybody can obey the law without securing the services of a lawyer." Of course, we would meet with like resistance.

Here we give them three years' notice, possibly five years, to "put their house in order." But right with these people originated the hostility to the bill. They picked out every controversial phrase. They established a night school here in Washington, as I have repeatedly said, and, although the committee explained over and over again in response to their criticisms, that they misapprehended the meaning of certain clauses in the bill, and although the committee agreed in some instances to accept their own language in order that the clause might be clarified, the very next witness that came up from the night school made precisely the same objection and the committee had to go over and over it again and again with every one of those phrases. The truth is that many of them did not know anything about it. They had not gone to school to that intellectual luminary in the Senate who knows more about banking technique than all the rest of us.

I do not want to dwell at too much length upon this affiliate provision of the bill because the distinguished Senator from Ohio [Mr. BULKLEY] was charged by the subcommittee with the business of giving an exposition of that clause of the bill. But let me touch upon one point.

The Senator who has affected to speak for the President elect and who has talked more vehemently and voluminously about the obligation of Senator to party platform declarations, has proclaimed himself in favor of a continuation of these affiliates, if I am able to understand what he has said. I want to call attention to the fact that not only does the Democratic platform textually declare for the separation of these affiliates, but the President elect in his speech at Columbus, Ohio, on the 20th of last August, declared in favor of the separation of these affiliates from parent banks. Among the provisions of his announced "plan of relief" was the sixth provision, in which Mr. Roosevelt said:

> Investment banking is a legitimate business. Commercial banking is another wholly separate and distinct legitimate business. Their consolidation and mingling is contrary to public policy. I propose their separation.

That declaration by the President elect was in pursuance of and in agreement with the textual declaration of the platform of the Democratic Party upon which he was a candidate and upon which he was elected President of the United States.

There has been a lot of gabble about the inability of States and cities to place their bonds on the market if we separate these illegal affiliates from the commercial banks. The people who have talked that way have not read the bill, or, if they have, are unable to comprehend its plain meaning. In the first place, if the investment banking business is a paying business it is not going out of operation. Separated from its national-bank ownership, it will inevitably organize separate entities. As required by the provisions of this bill, the underwriting of United States securities and of State securities and of the securities of subdivisions of the States is specifically exempted by the text of the bill, so that there can be no possible embarrassment in that respect.

Mr. President, here is the language of the platform declaration of the Democratic Party:

> We advocate * * *—
>
> The severance of affiliated security companies from and the divorce of the investment banking business from commercial banks and further restriction of Federal reserve banks in permitting the use of Federal reserve facilities for speculative purposes.

Having read the platform declaration of the Democratic Party on this subject and the declaration of the President elect in his speech of August 20, last, at Columbus, I ask leave to insert in my remarks textually the declaration of the Republican Party on the same subject.

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

The matter referred to is as follows:

> One of the serious problems affecting our banking system has arisen from the practice of organizing separate corporations under and controlled by the same interests as banks, but participating in operations which the banks themselves are not permitted legally to undertake. We favor requiring reports of and subjecting to thorough and periodic examination all such affiliates of member banks until adequate information has been acquired on the basis of which this problem may definitely be solved in a permanent manner.

RELIEF OF DISTRESSED DEPOSITORS

Mr. GLASS. Mr. President, the Senate has been told that the provision for a liquidating corporation is "a monstrous proposal." The committee thinks it can defend the proposition as originally drafted. As pointed out to the Senate, the Government of the United States has collected in the so-called franchise tax in excess of $150,000,000 from the Federal reserve banks. By law it was entitled to receive this money, but in equity it was not entitled to have a dollar of it. In this instance the position of the Government is vastly different from that which it occupies toward the farm-land banks and the intermediate-credit banks. The Government never subscribed one dollar to the Federal reserve banking system; it has never spent a 5-cent piece in order to maintain it. It does not pay the salary of a sweep boy in one of the buildings. The idea of providing that excess earnings of these banks over and above the 6 per cent cumulative in dividends authorized to member banks should go to the Government was to prevent the Federal reserve banks from making excessive profits. It was the view of the Congress that a large degree of liberality should be reflected in the discount operations of the Federal reserve banks by way of accommodations to commerce and agriculture and industry through the member banks, and that therefore they should not be encouraged to make excessive earnings. In order that they might not be encouraged to do that, it was provided that their excess earnings should go into the Treasury of the United States.

I pointed out the other day, and put in the RECORD of January 9, where it will be found on page 1410, a statement from the director of banks of the Federal reserve system to the effect that every year the Federal reserve banks perform important functions for the Government of the United States aggregating, in actual cost to the system, nearly $1,000,000 not counting overhead, rentals, light, water, or any of the multiplicity of expenses involved in maintaining that great system. In addition to that, Mr. President, and more important than that, the Federal reserve banks have been used as the agencies of the Treasury Department for floating every bond issue that this Government has put out since the declaration of War by the United States, entailing an enormous amount of work upon the clerical force and the various agencies of the Federal reserve banking system.

There was sent up to the Congress by the President and the Secretary of the Treasury at the last session a recommendation for the appropriation, as I recall, of $125,000,000 from the Public Treasury and to seize $50,000,000 of the acquired assets of the Federal reserve banking system for the aid of banks which never contributed a dollar to the establishment of or to the maintenance of the Federal reserve system. So, your committee thought that, if that might be done in the view of the Secretary of the Treasury, with the approval of the President, we might come to the aid of hundreds of thousands of depositors in failed banks who can not get possession of their money and must go through the tedious and expensive and almost interminable process of banking receivership. Talk about the people! Two billion six hundred million dollars of the people's money is involved in these bank closures.

As I have pointed out, two of the richest tobacco counties in my State for months and months—and that condition may exist to-day—were not only without banking facilities on account of failed banks, but millions of dollars of the earnings of the people of those counties, representing their thrift and business activities, are tied up in the hands of bank receivers. That is the case more largely in the rural communities, and this proposal comes intimately to touch the interests of the farming community. To enable this liquidating corporation promptly and effectively to take over the live assets of these closed banks, and to pay the depositors whatever may be properly estimated to be due them, would immensely help farming communities.

But it was suggested that the Treasury had acquired this revenue from the banks under "legal authority," which is true; but that it is no answer to the argument that it was not "equitably" entitled to a dollar of it. It was later suggested, however, that instead of an appropriation out of the Treasury, as proposed by the President and the Secretary of the Treasury, we should so amend the bill that the sum would constitute a subscription by the Government of $125,000,000 to the capital stock of this liquidating corporation designed to help these distressed depositors throughout the country, and that the Government might get its repayment in dividends derived from the business activities of the liquidating corporation.

Again your committee, in order to avoid friction, in order to manifest a reasonable desire to reform the banking system so that the depositors in banks in the United States might understand that in the event of failure they would be at least measurably protected, modified that provision of the bill accordingly.

Mr. TYDINGS. Mr. President, will the Senator permit an interruption?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Maryland?

Mr. GLASS. Yes, sir.

Mr. TYDINGS. I wonder if the Senator would care to paint the picture of the condition that probably would exist in this country in the event at least this feature of the bill which he has outlined is not adopted.

Mr. GLASS. Why, the people to whom this $2,600,000,000 is due would have to wait almost interminably to get their money back, many of them farmers, many of them persons dependent upon their money for their daily livelihood. Responding further to the inquiry of the distinguished Senator from Maryland, it would take somebody with a more picturesque vocabularly than I possess to describe the picture of woe that we now have.

Why are people without employment? Why do people lack clothing and food? Because they have been deprived of deposits of $2,600,000,000 in closed banks; because fear has taken possession of the minds of depositors in banks throughout the country, and they withhold deposits from banks, which means that the banks are unable to extend accommodations to agriculture and commerce and industry, which in

turn means that agriculture and commerce and industry are unable to employ people to sell the products of farms and factories, because there is no sale and there is no credit.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Florida?

Mr. GLASS. I yield.

Mr. FLETCHER. I desire to suggest also in that connection, if the Senator will allow me, that under the regular, customary practice a receiver is appointed. He takes charge of all the assets of a closed bank. His salary, the expenses of his lawyers, and all other expenses—rents, and all that sort of thing—come out of the deposits; in other words, out of the depositors. He finally begins to pay dividends, generally of 10 per cent or 20 per cent, and dribbles them along. The longer the receivership lasts, the greater is the burden upon the funds in his hands, coming out of the pockets of the depositors. Consequently, he extends his receivership as long as possible, and the depositors get what is coming to them—probably 30 or 35 per cent—over a period of years, 10 or 20 per cent at a time; so that it does not do them much good after all.

This arrangement would compel practically an immediate settlement with the depositors.

Mr. GLASS. The Senator has stated the case. Why, this provision of the bill was proclaimed by this administration as one of the most valuable suggestions that have been made to Congress, and so useful, in the view of the President and of the Secretary of the Treasury, that they urged me to permit them to lift out this provision of the bill and include it in the so-called Glass-Steagall bill. I am somewhat disposed to regret now that I was so averse to the continued mutilation of the bill as we had drawn it that I preferred to let it remain in this bill.

Mr. KEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New Jersey?

Mr. GLASS. I do.

Mr. KEAN. I do not want to interrupt the Senator, but I desire to ask just one question.

Of course, under the bill, or under any law, where a bank goes into the hands of a receiver some time would elapse before the receiver could check up the assets, and therefore even under this bill the people would be without their money for at least four or five months. Is not that true?

Mr. GLASS. No; I do not think it is true. I think the Federal reserve system has very skillful actuaries on its rolls, all available to this liquidating corporation. Understand, we are not setting up a corporation with great salaries, with a multitude of employees and great overhead. It is all within the existing system of the Federal reserve banks. No salary is to be paid. The banks have their tested actuaries. Under the bill they could go immediately to any bank, and with a fair degree of accuracy compute the live assets, and almost immediately pay a large part of the funds due.

Mr. KEAN. Mr. President, would the Senator mind yielding again?

Mr. GLASS. No.

Mr. KEAN. Would not the receiver have to advertise for claims against the bank before he could make this transaction?

Mr. GLASS. No. Under the law, the liquidating corporation is authorized to purchase the assets of closed banks, or to loan the receiver money, which might be done if the receiver himself would evince a desire to relieve the situation instead of to draw his fees and prolong the trouble.

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

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Maryland?

Mr. GLASS. I yield.

Mr. TYDINGS. Is it not also a fact that under our existing system the receiver quite often is forced to sell securities, and that all these securities have been dumped upon the market at a single time, thereby not only depressing the price of other securities but getting the depositors in the bank a smaller return than they otherwise would get by an orderly liquidation?

Mr. GLASS. Oh, the receivers frequently, at the importunate instance of the depositors themselves, sorely in need of some relief, have dumped securities, with great loss to the depositors.

Mr. President, it has been proclaimed here that this proposition involved hundreds of millions of dollars out of the Public Treasury in franchise taxes. That assertion comes from the self-confessed expert here in banking technique and banking activities.

Mr. President, the average excess earnings of the Federal reserve banks for the last four or five years, available for payment of excise taxes, do not equal the cost of the functions performed by these banks for the Government of the United States without compensation. Four of the banks for 1932 paid no excise taxes at all, because they had no earnings in excess of the 6 per cent cumulative dividend payable to the member banks.

We are told that "hundreds of millions of dollars every year are to be taken out of the Public Treasury"! It would take us 300 years to justify any such statement as that, according to the current earnings of the Federal reserve banks.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Louisiana?

Mr. GLASS. Yes.

Mr. LONG. Was it not $60,000,000 in 1920?

Mr. GLASS. Yes. I have frequently complained that in that one year of frightful speculation, in that one year of profiteering to an extent that was so shocking to the country that the Attorney General of the United States was vituperated from this floor for not putting the profiteers in jail, the Federal Government, not entitled in equity to a dollar of the earnings of the Federal reserve banks, collected a greater sum in excise tax than all the national banks put together in the United States had paid into the Treasury in a period of 15 years.

Has that ever occurred since, or is it likely ever to occur again? I note the Senator from Louisiana has escaped from the Chamber. [Laughter.] Should it occur, my contention is that the member banks who put up their money and take the risk and own the Federal reserve system should be entitled to the excess earnings rather than a government which simply makes a doormat of the Federal reserve system, and utilizes its agencies to the extent of more than a million and a half dollars a year for the performance of public functions.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Georgia?

Mr. GLASS. I yield.

Mr. GEORGE. I desire to present two amendments to the pending bank bill, one in the first and the other in the second degree. I ask unanimous consent that they be considered as read as in open Senate, in compliance with the rule.

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

Mr. GEORGE'S amendments were ordered to lie on the table and to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. GEORGE to an amendment proposed by Mr. BULKLEY (at page 8, beginning with line 20) 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, viz:

In line 1 after the words "bank," insert the words "other than a member bank engaged primarily in the trust business."

Amendment intended to be proposed by Mr. GEORGE 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, viz:

On page 38, line 25, after the word "it" and before the period, insert the following: "or authorizing the trustee or trustees holding the stock for the benefit of its shareholders so to vote the same."

Mr. ROBINSON of Arkansas. Mr. President, I ask that all amendments which have been presented may be considered as having been read.

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

Mr. ROBINSON of Arkansas. Mr. President, I inquire of the Senator from Oregon [Mr. McNARY] if he is ready to have the Senate take a recess now?

Mr. McNARY. Mr. President, there is a message from the President of the United States on the desk which I should like to have laid before the Senate.

Mr. ROBINSON of Arkansas. That will not take the Senator from Virginia from the floor.

The VICE PRESIDENT. Not at all. It is a privileged matter. Will the Senator from Virginia yield for the presentation of the message from the President of the United States?

Mr. GLASS. Provided it does not take me from the floor.

The VICE PRESIDENT. It will not, of course. It is a privileged matter.

EXPENDITURES AND REVENUES OF THE GOVERNMENT (H. DOC. NO 527)

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read the message, as follows:

To the Senate and House of Representatives:

In my Budget message of December 5 I laid before the Congress the financial situation of the Government, together with proposals for the next fiscal year.

It was pointed out that due to decreasing revenues and despite the efforts of the Congress and the administration we were again faced with a deficit during the next fiscal year. I urged upon the Congress the necessity for further drastic reduction in expenditures and increase in revenues.

I now approach the Congress again upon this subject, knowing that the Members are fully possessed of the complete necessity of a balanced Budget as the foundation of economic recovery and to urge that action should be taken during the present session to bring this about.

The great problem before the world to-day is a restoration and maintenance of confidence. I need scarcely repeat that the maintenance of confidence in the financial stability of the United States Government is the first contribution to all financial stability within our borders, and in fact in the world as a whole. Upon that confidence rests the credit of the States, the municipalities, all our financial institutions, and industry—it is the basis of recovered employment and agriculture.

The increases in revenues enacted at the last session have not had the results hoped for, because of continued economic stagnation. The income of the Government for the next fiscal year nominally estimated at $2,950,000,000 is likely to fall short under present world conditions by anywhere from $100,000,000 to $300,000,000.

Expenditures—and I speak in terms of expenditures rather than appropriations, because of the confusion caused by carry-over of appropriations—for the present fiscal year, including post-office deficit but excluding debt redemption, are estimated at about $3,771,000,000. If expenditures are continued during the next fiscal year at the present rate, there would thus be a deficit of from $920,000,000 to $1,120,000,000 in the next fiscal year exclusive of sinking-fund charges.

Obviously, the first necessity of a nation of decreasing income is reduction in expenditures. My message of December 5, as supplemented, recommended very large specific reductions of appropriations and economies for the next fiscal year. These proposals (including the effect of previous appropriations and obligations) would reflect an expenditure next year excluding debt redemption but including post-office deficit of about $3,233,000,000, a decrease as compared to the current year of about $538,000,000.

Assuming that these economies and reductions of appropriations will be adopted, on this basis of calculation there would still be a deficit, exclusive of debt redemption, of about $400,000,000 to $600,000,000. Certainly with the general economic outlook in respect to income and the legislative outlook in respect to recommended economies the latter figure is the most likely of realization.

The first essential is that the maximum appropriations and economies set out in the Budget message as supplemented should be adhered to. The second is that there should be no new authorizations or appropriations brought forward. The third is that even the appropriations recommended should be reduced at every point the Congress is able to find an avenue therefor. So far as appropriation bills as dealt with by the House of Representatives or the committees thereof, the results have been disappointing. Maximum appropriations for the different departments which were recommended in the Executive Budget have not been adhered to. My Executive orders to consolidate some 58 Government functions into a few divisions with resulting economies appears likely of refusal by the Congress with resultant continuing waste. I regret to say that the same forces are at work which thwarted the savings of several hundred millions we sought to effect at the last session of Congress. We are during the current year and even in the next fiscal year suffering from that failure.

In the five departmental bills dealt with by the House or by the committees thereof at this session, a total of appropriations were recommended by the Executive which would result in an expenditure (exclusive of debt redemption) of $2,263,000,000, being a decrease of expenditures in these departments of $264,400,000 under the present fiscal year. Some items in these bills have been genuinely decreased by action of the committees or the votes of the House. Others have been increased. Still others have been given the appearance of reduction but in reality must be restored during the next fiscal year by deficiency bills.

The items in which there have been genuine decreases in these appropriations aggregate about $23,500,000.

(But of this $10,000,000 is reduction in the public buildings for which commitments have been authorized.)

Items have been decreased which will in all probability be required through deficiency bills amounting to approximately $41,400,000.

Items have been increased amounting to approximately $58,200,000.

There is thus produced an appearance of slightly greater saving than recommended in the Executive Budget, but in reality an actual increase by over $35,000,000. If the Congress would accept the cuts recommended in the Executive Budget and also the genuine cuts made by the House Committee on Appropriations or as passed by the House it would represent a real decrease in Government expenses over those in the Budget in respect to these bills of some $23,500,000.

There are yet remaining to be reported appropriation bills in which reductions have been recommended by the Executive which would secure reductions on those agencies of $249,000,000 less than those of the current year.

In consideration of reductions I realize the pressures upon the Congress. I also recognize many organizations advocating economy do not fully understand the limitations under which the Congress works in reduction of expenditures. In order to clarify this I may classify the Government expenditures proposed for the next fiscal year into six groups, excluding debt redemption but including post-office deficit:

1. Interest on the public debt which can not be reduced	$725,000,000
2. Trust funds, tax refunds, District of Columbia budget, contributions to civil-service pensions, Post Office subsidies to air and foreign mail, which are represented by fixed obligations and other similar items on which there is no opportunity to reduce	310,900,000

3. Public works and their maintenance (excluding military, naval, and veterans' construction, which are in following items) has been reduced practically to commitments and contracts outstanding	$305,000,000
4. Expenditures on military establishments	612,700,000
5. Expenditures on veterans have been reduced in the Executive proposals by $121,000,000	818,400,000
6. All other expenditures of the Government including the legislative, the judiciary, law enforcement, prisons, foreign affairs, fiscal and tax service, public health, education, forests, fisheries, aids to agriculture, labor, commerce, safety of life at sea, inspection of food products, and a multitude of vital services including the Post Office as represented by the remaining deficiency and all other independent establishments except the Veterans' Bureau	461,000,000
	3,233,000,000

It will be seen that about 86 per cent of the whole expenditure of the Government lies in the first five items.

No matter how rigid economies may be it is obvious that the Budget can not be balanced without a most substantial increase in revenues. But the progress of appropriation bills, however, would indicate that the Executive recommendations on which all these calculations are based will not be realized by $100,000,000 or more and therefore it is more likely that the deficit will amount to from $500,000,000 to $700,000,000.

In canvassing the three major fields of possible income—that is, income taxes, customs, and excise taxes—I believe that inquiry by the Congress will develop that income taxes under the act of 1932 have been developed to the point of maximum productivity unless we are prepared to abandon our American system of fairly high exemption and reasonably low rates applicable to the smaller incomes and in any event by keeping to these principles no further burdens in this direction would substantially increase revenues and solve the questions. One of the first economic effects of the increases already made is the retreat of capital into tax-exempt securities and the denudation of industry and commerce of that much available capital.

The customs revenues and other miscellaneous revenues are not likely to be increased except through recovery in trade. In my view, therefore, the field for substantial increase in Federal Government revenues resolves itself to the exploration of the possibilities of so-called excise or sales taxes. In the estimated revenues for the next fiscal year nearly $700,000,000 is comprised of so-called excise taxes which are levied on a few score different manufactured commodities. These taxes are in fact manufacturers' sales taxes. Any attempted distinction between "excise" taxes on manufactured commodities, or "sales" taxes on manufactured commodities is mere juggling with words. Of the taxes now levied nearly $200,000,000 are upon essentials as distinguished from so-called nonessentials. The Congress has thus already established a "sales tax" as the basis for one-quarter of the whole public revenues, and has already adopted "sales" taxes upon essentials as distinguished from nonessentials. To extend this form of taxation is neither new nor revolutionary. Instead of spreading it over a few scores of commodities and services at irregular rates which cause discrimination and hardship between industries, it would seem the essence of good statesmanship to apply such a tax generally at a low rate upon all manufacturers except upon food and cheaper grades of clothing, and thereby give to the Federal Government a stable basis of income during the period of depression.

The balancing of the Budget is one of the essential steps in strengthening the foundations for recovery. Capital expenditures are a very important item in our economic life. There can be no doubt that there is an enormous accumulated demand for capital funds that would be expended for equipment and replacements of all kinds if long-time funds could be obtained cheaply and if confidence were restored. For some time now long-time funds have not been available for the public at reasonable rates. The retirement of the Federal Treasury from the market as a constant borrower, the balancing of the Federal Budget, and the refunding operations necessary to bring the Government debt into better balance would have a stimulating effect, would vitalize our entire credit structure and produce one of the conditions essential to continued recovery.

It is essential that the Government undertake at an early moment the refunding of outstanding high-interest-bearing Liberty bonds into bonds bearing a lower rate of interest. It is essential, too, that a portion of our short-term borrowing should be converted into longer-term issues. A balanced Budget would greatly facilitate such an operation.

Every principle of sound governmental management and wise economic policy call for the prompt balancing of the Federal Budget. This all-important objective is definitely within reach, and more determined effort will bring us to the goal we have been striving to reach in the face of unparalled difficulties.

One of the most helpful contributions which the Congress and this administration could give to the next administration would be to enable them to start with the Federal Budget in balance and the Federal finances in order.

HERBERT HOOVER.

THE WHITE HOUSE, *January 17, 1933.*

The VICE PRESIDENT. The message from the President of the United States will be referred to the Committee on Appropriations and printed.

FIRST DEFICIENCY APPROPRIATIONS—CONFERENCE REPORT

Mr. HALE. Mr. President, the House has agreed to the conference report on the deficiency bill, and it is very important that this report be acted on by the Senate at this time. I desire to ask unanimous consent that the Senate proceed to the consideration of the conference report. I do not want to take the Senator from Virginia from the floor, and I shall ask unanimous consent that he be entitled to the floor at the conclusion of the consideration of the conference report.

The VICE PRESIDENT. Is there objection?

Mr. LONG. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. What are our rights? Has a Senator a right to make a motion in regard to the conference report on the deficiency bill at this time?

The VICE PRESIDENT. He will have when it gets before the Senate, if unanimous consent is granted. Is there objection to the request of the Senator from Maine?

Mr. GLASS. I shall object if there is going to be a discussion of the report.

Mr. McKELLAR. Mr. President, I do not think there will be any discussion of the report.

Mr. ROBINSON of Arkansas. Is the agreement unanimous?

Mr. HALE. It is a unanimous agreement.

Mr. McKELLAR. It is unanimous, and the report has been agreed to by the House.

The VICE PRESIDENT. The Senator from Virginia has yielded with the understanding that he will not lose the floor, and, of course, a demand for the regular order at any time would take the Senate back to the consideration of the banking bill and the Senator from Virginia would have the floor. Is there objection to the request of the Senator from Maine? The Chair hears none, and the report will be read.

The Chief Clerk read the report, as follows:

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

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, and 27, and agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$35,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In line 6 of the matter inserted by said amendment after the word "including," insert the following: "per diem allowances in accordance with the subsistence expense act of 1926, as amended (U. S. C., Supp. VI, title 5, ch. 16), and other"; and the Senate agree to the same.

The committee of conference report a disagreement on amendment numbered 12.

FREDERICK HALE,
REED SMOOT,
HENRY W. KEYES,
CARTER GLASS,
KENNETH MCKELLAR,
Managers on the part of the Senate.

JOSEPH W. BYRNS,
J. P. BUCHANAN,
EDWARD T. TAYLOR,
WILL R. WOOD,
EDWARD H. WASON,
Managers on the part of the House.

Mr. HALE. Mr. President, I move that the Senate agree to the conference report.

The report was agreed to.

Mr. HALE. Mr. President, I ask that the Chair lay before the Senate the action of the House of Representatives on amendment of the Senate No. 12.

The VICE PRESIDENT. The action of the House of Representatives will be read.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES,
January 17, 1933.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 12 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, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert: ": *Provided*, That no refund or credit of any income or profits, estate, or gift tax in excess of $20,000 shall be made after the enactment of this act until a report thereof giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation and action thereon taken by said committee. The said committee or its duly authorized staff shall have full access to all the papers and shall examine into and pass upon the case, and no refund or credit in excess of $20,000 shall be made until the Joint Committee on Internal Revenue Taxation shall have so passed on such refund or credit, fixed the amount thereof, and made its report to the Commissioner of Internal Revenue; and no refund or credit in excess of $20,000 shall be made without the approval of said committee. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction over the subject matter, or a decision of the United States Board of Tax Appeals, which has become final."

Mr. HALE. Mr. President, I move that the Senate concur in the amendment of the House to amendment numbered 12.

The motion was agreed to.

RECESS

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Oregon?

Mr. GLASS. I yield.

Mr. McNARY. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) took a recess until to-morrow, Wednesday, January 18, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 17 (legislative day of January 10), 1933

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Henry Frank Holthusen, of New York, to be envoy extraordinary and minister plenipotentiary of the United States of America to Czechoslovakia.

POSTMASTERS

CONNECTICUT

Anna T. Harding to be postmaster at Rockyhill, Conn., in place of A. T. Harding. Incumbent's commission expires January 18, 1933.

Erle Rogers to be postmaster at Windsor, Conn., in place of Erle Rogers. Incumbent's commission expires January 18, 1933.

ILLINOIS

Thomas L. Conn to be postmaster at Lovington, Ill., in place of T. L. Conn. Incumbent's commission expired May 29, 1932.

Elsie M. Rayburn to be postmaster at Mahomet, Ill., in place of I. L. Ford. Incumbent's commission expired May 12, 1932.

Arthur H. Simmons to be postmaster at Marseilles, Ill., in place of A. H. Simmons. Incumbent's commission expires January 19, 1933.

George E. Carlson to be postmaster at Moline, Ill., in place of G. E. Carlson. Incumbent's commission expired December 20, 1932.

William Hayes to be postmaster at Ogden, Ill., in place of William Hayes. Incumbent's commission expires January 21, 1933.

John M. Yolton to be postmaster at Port Byron, Ill., in place of J. M. Yolton. Incumbent's commission expires January 29, 1933.

Peter J. Aimone to be postmaster at Toluca, Ill., in place of P. J. Aimone. Incumbent's commission expired January 11, 1933.

INDIANA

LeRoy H. McAllister to be postmaster at New Carlisle, Ind., in place of L. H. McAllister. Incumbent's commission expires January 19, 1933.

Fred Youkey to be postmaster at Thorntown, Ind., in place of Fred Youkey. Incumbent's commission expired December 20, 1932.

Floyd E. Sears to be postmaster at Wolcottville, Ind., in place of F. E. Sears. Incumbent's commission expires January 19, 1933.

IOWA

Clyde W. Edwards to be postmaster at Adair, Iowa, in place of C. W. Edwards. Incumbent's commission expired January 12, 1933.

Gay S. Thomas to be postmaster at Audubon, Iowa, in place of G. S. Thomas. Incumbent's commission expired January 9, 1933.

Samuel A. Garlow to be postmaster at Avoca, Iowa, in place of S. A. Garlow. Incumbent's commission expired January 9, 1933.

Homer C. Thompson to be postmaster at Bayard, Iowa, in place of H. C. Thompson. Incumbent's commission expired January 9, 1933.

George H. Falb to be postmaster at Elgin, Iowa, in place of G. H. Falb. Incumbent's commission expires January 21, 1933.

Lester F. Friar to be postmaster at Grimes, Iowa, in place of L. F. Friar. Incumbent's commission expires January 19, 1933.

George M. Woodruff to be postmaster at Mason City, Iowa, in place of G. M. Woodruff. Incumbent's commission expires January 19, 1933.

Ithamer J. Baldwin to be postmaster at Oelwein, Iowa, in place of I. J. Baldwin. Incumbent's commission expires January 19, 1933.

Frank C. Bentley to be postmaster at Rhodes, Iowa, in place of F. C. Bentley. Incumbent's commission expired January 12, 1933.

Henry E. Cody to be postmaster at Sioux City, Iowa, in place of W. H. Jones, deceased.

KANSAS

Henry A. Cory to be postmaster at Alta Vista, Kans., in place of H. A. Cory. Incumbent's commission expired January 8, 1933.

Ella W. Mendenhall to be postmaster at Ashland, Kans., in place of E. W. Mendenhall. Incumbent's commission expired January 16, 1933.

Emma W. Smith to be postmaster at Centralia, Kans., in place of C. O. Brown, jr., removed.

George H. Leisenring to be postmaster at Ellis, Kans., in place of G. H. Leisenring. Incumbent's commission expired January 8, 1933.

Rebecca C. Minneman to be postmaster at Fairview, Kans., in place of R. C. Minneman. Incumbent's commission expired December 19, 1931.

August A. Bernasky to be postmaster at Ingalls, Kans., in place of A. A. Bernasky. Incumbent's commission expires January 18, 1933.

Noah S. Wiggins to be postmaster at Lyons, Kans., in place of N. S. Wiggins. Incumbent's commission expires January 30, 1933.

Clarence G. Hart to be postmaster at Perry, Kans., in place of C. G. Hart. Incumbent's commission expired December 14, 1932.

Clara G. McNulty to be postmaster at Stockton, Kans., in place of C. G. McNulty. Incumbent's commission expired January 8, 1933.

Uriah E. Heckert to be postmaster at Tescott, Kans., in place of U. E. Heckert. Incumbent's commission expires January 26, 1933.

Audrey L. Purcell to be postmaster at Veterans' Administration Home, Kans., in place of J. P. Pierce, deceased.

KENTUCKY

Katie B. King to be postmaster at Adairville, Ky., in place of K. B. King. Incumbent's commission expires January 31, 1933.

Robert H. Middleton to be postmaster at Buffalo, Ky., in place of R. H. Middleton. Incumbent's commission expires January 31, 1933.

George W. VanArsdall to be postmaster at Burgin, Ky., in place of G. W. VanArsdall. Incumbent's commission expires January 31, 1933.

James E. Keen to be postmaster at Burkesville, Ky., in place of L. W. Thrasher, resigned.

Virgil A. Matthews to be postmaster at Fordsville, Ky., in place of V. A. Matthews. Incumbent's commission expires January 31, 1933.

Egbert V. Taylor to be postmaster at Greensburg, Ky., in place of E. V. Taylor. Incumbent's commission expires January 31, 1933.

Edmund T. Davern to be postmaster at Kenvir, Ky., in place of E. T. Davern. Incumbent's commission expired January 9, 1933.

Allen D. Thomson to be postmaster at Kuttawa, Ky., in place of A. D. Thomson. Incumbent's commission expires January 31, 1933.

Everett E. Davis to be postmaster at Louellen, Ky., in place of E. E. Davis. Incumbent's commission expired January 9, 1933.

John P. Graham to be postmaster at New Haven, Ky., in place of J. P. Graham. Incumbent's commission expires January 31, 1933.

E. Paul Counts to be postmaster at Olive Hill, Ky., in place of E. P. Counts. Incumbent's commission expired January 9, 1933.

Stace W. Poole to be postmaster at Sebree, Ky., in place of S. W. Poole. Incumbent's commission expires January 31, 1933.

Mabelle S. Crockett to be postmaster at Sharpsburg, Ky., in place of M. S. Crockett. Incumbent's commission expires January 31, 1933.

LOUISIANA

Emile Aubert to be postmaster at Abita Springs, La., in place of Emile Aubert. Incumbent's commission expires January 19, 1933.

Jessie V. Leech to be postmaster at Mer Rouge, La., in place of J. V. Leech. Incumbent's commission expires January 19, 1933.

MAINE

Charles E. Sherman to be postmaster at Boothbay Harbor, Me., in place of C. E. Sherman. Incumbent's commission expired January 15, 1933.

Lawrence A. Brown to be postmaster at Brunswick, Me., in place of L. A. Brown. Incumbent's commission expired January 5, 1933.

Susan M. Dyer to be postmaster at Harrington, Me., in place of S. M. Dyer. Incumbent's commission expires January 26, 1933.

Frank P. Freeman to be postmaster at Harrison, Me., in place of F. P. Freeman. Incumbent's commission expired January 5, 1933.

Ernest A. Fogg to be postmaster at Livermore Falls, Me., in place of E. A. Fogg. Incumbent's commission expired January 15, 1933.

George G. Winters to be postmaster at Strong, Me., in place of G. G. Winters. Incumbent's commission expired January 15, 1933.

MARYLAND

William G. Smyth to be postmaster at Chestertown, Md., in place of W. G. Smyth. Incumbent's commission expired January 9, 1933.

Louis J. DeAlba to be postmaster at Glen Burnie, Md., in place of L. J. DeAlba. Incumbent's commission expired January 9, 1933.

S. Stanley Bender to be postmaster at Kitzmiller, Md., in place of S. S. Bender. Incumbent's commission expires January 26, 1933.

Helen G. Rawlings to be postmaster at Rising Sun, Md., in place of H. G. Rawlings. Incumbent's commission expires January 19, 1933.

Victor R. Mumma to be postmaster at Sharpsburg, Md., in place of V. R. Mumma. Incumbent's commission expires January 19, 1933.

James C. Jones to be postmaster at Stevensville, Md., in place of J. C. Jones. Incumbent's commission expires January 26, 1933.

William B. Cutshall to be postmaster at Woodsboro, Md., in place of W. B. Cutshall. Incumbent's commission expires January 18, 1933.

MASSACHUSETTS

Elsa L. Downing to be postmaster at Harding, Mass., in place of E. L. Downing. Incumbent's commission expires January 29, 1933.

Mary M. Langen to be postmaster at Lancaster, Mass., in place of M. M. Langen. Incumbent's commission expired May 2, 1932.

Florence L. Beal to be postmaster at North Cohasset, Mass., in place of F. L. Beal. Incumbent's commission expired January 8, 1933.

Andrew J. Maguire to be postmaster at Randolph, Mass., in place of A. J. Maguire. Incumbent's commission expired January 8, 1933.

Frank H. Hackett to be postmaster at Wakefield, Mass., in place of F. H. Hackett. Incumbent's commission expires January 29, 1933.

MICHIGAN

Harry G. Buck to be postmaster at Carleton, Mich., in place of H. G. Buck. Incumbent's commission expired January 15, 1933.

Frank A. Cole to be postmaster at Grass Lake, Mich., in place of F. A. Cole. Incumbent's commission expired January 15, 1933.

Ernest F. Seward to be postmaster at St. Ignace, Mich., in place of E. F. Seward. Incumbent's commission expires January 26, 1933.

James L. Blakeley to be postmaster at Standish, Mich., in place of J. L. Blakeley. Incumbent's commission expired January 8, 1933.

MINNESOTA

Joseph L. Gilson to be postmaster at Ivanhoe, Minn., in place of J. L. Gilson. Incumbent's commission expired January 11, 1933.

Mary A. Mogren to be postmaster at Ortonville, Minn., in place of M. A. Mogren. Incumbent's commission expired January 11, 1933.

MISSOURI

Frank B. Veatch, jr., to be postmaster at Braymer, Mo., in place of F. B. Veatch, jr. Incumbent's commission expires January 19, 1933.

Dorsey F. Waggoner to be postmaster at Brownington, Mo., in place of D. F. Waggoner. Incumbent's commission expires January 19, 1933.

Margaret M. Enis to be postmaster at Clyde, Mo., in place of M. M. Enis. Incumbent's commission expires January 19, 1933.

Clara Harlin to be postmaster at Gainesville, Mo., in place of Clara Harlin. Incumbent's commission expired January 9, 1933.

William E. Morton to be postmaster at Kansas City, Mo., in place of W. E. Morton. Incumbent's commission expires January 19, 1933.

Samuel A. Shelton to be postmaster at Marshfield, Mo., in place of S. A. Shelton. Incumbent's commission expires January 19, 1933.

Lonnie W. Hoover to be postmaster at Princeton, Mo., in place of L. W. Hoover. Incumbent's commission expires January 31, 1933.

Lola L. Higbee to be postmaster at Schell City, Mo., in place of L. L. Higbee. Incumbent's commission expired January 5, 1933.

Ralph W. Day to be postmaster at Summersville, Mo., in place of R. W. Day. Incumbent's commission expires January 31, 1933.

MONTANA

William G. Hunter to be postmaster at Boulder, Mont., in place of W. G. Hunter. Incumbent's commission expired January 4, 1933.

Nora M. Kelley to be postmaster at Geyser, Mont., in place of N. M. Kelley. Incumbent's commission expired January 8, 1933.

Stanley A. Yergey to be postmaster at Hardin, Mont., in place of S. A. Yergey. Incumbent's commission expired January 8, 1933.

Eliza J. Louis to be postmaster at Kevin, Mont., in place of E. J. Louis. Incumbent's commission expires January 26, 1933.

Albert M. Stevenson to be postmaster at Lodge Grass, Mont., in place of A. M. Stevenson. Incumbent's commission expires January 18, 1933.

Andrew K. Resner to be postmaster at Ronan, Mont., in place of A. K. Resner. Incumbent's commission expires January 18, 1933.

William Fraser to be postmaster at Three Forks, Mont., in place of William Fraser. Incumbent's commission expired January 8, 1933.

NEBRASKA

Clarrissa E. Bilyeu to be postmaster at Big Spring, Nebr., in place of C. E. Bilyeu. Incumbent's commission expired January 9, 1933.

Charles H. Kuhns to be postmaster at Maxwell, Nebr., in place of C. H. Kuhns. Incumbent's commission expires January 18, 1933.

Edgar T. Lay to be postmaster at Seneca, Nebr., in place of E. T. Lay. Incumbent's commission expired January 5, 1933.

NEW JERSEY

Edna Rhen to be postmaster at Alpha, N. J., in place of Edna Rhen. Incumbent's commission expires January 19, 1933.

David Tumen to be postmaster at Atlantic Highlands, N. J., in place of David Tumen. Incumbent's commission expired January 10, 1933.

John R. Yates to be postmaster at Bivalve, N. J., in place of J. R. Yates. Incumbent's commission expired January 10, 1933.

Arthur W. Van Zee to be postmaster at Livingston, N. J., in place of A. W. Van Zee. Incumbent's commission expires January 19, 1933.

Donald Dunbar to be postmaster at Lyons, N. J. Office became presidential July 1, 1932.

Hilding G. W. Hammarlund to be postmaster at Ridgefield Park, N. J., in place of H. G. W. Hammarlund. Incumbent's commission expires January 18, 1933.

Nathaniel S. Hires to be postmaster at Salem, N. J., in place of N. S. Hires. Incumbent's commission expired February 9, 1932.

NEW MEXICO

Francis O. Polston to be postmaster at Melrose, N. Mex., in place of F. O. Polston. Incumbent's commission expires January 26, 1933.

Lora C. Dunlavy to be postmaster at Springer, N. Mex., in place of L. C. Dunlavy. Incumbent's commission expires January 30, 1933.

NEW YORK

Anna K. Becvar to be postmaster at East Islip, N. Y., in place of Rudolph Silha. Appointee declined.

Joseph B. Dawson to be postmaster at Oneida, N. Y., in place of Jay Farrier, deceased.

Belle M. Clark to be postmaster at Silver Springs, N. Y., in place of B. M. Clark. Incumbent's commission expires January 18, 1933.

NORTH CAROLINA

Ferry M. Barber to be postmaster at Goldston, N. C., in place of F. M. Barber. Incumbent's commission expires January 29, 1933.

John A. Chambers to be postmaster at Hayesville, N. C., in place of J. A. Chambers. Incumbent's commission expires January 29, 1933.

William H. Stewart to be postmaster at Matthews, N. C., in place of W. H. Stewart. Incumbent's commission expires January 29, 1933.

John G. Morefield to be postmaster at Rural Hall, N. C., in place of J. G. Morefield. Incumbent's commission expired December 20, 1932.

NORTH DAKOTA

John W. Jeffery to be postmaster at Wales, N. Dak., in place of J. W. Jeffery. Incumbent's commission expired January 15, 1933.

OHIO

Clyde A. Wilcox to be postmaster at Bethesda, Ohio, in place of C. A. Wilcox. Incumbent's commission expired January 15, 1933.

Calvin M. Crabtree, jr., to be postmaster at Convoy, Ohio, in place of C. M. Crabtree, jr. Incumbent's commission expired January 9, 1933.

Benjamin Hegeman to be postmaster at Minster, Ohio, in place of Benjamin Hegemann. Incumbent's commission expired May 16, 1932.

William A. Campbell to be postmaster at Oakharbor, Ohio, in place of W. A. Campbell. Incumbent's commission expired January 5, 1933.

OKLAHOMA

Jessie P. Hurst to be postmaster at Grove, Okla., in place of J. P. Hurst. Incumbent's commission expires January 19, 1933.

Emmette R. Talley to be postmaster at Mangum, Okla., in place of E. R. Talley. Incumbent's commission expired December 20, 1932.

Mollie E. McGinty to be postmaster at Ripley, Okla., in place of M. E. McGinty. Incumbent's commission expires January 29, 1933.

Jennie L. Timberlake to be postmaster at Terral, Okla., in place of J. L. Timberlake. Incumbent's commission expires January 18, 1933.

OREGON

Jay W. Moore to be postmaster at Harrisburg, Oreg., in place of J. W. Moore. Incumbent's commission expired January 9, 1933.

PENNSYLVANIA

Samuel M. Rathman to be postmaster at Adamstown, Pa., in place of S. M. Rathman. Incumbent's commission expired January 14, 1933.

Walter C. Alcorn to be postmaster at Avonmore, Pa., in place of W. C. Alcorn. Incumbent's commission expired January 12, 1933.

Charles L. Albert to be postmaster at Blue Ridge Summit, Pa., in place of C. L. Albert. Incumbent's commission expires January 19, 1933.

Clarence G. Young to be postmaster at Bristol, Pa., in place of C. G. Young. Incumbent's commission expires January 19, 1933.

Harold C. Fry to be postmaster at Camp Hill, Pa., in place of H. C. Fry. Incumbent's commission expires January 19, 1933.

Grace Baker to be postmaster at Claysburg, Pa., in place of Grace Baker. Incumbent's commission expires January 31, 1933.

Edward J. Fleming to be postmaster at Cochranton, Pa., in place of E. J. Fleming. Incumbent's commission expired January 5, 1933.

Minnie E. Lewis to be postmaster at Covington, Pa., in place of M. E. Lewis. Incumbent's commission expired January 5, 1933.

George L. Goodhart to be postmaster at Dayton, Pa., in place of G. L. Goodhart. Incumbent's commission expires January 31, 1933.

H. George Marburger to be postmaster at Denver, Pa., in place of H. G. Marburger. Incumbent's commission expired January 14, 1933.

Samuel Y. Wissler to be postmaster at Ephrata, Pa., in place of S. Y. Wissler. Incumbent's commission expired January 14, 1933.

Paul J. Kessler to be postmaster at Gilberton, Pa., in place of P. J. Kessler. Incumbent's commission expires January 29, 1933.

Charles H. Lapsley to be postmaster at Glassport, Pa., in place of C. H. Lapsley. Incumbent's commission expired January 5, 1933.

Edwin H. Cliff to be postmaster at Glen Olden, Pa., in place of E. H. Cliff. Incumbent's commission expires January 19, 1933.

John B. Elliott to be postmaster at Hollidaysburg, Pa., in place of F. J. Over, deceased.

Allie L. Keyes to be postmaster at Lake Ariel, Pa., in place of A. L. Keyes. Incumbent's commission expires January 19, 1933.

PUERTO RICO

Luis E. Kolb to be postmaster at Utuado, P. R., in place of L. E. Kolb. Incumbent's commission expired January 8, 1933.

SOUTH CAROLINA

John W. Doar to be postmaster at Georgetown, S. C., in place of T. J. Karnes. Incumbent's commission expired May 26, 1930.

VIRGINIA

William R. Sparks to be postmaster at Clincheo, Va., in place of W. R. Sparks. Incumbent's commission expired April 2, 1932.

Louise B. Callaham to be postmaster at Glenallen, Va., in place of E. L. Allen. Incumbent's commission expired January 5, 1932.

Charlotte V. Bevans to be postmaster at Greenbackville, Va., in place of C. V. Bevans. Incumbent's commission expires January 29, 1933.

John A. Johnston to be postmaster at Petersburg, Va., in place of J. A. Johnston. Incumbent's commission expires January 19, 1933.

James J. Mateer to be postmaster at Rosslyn, Va., in place of J. J. Mateer. Incumbent's commission expires January 29, 1933.

Fannie C. Moore to be postmaster at Vinton, Va., in place of F. C. Moore. Incumbent's commission expires January 19, 1933.

WASHINGTON

Blanche E. Lambert to be postmaster at Ione, Wash., in place of B. E. Lambert. Incumbent's commission expires January 26, 1933.

William J. Taylor to be postmaster at Rockford, Wash., in place of W. L. Oliver, deceased.

Harry A. Mykrantz to be postmaster at Twisp, Wash., in place of H. A. Mykrantz. Incumbent's commission expires January 26, 1933.

WISCONSIN

Marion L. Spencer to be postmaster at Balsam Lake, Wis., in place of M. L. Spencer. Incumbent's commission expired January 5, 1933.

Anthony H. Otten to be postmaster at Barton, Wis., in place of A. H. Otten. Incumbent's commission expires January 29, 1933.

Herman F. Barth to be postmaster at Cashton, Wis., in place of H. F. Barth. Incumbent's commission expires January 21, 1933.

Bertha S. Wild to be postmaster at De Soto, Wis., in place of B. S. Wild. Incumbent's commission expires January 21, 1933.

Murlat B. Abdoo to be postmaster at Highland, Wis., in place of M. B. Abdoo. Incumbent's commission expires January 29, 1933.

Rudolph Zimmer to be postmaster at Hilbert, Wis., in place of Rudolph Zimmer. Incumbent's commission expires January 21, 1933.

Oscar E. Hoyt to be postmaster at Iron Ridge, Wis., in place of O. E. Hoyt. Incumbent's commission expires January 29, 1933.

John H. McNown to be postmaster at Mauston, Wis., in place of J. H. McNown. Incumbent's commission expires January 21, 1933.

James J. Stoveken to be postmaster at Pembine, Wis., in place of J. J. Stoveken. Incumbent's commission expires January 31, 1933.

George F. Fiedler to be postmaster at Seymour, Wis., in place of G. F. Fiedler. Incumbent's commission expires January 31, 1933.

Martin F. Walter to be postmaster at West Bend, Wis., in place of M. F. Walter. Incumbent's commission expires January 29, 1933.

WITHDRAWALS

Executive nominations withdrawn from the Senate January 17 (legislative day of January 10), 1933

POSTMASTERS

ILLINOIS

Charles H. Cottrell to be postmaster at Quincy, in the State of Illinois.

NEW MEXICO

John H. York to be postmaster at Las Vegas, in the State of New Mexico.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 17, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our fathers' God, from the rising of the sun to the going down of the same, Thy name be praised; incline our hearts to Thee; very precious is this fellowship. In it dark things and bad tempers can not thrive and prevail. Father of Mercies, Thou art the light of the world; in it all institutions can become nobly fruitful. O come Thou richly with our Republic, until its empire shall become world-wide through

the channels of peace and Christian integrity. May the service of this Chamber inspire new industries, new arts, and new morals. O let the tides of comfort and plenty rise higher and higher, blessing the poorest homes of the remotest sections, exterminating poverty, curing social ills, and making happiness coextensive with our brother man. Amen.

The Journal of the proceedings of yesterday was read and approved.

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.

FIRST DEFICIENCY BILL

Mr. BYRNS. Mr. Speaker, I call up the conference report on 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, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

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

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, and 27, and agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same, with an amendment as follows: In lieu of the sum named in said amendment, insert "$35,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In line 6 of the matter inserted by said amendment, after the word "including," insert the following: "per diem allowances in accordance with the subsistence expense act of 1926, as amended (U. S. C., Supp. VI, title 5, chap. 16), and other"; and the Senate agree to the same.

The committee of conference report a disagreement on amendment numbered 12.

JOSEPH W. BYRNS,
J. P. BUCHANAN,
EDWARD T. TAYLOR,
WILL R. WOOD,
EDWARD H. WASON,
Managers on the part of the House.
FREDERICK HALE,
REED SMOOT,
HENRY W. KEYES,
CARTER GLASS,
KENNETH MCKELLAR,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to H. R. 13975, a bill 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, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On Nos. 1 to 7, inclusive, relating to the Senate: Appropriates for salaries and expenses of the Senate in the amounts and for the purposes provided by the Senate amendments, as follows: $18,000 for payments to widows of deceased Senators, $1,040 for two telephone operators now carried on the roll of contingent expenses, $20,000 for miscellaneous items, $40,000 for inquiries and investigations, and $15,000 for Senate restaurants and kitchens.

On No. 8: Appropriates $35,000 instead of $40,000, as proposed by the Senate, for expenses under the direction of the joint committee of Congress of the inaugural ceremonies of the President of the United States on March 4, 1933.

On Nos. 9 and 10: Appropriates $1,243.49 additional, as proposed by the Senate, for payment of claims determined by the Secretary of the Navy, as provided by law and certified to Congress after the bill had passed the House.

On No. 11: Appropriates $150,000, as proposed by the Senate, for expenses of the General Disarmament Conference at Geneva, Switzerland, modified so as to provide that per diem allowances in connection with traveling expenses shall be in accordance with the provisions of the subsistence expense act of 1926, as amended.

On Nos. 13 to 19, inclusive: Appropriates $4,395.81 additional, as proposed by the Senate, for damage claims settled by the various departments under the provisions of existing law and certified to Congress after the bill had passed the House.

On Nos. 20 to 24, inclusive: Appropriates $36,771.40 additional, as proposed by the Senate, for the payment of judgments rendered against the United States by United States district courts and the Court of Claims and certified to Congress after the bill had passed the House.

On No. 25: Appropriates $13,564.45, as proposed by the Senate, for the payment of claims allowed by the General Accounting Office under the provisions of existing law and certified to Congress after the bill had passed the House.

On Nos. 26 and 27: Correct section numbers in the bill.

The committee of conference report in disagreement the amendment of the Senate No. 12, which is as follows:

Provided, That no refund or credit of any income or profits, estate, or gift tax in excess of $5,000 shall be made after the enactment of this act until a report thereof giving the name of the person, corporation, or partnership to whom the refund or credit is to be made, the amount of such refund or credit, and all the facts and papers in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation and action thereon taken by said committee. The said committee or its duly authorized staff shall have full access to all the papers and shall examine into and pass upon the case de novo, and no refund or credit shall be made until the Joint Committee on Internal Revenue Taxation or its duly authorized staff shall have so passed on such refund, fixed the amount thereof, and made its report to the Commissioner of Internal Revenue; and no refund shall be made without the approval of said committee or its duly authorized staff.

JOSEPH W. BYRNS,
J. P. BUCHANAN,
EDWARD T. TAYLOR,
WILL R. WOOD,
EDWARD H. WASON,
Managers on the part of the House.

Mr. STAFFORD. Mr. Speaker, will the gentleman from Tennessee yield?

Mr. BYRNS. I yield.

Mr. STAFFORD. I notice one rather important amendment which I think should have some passing comment. This is the amendment providing an additional appropriation for the limitation of armament conference at Geneva in the sum of $150,000. As I recall, the Congress scaled down the original estimate of the department some $150,000 or

$200,000, and I would like to inquire what is the present status of the original appropriation and the need of this supplemental appropriation.

Mr. BYRNS. I may state to the gentleman that all the fund, or practically all of it, has been expended. The estimate which was submitted at the last session of Congress called for $415,000. The House scaled this appropriation and agreed to an appropriation of $390,000. Then the matter went to the Senate and the Senate further reduced it to $300,000, which reduction was accepted by the House. So the total of the appropriations made at the last session was $300,000.

As I have just stated, I understand this money has been expended. We had no hearings before our committee for the reason that no estimate was submitted. The estimate came in for this additional $150,000 after the bill had been prepared and reported to the House, and it was suggested to the State Department and to the Budget Director that they would have to go to the Senate committee. I have read the hearings which were had before the Senate committee on this proposition, and it was stated that they expect to use about $13,000 of this additional appropriation between now and March 4, and to have the remaining $137,000 for the administration which begins March 4. It is desirable, so they state, that we continue our participation in this conference, and for that reason the committee has agreed to the Senate amendment and recommends it to the House.

Mr. SNELL. Will the gentleman yield there?

Mr. BYRNS. Yes.

Mr. SNELL. Have we any representatives over there at the present time, or have all our commissioners returned home?

Mr. BYRNS. We have some representatives over there. I believe we have one or two ambassadors or ministers who are assigned to countries in the vicinity of Geneva.

Mr. SNELL. For what purpose is this $30,000 to be used at the present time?

Mr. BYRNS. I think it is contemplated to send additional representatives over there.

Mr. SNELL. Is this conference in active session now?

Mr. BYRNS. My impression is they are not in active session at this very moment, but I understand they expect to resume their conference very shortly, and I may state to the gentleman, if he will permit, Mr. Carr was very emphatic in his statement before the Senate committee that a per diem provision in the economy act limiting the amount to $6 a day would prevail. There was some question in the minds of the House conferees as to whether or not there might be some controversy over this later on, for the reason that the appropriation, as the gentleman will notice, refers back to the authorizing resolution, and in the authorizing resolution it was expressly stated that all acts pertaining to per diems should be waived in so far as this particular appropriation is concerned.

Mr. SNELL. That is the way I remember it.

Mr. BYRNS. So at the instance of the House conferees there has been inserted in this appropriation a provision which will make it absolutely certain that the provisions of the economy act relating to per diem will prevail in this instance and the amount will not exceed $6 a day.

Mr. DYER. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. DYER. Will the gentleman tell us whether or not all the expenditures of this commission are audited by anybody or passed upon by the State Department or does the Comptroller General have anything to say about it?

Mr. BYRNS. They are audited by the State Department and, of course, expended under its direction. Then, of course, after the expenditures are made, or possibly in advance, the Comptroller General audits them. So they go through the regular course of audit.

Mr. DYER. I will say to the gentleman from Tennessee that we all have such implicit confidence in him that to my mind it seems strange that the gentleman would agree in conference to an additional appropriation for something for which we have already expended a lot of money and for which we have received no compensation in return, in any way, directly or indirectly. I do not believe the commission is over there to accomplish anything, but to have a good time at the expense of the taxpayers, which in these days, in my judgment, is quite contrary to what we ought to be doing.

Mr. BYRNS. May I say this to my good friend, that I was as reluctant to agree to the increased appropriation as the gentleman himself. But here is the situation in which we find ourselves. We agreed to participate in this conference. A great many nations met with a view to cut down disarmaments, if such a thing is possible, and we hope it will be.

The conference has not been concluded; they are to resume their session. It would be rather singular if our Government after participating in it and having expended $300,000 should suddenly withdraw and refuse to have anything further to do with it.

The next administration, I am sure, will feel like doing what it can to secure a general disarmament agreement; at least it ought to have the opportunity if it wishes to do so, of carrying on. The House conferees felt very much as the gentleman from Missouri felt, but it felt there was nothing else to do except to make the appropriation.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. Are not these the facts? The authorizing resolution that was first passed in the House for this conference authorized an appropriation of $450,000.

Mr. BYRNS. The estimate was $415,000.

Mr. BLANTON. But the gentleman will remember that the resolution that passed the House, the authorizing resolution, authorized $450,000 to be appropriated, and when the matter went to the gentleman's committee he very properly cut it down $60,000, leaving $390,000 appropriated in the bill. Then that went to the Senate, and finally $300,000 was allowed.

Mr. BYRNS. That is a fact.

Mr. BLANTON. The gentleman and his committee then found out that the members of this conference had arranged to use big fine " palaces of the seas " in coming back, the finest and biggest boats they could get, and the gentleman thought that they ought to use the regular liners. Is not that so? And the gentleman helped cut that down. The committee, both in the House and the Senate, gave the State Department to understand that they must not expend more than the $300,000.

Mr. BYRNS. That is true.

Mr. BLANTON. The members of this conference paid high salaries to its numerous employees—15 in one class and 2 or 3 in another class—a list of which I printed in the RECORD the other day, after we had given notice not to expend more than $300,000 they are spending more and asking for another $150,000.

Now, is there any way to get a vote on that except to vote the whole conference report on the entire deficiency bill up or down?

Mr. BYRNS. None in the world that I know of.

Mr. BLANTON. The gentleman's committee has not voted on the $150,000, but it has been put in in conference.

Mr. BYRNS. That is true.

Mr. BLANTON. Can not the gentleman give us a separate vote on that matter?

Mr. BYRNS. There is only one way to do it, and that is to vote the conference report up or down.

Mr. BLANTON. I would like to vote against this additional $150,000, because they are going to spend and waste it and are liable to involve our Government in serious foreign complications. We ought to bring them home right now and keep them home for a while.

Mr. BYRNS. Let me make a statement, which is largely a repetition of what I have already said. We find ourselves in this position. Regardless of what my good friend may have felt as far as the conference is concerned, we

agreed to participate in it. Congress finally made an appropriation of $300,000 for that purpose. They spent many months there. They might have got along with fewer commissioners perhaps, but I do not know about that. The gentleman from Texas may be entirely correct.

But, at any rate, they expended the $300,000 and the conference adjourned. They are going to resume that conference. It was a question of making an additional appropriation or having the United States Government withdraw from the conference upon the ground that it either did not have the money or was not willing to spend the money. They need $13,000 from now until March 4. Not knowing, of course, what attitude the next administration is going to take, your committee felt it was only fair to give the next administration the sum of $137,000 so that it can participate or continue to participate in that conference if it desires to do so. If we do not do that, we step down and out, and I imagine that the conference will prove a failure and, of course, the world will say it was because the United States Government cut itself out of the conference, and by so doing possibly prevented some disarmament agreement. I am as much interested in economy and in the saving of money as anybody could possibly be, but I believe it is only the fair thing to do to give the incoming administration this sum of money and then permit the administration to exercise its judgment as to how it shall be expended or how much of it. That is the whole story.

Mr. DYER. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. DYER. And they can expend it in any way they want to, can pay any kind of salaries they feel proper to pay, and Congress will have no control of it, and the Comptroller General will have no control of it. It seems to me that that is a bad way to do business.

Mr. BYRNS. The original sum of $300,000 was appropriated in the same manner that this is being appropriated. I am not speaking now as a Democrat but simply as a Member of the House when I say that in the light of what has occurred and the pledges of the next administration I feel quite sure that the next administration will be just as economical as it can be in the distribution of this fund. If there was no reason to put a limit on the fund of $300,000 a year ago, there is certainly no reason for putting a limit upon this fund now.

Mr. DYER. Was this a Budget estimate to the Senate?

Mr. BYRNS. Yes; it was.

Mr. McDUFFIE. Do the provisions of the economy act apply to this fund?

Mr. BYRNS. We have made it so.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. McFADDEN. I am not so much concerned about the amount of the appropriation or how it is going to be expended, but I am concerned that the United States is expending $150,000 for this very purpose. Some of us have been watching what this delegation has been doing at Geneva, and I am frank to say to the House, from my observation, that they have not accomplished anything except the further involvement of the United States in international affairs. I am concerned, secondly, in regard to this matter because the gentlemen who are directing this conference at Geneva and who propose to go into another huddle are now engaged in the work of the World Economic Conference, making up the agenda, which conference is to be held in London very shortly. There was sent to this House, at the same time this $150,000 appropriation came, an estimate for a like amount to cover the expenses of the world conference at London. As to this World Economic Conference at London, I am sincerely hoping this Congress will not bind itself, but by voting for this appropriation you are, because some of the same gentlemen are dealing with the preparation of the things that will be discussed at London. I am against this appropriation, further, for the fact—and I do not intend to speak for the Democrats—that this is binding an incoming administration to present policies of international entanglements and for that reason I think serious consideration should be given to the voting down of this conference report.

Mr. BYRNS. The gentleman is talking about water which has already passed over the dam. Congress last year by regularly authorized resolution decided that it would participate in this conference.

Mr. McFADDEN. Yes; but nothing has been accomplished.

Mr. BYRNS. And as the gentleman from Texas [Mr. BLANTON] has said, agreed that $450,000 might be expended for that purpose. That resolution was considered, it was discussed on the floor of the House, and after due consideration the House and the Senate adopted the resolution. It was signed by the President. In that resolution we agreed to participate in that conference, and $300,000 was appropriated for that purpose later on in the appropriation bill. We began the conference. If the House or the Congress wishes to withdraw, it has that right, but I think it ought to be done through a repeal of the authorizing resolution rather than by strangling the conference, so far as we are concerned, putting ourselves in the rather humiliating position of participating in a conference until it was practically finished and then suddenly stepping out. I do not know what the next administration will do, but I do think that it is only fair to give the next administration this $137,000 so that it will be in a position to act if it feels that anything can be accomplished.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield to me for a further observation?

Mr. BYRNS. Yes.

Mr. McFADDEN. I say to the gentleman and to the House that for the past two weeks the gentlemen who are going to convene at Geneva under the authority of this appropriation, have been engaged in Geneva in the quarters of the League of Nations, in the preparation of this agenda which is to be discussed at the London conference. This is part of a movement by the League of Nations, of which the United States is not a part. The gentlemen who are going to represent the United States at this conference are internationalists, who believe in the United States joining the League of Nations and the World Court. This is all a step to that general development, which is soon to take place, if we continue to authorize conferences like this.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. PATMAN. I invite the attention of the gentleman to the fact that the international bankers in New York would like to see the countries of the world go back to the gold standard. Many of the countries of the world who are off the gold standard owe the United States a considerable sum of money. Now they are openly advocating that we cancel the war debts if those countries will agree to go back on the gold standard.

I invite your attention to an article that appeared in the New York Times of last Sunday. It reads:

> The gold standard linked with war-debt issue. Our interest in Great Britain's return to stabilized pound is suggested as bargaining point with London. Money of 30 nations involved.

They want 30 nations to return to the gold standard if we will cancel the war debts amounting to $11,000,000,000.

> World Economic Conference will deal with many problems in which welfare of the United States is concerned.

The article is written by one of the staff reporters for the New York Times. It concludes by saying:

> In such a situation we would wish Britain to return to the gold standard. In the war-debt claim on Britain we have a good card to play.

In other words, they are saying: "Let us have this economic conference; let us send our representatives over there and let us tell those countries which are off the gold standard that if they will go back on the gold standard, although the United States and France own practically all the gold in the world, we will cancel the debts that those foreign countries owe us."

I think that should be considered in connection with this appropriation. We should not make this appropriation un-

less we have an understanding that the question of canceling the debts will not be considered in return for other countries going back on the gold standard.

Mr. BYRNS. This appropriation has absolutely nothing to do with the World Economic Conference. This relates to the Disarmament Conference which is held at Geneva. The World Economic Conference is a different conference, contemplated to be held in London, as I understand, and which is now dependent upon legislation that is pending before this House. If the House does not want a world conference, all it has to do is to vote down that resolution which authorizes it; but let us not confuse that with this appropriation. This appropriation relates to disarmament altogether and has nothing whatever to do with the matter to which the gentleman from Texas [Mr. PATMAN] refers.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. Is it not a fact that the other day the President of the United States sent his messenger here, and in one hand he brought us the President's recommendation for this $150,000 and at the same time in the other hand his messenger brought us the President's recommendation for another $150,000 for the World Economic Conference? They are twin babies, if the gentleman pleases. They go hand in hand. They were brought here at the same time. They were hatched up in the White House at the same time, in the same brain. I quite agree with the gentleman from Pennsylvania [Mr. McFADDEN] and the gentleman from Texas [Mr. PATMAN] that we ought to go slow on this matter, and I wish it were so that we could get a separate vote on this additional $150,000 and vote every bit of it down. Of course the only chance we have to vote now is to vote the conference report on the entire deficiency appropriation either up or down. We have no chance to vote on this separate matter, unless the gentleman from Tennessee gives us that chance.

Mr. DYER. The gentleman can ask unanimous consent to vote on that.

Mr. BLANTON. No; but I will call for a record vote on the conference report, which is our only way to express disapproval.

Mr. McFADDEN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. McFADDEN. These conferences are linked. As I recall, the American representative at the disarmament conference is Norman H. Davis. Mr. Davis has been here for the past three weeks conferring with the President of the United States and the President elect. Mr. Davis and our ambassador to Germany, Mr. Sackett, comprise the committee who are sitting in with the world conference committee at Geneva in preparation of that agenda. They are linked. They can not be separated. This is a plan conceived by the League of Nations and the Bank of International Settlements under the dictation of Great Britain. I say we should not vote this appropriation at this time or permit any further entanglements in the international situation. The papers are full of what the League of Nations is being asked to do. Our ambassador in London, Mr. Mellon, only yesterday had a conference with Sir John Simon in regard to what the League of Nations should do and should not do in the present Japanese-Chinese situation. Shadows of war in the Far East are involving the League of Nations. The statement to-day of our State Department further involves us in the Far East, and here now we are asked by an appropriation to authorize further involvement. We should vote down this whole appropriation and give notice that from this time on we are not going to participate any further in these world entanglements, whatever conferences they may have.

Mr. BYRNS. I am sorry to disagree with the gentleman. I think the gentleman should have made that speech when the original resolution was here, authorizing this appropriation. I do not want any Member of the House to vote against this report or for it with the idea that it has any relation whatsoever to the World Economic Conference. This relates solely and alone to the disarmament conference and has nothing to do with the World Economic Conference, which, I understand, will come before the House later on in the way of legislation and not on an appropriation bill. At that time all the arguments which my good friends have made in opposition can be taken up.

Mr. FISH. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. FISH. I came in a little late. I want to see if I understand this. This appropriation is for the disarmament conference, as I understand. Is this to pay for the expenses of the delegates?

Mr. BYRNS. All additional expenses; yes.

Mr. FISH. I wish to bear out what the gentleman from Tennessee has so ably said to the House. Both of these matters came before the Committee on Foreign Affairs, and that committee conducted hearings, and the entire matter was discussed. The limitation of armaments conferences has nothing to do with the World Economic Conference. The invitation for the economic conference specifically excludes consideration of the war debts. The gentleman from Texas [Mr. PATMAN] ought to know that. But this is a separate matter.

Furthermore, I am sure that 99 per cent of the American people want us to attend this conference to see if we can not reach a further means of limiting armament, particularly naval armament, on a proper and safe basis, and I agree with the gentleman from Tennessee whole-heartedly on this matter.

Mr. PATTERSON. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. PATTERSON. Mr. Speaker, I feel there is a great deal of force in what the gentleman from Tennessee has said with regard to this matter. After both branches of the United States Congress passed the bill and the President signed it and we have participated in this disarmament conference, to withdraw from it at the last minute, I think, would create a bad impression. I do not believe we can afford to withdraw at this time, for to do so might open to question our sincerity toward armament reduction, and surely armament reduction is needed if it can be brought about reasonably and safely.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Briefly, not for a speech, but for an inquiry.

Mr. McFADDEN. Mr. Speaker, regardless of what the gentleman from New York has said, and I recognize he is a member of the Committee on Foreign Affairs, I wish to say that war debts, disarmament, and the economic conference are all involved; and I again point to the fact that the gentlemen who are representing us on the disarment conference are the same gentlemen who are preparing the agenda for the economic conference in London. I call attention also to the fact that Great Britain and the other countries propose to discuss war debts at the coming economic conference to be held soon in London.

Mr. BYRNS. Mr. Speaker, I think we have had enough speeches on this subject. Let me make this brief statement now with reference to what this conference report carries.

The amount of the bill as it passed the House is $31,421,520.57.

The amount of the bill as it passed the Senate carried $31,761,535.72. In other words there was added by the Senate the sum of $340,015.15.

The bill as agreed upon carries $31,756,535.72.

The principal items added to the House bill are as follows: Senate expenses, $94,040; inaugural expenses, $35,000; disarmament conference, $150,000; judgments and authorized claims, $55,975.15; the amount of the Budget estimates was $44,138,764.14.

The bill is less than the Budget estimate in the sum of $12,382,228.42.

Mr. Speaker, if there are no further inquiries I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 92, noes 11.

Mr. BLANTON. Mr. Speaker, I object to the vote because there is no quorum present, and I make the point of order there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 291, nays 61, not voting 74, as follows:

[Roll No. 143]

YEAS—291

Adkins	Crowe	Jacobsen	Ramseyer
Aldrich	Crowther	Jeffers	Ramspeck
Allen	Culkin	Jenkins	Ransley
Almon	Cullen	Johnson, S. Dak.	Rayburn
Amlie	Darrow	Johnson, Tex.	Reed, N. Y.
Andresen	Davenport	Kading	Reilly
Andrew, Mass.	Davis, Pa.	Kahn	Rich
Andrews, N. Y.	Davis, Tenn.	Keller	Robinson
Arentz	Delaney	Kinzer	Rogers, Mass.
Arnold	De Priest	Kleberg	Rogers, N. H.
Auf der Heide	DeRouen	Kniffin	Romjue
Ayres	Dickinson	Knutson	Sabath
Bacharach	Dickstein	Kopp	Sanders, N. Y.
Bachmann	Dieterich	Kunz	Schafer
Bacon	Dominick	Kurtz	Schneider
Bankhead	Doughton	Kvale	Schuetz
Barbour	Douglas, Ariz.	LaGuardia	Seger
Barton	Douglass, Mass.	Lambeth	Seiberling
Beck	Driver	Lanham	Selvig
Beedy	Eaton, Colo.	Lankford, Ga.	Shallenberger
Biddle	Eaton, N. J.	Lankford, Va.	Shott
Bland	Englebright	Leavitt	Shreve
Bloom	Erk	Lehlbach	Sirovich
Boehne	Eslick	Lichtenwalner	Smith, Idaho
Bohn	Estep	Lindsay	Smith, Va.
Boileau	Evans, Calif.	Lonergan	Smith, W. Va.
Bolton	Evans, Mont.	Loofbourow	Snell
Bowman	Fernandez	Lovette	Snow
Boylan	Fiesinger	Lozier	Somers, N. Y.
Briggs	Fish	Luce	Spence
Britten	Fishburne	McClintock, Ohio	Stafford
Browning	Fitzpatrick	McCormack	Stalker
Brumm	Flood	McDuffie	Steagall
Brunner	Foss	McKeown	Stevenson
Buchanan	Frear	McMillan	Stokes
Bulwinkle	Free	McReynolds	Strong, Kans.
Burch	French	Maas	Strong, Pa.
Burdick	Fuller	Major	Stull
Burtness	Gambrill	Maloney	Sutphin
Busby	Gavagan	Mapes	Swanson
Byrns	Gibson	Martin, Mass.	Swick
Cable	Gifford	Martin, Oreg.	Swing
Campbell, Pa.	Gilbert	Mead	Taber
Canfield	Goldsborough	Michener	Taylor, Colo.
Cannon	Goss	Millard	Temple
Carden	Granfield	Milligan	Thatcher
Carter, Calif.	Greenwood	Mobley	Timberlake
Cartwright	Gregory	Montague	Treadway
Castellow	Griffin	Moore, Ky.	Turpin
Cavicchia	Guyer	Moore, Ohio	Underwood
Celler	Hadley	Murphy	Vinson, Ga.
Chindblom	Hall, Ill.	Nelson, Me.	Vinson, Ky.
Chiperfield	Hall, N. Dak.	Nelson, Mo.	Warren
Christgau	Hancock, N. Y.	Nelson, Wis.	Wason
Christopherson	Hardy	Niedringhaus	Weaver
Clague	Harlan	Nolan	Weeks
Clark, N. C.	Hart	Norton, N. J.	West
Clarke, N. Y.	Hartley	O'Connor	White
Cochran, Mo.	Hastings	Oliver, Ala.	Whitley
Cochran, Pa.	Haugen	Oliver, N. Y.	Whittington
Cole, Iowa	Hawley	Overton	Wigglesworth
Cole, Md.	Hess	Owen	Williams, Mo.
Collier	Hill, Ala.	Palmisano	Williams, Tex.
Collins	Hill, Wash.	Parker, N. Y.	Williamson
Colton	Hoch	Parsons	Wingo
Condon	Hogg, Ind.	Partridge	Wolcott
Connery	Hogg, W. Va.	Patterson	Wolfenden
Connolly	Holaday	Perkins	Wolverton
Cooper, Ohio	Hollister	Pou	Wood, Ind.
Cooper, Tenn.	Holmes	Prall	Woodruff
Cox	Hooper	Pratt, Harcourt J.	Woodrum
Coyle	Hope	Pratt, Ruth	Wright
Crosser	Huddleston	Rainey	

NAYS—61

Allgood	Drane	Howard	Miller
Baldrige	Dyer	Johnson, Mo.	Mitchell
Beam	Ellzey	Johnson, Okla.	Montet
Black	Finley	Jones	Norton, Nebr.
Blanton	Fulmer	Ketcham	Parker, Ga.
Campbell, Iowa	Gasque	Lambertson	Parks
Chavez	Gilchrist	Lamneck	Patman
Crail	Glover	Larrabee	Pettengill
Cross	Green	Ludlow	Pittenger
Dies	Griswold	McClintic, Okla.	Polk
Dowell	Haines	McFadden	Ragon
Doxey	Hare	McGugin	Rankin
Sanders, Tex.	Swank	Taylor, Tenn.	Underhill
Sinclair	Sweeney	Thomason	Wood, Ga.
Sparks	Tarver	Tinkham	Yon
Summers, Wash.			

NOT VOTING—74

Abernethy	Freeman	Kelly, Pa.	Reid, Ill.
Boland	Fulbright	Kemp	Rudd
Brand, Ga.	Garber	Kennedy, Md.	Sandlin
Brand, Ohio	Gillen	Kennedy, N. Y.	Shannon
Buckbee	Golder	Kerr	Simmons
Carley	Goodwin	Larsen	Stewart
Carter, Wyo.	Hall, Miss.	Lea	Sullivan, N. Y.
Cary	Hancock, N. C.	Lewis	Sullivan, Pa.
Chapman	Hopkins	McLeod	Sumners, Tex.
Chase	Hornor	McSwain	Thurston
Clancy	Horr	Magrady	Tierney
Cooke	Houston, Del.	Manlove	Watson
Corning	Hull, Morton D.	Mansfield	Welch
Crump	Hull, William E.	May	Wilson
Curry	Igoe	Morehead	Withrow
Disney	James	Mouser	Wyant
Doutrich	Johnson, Ill.	Peavey	Yates
Drewry	Johnson, Wash.	Person	
Flannagan	Kelly, Ill.	Purnell	

So the conference report was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Kerr with Mr. Wyant.
Mr. Boland with Mr. Reid of Illinois.
Mr. Lea with Mr. Doutrich.
Mr. McSwain with Mr. McLeod.
Mr. Carley with Mr. Kelly of Pennsylvania.
Mr. Moorehead with Mr. Buckbee.
Mr. Stewart with Mr. Carter of Wyoming.
Mr. Gillen with Mr. Purnell.
Mr. Wilson with Mr. Hopkins.
Mr. Abernethy with Mr. James.
Mr. Kelly of Illinois with Mr. Yates.
Mr. Brand of Georgia with Mr. Johnson of Washington.
Mr. Mansfield with Mr. Magrady.
Mr. Rudd with Mr. Clancy.
Mr. Flannagan with Mr. Manlove.
Mr. Lewis with Mr. Brand of Ohio.
Mr. Corning with Mr. Peavey.
Mr. Sullivan of New York with Mr. Curry.
Mr. Horner with Mr. Sullivan of Pennsylvania.
Mr. Tierney with Mr. Goodwin.
Mr. Sumners of Texas with Mr. Watson.
Mr. Hancock of North Carolina with Mr. Houston of Delaware.
Mr. Shannon with Mr. Withrow.
Mr. Kennedy of Maryland with Mr. Johnson of Illinois.
Mr. Cary with Mr. Thurston.
Mr. May with Mr. Mouser.
Mr. Chapman with Mr. Chase.
Mr. Larsen with Mr. Person.
Mr. Kemp with Mr. Freeman.
Mr. Crump with Mr. Cooke.
Mr. Kennedy of New York with Mr. Welch.
Mr. Sandlin with Mr. Morton D. Hull.
Mr. Igoe with Mr. Horr.
Mr. Hall of Mississippi with Mr. Golder.
Mr. Drewry with Mr. Garber.
Mr. Disney with Mr. William E. Hull.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

QUESTION OF PRIVILEGE

Mr. McFADDEN. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Pennsylvania rise?

Mr. McFADDEN. Mr. Speaker, I rise to a question of constitutional privilege.

The SPEAKER. The gentleman will state it.

Mr. CHINDBLOM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CHINDBLOM. Mr. Speaker, I have a recollection that there are a number of privileges of the House which may not be exercised while a conference report is under consideration. I desire to submit the inquiry whether the consideration of the conference report may be interrupted by this proceeding.

The SPEAKER. The conference report has just been agreed to.

Mr. BYRNS. But there is an amendment pending.

Mr. CHINDBLOM. Consideration of the matters in the conference report has not been concluded because the conference report states that the conferees have not agreed upon one amendment, and consideration of that amendment is a part of the conference report.

The SPEAKER. The conference report has been agreed to, but the amendment in disagreement has not been acted

upon. It is the understanding of the Chair that a question of constitutional privilege may intervene between the agreement to the conference report and consideration of an amendment in disagreement. There is a hiatus there when the conference report has been agreed to and the House may go on, indefinitely, without considering the amendments in disagreement.

Mr. CHINDBLOM. May I suggest to the Chair that the amendment in question is included in the conference report to the extent that the conferees report to the House that they have been unable to agree or have not agreed upon the amendment. Of course, it comes up as a part of the conference report. If it is not a part of the conference report, I respectfully submit to the Chair it has no privilege whatever and may not be called up at all except under a special rule or until reached on the calendar.

The SPEAKER. The Chair is inclined to think that the philosophy of the rule would be that the conference report having been disposed of, the other question with respect to completing the consideration of the report may be delayed a day or two days if the House is disposed to do so and, in the meantime, a question of constitutional privilege can intervene.

Mr. CHINDBLOM. May I add the further suggestion to the Chair that that might well be so if the gentleman in charge of the conference report waived his right?

Mr. BYRNS. Of course I do not do that.

The SPEAKER. Let the Chair call the attention of the gentleman from Illinois to the rule with respect to questions of privilege:

Questions of privilege shall be, first, those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings; second, the rights, reputation, and conduct of Members individually, in their Representative capacity only, and shall have precedence of all other questions, except motions to adjourn.

It seems to the Chair this language is clear and that a question of constitutional privilege is undoubtedly in order at any time and only a motion to adjourn could interfere with it.

Mr. BYRNS. Mr. Speaker, in view of the ruling of the Chair, I would like to make this appeal to the gentleman from Pennsylvania [Mr. McFADDEN].

This conference report has to go back to the Senate for approval. The report carries with it $625,000 for the relief of the unemployed and the suffering here in the District of Columbia. I do not know how long it will take to dispose of this single amendment, but, of course, it will not take more than one hour at the outside. I wonder if the gentleman from Pennsylvania will not withhold his question of privilege until we get through with this amendment and dispose of it and send it back to the Senate in order that the Senate may act upon it.

Mr. McFADDEN. Mr. Speaker, I will be very pleased to withhold the matter.

FIRST DEFICIENCY BILL

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Amendment No. 12: Page 13, line 8, after the word "each," insert "*Provided*, That no refund or credit of any income or profits, estate, or gift tax in excess of $5,000 shall be made after the enactment of this act until a report thereof giving the name of the person, corporation, or partnership to whom the refund or credit is to be made, the amount of such refund or credit, and all the facts and papers in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation and action thereon taken by said committee. The said committee or its duly authorized staff shall have full access to all the papers and shall examine into and pass upon the case de novo, and no refund or credit shall be made until the Joint Committee on Internal Revenue Taxation or its duly authorized staff shall have so passed on such refund, fixed the amount thereof, and made its report to the Commissioner of Internal Revenue; and no refund shall be made without the approval of said committee or its duly authorized staff."

Mr. BYRNS. Mr. Speaker, I move that the House recede from amendment No. 12 and concur with the following amendment.

The Clerk read as follows:

Mr. BYRNS moves that the House recede from its disagreement to Senate amendment No. 12 and agree to the same with the following amendment: In lieu of the matter inserted by such amendment insert "*Provided*, That no refund or credit of any income or profits, estate, or gift tax in excess of $20,000 shall be made after the enactment of this act until a report thereof giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation and action thereon taken by said committee. The said committee or its duly authorized staff shall have full access to all the papers and shall examine into and pass upon the case, and no refund or credit in excess of $20,000 shall be made until the Joint Committee on Internal Revenue Taxation shall have so passed on such refund or credit, fixed the amount thereof, and made its report to the Commissioner of Internal Revenue; and no refund or credit in excess of $20,000 shall be made without the approval of said committee. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction over the subject matter, or a decision of the United States Board of Tax Appeals, which has become final."

Mr. BYRNS. Mr. Speaker, I do not know whether there is going to be any serious opposition to this amendment or not. I presume my good friend from Indiana is against it because he opposed it in the conference committee. I wonder if the gentleman wants any time?

Mr. WOOD of Indiana. I would like to have an hour. How much time will the gentleman give me?

Mr. BYRNS. I have an hour and I am entirely willing to yield half of that time to the gentleman from Indiana to be used by him or to be yielded to those in opposition.

Mr. WOOD of Indiana. This is a question of such importance that I think more than an hour might well be taken. Quite a number of Members on this side desire to speak. I think I am entitled to an hour.

Mr. BYRNS. The gentleman is if I do not move the previous question.

Mr. WOOD of Indiana. I hope the gentleman will not invoke that.

Mr. BYRNS. I do not intend to be unreasonable. Suppose we extend the time to an hour and a half, one-half to be controlled by the gentleman from Indiana and one-half by myself, and at the end of that time the previous question to be considered as ordered?

Mr. WOOD of Indiana. That would be satisfactory to me.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that debate on the proposed amendment and all amendments thereto close in one hour and a half, one-half of the time to be controlled by the gentleman from Indiana and one-half by myself, and at the end of that time the previous question to be considered as ordered.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that debate on this amendment and all amendments thereto close in one hour and a half, one-half of the time to be controlled by the gentleman from Indiana and one-half by himself, and at the end of that time the previous question shall be considered as ordered. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, the Senate adopted an amendment to the deficiency bill, which appears on page 13, line 8, known as the McKellar amendment, relating to tax refunds.

The amendment adopted by the Senate provides that in all cases where it was proposed to refund to the amount of $5,000 or more the cases should be sent to the Joint Committee on Revenue Taxation, composed of Senators and Representatives, for consideration by that committee and its official staff; that that committee should consider the cases de novo; and that the refunds should not be made unless they were approved in specific sums by that committee.

You gentlemen, of course, are familiar with the fact that under the present law only those refunds amounting to $75,000 and over are sent to that committee.

Mr. BRIGGS. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BRIGGS. Then the only effect of this Senate amendment was to reduce the amount they are required to pass upon from $75,000 to $5,000?

Mr. BYRNS. That is one thing; but it involves much more than that. It not only involved reducing the amount from $75,000 to $5,000 but it went farther. It provided that the cases should be considered de novo.

We are all familiar with what that means. It means that the committee would be required to investigate these cases from the beginning, and in effect set up a second internal-revenue bureau here on the Hill and impose on this committee the necessity in every case of sending some auditor to the concern or the individual who is seeking the refund, to look over his books and investigate it from the beginning.

It also provided that all of the papers should be sent up here to this committee. Your committee had an extended conference with the Senate conference committee. We were told, as we all know, that this matter was under discussion in the Senate for the greater part of three days, I think, and we were reminded of the fact that two-thirds of the Senate had approved the amendment as it was adopted and as it appeared in this bill. It was insisted, therefore, that since two-thirds of the Senate had expressed its support of the amendment on a roll call, of course, the House should yield.

Personally I believe there ought to be a change of some kind in existing law. I don't believe that a taxpayer should be subjected altogether to the decision of some income-tax inspector who is appointed by reason of his civil-service status, rather than because of his experience and knowledge of business in general. While that is not involved in this amendment, I think one of the greatest injustices that sometimes occur from the present form of the law is that business concerns frequently find themselves confronted with what is known as jeopardy assessments, that is, an assessment which is imposed and which is registered in the office of the county register, upon the theory that the taxpayer is disposing of his property for the purpose of evading his tax. I think we ought to safeguard not only the Government but the taxpayer also. As I say, that is not involved in this amendment.

Mr. BRIGGS. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BRIGGS. The gentleman spoke of setting up another income-tax bureau on Capitol Hill. Why could not the facilities of the Board of Tax Appeals be utilized for these matters just as they are utilized in so many other matters involving this very question between the taxpayer and the Government?

Mr. BYRNS. Of course that is the contention made by those who are opposed to this amendment. I am not altogether in accord with the gentleman as indicated by his question. I think the committee of Congress should be given some authority, and I did not want to be understood as saying that I am opposed to the adoption of the amendment as proposed in the amendment which I have sent to the Clerk's desk. I see no reason in the world why this Joint Committee on Revenue Taxation should not be provided with a proper staff to enable it to look into these tax refunds before they are paid.

There has been a great deal said on this floor and in the newspapers about the manner in which these taxes have been refunded. I am not here to express any opinion one way or the other with reference to the charges that we have heard made, not only on the floor of Congress but have frequently seen in the newspapers; but I do say that there is a feeling in the country, which I think is entirely justified, that there ought to be a little more scrutiny given to claims for the refund of taxes.

Mr. BRIGGS. I agree with the gentleman thoroughly.

Mr. BYRNS. And that is indicated by the fact that up to this time something like $4,000,000,000 of taxes which have been collected and paid into the Treasury have been returned to the taxpayers upon their application for a refund, and Congress has had no voice in the question of the return.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BRITTEN. The gentleman a few moments ago indicated that the original Senate amendment would set up in the Capitol another tax examining unit. Does not the gentleman's amendment do the very same thing, except in a slightly less degree? I personally have every confidence in the various boards now acting for the Commissioner of the Internal Revenue Department.

Mr. BYRNS. I think not.

Mr. BRITTEN. When you start examining refunds in excess of $20,000, you will have to treble, probably increase tenfold, the number of clerks and accountants that are now attached to this congressional auditing unit, as I see it, and if I am incorrect, I would like to have the gentleman inform me.

Mr. BYRNS. I think the gentleman is entirely incorrect. My statement as to a second internal revenue bureau was based on the language which was employed in the Senate amendment, which required this joint committee to investigate these cases de novo. This amendment which I propose, and which I may say has been agreed to by the Senate conferees, although some of the House conferees are not in favor of it, strikes out the words "de novo" and provides that the Internal Revenue Commissioner shall send to the joint committee all the facts, including the name of the taxpayer applicant, his address, and everything upon which his bureau acted in ordering the refund, and also give full access to all papers connected with the case. In the Senate amendment it was provided that all those papers should be sent up here to the Capitol, and the gentleman can understand that in some of these cases the papers would fill a bookcase and sometimes several bookcases.

Of course, we thought it would be much better to make them accessible down there in the Treasury Department for the official staff of this committee to look over rather than to have them carted up here, especially when we were told that no Internal Revenue Commissioner would consent to those papers leaving his bureau without retaining a certified copy of every paper which was sent to the Capitol. That is one change that is made. I am told that even had the amendment passed with the limit as low as $5,000 it would have required only 30 additional employees. It will require much less under the proposed amendment.

Mr. BRITTEN. I am not thinking so much of the language as I am of the amount that is specified. Of course, for a joint congressional committee to investigate every refund in excess of $5,000—and they would run up into the hundreds of thousands—would be ridiculous. It would require a force on Capitol Hill covering 500 or 600 clerks and accountants in all probability. It will positively delay settlements of pending claims, and in so doing cost the Treasury a lot of additional interest. That apparently is unimportant, but the taxpayer must wait until this political committee on Capitol Hill has satisfied itself concerning his refund.

It would be necessary to establish a super internal revenue department on Capitol Hill. But I was thinking of the amount. The amount, as carried in the gentleman's amendment, is increased from $5,000 to $20,000. I do not know how many thousand cases this amount is likely to promote before the joint congressional committee, but it is certain that a large number of accountants will have to be attached to this congressional committee at all times. There would have to be provided office room for them, such as we do not have now. It will undoubtedly require a hundred or more expert accountants to care for the claims over $20,000, and at a time when we should be thinking along lines of retrenchment rather than expansion of the Federal inquisitorial units.

Mr. BYRNS. Let me say this, which is a repetition of what I said a while ago, that there is a feeling throughout this country, whether justified or not, that many of these refund cases have not been given that consideration which ought to have been given to them before the money of the people was taken out of the Treasury and returned to the

claimant. They feel, and I think properly so, that in many of these cases there ought to have been a closer investigation made, and that the matter should not have been left to the decision of perhaps one individual. In the case of one great concern there were $90,000,000 of taxes returned to the taxpayer.

I think there ought to be set up some machinery which would enable the people of this country to know that more consideration is being given. Just think what a fine thing it would be if the Government had that $4,000,000,000 which has been refunded in the past few years.

Mr. TREADWAY. Will the gentleman yield for a question relating to the $4,000,000,000?

Mr. BYRNS. Yes; certainly.

Mr. TREADWAY. Is not the greater part of that $4,000,000,000 abatement the result of a certain amount of estate taxes being relevied in the States where the decedent died? In other words, the $4,000,000,000, as I understand it, involves the entire assessment against the estate, levied by the Federal Government, without consideration of the abatement that goes to the States under the 80 per cent clause of the law.

Mr. BYRNS. Well, the gentleman is a member of that committee and, of course, has more information on the subject than I have.

Mr. TREADWAY. Well, is that not correct?

Mr. BYRNS. My impression is that the gentleman is mistaken.

Mr. TREADWAY. I think I am absolutely right.

Mr. BYRNS. The most of the $4,000,000,000 represents money that has been paid in, in the form of income taxes, and then a claim has been set up by persons paying it in a year or perhaps five years, as in a number of cases, for a refund. Then after a certain investigation the refund is made, without any opportunity for Congress or any other person representing the people to have a voice in the question as to whether it should be done. That is all this amendment contemplates. There is nothing else contemplated by this amendment than that. Whenever a sum equal to $20,000 is found by the bureau to be due a taxpayer in the way of a refund, then that claim, with full notice and all the facts, should be sent to Congress, and the Congress through its regularly organized committee and its auditors should have an opportunity to look into it. And why not? We are the representatives of the people. In the last 10 years I have often thought we were the only representatives of the people who seemed interested in the Treasury of the United States. I think the people certainly would feel better and they certainly would have better protection if an amendment of this kind were adopted.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. TAYLOR of Tennessee. Has the gentleman any information as to just how many instances the joint committee has reversed the Internal Revenue Department under the existing law?

Mr. BYRNS. We had that information, but I do not seem to have it just now.

Mr. TAYLOR of Tennessee. I would like to have that information and also the amount.

Mr. BYRNS. They claim to have saved something over a million dollars, I am informed.

If this amendment is adopted to apply to refunds of over $20,000 there are only about 600 cases to which it will apply. There will not be exceeding 30 additional auditors required in order to go over these additional cases. It does seem to me, where millions are involved, we ought not to quibble over the fact that a few additional employees will be necessary in order to see that the Government is treated fairly in the refunding of income taxes.

I reserve the balance of my time, Mr. Speaker.

Mr. WOOD of Indiana. Mr. Speaker, I was opposed to the amendment known as the McKellar amendment added to this bill in the Senate. I am equally opposed to the proposal made by the gentleman from Tennessee [Mr. BYRNS] as a substitute. As far as injury is concerned, it occurs to me that it is not remedied by the proposal of the gentleman from Tennessee [Mr. BYRNS]. The original Senate amendment, the McKellar amendment, provided that an examination could be made de novo; that this committee, or its staff, might go clear back to the beginning of things, go back and examine the books of the taxpayer. They can do it yet under the proposed amendment, for under the proposal of the gentleman from Tennessee it is provided that these investigators shall have charge of and access to all papers. The foundation upon which tax returns are made is the books of the taxpayer, so that they can go back there again. It sets up a new and independent department of the Internal Revenue Department. If it is going to become a law, we should abolish the Internal Revenue Department as now constituted, in order to save expense, in order to save all sorts of quarrels and trouble, for the auditors up here will be in constant conflict with the gentlemen down there. If the amendment offered by the gentleman from Tennessee [Mr. BYRNS] is defeated, I propose to offer something in its place, for the reason that this matter is of vital importance, not only to the Government but to the taxpayers. It is of such importance that the fullest consideration should be given it before any change in the existing plan is adopted. It is a matter that the Committee on Ways and Means, which is familiar with this question of taxation and the collection and refunding of internal revenue taxes, should have jurisdiction over, and no doubt that committee has given this very question very much attention already. For us to adopt this, without any consideration, without any hearing, without any light upon the subject at all other than you are getting to-day is unwise. It is absolutely impossible to enlighten this body in the short time that is given for the consideration of this matter. I say it is a crime not only against the Government but against every taxpayer in the Nation who has to do with the Internal Revenue Department.

If this proposal is defeated, I propose to offer an amendment, the substance of which is to authorize the joint committee now existing upon internal revenue taxes to make a study of this thing, to adopt a plan, if a new plan be needed, and to report to the Congress within 30 days after the convening of the next session of Congress.

Now, if my plan is adopted, I dare say if there are defects, if there are existing evils, they will be corrected after the evidence is heard and upon mature judgment.

My great objection to this bill is that it trespasses upon the executive branch of the Government. Our fathers, in their wisdom, provided three branches of the Government—the legislative, the executive, and the judicial. For a hundred years one of them was not permitted to encroach upon the other. I will admit that in these lax times encroachments have been made, but if the Constitution is to endure, if the fundamental principles of government laid down in that Constitution are to be preserved, it is pretty near time we drew the line against the trespassing of one branch of the Government upon the others.

Why do I say it is trespassing upon the executive department? It provides that the amount of refund shall be fixed by this committee. It delegates to the legislative body an executive function. In passing a criminal law we might as well say that the Congress, through its agency, shall enforce it, although it is purely an executive matter. We might as well say of every civil law we pass that Congress shall have the enforcement of the law. It is doing away with, if you please, not only the executive department, but encroaching upon the judicial department as well.

During the administration of Mr. Wilson the very identical question arose in the first session after the Republicans gained control of this body. I was in charge of the legislative, executive, and judicial appropriation bill at that time. When the bill went over to the Senate a proposal was submitted by a Senator providing that the Joint Committee on Printing should have absolute authority to say what should and what should not be printed by the executive depart-

ments. Mr. Wilson vetoed it. I desire your indulgence for a few minutes to call your attention to the reasons upon which he based his veto.

The veto message reads as follows:

To the House of Representatives:

I am returning without my signature H. R. 12610, "An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1921, and for other purposes."

I object to and can not approve section 8 of the bill, which amends section 11 of the act approved March 1, 1919, as follows:

"SEC. 8. That section 11 of the act entitled 'An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1920, and for other purposes,' is hereby amended by striking out the first proviso and inserting the following in lieu thereof:

"'*Provided*, That hereafter no journal, magazine, periodical, or similar Government publication shall be printed, issued, or discontinued by any branch or officer of the Government service unless the same shall have been authorized under such regulations as shall be prescribed by the Joint Committee on Printing, and such publications shall not contain any commercial advertisements: *Provided further*, That the foregoing provisions of this section shall also apply to mimeographing, multigraphing, and other processes used for the duplication of typewritten and printed matter, other than official correspondence and office records.'"

That section provides that no journal, magazine, periodical, or similar Government publication shall be printed, issued, or discontinued by any branch or officer of the Government service unless authorized under regulations prescribed by the congressional Joint Committee on Printing, and, furthermore, prohibits mimeographing, multigraphing, and other processes used for the duplication of typewritten and printed matter other than official correspondence and office records, unless authorized under such regulations of the congressional Joint Committee on Printing. Aside from the control over the printing, issuing, or discontinuing of periodicals or similar Government publications by the congressional Joint Committee on Printing, the obvious effect of this provision would be to give to that committee power to prevent the executive departments from mimeographing, multigraphing, or otherwise duplicating any material which they desire, and, in that way, power to determine what information shall be given to the people of the country by the executive departments. The committee apparently would have power, for example, to prevent even the making of carbon copies of anything other than official correspondence and office records. Without raising any constitutional question, I think that this section, which would give the congressional Joint Committee on Printing power to exercise censorship over the executive departments, is an encroachment on the functions of the Executive and incompatible with good government. I am in entire sympathy with the efforts of the Congress and the departments to effect economies in printing and in the use of paper and supplies, but I do not believe that such a provision as this should become law. I should also call attention to the fact that by its terms the section in question absolutely forbids mimeographing, multigraphing, and other duplicating processes in the executive departments (except as permitted by regulations established by the congressional Joint Committee on Printing), and thus imposes a flat prohibition against the exercise of executive functions.

If we are to have efficient and economical business administration of Government affairs, the Congress, I believe, should direct its efforts to the control of public moneys along broader lines, fixing the amounts to be expended, and then holding the executive departments strictly responsible for their use. This can be accomplished by the enactment of legislation establishing an effective budget system which I have heretofore urged. The Congress and the Executive should function within their respective spheres. Otherwise, efficient and responsible management will be impossible and progress impeded by wasteful forces of disorganization and obstruction. The Congress has the power and the right to grant or deny an appropriation, or to enact or refuse to enact a law; but once an appropriation is made or a law is passed, the appropriation should be administered or the law executed by the executive branch of the Government. In no other way can the Government be efficiently managed and responsibility definitely fixed. The Congress has the right to confer upon its committees full authority for purposes of investigation and the accumulation of information for its guidance, but I do not concede the right, and certainly not the wisdom, of the Congress endowing a committee of either House or a joint committee of both Houses with power to prescribe "regulations" under which executive departments may operate. Under section 8 of the bill, responsibility can not be definitely placed upon either the executive departments or the Joint Committee on Printing. It falls between them.

I regard the provision in question as an invasion of the province of the Executive and calculated to result in unwarranted interferences in the processes of good government, producing confusion, irritation, and distrust. The proposal assumes significance as an outstanding illustration of a growing tendency which I am sure is not fully realized by the Congress itself and certainly not by the people of the country. For that reason I am taking the liberty of pointing out a few examples of an increasing disposition, as expressed in existing laws and in pending legislative proposals, to restrict the executive departments in the exercise of purely administrative functions.

I do not care to discuss here the powers which previously have been conferred upon the congressional Joint Committee on Printing, as they have passed into law, but I do feel that it is proper to point to a few specific examples of the administrative authority exercised by the committee under existing law in order to indicate the incongruity and inconsistency that already exist and which would be accentuated and aggravated if section 8 of the bill under consideration were enacted into law. In this connection, I invite the attention of the Congress to a letter from the chairman of the Joint Committee on Printing to the Public Printer, under date of March 19, 1920, replying to a request from the latter for a ruling by the committee as to the application to certain printing of section 89 of the printing act of 1895, restricting the printing of reports, publications, and documents to 1,000 copies each. In the communication mentioned the Public Printer is "directed" to apply that section of the law in accordance with the "opinion" rendered by the chairman of the Joint Committee on Printing. To my mind, the opinion mentioned is nothing more or less than a direction to an executive officer in the performance of executive duties. The printing laws may give the congressional Joint Committee on Printing authority to make interpretations of the law, but if they do, I think it is a most unwise procedure and that the statute should be revised.

Another example of the exercise of administrative authority by the Joint Committee on Printing is to be found in a resolution adopted by that committee on April 2, 1920, prohibiting any person connected with any department of the Government from furnishing any publication for free distribution to any private individual, corporation, or agency, in lots to exceed 50 copies, "without first making application to the Joint Committee on Printing." The resolution reads as follows:

"*Resolved by the Joint Committee on Printing, under authority of section 11 of Public Act No. 314, Sixty-fifth Congress*, That no person connected with any department of the Government shall furnish any publication for free distribution to any private individual, corporation, or agency, in lots to exceed 50 copies, without first making application to the Joint Committee on Printing, giving the name of the person or agency desiring the same, the name of the publication, and the number of copies desired: *Provided*, That this regulation shall not apply to publications which are sold at a price to cover the cost of same: *Provided further*, That the clerk of the Joint Committee on Printing be instructed to furnish to each department of the Government and to the Public Printer a copy of this resolution with a request that the receipt of same be duly acknowledged."

I also invite attention to the creation by law of what is known as the Public Buildings Commission, consisting of two Senators, two Representatives, the Superintendent of the Capitol Buildings and Grounds, the officer in charge of public buildings and grounds, and the Supervising Architect or Acting Supervising Architect of the Treasury.

That commission, by law, is given—

"absolute control of and the allotment of all space in the several public buildings owned, or buildings leased by the United States in the District of Columbia, with the exception of the Executive Mansion and Office of the President, Capitol Building, the Senate and House Office Buildings, the Capitol power plant, the buildings under the jurisdiction of the Regent of the Smithsonian Institution, and the Congressional Library Building."

The commission possesses the absolute power to order the several executive departments and independent establishments out of any of the buildings which they occupy, and, as a matter of fact, has directed various branches of the public service to vacate or to occupy specified space. It is organized and operates as a congressional commission and appears in the Congressional Directory under the heading "Congressional Commissions and Joint Committees." The Senators serving upon it are appointed by the President of the Senate, the Representatives serving upon it are appointed by the Speaker of the House, while the other officials composing the commission are specifically named in the law. Its work, nevertheless, so far as it involves the allotting of space for administrative services and of ordering executive departments to move units into or out of Government owned or leased buildings, is distinctly executive in character.

My attention has been drawn to a pending legislative proposal of a similar character which I mention in this connection simply as a further illustration. When the bill which I am returning was under consideration in the Senate, an amendment was agreed to by the Senate, transferring the Bureau of Efficiency from the jurisdiction of the President to the jurisdiction of the Congress. That amendment was eliminated in conference but has reappeared in slightly changed form as a Senate amendment to the pending bill designed to establish a national budget system.

It is proposed to give that bureau more sweeping power of investigation than is usually conferred upon the committees of the Congress itself. It would function not as a committee of the Congress but as a bureau of the Congress, if such is permissible, with an officer of the Congress at its head. I do not here discuss the proposal in detail further than to cite it as another illustration of the tendency to which I invite attention.

In considering bills containing the provisions mentioned above, I was willing to overlook the objectionable features for the time being with the thought that they were designed as exceptional and temporary measures to meet unusual conditions. To permit such expedients to serve as precedents or accepted rules for legislation would, in my judgment, be most unfortunate and destructive of proper principles for the orderly and efficient management

of the Government's business. I feel very strongly that the authority carried in section 8 of the bill herewith returned should not be conferred upon a legislative committee and that the entire section should be stricken from the measure.

WOODROW WILSON.

THE WHITE HOUSE, *May 13, 1920.*

What does this amendment propose? It proposes, if you please, that an executive department, the Treasury Department, whose business it is to fix the amounts of these recoveries shall no longer perform that function, but that this committee shall perform that function in its stead. Therefore, I say that it is completely at variance with the Constitution. It is completely in opposition, and in direct opposition, to the provision of the Constitution which provides that neither of these branches of Government shall encroach upon the others.

This question has been before the Supreme Court a number of times. It was decided very lately by the Supreme Court in the case of Springer *v.* The Philippine Islands (277 U. S. 189). This is a case where the Philippine government was running a bank and also owned stock in a coal company. They delegated the authority to vote the stock in their concessions to a committee. Objection was raised and it was tried in the Federal court and held to be unconstitutional. The case came to the Supreme Court of the United States, and this court affirmed the lower court and held that they could not delegate any such power, that it was purely an executive function and that the legislature could not perform executive acts. I desire to call to your attention a portion of the syllabus:

5. Legislative power, as distinguished from executive power, is the authority to make laws, but not to enforce them or to appoint the agents charged with the duty of enforcing them. The latter are executive functions.

6. Not having the power of appointment, unless expressly granted or incidental to its powers, the legislature can not engraft executive duties upon a legislative office, since that would be to usurp the power of appointment by indirection.

7. The appointment of managers (in this instance corporate directors) of property or a business in which the government is interested, is essentially an executive act, which the legislature is without capacity to perform, directly or through its members.

8. Whether or not the members of the "board" or "committee" are public officers in the strict sense they are at least public agents charged with executive functions and therefore beyond the appointing power of the legislature.

The court in passing upon this question said:

It may be stated then, as a general rule inherent in the American constitutional system, that, unless otherwise expressly provided or incidental to the powers conferred, the legislature can not exercise either executive or judicial power; the executive can not exercise either legislative or judicial power; the judiciary can not exercise either executive or legislative power. The existence in the various constitutions of occasional provisions expressly giving to one of the departments powers which by their nature otherwise would fall within the general scope of the authority of another department emphasizes, rather than casts doubt upon, the generally inviolate character of this basic rule.

Legislative power, as distinguished from executive power, is the authority to make laws, but not to enforce them or appoint the agents charged with the duty of such enforcement. The latter are executive functions. It is unnecessary to enlarge further upon the general subject, since it has so recently received the full consideration of this court. (Myers *v.* United States, 272 U. S. 52.)

So, Mr. Speaker, I wish to impress upon the House that the principle involved in the motion now before us is a vital proposition transcending, if you please, away beyond the importance of the amendment itself.

Now, if we have no means whereby the Government can be protected in regard to these refunds, legislation can be had, and it should came in the regular way; it should not come upon an appropriation bill, where there is no time for consideration and where there is no time to delve into the facts.

I appeal to you for the protection of the Constitution of the United States, which provides that there shall be these three distinct branches of the Government, each independent of the other, that we should not take from one and add to the other. To do so is to violate the Constitution. It will involve lawsuits; it will go to the Supreme Court, no doubt, if it should receive the sanction of the President of the United States, and I dare say, while having no authority to speak his mind, that the President of the United States, in protecting the Constitution he is sworn to support, can not help but veto this bill that so palpably encroaches upon the executive branch of the Government, as this proposal does.

Now, as to its merits or demerits. It means delay, and delay upon delay. It means, if you please, confusion confounded.

It will take an army of additional employees; it will take an army of auditors; it will take an army of investigators; it will take an army of clerks to make this effective should it become law. So I say in our deliberations, gentlemen, let us devise a plan, if there is not one sufficient now, to protect the Government and the taxpayers of the country, and do it in an orderly way and not in violation of the Constitution.

Mr. Speaker, I yield back the remainder of my time.

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, after the explanation that the gentleman from Indiana [Mr. WOOD] has made relative to the unconstitutionality of this provision and the convincing argument he has made, it does not seem to me that we need go into this matter very much more in detail.

I want particularly, however, to call the attention of the House to the question of $4,000,000,000 in refunds. As I understand it, that amount is made up of two items, one consisting of abatements or mere bookkeeping adjustments, and the other consisting of refunds and credits which, of course, do affect Treasury outgo or receipts. However, refunds are constantly diminishing since the department has practically finished auditing the returns covering that most complicated tax, known as the excess-profits tax.

The first item, as I tried to point out to the gentleman from Tennessee, includes abatements that are made as a result of the 80 per cent credit clause in the Federal estate tax law. Where State inheritance taxes are paid, they must be credited against the Federal estate tax computed at Federal rates up to the full amount paid, provided it does not exceed 80 per cent of the tax computed at Federal rates. In other words, it is a mere matter of dividing the total levy between the Federal Government and the State governments. It is a matter of bookkeeping. There is not $4,000,000,000 involved in any particular whatsoever, and I want to reassert that the question of this readjustment between the States and the Federal Government brings about the figures that the gentleman from Tennessee referred to.

Mr. O'CONNOR. Will the gentleman yield?

Mr. TREADWAY. I have not much time left, but I will yield.

Mr. O'CONNOR. It is my recollection that at least $2,000,000,000 of the $4,000,000,000 is cash returned. The other is abatement or credit, but $2,000,000,000 is a sufficiently large amount.

Mr. TREADWAY. Two billion dollars is returned for the very reason that I am giving. The gentleman is only confirming what I am saying.

Now, as to the direct application of this so-called amendment to the conference report. Let us see where this report stops. If one reads the record of the Senate debate on this question, it is perfectly apparent that to a very large degree it is aimed at one large estate, the estate of the father of a governmental official who seems to get under the hide of some of our political opponents.

In addition to this the matter was not given serious attention in the Senate. The Senator who proposed it is not a member of the Finance Committee. He proposed various alternatives—that they should go to the Board of Tax Appeals, and that the amount should be $5,000 instead of $75,000—almost anything to get something to stick into this bill.

Let this matter be given careful consideration by the Committee on Finance and see where you will get. I always find that many of these amendments offered on the floor, with all due respect to my colleagues in the House, have not had

the careful and serious consideration that the subject deserves. That is where this amendment sprang from, the question of $20,000 instead of $5,000.

When the gentleman from Tennessee [Mr. BYRNS] proposes this unconstitutional provision whereby our committee will themselves set the amounts of the refunds, have we not pretty nearly got to begin a de novo proceeding and require a tremendous lot of investigation in order to be able to reach a conclusion which we can justify?

I submit that question to the gentleman from Tennessee.

The committee's technical staff has done good work under the present provision, which requires a review of refunds of over $75,000. In addition to that, my friends, this provision was not in the original law setting up the Joint Committee on Internal Revenue Taxation; it was a further function added to the work originally assigned to the committee under the revenue act of 1926. It came about subsequently through an amendment to an appropriation bill. Do not overcome a good job by adopting a slovenly amendment now that will spoil the whole provision in the present law.

Mr. WOOD of Indiana. Mr. Speaker, I offer a substitute motion for the motion of the gentleman from Tennessee, which I ask to have reported at this time.

Mr. CHINDBLOM. Mr. Speaker, for information I may say that when the Speaker put the question as to the unanimous-consent request made by the gentleman from Tennessee, he put it in substantially the following form: "That there be one hour and a half of debate upon the motion and amendments thereto and that at the end of the one hour and a half the previous question shall be considered as ordered."

Mr. BYRNS. Mr. Speaker, I should like to hear the amendment.

The SPEAKER pro tempore (Mr. BOEHNE). The Clerk will report the substitute motion.

The Clerk read as follows:

Mr. WOOD of Indiana moves that the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with the following amendment:

"In lieu of the matter inserted by such amendment insert: *Provided*, That the Joint Committee on Internal Revenue Taxation immediately upon the enactment of this act shall proceed with an investigation and study of the methods and procedure of the Bureau of Internal Revenue in respect of the abatement, credit and/or refund of any income, war profits, excess profits, estate or gift taxes for the purpose of determining the adequacy of such methods and procedure under existing laws and regulations for the proper protection of the interests of the Government of the United States and the expeditious and just consideration and settlement of claims and other questions involving the rights of taxpayers. The Joint Committee shall report to Congress within 30 days after the date of the convening of the next session their conclusions resulting from such investigation and study, and such recommendations for legislation in connection therewith as they may deem essential. The authority herein conferred, if the Joint Committee shall so determine, shall also embrace the audit of payments for the refund of any such taxes by the General Accounting Office."

Mr. BYRNS. Mr. Speaker, I do not understand the status of this proposition. If it is offered as an amendment, then I reserve a point of order against it. I do not think it is in order at the present stage of the proceedings. It may or may not be in order after the disposition of the amendment as offered, but, certainly, it is not in order now to offer this as a substitute.

The SPEAKER. Let the Chair call attention to the parliamentary situation. The gentleman from Tennessee called up an amendment in disagreement. Under the ordinary rules of the House the gentleman would be entitled to one hour with the privilege of moving the previous question. The gentleman from Tennessee asked unanimous consent that the time be extended to one hour and a half, one half to be controlled by the gentleman from Indiana [Mr. WOOD] and one half by himself, and at the end of that period the previous question should be considered as ordered. Under the parliamentary situation nothing can be considered until we dispose of this amendment.

Mr. CHINDBLOM. Will the Chair permit an interruption?

The SPEAKER. Yes.

Mr. CHINDBLOM. I dare say the stenographic notes will show that when the Chair put the unanimous-consent request, it was put in about this form: "That there be debate for one hour and a half upon the pending amendment and motions thereto, and at the end of the one hour and a half the previous question shall be considered as ordered." It may have been an inadvertence on the part of the Chair, but I took particular notice of it.

Mr. BRITTEN. Mr. Speaker, the language was—

On this amendment and all amendments thereto.

Mr. BYRNS. Mr. Speaker, even if it was put in that form, I do not think that of itself would be sufficient to override the rules of the House. I made a preferential motion to concur with an amendment. It seems to me, before any amendment can possibly be in order, the amendment which I have proposed should be voted upon. Then the question as to whether another amendment will be in order is a matter that can be taken up at that time. Personally, I think the proposed amendment is subject to a point of order because it is not germane to the proposition contained in the bill, but I do not think it is necessary to raise that point now.

Mr. CHINDBLOM. Mr. Speaker, the substitute offered by the gentleman from Indiana [Mr. WOOD] is also to the effect that the House recede and concur with an amendment, but the gentleman from Indiana substitutes language for that proposed by the gentleman from Tennessee [Mr. BYRNS].

The SPEAKER. As the Chair recalls the matter now, the Chair did say "the amendment and all amendments thereto." This is the recollection of the Chair at the present time; and if this was the unanimous-consent request, then the gentleman from Indiana could offer amendments within his 45 minutes of time, the previous question being considered as ordered at the expiration of the time fixed for debate.

As to the question of germaneness, of course, the Chair is not advised, because the Chair has not examined the amendment. Does the Chair understand that the gentleman from Tennessee makes a point of order against the amendment to the amendment on the ground it is not germane?

Mr. BYRNS. Yes, Mr. Speaker.

The SPEAKER. Will the gentleman from Tennessee examine the amendment and point out wherein it is not germane.

Mr. BYRNS. Mr. Speaker, the amendment, as it appears in the bill and as proposed in the amendment I have offered, makes no change in existing law except that where the Internal Revenue Commissioner shall have decided upon a refund, before it can be made, it shall be first sent to this committee and receive its approval. The amendment of the gentleman from Indiana makes no reference to refunds, further than the fact that an investigation shall be made and that, later on, this committee shall report a scheme or a provision relating to refunds. It seems to me there is quite a difference between the two amendments and the objects and purposes sought to be accomplished thereby.

Mr. STAFFORD rose.

The SPEAKER. The Chair will hear the gentleman from Indiana.

Mr. WOOD of Indiana. Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. STAFFORD. Mr. Speaker, the amendment of the Senate provides for an investigation by the Joint Committee on Internal Revenue Taxation of the refund and credit features of profits, estate and gift taxes. The amendment proposed by the gentleman from Tennessee is of rather similar import. It directs the Treasury Department to make a report to the Congress so that it may be investigated by the joint committee. The effect of the amendment offered by the gentleman from Indiana is to provide an investigation only and a report to Congress.

I am frank to say to the Speaker that I have a vague recollection, upon which perhaps the parliamentarian may cite the precedent to the Speaker, of a ruling made when a substantive piece of legislation was under consideration. I think it was some time back when, as the Speaker may

recall, General Grosvenor offered an amendment to have an investigation made of a certain legislative proposal. I am not certain about the ruling; but I recall the incident, and I am of the opinion that Speaker Cannon held it was a germane proposal to refer to a commission the investigation of a substantive proposition that was under consideration at that time, which was the investigation of some matters pertaining to immigration.

I have not had time to investigate the precedents. I have examined the Digest, but have not found the ruling. I remember distinctly the occasion, although I do not recall the ruling, where General Grosvenor, of Ohio, that old war horse, offered an amendment to refer the matter to a commission.

I believe that Speaker Cannon ruled that that amendment was in order.

Mr. BYRNS. May I call attention to one other fact, and that is that the amendment of the gentleman from Indiana puts additional duties on the Comptroller General. Anyway, it broadens the inquiry by extending it to the Comptroller General's office.

The SPEAKER. The amendment of the Senate is pretty clear. It is for the purpose of putting the power in the hands of a joint committee to determine the facts and to review the settlement for a refund or abatement or credit.

The amendment offered by the gentleman from Tennessee seeks to accomplish the same purpose, the only difference being a change in the amount of the refund and providing that the decision of the Board of Tax Appeals shall not be interfered with.

The amendment proposed by the gentleman from Indiana is for the substantive purpose of determining what law should be passed in the manner of taking care—if the Chair may use that term—of refunds, abatements, and credits. One is a substantive proposition as to the change of existing law, and the other is merely providing for an investigation for the purpose of determining what changes should be made in existing law.

The decisions are pretty uniform, as the Parliamentarian informs the Chair—the Chair not having had an opportunity to investigate—that the proposition to investigate as a substitute for substantive legislation, is not germane. Therefore, the Chair sustains the point of order.

Mr. WOOD of Indiana. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Speaker, this is a question that has received careful and prolonged consideration by the Ways and Means Committee in connection with the passage of the internal revenue laws. The Senate amendment proposes that the joint congressional committee and its staff shall have full authority to determine whether a refund or abatement or credit shall be allowed. The motion offered by the gentleman from Tennessee [Mr. BYRNS] takes out the authority of the staff to make a final determination, and to that extent is a vast improvement. The Senate amendment actually proposes that the working staff employed by the Joint Committee on Internal Revenue Taxation shall have power to determine finally whether a refund or credits should be allowed. At all events it is proposed, even by the pending substitute, that the final determination of this question shall be given to the joint committee as an agent of the Congress. Of course, that is an executive function, as has already been said; but, in addition to that, if Congress is to appoint an agency which shall pass on refunds, credits, and abatements when they have been recommended or granted by the Treasury Department, why should not the taxpayer have the same opportunity to go to this agency of the Congress and complain because the Treasury Department has refused him a credit or abatement or refund which he has sought to get? And why should not this agency of the Congress examine every return which is made to the Treasury Department with reference to taxes, because the Treasury Department, if it has a disposition so to do, can show favoritism, can do injustice by approving returns as they have been filed, and not assessing any additional taxes, just as well as by allowing refunds and abatements?

Mr. Speaker, this question involves the entire problem as to how returns of taxes to the Federal Government shall be handled. It relates not only to the question of refunds, abatements, and credits, but also to the examination and acceptance of returns in the first instance. It seems almost amazing that such a proposition as this should be here. The present system has been in vogue for many years, all these years since the income tax was enacted shortly before the World War. I now ask the membership on my right, the Democratic side, whether, after all these years, when you now have your own administration coming in, you will now cast a vote of lack of confidence in that administration before it takes office, by providing that it shall not have the authority or power which the Republican administration has had during all these years, and which the Wilson administration had during the early days of the income-tax period? Are you now going to say that you will take from the incoming administration, which is yours, all of the authority which has been exercised during all these years by both Republicans and Democrats? I think it is preposterous to say that the Congress of the United States, the Senators and Representatives, shall sit in review upon the administrative, executive functions of the Treasury Department.

Mr. HOCH. Mr. Speaker, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. HOCH. This amendment seems to be worded in the negative form. It provides that refunds above $20,000 shall not be paid without the approval of the joint committee and further states that the committee shall fix the amount. Suppose it increases the amount, would the department be under obligation to pay the amount fixed by the committee?

Mr. CHINDBLOM. I presume so; I do not know; but I do know this, that a taxpayer who is entitled to a refund or an abatement or a credit can be deprived of his just rights by mere nonaction or inaction on the part of the joint committee. The members of the joint committee leave Washington in the month of June usually and do not return until December. During all of that time who is going to pass on the actions of the Treasury Department? You do not permit the staff to do it, as the Senate provided in its amendment, but the joint committee must do it. And how? They must do it by joint action. There must be a meeting of the Senators of the Finance Committee of the Senate and of Representatives who are members of the Ways and Means Committee of the House to pass on the refunds; and if they do not act at all, the taxpayer loses his right. All they need to do is to go away for vacations or fail to meet.

Mr. BYRNS. Of course, the gentleman understands that the staff was eliminated due to the fact that some of us feel that Congress could not delegate its authority in that way.

Mr. CHINDBLOM. Certainly; but the august body which passed the amendment by a two-thirds vote and suspended its own rules in order to pass it evidently were of the opinion that the staff alone, without the committee, would be competent to act and should act in the absence of the joint committee.

Have you actually improved the Senate amendment? You have done away with the examination de novo, and that, in my opinion, makes the proposition worse than the Senate amendment, because under the Senate amendment the committee and its staff were required to examine the proposition from the beginning, de novo, and consider the whole matter. All the joint committee will need to do now is to look at the papers, and they may, upon the most cursory examination, reject the proposal.

Mr. CHIPERFIELD. In the gentleman's opinion, what right would any committee of Congress have to take any final action during a recess of the Congress?

Mr. CHINDBLOM. As far as that is concerned, this congressional committee is not acting during the sitting of the Congress in the ordinary sense. It is a joint committee, created by law, and I do not think the question of whether

the Congress is in session or not would make any difference. But we are proposing to take from the Treasury Department the entire control of the handling of these refunds.

There has been some discussion of the total amounts of these allowances. The gentleman from New York [Mr. O'CONNOR] said that $2,000,000,000 of the $4,000,000,000 refunded so far represent cash refunds and $2,000,000,000 represents credits, as I understood it.

Mr. O'CONNOR. That is substantially correct.

Mr. CHINDBLOM. The gentleman will remember that when the excess profits tax laws were passed, as well as the other income tax laws, during the war, they were passed with great speed out of the very necessity of the hour, and the taxpayers paid their money into the Treasury voluntarily and freely and on hastily made returns, with the understanding, as I know has been said by Commissioners of Internal Revenue who were in office at that time, that the returns would subsequently be thoroughly investigated and carefully audited by the Government.

They knew at the time that there were innumerable questions with reference to the income tax laws and excess profits tax laws which were not understood, even by the department itself. So large amounts were paid by taxpayers with a definite understanding that they would subsequently be audited and that refunds would be made.

Mr. O'CONNOR. Will the gentleman yield for a question?

Mr. CHINDBLOM. I yield.

Mr. O'CONNOR. In the income-tax refunds of the past years practically none of them pertain to the excess-profits tax.

Mr. CHINDBLOM. Unfortunately, it has been the information of the Committee on Ways and Means that the war taxes have dragged on and on, and settlements were not made of many of those taxes until within the last two or three years.

The SPEAKER. The time of the gentleman from Illinois [Mr. CHINDBLOM] has expired.

Mr. CHINDBLOM. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CHINDBLOM. Mr. Speaker, the Joint Congressional Committee on Internal Revenue Taxation was created by the revenue act of 1926. It received the status of a permanent establishment, and its functions were to study and report to the Congress on the operations of the internal revenue laws, and make such recommendations to the Congress from time to time as it might deem advisable. The revenue act of 1928 added to its duties the reception and examination of reports from the Commissioner of Internal Revenue of all cases of refunds or credits in excess of $75,000 and provided that no such refund or credit should be made until 30 days after the committee had received the report thereon. That act also required the joint committee to make an annual report to Congress of the cases submitted to it by the commissioner. This was the so-called publicity amendment, and the work under it has been entirely satisfactory. In its report submitted to the House on January 12, 1933, during the present session, the chief of staff stated:

> Taken as a whole, the refunds and credits have been open to little criticism, and, in our opinion, the Treasury Department and the Bureau of Internal Revenue are to be commended for their careful and fair determinations.

It is this staff to whom the Senate amendment would give complete and final authority to pass on refunds and credits of all income, gift, and estate taxes. Those who believe that the work of the Treasury Department should be reviewed by representatives of the legislative authority have a capable and dependable agency in the personnel of the staff of the joint committee, but such audit or supervision should not usurp the final constitutional jurisdiction of the executive authority.

Mr. BYRNS. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

SECRECY A BADGE OF FRAUD

Mr. PATMAN. Mr. Speaker, this amendment is a step in the right direction, but to my mind, as a matter of permanent policy, we should change the law relating to income-tax returns and the making of income-tax refunds. Our Government, as administered now, in so far as tax laws are concerned, is a government by secrecy. The income-tax payer makes his tax return in secret, and if the Government, through the Internal Revenue Bureau and the Treasury Department, should determine that a refund should be granted, the refund is made in secret. Taxes are collected in secret and refunded in secret. All taxes collected by cities, counties, and States are always collected subject to public inspection. The tax rolls of all municipalities I have mentioned are subject to public inspection. Some States have a provision in their tax laws where they provide that the income-tax returns are subject to public inspection. I understand the income-tax returns in Massachusetts are subject to public inspection. Secrecy is a badge of fraud, and there is no reason on earth why income-tax returns should be secret, and certainly when our Government collects billions of dollars in money and refunds billions of dollars in money, the taxpayers are entitled to know, they are entitled to find out, they are entitled to inspect for themselves and determine whether or not those refunds should have been made. We have a Joint Committee on Internal Revenue Taxation. That committee was authorized many years ago. Not so long ago I had occasion to try to examine one of these tax refunds. I discovered that although a taxpayer makes application for a refund involving hundreds of millions of dollars and that application is sent to the joint committee for approval, after it is approved by the Treasury Department, yet a Member of Congress is not permitted to see that application or see any of the papers in connection with the case. A Member of Congress is not permitted to determine for himself whether or not the refunds should be made.

The amendment suggested by the gentleman from Tennessee [Mr. BYRNS] states that where a refund or credit is given, where the amount involved is more than $20,000, the joint committee shall examine all papers and look into it for themselves; I do hope that the committee functions a little better than the committee has functioned in the past.

JOINT COMMITTEE NEVER MEETS

My information is that this Joint Committee on Internal Revenue Taxation has never had one single meeting except for the purpose of organization, and if there is a member of the committee on the floor of the House I invite him to deny that if it is not true. On the other hand, during the Mellon régime the chairman of that committee [Mr. HAWLEY] carried proxies for the other Republican members, and when the Secretary of the Treasury, Mr. Mellon, would send up a recommendation for a refund it could be very quickly granted, because Mr. HAWLEY had the proxies in his pocket of all of the other members of the committee—that is, the majority members of that committee—and he could authorize it right then and there, and the recommendation could go back to the Treasury immediately and be paid. The committee has not looked into these cases. It was impossible for them to take the time away from their work and away from their duties to inspect all books and papers in connection with the refunds. In one case there were 6 truck loads of papers and books in connection with a refund, involving over $100,000,000. This refund was granted.

ALL TAX REFUNDS MADE PUBLIC

Although this amendment is a step in the right direction, and I hope it is adopted, as a matter of permanent policy let us consider making all tax returns subject to public inspection, and I venture to say we will collect hundreds of millions of dollars a year more than the Government is now collecting. If one makes a mistake in his tax return, it is not likely that it will ever be known since the returns are secret.

PUBLIC INSPECTION

This is just a case of the investigators investigating the investigators, and as a matter of permanent policy it would not be right, although as an expedient in this particular case I hope the House adopts it. Certainly, whenever one makes application for a tax refund, any citizen of the United States, any taxpayer, should have the right to look into that for himself if he wants to look into it, and there is no reason when those returns come to that joint committee, why any Member of Congress should not look into it. But under the present law they are secret.

No taxpayer can examine applications for tax refunds and books in connection therewith, when a taxpayer is asking to have returned to him in some instances hundreds of millions of dollars. It is not right. There is only one sure way to cure it, and that is to make subject to public inspection all income-tax returns made to the United States Government.

The SPEAKER. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. BYRNS. Mr. Speaker, I yield seven minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, the subject of tax refunds has compelled my attention on several occasions. On July 12 of last year I discussed the subject on the floor, and on July 15 or 16 I placed in the CONGRESSIONAL RECORD a list of refunds, attempting to show, in conformance with the heading of my remarks, that the Republican campaign was financed out of the Treasury of the United States. Now, if this congressional committee had served no other purpose it certainly has rendered important service in affording an opportunity to discover the relation between campaign contributions and tax refunds. Last July I pointed out that in the 1928 campaign $477,000 had been contributed by 24 men who had been refunded $114,000,000 in taxes by the Treasury of the United States. During the campaign of 1932 I attempted to follow up the relationship between tax refunds and campaign contributions. I attempted to check campaign contributions against tax refunds. Unfortunately for me, the campaign contributions were not published or filed here until toward the very close of the campaign.

On October 14, 1932, a list of the contributions was filed. I then proceeded to attempt to check refunds against campaign contributions and I found some further and startling relationship between them. I found that Mr. Andrew W. Mellon had contributed $25,000 to the 1932 campaign; that Mr. R. B. Mellon, his brother, had contributed $15,000; and L. W. Mellon, another brother, had contributed $5,000. I found that Mr. Andrew W. Mellon had received a personal refund of $72,000, that the Mellon Aluminum Co. had received a refund of a million and a half, and the Mellon Pittsburgh Plate Glass & Steel Co. had received a refund of $693,000.

I further found that Mr. H. H. Timken, of Canton, Ohio, contributed $7,000 to the Republican campaign of 1932 and that the Timken Roller Bearing Co., of Canton, Ohio, had received a refund of $672,000.

I further found that on the eve of the election the Guggenheim family of New York—Marie, S. R., and Simon, and Mrs. H. S. Guggenheim—had contributed $16,000 to the 1932 campaign and that the refunds to the Guggenheims were $109,000. Simon Guggenheim had received $48,000, and the Chile Copper Co., in which the Guggenheims are interested, had received a refund of $464,000.

Some day when I have the industry and the patience, now that all the Republican campaign contributions are supposed to have been filed, I shall check them to the close of the election and show the relationship between campaign contributions and tax refunds.

Now, because the committee could not investigate tax refunds below $75,000, I agree with this amendment, that any tax refund of $20,000 or over should be reviewed by this committee for the reason that $20,000 to-day is quite a lot of money, and a man who gets a $20,000 or a $30,000 refund might be tempted to make a substantial campaign contribution; and it might have some relation to a tax refund. So for that reason, in view of past experience, where in 10 years $4,000,000,000 have been refunded, where $150,000,000 have been refunded to a few of the big campaign contributors, I believe that further extension of the power of the committee down to $20,000 to review this situation and to publish the facts to the world is thoroughly justified.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SNELL. Will the gentleman also include in his list the Democrats who have made big campaign contributions who also received tax refunds?

Mr. O'CONNOR. I probably will not have to do that.

Mr. SNELL. Will the gentleman do it?

Mr. O'CONNOR. Let me answer the gentleman from New York in this way: I would be glad to, but the gentleman from New York, the minority leader, has saved me the effort by showing what they contributed up to July 1. He put in the RECORD a list of alleged Democrats who had received refunds. I looked over the list, and as far as I know I did not recognize them as being in the family of Democracy, with one or two exceptions.

Mr. SNELL. Some of these others are alleged Republicans, too.

Mr. O'CONNOR. I did not see them.

Mr. SNELL. Let us look the list over.

Mr. O'CONNOR. If the gentleman will get up his list, I will get up mine; we will compose them and put them in as a symposium.

Mr. SNELL. I think it is a very poor argument, and I am not willing to present that in my argument against it.

[Here the gavel fell.]

Mr. WOOD of Indiana. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, the question before the House is whether we will convert the House of Representatives, through its subsidiary, into a political snooping committee to pass upon the refunds of private taxpayers.

You would have every taxpayer in the country come before the Congress through his Representative and ask the Representative to make an appeal to this joint committee to pass upon a refund of taxes which covers an investigation of his private affairs.

The effect of this amendment is to compel the individual taxpayers of the country to call upon the Representatives for a visa of their refunds instead of giving them access to the courts and access to the department in its administrative functions. Every tax refund involving more than $20,000 becomes the prey of congressional influence if it is delayed consideration, and especially if it should not be favorably reconsidered. Such a procedure is bound to develop scandal. This is unthinkable and unjustifiable in the administration of taxation matters. Now, the country has the benefit of the report of the joint congressional committee that makes an investigation of those tax refunds above $75,000. This is the second one published by the Joint Committee on Internal Revenue Taxation.

The gentleman from New York [Mr. O'CONNOR] is rather loose in his facts as presented when he says that the refunds amount to millions and millions of dollars. This report by the committee's own chief expert shows that in 1929 the total refunds above $75,000 were $54,000,000 and for 1930 likewise $54,000,000. His report further says that in the future the refunds will very likely be much less.

I am very sorry this amendment is a breed of the State of Tennessee. I am very sorry the gentleman from Tennessee had to consider the brood of his distinguished senior Senator. Otherwise I am quite sure that if he were not so hampered and handicapped in that illegitimate relationship [laughter] he would have come in here in opposition to this ill-considered proposal.

I have read the debates and know that it was not given much consideration on the floor of the Senate. It largely developed out of the Ogden Mills estate refund of taxes, in which five million and more was for the abatement of inheritance taxes, where the estate had paid them without protest up to the full amount without deducting the 80 per

cent which the law allows as a set-off in payment of the inheritance tax payable to the States. Only a few thousand dollars—something like $30,000, if my memory serves me right—of the entire amount repaid was really as a refund.

Mr. Speaker, it is unthinkable that you are going to convert the Congress of the United States into an administrative agency to hold up all the refunds and compel the taxpayers of the country to resort to the courts for relief, when the policy of the Treasury Department, since the 1924 act was passed, has been to presume everything in favor of the Government and to force the taxpayer to come to the Treasury Department for a refund. Prior to this time the policy was the opposite. Then they gave some consideration to the merits of the assessment prior to its levy. Since that time the policy has been to presume everything in favor of the Government and force the taxpayer to come to the Treasury Department for a review. This is the reason these refunds and abatements are in such large amounts.

Now, what is the practice for refunds under existing procedure? Every taxpayer before his claim can be considered by the Treasury Department, must file his application with the local collector. This is passed upon by the field collector. Then it is sent here to Washington and passed upon by the income-tax unit. Then it is passed upon by the Board of Review, and then it is surveyed by this joint committee if it amounts to $75,000 or more, and no one has pointed out any abuse so far as administration is concerned, except the political surmise by the distinguished representative of democracy, the leader of Tammany, Mr. O'CONNOR.

Mr. WOOD of Indiana. Mr. Speaker, I yield the balance of my time, seven minutes, to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Speaker, I know I will contribute very little to the discussion of this matter, and yet this brief and inadequate debate is profoundly interesting, because the suggestion of the Senate, even as modified and undoubtedly improved by the House proposal of the gentleman from Tennessee, invites our country to make a step backward of more than a hundred and fifty years to a period of time as to the legislative history of which this country has no reason to be proud.

I have never made a reference before to a book that I wrote during the last session of Congress called Our Wonderland of Bureaucracy, which certainly did not show that I was in love either with an executive bureaucracy or a legislative bureaucracy; but if I could refer any Member of this body who happens to have this book to chapter third, he will find a very illuminating account—illuminating simply because of the facts that I dug up out of the past—of the attempt of the Congress under the old Articles of Confederation to run the executive branch of the Government by congressional committees.

All executive business was then conducted subject to the supervision, the approval, or the rejection of some congressional committee, and the result was that the Congress of the Confederation fell into such contempt that at the time of the adoption of the Constitution, that Constitution being adopted because of the known evils of the old Confederation, the existing Confederation had fallen into such disrepute that it had little more than the shadow of its authority.

It was for this reason that when we framed the wise Constitution of 1787, the framers of that document not merely divided the Government into three departments but they said, with a significance that is not always appreciated, that "the executive power is vested in a President of the United States."

This proposition proposes that that which is plainly an executive function is to be made subject to a congressional bureaucracy, for this joint committee has the power to appoint a staff, and it will act largely through a staff, and this staff is not merely to examine the actions of the executive branch of the Government but it is also to approve or reject whatever the executive has done in the matter of tax refunds. As a result, if this law were put into effect and carried out, there would be established in this part of the Capitol a very considerable inquisitorial bureaucracy which would sit in judgment upon every action of the Bureau of Internal Revenue and of the Secretary of the Treasury in refunding taxes, and thus bring about a confusion in the orderly administration of the Government that would result in the same chaos as came when the Constitution of the old Confederation broke down, and for precisely the same reason.

So much for the constitutional aspect of the question; but let us also remember two purely pragmatic considerations. If there be one fact that is patent above every other, it is that this country has grown so vast that our governmental machinery has broken down under an impossible weight. Men quarrel with Congress and they forget that we attempt a superhuman task in attempting to meet the economic and other objectives of a great and powerful people; but if you add to this the supervision of this executive department, it may speedily follow that we will then sit in judgment upon other executive authorities, and in this way all the orderly demarcations of power between the executive, the legislative, and the judicial will be speedily obliterated.

In addition to the fact that we are in no condition, with the burden of governmental business, to attempt this additional task, there is the other thought, and it is very apt to what my friend from New York [Mr. O'CONNOR] has said—that if there be the possibility of sinister influences or political and corrupt motives, when the executive branch of the Government supervises these refunds which are essential in a policy which says to the taxpayer, "Pay first and then claim your refund later," what would be said of the political possibilities of a power in a congressional committee, acting through its own chosen executive staff, to say that ours is the last word as to whether a refund can or can not be allowed?

Mr. O'CONNOR. Will the gentleman yield?

Mr. BECK. Pardon me a moment. I will yield as soon as I complete my thought.

This would admit of a power in individual Senators and individual Members of Congress of compelling many men and interests that may conceivably be asking for a perfectly just refund—it would be within their power, in order to meet their own political purposes, or the objectives of their party, to grant refunds. This might lead to even greater evils than under the present system.

[Here the gavel fell.]

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, it seems to me, listening to this discussion this afternoon, that a great deal can be done with words. We have listened to constitutional arguments about this amendment, how much harm it is going to do the executive branch, how the Congress in passing this legislation is encroaching on the executive department, but it seems to me that these words cover up a real existing evil that should be remedied.

How is it that a small corporation or an individual taxpayer has to wait for four, five, and six years to get a refund of $5,000 or $10,000 to which he is entitled, while a big corporation comes in and takes a $100,000,000 refund at once. There appears to be something rotten in Denmark as far as some of these refunds are concerned, and I think this amendment should be agreed to.

You all have cases of this kind, you all have individuals in your districts who are taxpayers, and go down to the Treasury to try to get a refund. If a big corporation like the United States Steel Corporation, or any other large corporation, comes to the Treasury for a refund, you will find that they have very little difficulty in speeding up the matter.

Mr. BRITTEN. Will the gentleman yield?

Mr. CONNERY. I will.

Mr. BRITTEN. I understand this amendment will do just what the gentleman is opposed to. It will slow up the refunds.

Mr. CONNERY. No; it will not. When the United States Steel Corporation goes to the Treasury Department the clerks jump. They do not do any jumping when the little fellow wants his refund. The little fellow's chances are

much better with Congress. Members of Congress do not have to take the submissive attitude toward big corporations that appointive tax experts of the Treasury must take.

Mr. BRITTEN. The taxpayer does not come to Congress at all; he goes to the very place where he gets his refund, the Internal Revenue Department.

Mr. CONNERY. Yes; but the case will be reviewed up here. When the congressional committee looks it over and says, "Why does the United States Steel Corporation get $60,000,000 so quickly and the individual, John Jones, can not get $5,000 without long, expensive, and tiresome delay?" The public will know about it. The public has been entirely in the dark on these matters in the past. Let us let the people in on the facts. The why and the wherefore.

Mr. BRITTEN. The congressional committee does not know anything about John Jones until the Commissioner of Internal Revenue informs it of a proposed refund.

Mr. CONNERY. They can find out about John Jones in reviewing the case. They will ask and get the information from the Treasury Department.

Mr. BRITTEN. I am satisfied that the amendment will do the very thing that the gentleman from Massachusetts is seeking to avoid. It will promote further delay. The present system has plenty of safeguards.

Mr. CONNERY. Well, these safeguards seem to have worked beautifully for the big fellow. Let us give the little fellow a chance for a change.

Mr. BECK. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BECK. The gentleman has referred to the United States Steel Corporation and the refund of $100,000,000. Can the gentleman state how long it took them to get that refund?

Mr. CONNERY. I do not know.

Mr. BECK. Seven years.

Mr. CONNERY. Well, waiting seven years for $100,000,000 is not such a long time. [Laughter.] The small taxpayer looking for a refund waits much longer than that and then is lucky if he gets it.

Now, Mr. Speaker, without taking any further time, I hope that the amendment will be agreed to. It is a very progressive step in the right direction and it will let the public light shine in on some dark places which have not seen much light in a long time. I hope and expect that the shedding of this light will bring beneficial curative results to the small as well as the large taxpayers. [Applause.]

Mr. BYRNS. Mr. Speaker, may I take a moment in concluding this discussion? I can not for the life of me understand how there can be any objection to a committee of the Senate and a committee of the House composed of the membership of both bodies looking into the question of refunds after the Internal Revenue Commissioner has passed on it.

Now, gentlemen who have opposed the amendment have been very emphatic in the assertion that they are speaking for the good of the taxpayer. As a matter of fact this will only apply to 600 cases throughout all the United States.

There are only about 600 of these claims which will come under the supervision of the joint congressional committee, which will amount to refunds of $20,000 or more. Why should not the representatives of 120,000,000 people here be allowed to turn the fullest light on these claims in order that we may be sure when we come to make an appropriation to satisfy them, that correct action has been taken? That is all this means. It simply means that Congress, through its accredited representatives, proposes to say to the Internal Revenue Commissioner—I do not care whether he be a Republican or a Democrat—before we make an appropriation to pay these 600 claims amounting to over $20,000 each, we propose, through our duly constituted committee, to look into it and be sure that we are appropriating money of the people in a proper way.

The SPEAKER. The time of the gentleman from Tennessee has expired. All time has expired.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the motion of the gentleman from Tennessee to concur in the Senate amendment with an amendment be again reported.

The SPEAKER. Without objection, the Clerk will again report the motion of the gentleman from Tennessee.

There was no objection, and the Clerk again reported the motion.

The SPEAKER. The question is on the motion of the gentleman from Tennessee to concur in the Senate amendment with an amendment.

Mr. WOOD of Indiana. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 224, nays 143, not voting 59, as follows:

[Roll No. 144]

YEAS—224

Allgood	Dies	Kerr	Parks
Almon	Dieterich	Ketcham	Parsons
Amlie	Disney	Kleberg	Patman
Arnold	Dominick	Kniffin	Patterson
Auf der Heide	Doughton	Kopp	Peavey
Ayres	Douglas, Ariz.	Kunz	Pittenger
Bankhead	Douglass, Mass.	Kvale	Polk
Barton	Dowell	Lambertson	Prall
Beam	Doxey	Lambeth	Ragon
Black	Drane	Lamneck	Rainey
Bland	Drewry	Lanham	Ramspeck
Blanton	Driver	Lankford, Ga.	Rankin
Bloom	Ellzey	Larrabee	Rayburn
Boehne	Eslick	Larsen	Reilly
Boileau	Evans, Mont.	Lea	Rogers, N. H.
Boylan	Fernandez	Leavitt	Romjue
Brand, Ohio	Fiesinger	Lewis	Sabath
Briggs	Fishburne	Lichtenwalner	Sanders, Tex.
Browning	Fitzpatrick	Lindsay	Schneider
Brunner	Flannagan	Lonergan	Schuetz
Buchanan	Flood	Lozier	Selvig
Bulwinkle	Frear	Ludlow	Shallenberger
Burch	Fuller	McClintic, Okla.	Sinclair
Busby	Fulmer	McCormack	Sirovich
Byrns	Gambrill	McDuffie	Smith, Va.
Campbell, Iowa	Gasque	McFadden	Smith, W. Va.
Canfield	Gavagan	McKeown	Somers, N. Y.
Cannon	Gilbert	McMillan	Spence
Carden	Gilchrist	McReynolds	Steagall
Cartwright	Glover	McSwain	Stevenson
Cary	Goldsborough	Maas	Summers, Wash.
Castellow	Granfield	Major	Sumners, Tex.
Celler	Green	Maloney	Sutphin
Chavez	Greenwood	Mansfield	Swank
Christgau	Gregory	May	Sweeney
Christopherson	Griffin	Mead	Swing
Clague	Griswold	Miller	Tarver
Clark, N. C.	Haines	Milligan	Taylor, Colo.
Cochran, Mo.	Hare	Mitchell	Taylor, Tenn.
Collier	Harlan	Mobley	Thomason
Collins	Hart	Montague	Underwood
Condon	Hastings	Montet	Vinson, Ga.
Connery	Hill, Ala.	Moore, Ky.	Vinson, Ky.
Cooper, Tenn.	Hill, Wash.	Morehead	Warren
Cox	Howard	Nelson, Mo.	Weaver
Crail	Huddleston	Nelson, Wis.	West
Cross	Jacobsen	Nolan	Whittington
Crosser	Jeffers	Norton, Nebr.	Williams, Mo.
Crowe	Johnson, Mo.	Norton, N. J.	Williams, Tex.
Crump	Johnson, Okla.	O'Connor	Williamson
Cullen	Johnson, Tex.	Oliver, Ala.	Wilson
Davis, Tenn.	Jones	Oliver, N. Y.	Wingo
Delaney	Kading	Overton	Wood, Ga.
DeRouen	Keller	Owen	Woodrum
Dickinson	Kemp	Palmisano	Wright
Dickstein	Kennedy, Md.	Parker, Ga.	Yon

NAYS—143

Adkins	Burtness	De Priest	Hardy
Aldrich	Cable	Dyer	Hartley
Allen	Campbell, Pa.	Eaton, Colo.	Hawley
Andresen	Carter, Calif.	Englebright	Hoch
Andrew, Mass.	Cavicchia	Erk	Hogg, Ind.
Andrews, N. Y.	Chindblom	Estep	Hogg, W. Va.
Arentz	Chiperfield	Evans, Calif.	Holaday
Bacharach	Clarke, N. Y.	Finley	Hollister
Bachmann	Cochran, Pa.	Fish	Holmes
Bacon	Cole, Iowa	Foss	Hooper
Baldrige	Colton	Free	Hope
Barbour	Connolly	French	Houston, Del.
Beck	Cooper, Ohio	Gibson	Jenkins
Beedy	Coyle	Gifford	Johnson, S. Dak.
Biddle	Crowther	Goss	Kahn
Bohn	Culkin	Guyer	Kelly, Pa.
Bolton	Curry	Hadley	Kinzer
Bowman	Darrow	Hall, Ill.	Knutson
Britten	Davenport	Hall, N. Dak.	Kurtz
Brumm	Davis, Pa.	Hancock, N. Y.	LaGuardia

Lankford, Va.	Partridge	Shreve	Tinkham
Lehlbach	Pettengill	Smith, Idaho	Treadway
Loofbourow	Pratt, Harcourt J.	Snell	Turpin
Lovette	Pratt, Ruth	Snow	Underhill
Luce	Purnell	Stafford	Wason
McClintock, Ohio	Ramseyer	Stalker	Watson
McGugin	Ransley	Stokes	Welch
Mapes	Reed, N. Y.	Strong, Kans.	White
Martin, Mass.	Rich	Strong, Pa.	Whitley
Michener	Robinson	Stull	Wigglesworth
Millard	Rogers, Mass.	Swanson	Wolcott
Moore, Ohio	Sanders, N. Y.	Swick	Wolfenden
Murphy	Schafer	Taber	Wolverton
Nelson, Me.	Seger	Temple	Wood, Ind.
Niedringhaus	Seiberling	Thatcher	Woodruff
Parker, N. Y.	Shott	Timberlake	

NOT VOTING—59

Abernethy	Freeman	Igoe	Rudd
Boland	Fulbright	James	Sandlin
Brand, Ga.	Garber	Johnson, Ill.	Shannon
Buckbee	Gillen	Johnson, Wash.	Simmons
Burdick	Golder	Kelly, Ill.	Sparks
Carley	Goodwin	Kennedy, N. Y.	Stewart
Carter, Wyo.	Hall, Miss.	McLeod	Sullivan, N. Y.
Chapman	Hancock, N. C.	Magrady	Sullivan, Pa.
Chase	Haugen	Manlove	Thurston
Clancy	Hess	Martin, Oreg.	Tierney
Cole, Md.	Hopkins	Mouser	Weeks
Cooke	Hornor	Perkins	Withrow
Corning	Horr	Person	Wyant
Doutrich	Hull, Morton D.	Pou	Yates
Eaton, N. J.	Hull, William E.	Reid, Ill.	

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Shannon (for) with Mr. Clancy (against).
Mr. Pou (for) with Mr. Wyant (against).
Mr. Chapman (for) with Mr. Buckbee (against).
Mr. Sandlin (for) with Mr. Eaton of New Jersey (against).

Additional general pairs:

Mr. Corning with Mr. McLeod.
Mr. Martin of Oregon with Mr. Perkins.
Mr. Hancock of North Carolina with Mr. Reid of Illinois.
Mr. Gillen with Mr. Carter of Wyoming.
Mr. Brand of Georgia with Mr. Manlove.
Mr. Abernethy with Mr. Burdick.
Mr. Boland with Mr. Doutrich.
Mr. Hall of Mississippi with Mr. Hess.
Mr. Igoe with Mr. James.
Mr. Horner with Mr. Hopkins.
Mr. Sparks with Mr. Yates.
Mr. Weeks with Mr. Johnson of Washington.

Mr. RAINEY. Mr. Speaker, I am authorized to state that the following Members, if they had been present, would have voted yea:

Mr. FULBRIGHT, Mr. KELLY of Illinois, Mr. COLE of Maryland, Mr. TIERNEY, Mr. STEWART, Mr. HORR, Mr. RUDD, Mr. SULLIVAN of New York, Mr. CARLEY, and Mr. KENNEDY.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Crockett, its Chief Clerk, announced that the Senate, having proceeded to reconsider the bill (H. R. 7233) entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes," returned by the President of the United States to the House of Representatives, in which it originated, with his objections, and passed by the House on a reconsideration of the same, it was

Resolved, That the said bill pass, two-thirds of the Senators present having voted in the affirmative.

The message also announced that the Senate had agreed to the amendment of the House to a bill of the Senate of the following title:

S. 4095. An act to amend an act entitled "An act to punish the unlawful breaking of seals of railroad cars containing interstate or foreign shipments, the unlawful entering of such cars, the stealing of freight and express packages or baggage or articles in process of transportation in interstate shipment, and the felonious asportation of such freight or express packages or baggage or articles therefrom into another district of the United States, and the felonious possession or reception of the same," approved February 13, 1913, as amended (U. S. C., title 18, secs. 409–411), by extending its provisions to provide for the punishment of stealing or otherwise unlawful taking of property from passenger cars, sleeping cars, or dining cars, or from passengers on such cars, while such cars are parts of interstate trains, and authorizing prosecution therefor in any district in which the defendant may have taken or been in possession of the property stolen or otherwise unlawfully taken.

IMPEACHMENT CHARGES

The SPEAKER. The Chair recognizes the gentleman from Pennsylvania [Mr. MCFADDEN] to present a question of constitutional privilege.

Mr. SNELL. Mr. Speaker, I understood when the gentleman from Pennsylvania rose that he demanded his right as a constitutional privilege. I would like to ask whether it is the privilege of the House as a whole, or individual personal privilege?

The SPEAKER. The Chair can not understand until the gentleman from Pennsylvania tells the Chair about it, because he knows nothing about it. The Chair does not know what it is.

Mr. SNELL. The gentleman should state whether it is the privilege of the House as a whole or personal privilege.

The SPEAKER. The Chair could not tell the gentleman from New York until the Chair knows.

Mr. SNELL. I think it is necessary for the gentleman from Pennsylvania to state that.

Mr. MCFADDEN. I propose——

The SPEAKER. Will the gentleman state whether it is the privilege of the House?

Mr. MCFADDEN. On my own responsibility, as a Member of the House of Representatives, I impeach Herbert Hoover, President of the United States, for high crimes and misdemeanors.

The SPEAKER. The Clerk will report the resolutions.

Mr. MCFADDEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MCFADDEN. Am I not entitled to an hour to discuss the resolution?

The SPEAKER. The gentleman is entitled to an hour, but first the Clerk must report the resolution of impeachment.

Mr. MCFADDEN. I offer the following resolution.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Whereas Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, unlawfully attempted to usurp and has usurped legislative powers and functions of the Congress of the United States, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, publicly shown disrespect for the Congress of the United States, which violation makes him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, pursued a policy inimical to the welfare of the United States by employing means to influence the deliberations of the legislative branch of the United States Government and has interfered with freedom of debate in Congress and has forced unsound and unconstitutional legislation upon the people of the United States, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, attempted unlawfully to dissipate and has unlawfully dissipated financial resources and other resources of the United States, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, in violation of the Constitution and laws of the United States, has, to the great loss and detriment of the United States and to the benefit of foreign nations, unlawfully attempted to impair the validity of contracts existing between the United States and foreign nations, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, unlawfully interfered with and prevented the receipt by the United States of payments of money lawfully due to the United States from foreign nations and has inflicted great losses, financial and otherwise, upon the Government and the people of the United States and has injured the credit and financial standing of the United States Government and has increased unemployment and suffering from physical want in the United States,

and has caused a deficit in the accounts of the United States Treasury which has rendered necessary the imposition of additional taxes upon the people of the United States, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, initiated and carried on secret conversations, ignominious to the United States, with German Government officials and international bankers and others, with intent to deceive and to injure the Government and the people of the United States and thereby has injured the Government and the people of the United States; and

Whereas the said Hoover ignominiously caused a prearranged request to be improperly made to himself by General von Hindenburg, President of Germany, for the commission of an unlawful act injurious to the United States, and caused such request to be made for the purpose of deceiving and injuring the people of the United States and for the purposes of covering up a conspiracy against the United States which was taking place between himself and others, which conspiracy culminated in the Hoover moratorium proposal and the London conference of July, 1931; and

Whereas the said Hoover, with intent to injure the United States and to destroy financial assets of the United States, unlawfully declared the so-called Hoover moratorium and unlawfully initiated the international political conference which took place at London in July, 1931, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has publicly stated in the press that his declaration of the moratorium has meant sacrifices by the American people and that the economic load most seriously oppressing the peoples of Germany and central Europe will be immensely lightened; and

Whereas the infliction of suffering upon the American people for the benefit of foreign nations on his part, the part of the said Hoover, is a violation of the Constitution and laws of the United States, the said admission shows him to be guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has failed to obey and to uphold the law passed by the Seventy-second Congress of the United States forbidding cancellation in whole or in part of the war debts due to the United States from foreign nations, and is endeavoring and has endeavored to nullify the contracts existing between the United States and its foreign debtors; and

Whereas such failure to obey and to uphold the law constitutes a violation of the Constitution and laws of the United States and makes him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, initiated the German still-holding agreement; and

Whereas the said still-holding agreement has never become law in the United States, but has unlawfully been put into effect here by the said Hoover in his usurpation of legislative power and by interested private parties trespassing upon the rights and privileges of the United States Government; and

Whereas the said still-holding agreement violates the terms of the Federal reserve act, the national bank act, and other laws of the United States, and is injurious to the United States, such violations make him, the said Hoover, guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas an international conference composed of ministers of Great Britain, France, Germany, Belgium, Italy, Japan, and the United States took place at London from Monday, July 20, to Thursday, July 23, 1931, at the invitation of the British Government, but on the initiative of the said Hoover, and was attended and participated in by Andrew W. Mellon, Secretary of the United States Treasury, and by Henry L. Stimson, United States Secretary of State, acting as representatives of the United States; and

Whereas the said Stimson presented a certain proposal to it; and

Whereas the said London conference took action affecting the United States and exercising sway over the United States and action affecting the war debts due to the United States; and

Whereas the representative of the United States entered into agreements on behalf of the United States with the ministers of Great Britain, France, Germany, Belgium, Italy, and Japan; and

Whereas such agreements entailed the surrender of rights of the United States; and

Whereas the said agreements so made have never been disclosed or submitted to the Congress of the United States for ratification and have never become law in the United States; and

Whereas a second conference, composed of a committee appointed by direction of the aforesaid London conference under stipulation that it should consist of representatives nominated by the governors of the central banks interested, and that it was to take place at Basel under the Bank for International Settlements, met at Basel on August 8, 1931; and

Whereas Albert H. Wiggin appeared at the said conference at Basel as the representative of the United States on the nomination of George L. Harrison, of the Federal Reserve Bank of New York, an individual who had no power to make said nomination; and

Whereas control of all the banking systems of the United States, including the fiscal agents of the United States Government with their control of United States Treasury funds, was given to this London conference committee, consisting of Albert H. Wiggin, Alberto Beneduce, Dr. R. G. Bindschedler, E. Franqui, P. Hofstede de Groot, Walter T. Layton, C. Melchoir, E. Moreau, O. Rydbeck, T. Tanaka, upon which the so-called United States representative was outnumbered nine to one by the nominees of the heads of foreign central banks; and

Whereas control of all the banking systems and all the wealth of the United States and control of the United States Treasury was thus given to foreign powers; and

Whereas actions taken by the said committee made it impossible for the banks of the United States to withdraw the funds of their depositors and other funds from Germany and obliged the banks of the United States continually to maintain the volume of their funds in Germany, and made it impossible for the Treasury of the United States to withdraw moneys unlawfully taken from it and placed in Germany; and

Whereas such actions in regard to the banks and banking systems of the United States were unlawful and were unnecessary for any benefit to Germany, whose economic and budgetary situation according to the report of the London conference did not justify a lack of confidence; and

Whereas the said actions were taken as measures of deflation against the American people to impound United States funds in Germany under foreign control, to paralyze United States banks, to injure the United States Treasury, and to keep the United States in a condition of depression until misery and fear and starvation would drive the people of the United States into submission and compel them to cancel the war debts due to them; and

Whereas the said Wiggin had no lawful power to represent the banking systems of the United States at the said conference at Basel; and

Whereas the nomination of the said Wiggin by an individual at the direction of the ministers of Great Britain, France, Germany, Belgium, Italy, Japan, and the United States was unlawful; and

Whereas the agreements made and the action taken by the London conference committee at Basel have never been submitted to the Congress of the United States; and

Whereas billions of dollars in bank deposits have been lost by American citizens on account of the said agreements, and many United States banks have failed by reason of them and the Reconstruction Finance Corporation has made loans of public money to banks and institutions injured by them and the public debt of the United States and the deficit in the United States Treasury have been increased by the actions of the London conference committee at Basel; and

Whereas the said actions were taken on the initiative and by the direction of the said Hoover; and

Whereas the still holding agreement entered into at Basle by the said Wiggin was unlawful and was prepared concurrently with the terms of the Hoover moratorium proposal by the said Hoover and others and was presented to the London conference by Henry L. Stimson as a joint product of British and American participation and was a part of a conspiracy designed to force the United States into submission to foreign nations and international bankers and thus to obtain cancellation of the war debts; and

Whereas, in violation of the Constitution and laws of the United States, Herbert Hoover, President of the United States, initiated the London conference and the prearranged events which flowed from it; and

Whereas the London conference was deceitfully initiated by the said Hoover for the purpose of securing cancellation of the war debts as shown by facts and circumstances; and

Whereas the Herald Tribune published a report at the close of the London conference, a part of which reads as follows: "If, as these British leaders expect, the committee recommends a considerable extension of credits to Germany; if it indicates, further, that permanent amelioration of that situation depends upon reconsideration of the war debts and reparations problem, and if the interested powers take action along these lines, the British admit that something indeed will have been accomplished," which article shows the British expectation that the said London conference would result in a recommendation by the committee appointed at its direction to meet at Basel, that permanent amelioration of the situation would depend upon reconsideration of the war debts and reparations; and

Whereas the said committee of individuals nominated by the heads of foreign central banks, which central banks are foreign-government institutions, and Albert H. Wiggin, who unlawfully appeared as the representative of the United States and of all the banking systems of the United States, did make the prearranged recommendation by means of a report which is nothing less than an argument for a reconsideration of the war debts and reparations; and

Whereas the said Hoover initiated the London conference for the purpose of defrauding and injuring the United States and signing over majority control of the banking system of the United States, which represent the wealth and savings of the American people, to foreign nations and for the purpose of bringing about a cancellation of war debts, in violation of the Constitution and laws of the United States, his actions in connection therewith make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, did in 1932, after the passage of the law passed by the Seventy-second Congress of the United States forbidding cancellation or reduction of the war debts, appoint one Andrew W.

Mellon, then Secretary of the United States Treasury, ambassador to a foreign power while a resolution for the impeachment of the said Mellon for violation of the United States law and misconduct in office was being heard by the Judiciary Committee of the House of Representatives, which appointment of the said Mellon was ignominious to the United States and showed disrespect for the House of Representatives; and

Whereas the said Hoover has permitted without contradiction the publication of statements concerning the said appointment of the said Mellon as having been made by him with a consideration of Mellon's fitness to conduct conversations with the said foreign power for the purpose of canceling the debt of that foreign power to the United States, thus admitting an effort on his part, the part of the said Hoover, to bring about cancellation in whole or in part of the war debt due from the said foreign nation to the United States in defiance of the will of Congress, in violation of the law of the United States, and in violation of the rights of the sovereign people of the United States, which effort on his part, as further evidenced by his actions showing a conspiracy against the United States between himself and the said Mellon and others, and by his secret conversations, ignominious to the United States, with Ramsay MacDonald, Montagu Norman, and other subjects of the King of England and officials of the British Government and others, showing a willingness and an intention on his part to defraud the people of the United States, makes him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, and for the benefit of foreigners, unlawfully attempted to interfere with the operation of international agreements and has thereby furnished an excuse, albeit one of no value, for the ultimatum addressed to the United States by the British Government on December 1, 1932, and has caused the Government of France, under the mistaken assumption that the said Hoover has autocratic power, to declare in its note of December 2, 1932, that the president of the French council "agreed with the President of the United States on the terms of a communiqué, stating that in the matter of intergovernmental debts a new arrangement covering the period of the depression might be necessary, provided that the initiative came from the European powers principally concerned. In conformity with this text, which seems to constitute a novation in equity in régime of international debts, this initiative was taken. Within the sphere where only the European powers were involved, the arrangement provided for has been brought about"; and

Whereas the said communiqué so described by the French Government is legally unknown to the Government of the United States, never having been presented by the said Hoover to the Congress for ratification, and never having been ratified by the Congress of the United States; and

Whereas such opinions and such envisagements of potentialities and such readings of the future as the French Government state may be found in it were definitely and irrevocably rejected by the Congress of the United States in the law passed by the said Congress concerning the Hoover moratorium and signed by the said Hoover on December 23, 1931, nevertheless the agreement on the part of the said Hoover with the president of the French council on the terms of the said abortive communiqué mentioned by the French Government in its note of December 2, 1932, was injurious to the United States and ignominious to the United States and constitutes a violation of the Constitution and laws of the United States; and

Whereas a movement, which appears to be a concerted one, on the part of the foreign debtors of the United States is taking place under the apparent leadership of the said Hoover, the said Mellon, and others, having for its object the cancellation, for the benefit of foreign nations and individuals, of the war debts due to the United States; and

Whereas the said Hoover may have offered, or may have taken, a bribe, the said violations make him, the said Hoover, guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, in violation of the Constitution and laws of the United States, has unlawfully conducted conversations ignominious to the United States and has attempted to negotiate treaties and agreements ignominious to the United States for the benefit of foreign nations and individuals, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, unlawfully attempted to enter into secret and ignominious agreements with representatives of foreign powers, the subject matter of which is contrary to the laws of the United States, and has failed to disclose the nature and extent of those agreements and their true import to the Congress and the people of the United States, and has put into effect secret and unratified agreements between himself and foreign powers, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has been accused of having conveyed to foreign governments his promise that if Germany were released by them from the necessity of paying reparations, the United States would cancel the war debts due to it from the said foreign governments and other governments; and

Whereas, although it is well known to all the governments of the world that the said Hoover is and always has been without power to bind the United States to any promise or agreement whatsoever, his alleged conduct has caused a foreign government to seek to take advantage of the United States on account of it and to state in a sharply worded and threatening diplomatic communication that it entered into provisional but inconclusive negotiations with Germany at Lausanne for devising a settlement of reparations with the "cognizance and approval" of the United States Government; and

Whereas such negotiations with Germany, if so undertaken, were conceived without due regard to facts if they were based on any promises made by the said Hoover, and were not undertaken with the "cognizance and approval" of the United States Government; nevertheless, "approval" of them, if so vouchsafed to any foreign government by Herbert Hoover as a part of a bargain or conspiracy to deprive the United States of all or any part of the amount now due to it from foreign nations, was a violation of the Constitution and laws of the United States; and makes him, the said Hoover, guilty of high crimes and misdemeanors, and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in his message to the United States Congress of December 6, 1932, stated that he has promised certain foreign nations that he will recommend to the Congress methods to overcome "temporary exchange difficulties," although he does not state what such exchange difficulties are, in connection with the payments due to the United States on December 15, 1932; and

Whereas such methods must necessarily be aside from and in violation of the contracts under which the said payments are to be made; and

Whereas the recommendation of them would be an attempt to deprive the United States of moneys which are due to it; and

Whereas such recommendation of methods might be used as an excuse for nonpayment or as an argument disturbing to the peace of the world for cancellation of war debts due to the United States; and

Whereas such a recommendation would be in favor of foreign nations at the expense of the people of the United States; and

Whereas the said Herbert Hoover has by all his actions endeavored to nullify the contracts concerning war debts existing between the United States and foreign nations and has endeavored to bring about a revival of the Debt Funding Commission to alter the said contracts in favor of foreign nations at the expense of the Government and the people of the United States, and has endeavored to bring about a cancellation of the said war debts, and has by all his actions encouraged foreign nations to default on their obligations to the United States and is now encouraging them so to default, such promise on his part to foreign nations constitutes a violation of the Constitution and laws of the United States and makes him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, in violation of the Constitution and laws of the United States, accepted the resignation from the Federal Reserve Board of Edmund Platt in September, 1930, in circumstances which make it appear that a bribe may have been offered to cause the said Platt to resign his position as a member of the Federal Reserve Board and an officer of the United States Government; and

Whereas the said Herbert Hoover, President of the United States, in violation of the Constitution and laws of the United States, unlawfully designated Eugene Meyer Governor of the Federal Reserve Board when he appointed the said Meyer a member of the Federal Reserve Board in September, 1930, to serve the unexpired portion of the term of Edmund Platt, and has permitted the said Meyer to act as Governor of the Federal Reserve Board continuously ever since, notwithstanding the fact that the said Meyer is serving the unexpired portion of the term of Edmund Platt and is not eligible to act as Governor of the Federal Reserve Board, which violations make him, the said Herbert Hoover, guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, in violation of the Constitution and laws of the United States, accepted the resignation from the Federal Reserve Board of Roy A. Young in September, 1930, thus creating a vacancy on the Federal Reserve Board, and has willfully failed and neglected to appoint an individual to fill the vacancy on the Federal Reserve Board occasioned by the absence of Roy A. Young, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, failed to designate as governor a member of the Federal Reserve Board who is lawfully qualified and eligible to act as governor thereof, and has failed to designate a member of the Federal Reserve Board as vice governor thereof, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, in violation of the Constitution and laws of the United States, permitted Eugene Meyer to act as a member and as chairman of the board of the Reconstruction Finance Corporation, well knowing that the said Meyer was not lawfully qualified or eligible to act as a member of that board or as chairman thereof, and unlawfully permitted the illegally constituted Reconstruction Finance Corporation, under the illegal chairmanship of the said Eugene Meyer, unlawfully to distribute immense sums of money belong-

ing to the people of the United States, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, failed and neglected to take care that the Federal reserve law be faithfully executed, and has permitted the said law to be administered unlawfully and by an illegally constituted Federal Reserve Board, and has permitted violations of the Federal reserve law which have resulted in grave financial losses to the Government and the people of the United States, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has, in violation of the Constitution and laws of the United States, permitted irregularities in the issuance of Federal reserve currency which have occasioned great losses to the United States and have deprived the United States of legal revenue, and has permitted the Federal Reserve Board and the Federal reserve banks unlawfully to take and to use Government credit for private gain, and has permitted grave irregularities in the conduct of the United States Treasury, which violations make him guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has treated with contumely the veterans of the World War who came to the District of Columbia in the spring and summer of 1932 in the exercise of their constitutional rights and privileges; and

Whereas the said Hoover did nothing to relieve, even temporarily, the distress of the said veterans, their wives, and children while they were destitute at Washington, although Congress allows the Executive a large fortune yearly for the purpose of entertaining United States citizens and others from time to time as may be necessary; and

Whereas the said Hoover has shown a lack of respect for the flag of the United States by denouncing the said veterans as being for the most part criminals and undesirable low-world characters, thus holding those veterans of the World War and defenders of the United States flag up to scorn before their countrymen and their companions in arms across the sea; and

Whereas the said Hoover sent a military force heavily armed against the homeless, hungry, sick, ragged, and defenseless men, women, and children, and drove them, by force of fire and sword and chemical warfare, out of the District of Columbia, which act constituted an infringement upon the constitutional rights of the said men, women, and children; and

Whereas such acts stamp their perpetrator as one who is socially and morally unfit to be President of the United States, and such unfitness for office and such disgrace of office as the said acts denote make him, the said Hoover, guilty of high crimes and misdemeanors and subject to impeachment; and

Whereas the said Herbert Hoover, President of the United States, has publicly stated that there is a government at Washington which knows how to deal with the mob, meaning himself, and his treatment of a group of veterans of the World War, their wives and children; and

Whereas the said statement is unseemly, is liable to bring the office of the Presidency into disrepute, is injurious to the conception of a democratic government, and betrays a purpose in his actions which does not accord with the rights of a free people among whom there are no nobles and no serfs or peasants, no mob and no master, but a government of the people, by the people, for the people; and

Whereas the making of the aforesaid statement constitutes conduct unbecoming a President of the United States and makes him, the said Herbert Hoover, guilty of high crimes and misdemeanors and subject to impeachment: Therefore be it

Resolved, That the Committee on the Judiciary is authorized to investigate the official conduct of Herbert Hoover, President of the United States, and all matters related thereto, to determine whether, in the opinion of the said committee, he has been guilty of any high crime or misdemeanor which, in the contemplation of the Constitution, requires the interposition of the constitutional powers of the House. Such committee shall report its findings to the House, together with such resolution of impeachment or other recommendation as it deems proper, in order that the House of Representatives may, if necessary, present its complaint to the Senate, to the end that Herbert Hoover may be tried according to the manner prescribed for the trial of the Executive by the Constitution and the people be given their constitutional remedy and be relieved of their present apprehension that a criminal may be in office.

For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary.

(During the reading of the resolution the following occurred:)

Mr. LUCE (interrupting the reading of the resolution). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LUCE. On a previous occasion charges apparently of the same purport were laid on the table by the House. Is it within the province of any Member to evade the rules and to take a matter from the table by proceeding with a second movement of the same sort?

The SPEAKER. The Chair, of course, has not heard the resolution read. Probably if it was identical with the resolution submitted some time ago and laid on the table there would be some question whether or not a second impeachment could be had. But the President can be impeached, or any person provided for by the Constitution, a second time, and the Chair thinks the better policy would be to have the resolution read and determine whether or not it is the same.

Mr. BRITTEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BRITTEN. Would a motion be in order at this time?

The SPEAKER. No. The Chair would not recognize any Member to make a motion until the resolution is read.

Mr. BRITTEN. Mr. Speaker, I ask unanimous consent that the resolution be considered as having been read.

The SPEAKER. The Chair thinks the resolution should be read.

Mr. McFADDEN (again interrupting the reading of the resolution). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McFADDEN. I understand that at the completion of the reading of this resolution it is planned——

The SPEAKER. That is not a parliamentary inquiry. That is a statement.

Mr. McFADDEN. I am attempting to state a parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it. The Chair will hear the gentleman.

Mr. McFADDEN. During the opening I addressed the Speaker to ascertain whether or not I would be protected in one hour time for debate. I am prepared to debate. I understand a certain motion will be made which will deprive me of that right.

The SPEAKER. The Chair can not control 434 Members of the House in the motions they will make. The Chair must recognize them and interpret the rules as they are written. That is what the Chair intends to do. The gentleman from Pennsylvania would have an opportunity to discuss this matter for an hour under the rules of the House, if some gentleman did not take him off his feet by a proper motion. [Applause.]

Mr. McFADDEN. That is what I was attempting to ascertain.

The Clerk concluded the reading of the resolution.

Mr. RAINEY. Mr. Speaker, I move to lay the resolution of impeachment on the table.

The SPEAKER. The gentleman from Illinois moves to lay the resolution of impeachment on the table.

May the Chair be permitted to make a statement with reference to the rules applying to that motion. The parliamentarian has examined the precedents with reference to the motion. Speaker Clark and Speaker Gillette, under identical conditions, held that a motion to lay on the table took a Member off the floor of the House, although the general rules granted him one hour in which to discuss the resolution of impeachment or privileges of the House. Therefore the motion is in order.

Mr. SNELL. Mr. Speaker, I demand the yeas and nays.

Mr. BRITTEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BRITTEN. Is a motion to expunge the language which has just transpired in the House in order at this time?

The SPEAKER. It may only be done by unanimous consent.

Mr. SNELL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 344, nays 11, answered "present" 1, not voting 70, as follows:

[Roll No. 145]

YEAS—344

Adkins	Davis, Tenn.	Kading	Prall
Aldrich	Delaney	Kahn	Pratt, Harcourt J.
Allen	De Priest	Kelly, Pa.	Pratt, Ruth
Allgood	DeRouen	Kemp	Purnell
Amlie	Dickinson	Kennedy, Md.	Ragon
Andresen	Dickstein	Kerr	Rainey
Andrew, Mass.	Dies	Ketcham	Ramseyer
Andrews, N. Y.	Dieterich	Kinzer	Ramspeck
Arentz	Disney	Kleberg	Rankin
Arnold	Dominick	Kniffin	Ransley
Auf der Heide	Doughton	Knutson	Rayburn
Ayres	Douglas, Ariz.	Kopp	Reed, N. Y.
Bacharach	Douglass, Mass.	Kurtz	Reilly
Bachmann	Dowell	Kvale	Rich
Bacon	Doxey	LaGuardia	Robinson
Baldrige	Drane	Lambertson	Rogers, Mass.
Bankhead	Drewry	Lambeth	Rogers, N. H.
Barbour	Driver	Lamneck	Sanders, N. Y.
Barton	Dyer	Lanham	Schafer
Beam	Eaton, Colo.	Lankford, Ga.	Schuetz
Beck	Ellzey	Lankford, Va.	Seger
Beedy	Englebright	Larrabee	Seiberling
Biddle	Erk	Larsen	Selvig
Bland	Eslick	Lea	Shallenberger
Bloom	Estep	Leavitt	Shott
Boehne	Evans, Calif.	Lehlbach	Shreve
Bohn	Fernandez	Lichtenwalner	Sinclair
Boileau	Fiesinger	Lindsay	Sirovich
Bolton	Finley	Lonergan	Smith, Idaho
Bowman	Fish	Loofbourow	Smith, Va.
Boylan	Fishburne	Lovette	Smith, W. Va.
Brand, Ohio	Fitzpatrick	Lozier	Snell
Briggs	Flannagan	Luce	Snow
Britten	Flood	Ludlow	Somers, N. Y.
Browning	Foss	McClintic, Okla.	Spence
Brumm	Frear	McClintock, Ohio	Stafford
Brunner	Free	McCormack	Stalker
Buchanan	French	McDuffie	Steagall
Bulwinkle	Fuller	McGugin	Stokes
Burch	Gambrill	McKeown	Strong, Kans.
Burdick	Garber	McMillan	Strong, Pa.
Burtness	Gavagan	McReynolds	Stull
Busby	Gibson	McSwain	Sutphin
Byrns	Gifford	Major	Swank
Cable	Gilbert	Maloney	Swanson
Campbell, Iowa	Gilchrist	Mansfield	Swick
Campbell, Pa.	Glover	Mapes	Swing
Canfield	Goldsborough	Martin, Mass.	Taber
Cannon	Goss	Martin, Oreg.	Tarver
Carden	Granfield	May	Taylor, Colo.
Carter, Calif.	Green	Mead	Taylor, Tenn.
Cartwright	Greenwood	Michener	Temple
Cary	Gregory	Millard	Thatcher
Castellow	Griswold	Miller	Thomason
Cavicchia	Guyer	Milligan	Timberlake
Celler	Hadley	Mitchell	Tinkham
Chavez	Haines	Mobley	Treadway
Chindblom	Hall, Ill.	Montague	Turpin
Chiperfield	Hall, N. Dak.	Moore, Ky.	Underhill
Christgau	Hancock, N. Y.	Moore, Ohio	Underwood
Christopherson	Hardy	Morehead	Vinson, Ga.
Clague	Harlan	Murphy	Vinson, Ky.
Clark, N. C.	Hartley	Nelson, Me.	Warren
Clarke, N. Y.	Hastings	Nelson, Mo.	Wason
Cochran, Mo.	Hawley	Nelson, Wis.	Watson
Cochran, Pa.	Hill, Ala.	Niedringhaus	Weaver
Cole, Iowa	Hill, Wash.	Nolan	Weeks
Collier	Hoch	Norton, Nebr.	Welch
Colton	Hogg, Ind.	Norton, N. J.	West
Condon	Hogg, W. Va.	O'Connor	White
Connery	Holaday	Oliver, Ala.	Whitley
Connolly	Hollister	Oliver, N. Y.	Whittington
Cooper, Ohio	Holmes	Overton	Wigglesworth
Cooper, Tenn.	Hooper	Palmisano	Williams, Mo.
Cox	Hope	Parker, Ga.	Williamson
Coyle	Houston, Del.	Parker, N. Y.	Wilson
Crail	Howard	Parks	Wingo
Crosser	Huddleston	Parsons	Wolcott
Crowther	Hull, William E.	Partridge	Wolfenden
Crump	Jacobsen	Patterson	Wolverton
Culkin	Jeffers	Peavey	Wood, Ga.
Cullen	Jenkins	Person	Wood, Ind.
Curry	Johnson, Mo.	Pettengill	Woodruff
Darrow	Johnson, Okla.	Pittenger	Woodrum
Davenport	Johnson, S. Dak.	Polk	Wright
Davis, Pa.	Jones	Pou	Yon

NAYS—11

Black	Griffin	McFadden	Stevenson
Blanton	Keller	Patman	Sweeney
Gasque	Kunz	Sanders, Tex.	

ANSWERED "PRESENT"—1

Sabath

NOT VOTING—70

Abernethy	Chase	Doutrich	Goodwin
Almon	Clancy	Eaton, N. J.	Hall, Miss.
Boland	Cole, Md.	Evans, Mont.	Hancock, N. C.
Brand, Ga.	Collins	Freeman	Hare
Buckbee	Cooke	Fulbright	Hart
Carley	Corning	Fulmer	Haugen
Carter, Wyo.	Cross	Gillen	Hess
Chapman	Crowe	Golder	Hopkins
Hornor	Lewis	Romjue	Summers, Wash.
Horr	McLeod	Rudd	Sumners, Tex.
Hull, Morton D.	Maas	Sandlin	Thurston
Igoe	Magrady	Schneider	Tierney
James	Manlove	Shannon	Williams, Tex.
Johnson, Ill.	Montet	Simmons	Withrow
Johnson, Tex.	Mouser	Sparks	Wyant
Johnson, Wash.	Owen	Stewart	Yates
Kelly, Ill.	Perkins	Sullivan, N. Y.	
Kennedy, N. Y.	Reid, Ill.	Sullivan, Pa.	

So the motion was agreed to.

The Clerk anounced the following additional pairs:

Until further notice:

Mr. Evans of Montana with Mr. Haugen.
Mr. Fulmer with Mr. Maas.
Mr. Hare with Mr. Chase.
Mr. Almon with Mr. Sparks.
Mr. Hart with Mr. Summers of Washington.
Mr. Cross with Mr. Schneider.
Mr. Lewis with Mr. Golder.
Mr. Collins with Mr. Withrow.
Mrs. Owen with Mr. Perkins.
Mr. Crowe with Mr. Goodwin.
Mr. Romjue with Mr. Clancy.
Mr. Williams of Texas with Mr. Wyant.
Mr. Sumners of Texas with Mr. McLeod.

Mr. HADLEY. Mr. Speaker, my colleagues, the gentlemen from Washington, Mr. JOHNSON and Mr. HORR, who are unavoidably absent, request me to announce that were they present they would have voted "yea."

The result of the vote was announced as above recorded.

CALENDAR WEDNESDAY

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that business in order on to-morrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MESSAGE OF THE PRESIDENT OF THE UNITED STATES—RECEIPTS AND EXPENDITURES OF GOVERNMENT (H. DOC. NO. 527)

The SPEAKER laid before the House the following message from the President, which was read, and, with the accompanying papers, referred to the Committee on Ways and Means and ordered printed:

To the Senate and House of Representatives:

In my Budget message of December 5 I laid before the Congress the financial situation of the Government together with proposals for the next fiscal year.

It was pointed out that due to decreasing revenues and despite the efforts of the Congress and the administration, we were again faced with a deficit during the next fiscal year. I urged upon the Congress the necessity for further drastic reduction in expenditures and increase in revenues.

I now approach the Congress again upon this subject, knowing that the Members are fully possessed of the complete necessity of a balanced budget as the foundation of economic recovery and to urge that action should be taken during the present session to bring this about.

The great problem before the world to-day is a restoration and maintenance of confidence. I need scarcely repeat that the maintenance of confidence in the financial stability of the United States Government is the first contribution to all financial stability within our borders, and in fact in the world as a whole. Upon that confidence rests the credit of the States, the municipalities, all our financial institutions, and industry—it is the basis of recovered employment and agriculture.

The increases in revenues enacted at the last session have not had the results hoped for because of continued economic stagnation. The income of the Government for the next fiscal year, nominally estimated at $2,950,000,000, is likely to fall short under present world conditions by anywhere from $100,000,000 to $300,000,000.

Expenditures (and I speak in terms of expenditures rather than appropriations), because of the confusion caused by carry-over of appropriations for the present fiscal year, including Post Office deficit but excluding debt redemption, are estimated at about $3,771,000,000. If expenditures are continued during the next fiscal year at the present rate, there would thus be a deficit of from $920,000,000 to $1,120,-

000,000 in the next fiscal year, exclusive of sinking-fund charges.

Obviously the first necessity of a nation of decreasing income is reduction in expenditures. My message of December 5, as supplemented, recommended very large specific reductions of appropriations and economies for the next fiscal year. These proposals (including the effect of previous appropriations and obligations) would reflect an expenditure next year, excluding debt redemption but including post-office deficit of about $3,233,000,000, a decrease as compared to the current year of about $538,000,000.

Assuming that these economies and reductions of appropriations will be adopted, on this basis of calculation there would still be a deficit, exclusive of debt redemption, of about $400,000,000 to $600,000,000. Certainly with the general economic outlook in respect to income and the legislative outlook in respect to recommended economies the latter figure is the most likely of realization.

The first essential is that the maximum appropriations and economies set out in the Budget message as supplemented should be adhered to. The second is that there should be no new authorizations or appropriations brought forward. The third is that even the appropriations recommended should be reduced at every point the Congress is able to find an avenue therefor. So far as appropriation bills as dealt with by the House of Representatives or the committees thereof, the results have been disappointing. Maximum appropriations for the different departments which were recommended in the Executive Budget have not been adhered to. My Executive orders to consolidate some 58 Government functions into a few divisions with resulting economies appear likely of refusal by the Congress with resultant continuing waste. I regret to say that the same forces are at work which thwarted the savings of several hundred millions we sought to effect at the last session of Congress. We are during the current year and even in the next fiscal year suffering from that failure.

In the five departmental bills dealt with by the House or by the committees thereof at this session, a total of appropriations were recommended by the Executive which would result in an expenditure (exclusive of debt redemption) of $2,263,000,000, being a decrease of expenditures in these departments of $264,400,000 under the present fiscal year. Some items in these bills have been genuinely decreased by action of the committees or the votes of the House. Others have been increased. Still others have been given the appearance of reduction but in reality must be restored during the next fiscal year by deficiency bills.

The items in which there have been genuine decreases in these appropriations aggregate about $23,500,000. But of this $10,000,000 is reduction in the public buildings for which commitments have been authorized.

Items have been decreased which will in all probability be required through deficiency bills amounting to approximately $41,400,000.

Items have been increased amounting to approximately $58,200,000.

There is thus produced an appearance of slightly greater saving than recommended in the Executive Budget, but in reality an actual increase by over $35,000,000. If the Congress would accept the cuts recommended in the Executive Budget and also the genuine cuts made by the House Committee on Appropriations or as passed by the House, it would represent a real decrease in Government expenses over those in the Budget in respect to these bills of some $23,500,000.

There are yet remaining to be reported appropriation bills in which reductions have been recommended by the Executive which would secure reductions on those agencies of $249,000,000 less than those of the current year.

In consideration of reductions I realize the pressures upon the Congress. I also recognize many organizations advocating economy do not fully understand the limitations under which the Congress works in reduction of expenditures. In order to clarify this I may classify the Government expenditures proposed for the next fiscal year into six groups, excluding debt redemption but including post-office deficit:

1. Interest on the public debt which can not be reduced	$725,000,000
2. Trust funds, tax refunds, District of Columbia budget, contributions to civil-service pensions, post-office subsidies to air and foreign mail which are represented by fixed obligations, and other similar items on which there is no opportunity to reduce	310,900,000
3. Public works and their maintenance (excluding military, naval, and veterans' construction which are in following items) has been reduced practically to commitments and contracts outstanding	305,000,000
4. Expenditures on military establishments	612,700,000
5. Expenditures on veterans have been reduced in the Executive proposals by $121,000,000	818,400,000
6. All other expenditures of the Government, including the legislative, the judiciary, law enforcement, prisons, foreign affairs, fiscal and tax service, public health, education, forests, fisheries, aids to agriculture, labor, commerce, safety of life at sea, inspection of food products, and a multitude of vital services including the post office as represented by the remaining deficiency and all other independent establishments except the Veterans' Bureau	461,000,000
Total	3,233,000,000

It will be seen that about 86 per cent of the whole expenditure of the Government lies in the first five items.

No matter how rigid economies may be it is obvious that the Budget can not be balanced without a most substantial increase in revenues. But the progress of appropriation bills, however, would indicate that the Executive recommendations on which all these calculations are based will not be realized by $100,000,000 or more, and therefore it is more likely that the deficit will amount to from $500,000,000 to $700,000,000.

In canvassing the three major fields of possible income; that is, income taxes, customs and excise taxes, I believe that inquiry by the Congress will develop that income taxes under the act of 1932 have been developed to the point of maximum productivity unless we are prepared to abandon our American system of fairly high exemption and reasonably low rates applicable to the small incomes, and in any event by keeping to these principles no further burdens in this direction would substantially increase revenues and solve the questions. One of the first economic effects of the increases already made is the retreat of capital into tax-exempt securities and the denudation of industry and commerce of that much available capital.

The customs revenues and other miscellaneous revenues are not likely to be increased except through recovery in trade. In my view, therefore, the field for substantial increase in Federal Government revenues resolves itself to the exploration of the possibilities of so-called excise or sales taxes. In the estimated revenues for the next fiscal year nearly $700,000,000 is comprised of so-called excise taxes which are levied on a few score different manufactured commodities. These taxes are in fact manufacturers' sales taxes. Any attempted distinction between excise taxes on manufactured commodities, or sales taxes on manufactured commodities is mere juggling with words. Of the taxes now levied nearly $200,000,000 are upon essentials as distinguished from so-called nonessentials. The Congress has thus already established a sales tax as the basis for one-quarter of the whole public revenues, and has already adopted sales taxes upon essentials as distinguished from nonessentials. To extend this form of taxation is neither new nor revolutionary. Instead of spreading it over a few scores of commodities and services at irregular rates which cause discrimination and hardship between industries, it would seem the essence of good statesmanship to apply such a tax generally at a low rate upon all manufacturers except upon food and cheaper grades of clothing, and thereby give to the Federal Government a stable basis of income during the period of depression.

The balancing of the Budget is one of the essential steps in strengthening the foundations for recovery. Capital expenditures are a very important item in our economic life.

There can be no doubt that there is an enormous accumulated demand for capital funds that would be expended for equipment and replacements of all kinds if long-time funds could be obtained cheaply and if confidence were restored. For some time now long-time funds have not been available for the public at reasonable rates. The retirement of the Federal Treasury from the market as a constant borrower, the balancing of the Federal Budget, and the refunding operations necessary to bring the Government debt into better balance would have a stimulating effect, would vitalize our entire credit structure and produce one of the conditions essential to continued recovery.

It is essential that the Government undertake at an early moment the refunding of outstanding high interest-bearing Liberty bonds into bonds bearing a lower rate of interest. It is essential, too, that a portion of our short-term borrowing should be converted into longer-term issues. A balanced Budget would greatly facilitate such an operation.

Every principle of sound governmental management and wise economic policy call for the prompt balancing of the Federal Budget. This all-important objective is definitely within reach, and more determined effort will bring us to the goal we have been striving to reach in the face of unparalleled difficulties.

One of the most helpful contributions which the Congress and this administration could give to the next administration would be to enable them to start with the Federal Budget in balance and the Federal finances in order.

HERBERT HOOVER.

THE WHITE HOUSE, *January 17, 1933.*

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, like the other Members of the House I have had no opportunity to analyze this message, having been able to follow it only as it was read from the Clerk's desk, with a copy which I happened to hold in my hand.

I have been in Congress for some time. In this time I have never heard on any occasion or on any subject a more remarkable and amazing message sent to the Congress of the United States; and I am very sure that the President, who I assume indited it and who certainly signed it, would wish to withdraw it if this could be done when he realizes just what he has stated to the Congress and to the country.

Let me call your attention to a few significant sentences in this message. I now quote:

> The first essential is that the maximum appropriations and economies set out in the Budget message as supplemented should be adhered to.

And further on he says:

> So far as appropriation bills as dealt with by the House of Representatives or the committees thereof, the results have been disappointing. Maximum appropriations for the different departments which were recommended in the Executive Budget have not been adhered to.

Could there be anything more astonishing than such a statement from the President of the United States who has been urging economy since the Democrats took control in December, 1931, than his present complaint to Congress and to the country that the maximum appropriations which he recommended and the economies suggested by him have not been adhered to?

Are we to understand the President of the United States as wishing to put himself in the position of saying he does not think Congress should have attempted to reduce any estimate he sent up here?

Are we to understand him as complaining because Congress in its wisdom, being in charge of the purse strings of the country, has sought to reduce these estimates to the fullest possible extent?

Yet, Mr. Speaker, if the English language means anything in the world that is what this message means, because the language to which I have referred, the quotations which I have made, can not be construed in any other way.

Oh, yes, the President probably is resentful. I recall at the last session of Congress when the Democrats took control of the House under the leadership of our distinguished Speaker and began to cut down the President's estimates, finally cutting them to the extent of over $334,000,000 before it concluded, the President became very restive. After he saw three or four of these bills reported, he sent a message urging that his estimates be reduced and telling Congress within five weeks after he had sent his estimates on the 1st of December, that unless they cut them something like $200,000,000 or $300,000,000, I forget the exact figure, Congress would not be doing its duty, and this notwithstanding he was supposed to have given careful and deliberate consideration to the estimates sent up over his signature and prepared by his personal representatives.

He complains. He says Congress is not going to help balance the Budget by its present policy of reduction. What else does he say?—

> Some items in these bills have been genuinely decreased by action of the committees or the votes of the House. Others have been increased. Still others have been given the appearance of reduction but in reality must be restored during the next fiscal year by deficiency bills.

Of course, I am not going to say so, but you know that reads so much like BOB SIMMONS's speeches of December and January a year ago when the House committee was cutting estimates and appropriations that I almost think he must have taken the language from some of Bob's speeches. The gentleman from Nebraska [Mr. SIMMONS] spent hours discussing several appropriation bills. The gentleman from Nebraska criticized the reductions we were making last year, which finally amounted to over $1,100,000,000 before we got through and which I have just stated resulted in over $334,000,000 of reduction in the President's Budget. He came down in the well of the House and declaimed, "You are doing this with your tongue in your cheek; you expect to make deficiency appropriations to take care of these reductions next December." It is significant that his constituents did not agree with him when they cast their votes in the November elections. He is to be succeeded by a Democrat, who will come here to help reduce expenditures and appropriations rather than criticize the committee and its chairman for what it accomplished along that line.

You passed the deficiency bill here this afternoon, and, Mr. Speaker, as I recall, it is the smallest urgent deficiency bill that has been passed by Congress in my whole record here in the House of Representatives, carrying a little more than $3,000,000 by way of deficiencies, excluding the appropriations for refunding taxes which Mr. Mills, the Secretary of the Treasury, told us in December, 1931, would be necessary this year, and none of which was made necessary by the reductions which the Congress made.

Now, what have we done this session? Let us see how a plain, simple tale will put this message down. The President is undertaking to say—and I say this with the utmost respect, although it is a little difficult to talk about these things when we hear a message like this read—but the President is undertaking to tell the country that Congress is not doing its duty and that it is not helping to balance the Budget.

Let me call your attention to the actual facts. I have done this once or twice. But it does not seem to be known to those who proposed this message, although easily accessible to the President and those who helped him prepare this message.

We have had five bills reported to the House up to this time. The first was the Treasury and Post Office bill. The President asked us to appropriate—and, mind you, I say the President asked us to appropriate—for these two departments $994,328,901. The House Appropriations Committee recommended and the House approved appropriations carrying $961,416,597, which represents a reduction under the President's estimate of $32,912,304.

Did the House fail to do its duty in helping to balance the Budget because in this instance it refused to accept the "maximum amount" or as the President expresses it, "adhere to the maximum amount" which he asked us to appropriate. As to the Interior Department appropriation bill, which has passed the House, the Budget estimates, or the requests of the President, amounted to $46,083,929.

[Here the gavel fell.]

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes more.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. The House Committee on Appropriations recommended, and the House concurred in the recommendation, $43,172,904, which was a reduction of $2,911,025, which according to the President's message, just read, was all wrong and ought never to have been done.

The Department of Agriculture bill has been reported by the Committee on Appropriations and passed by the House. The Budget or the President's requests amounted to $108,061,793. The bill as reported from the House Committee on Appropriations and concurred in by the House, carried $100,228,077, or a reduction under the President's requests of $7,833,716.

The urgent deficiency bill was then reported and was finally passed to-day. The Budget, or the President's estimates, called for $44,138,764. The bill as it was agreed upon carried $31,756,535, or a reduction under the President's estimates of $12,382,228.

The War Department bill is now pending in the House. Under the President's requests it amounted to $352,530,145. As the Committee on Appropriations has reported it, it carries $345,833,532, or a reduction under the President's estimates of $6,696,613.

In other words, in these five bills which have been reported up to this time, some of which have been passed by the House, there has been a total reduction under the President's Budget of $62,735,886. Still further reductions will be made in the bills which are to follow.

Let me ask again, just what does the President mean when he complains because the committee and the House, exercising their constitutional authority, have sought to cut down these appropriations and have reduced his estimates in these five bills alone over $62,000,000, and thus refused to "adhere to the maximum amount" which he asked? Oh, gentlemen, I repeat, I can fancy, to-morrow, when the President looks over this message again, he will have some regret, because he has put himself in a position before the Congress and before the country which is absolutely indefensible.

And then what next does he complain of? He says:

> My Executive orders to consolidate some 58 Government functions into a few divisions, with resulting economies, appears likely of refusal by the Congress, with resultant continuing waste.

Well, the President did submit a message in which he recommended that there be some sort of consolidation of some 58 activities, so they said. I never counted them, but, you know, I could not help but think—and I am sure every Member of this House thought at the time—that he had been President of the United States for nearly four years and for eight years was Secretary of Commerce and sat in the Cabinet of two Presidents.

He says he knew all this time something about the necessity of consolidation. And yet it was not until the Democrats began to take steps along this line, when they organized the House under the leadership of our distinguished Speaker, that he seems to have become aroused to the fact that something might be saved in the way of consolidation.

I challenge you or anyone else to show wherein that message he gave to the country furnished the slightest information as to just how much can be saved or what efficiency it would promote.

What is the object of consolidation? Just two things. If it is not going to save money, if it is not going to promote efficiency there is no use of transferring one bureau to another department.

One of these two things must be accomplished or else there is no justification in consolidation. And yet in that message he does not indicate, he does not tell you, what the Director of the Budget or the heads of the departments have estimated will be saved if his recommendation be carried out or what efficiency will be promoted. Nor does he venture a positive or definite opinion. He simply says it must follow as a matter of course that there will be some efficiency and some saving in administration.

Now, ladies and gentlemen, he complains because Congress did not immediately act on his consolidation message, when he did not give us a single fact to justify our taking the matter up and considering it. I repeat, for more than three and a half years he sat in the White House totally oblivious, so far as his actions were concerned, to the necessity of consolidation in the interest of economy or better efficiency.

Mr. MAPES. Will the gentleman yield?

Mr. BYRNS. Not until I complete this thought. I would like to get through and then I will yield.

Mr. MAPES. I would like to set the gentleman right.

Mr. BYRNS. All right. I will yield.

Mr. MAPES. The gentleman from Tennessee criticizes the attitude of the President in regard to reorganization. Is it not fair to say that during all the eight years he was Secretary of Commerce he consistently recommended that the President be given authority to make consolidations and reorganization of departments, and that since he has been President he has repeatedly asked Congress to give him that authority; that the authority was never given him until near the end of the last session of Congress on the passage of the economy act, and that he has acted as promptly as it was humanly possible for him to act in making the recommendation? [Applause on the Republican side.]

Mr. BYRNS. Let me ask the gentleman: Does not the Constitution make it the duty of the President to advise Congress from day to day with reference to the state of the Union and what should be done for the best interest of the country?

The SPEAKER. The time of the gentleman from Tennessee has again expired.

Mr. MAPES. I ask unanimous consent that the time of the gentleman be extended five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. The gentleman says that the President for eight years has been talking about consolidations when he was Secretary of Commerce, and I think when he began to send in his numerous messages last January, a year ago, he repeatedly referred to the fact that as far back as 1922 he had been in favor of consolidations. I submit to the gentleman that there was never the slightest reason on the face of the earth why the President of the United States should not have investigated the subject and sent to Congress on any day that it was in session a recommendation that certain consolidations be made in the interest of economy and efficiency, and the mere fact that Congress had not given him that power certainly offers no excuse for this failure on the part of the President to do what the gentleman from Michigan refers to.

Mr. BROWNING. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BROWNING. Also, does not the Budget law charge him with the responsibility in direct language of reporting consolidations or recommendations for reorganization to Congress, in addition to his duties under the Constitution?

Mr. BYRNS. I thank the gentleman for that suggestion.

Mr. BROWNING. And his party was in power all the time when he was in the Cabinet.

Mr. BYRNS. The gentleman has correctly set forth what was expressly declared in the Budget law to be the duty of the President; and, as the gentleman from Tennessee says, during all these years the Republicans were in power, not only in the White House but in the Senate and in the House of Representatives, not a suggestion worthy of consideration came from the White House until after a Democratic

House began to cut expenditures, and last December a year ago appointed a committee for the purpose of looking into the matter of consolidation and determining where greater economies could be effected.

Mr. MAPES. I take it the gentleman does not want me to answer the question which I understand was directed to me.

Mr. BYRNS. Does the gentleman deny that the President could have submitted a message at any time he wanted to?

Mr. MAPES. I do not deny that the President has not submitted a message to Congress on the subject every day, but I presume it is fair to say that he has submitted at least a dozen messages since he was inaugurated as President asking for authority to consolidate and reorganize the executive departments, and some of the leading members of the gentleman's party have consistently opposed giving him such authority on the ground that it was unconstitutional to clothe the President with that power; but now, according to the public prints, the gentleman's party proposes to give the incoming President not only authority to reorganize and consolidate but to abolish activities which have been created by statute.

Mr. BYRNS. The gentleman from Michigan is one of the leaders on his side of the House.

Mr. MAPES. Oh, no; I am not.

Mr. BYRNS. During this time the gentleman's party has been in complete power, not by a margin of one or two, but by an overwhelming majority in most instances, and the gentleman from Michigan stands here defending the President of the United States as the leader of his party and says that the President during all those years has been urging consolidation in the interest of economy and efficiency, and yet with the gentleman's party in power, as it was, with the right to pass legislation and to act in conformity with the recommendations of the President, he sat still, as did his party, and failed to give him such authority, and that it was finally necessary for the Democratic Party to do what his party has failed to do. His statement and admission are as astounding as the message I have been discussing. [Applause on the Democratic side.]

The SPEAKER. The time of the gentleman from Tennessee has expired.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. JAMES, on account of illness.

To Mr. CARLEY, for an indefinite period, on account of illness.

ELECTORS FOR PRESIDENT AND VICE PRESIDENT

The SPEAKER laid before the House the following communication, which was read:

DEPARTMENT OF STATE,
Washington, January 17, 1933.

The Hon. JOHN NANCE GARNER,
Speaker of the House of Representatives.

SIR: I transmit herewith, in pursuance of the provisions of the act of Congress approved on May 29, 1928 (45 Stat. 945) a copy of the certificate of the final ascertainment of electors for President and Vice President appointed for the Commonwealth of Pennsylvania on November 8, 1932. A certified photostat copy of a certificate setting forth the names of the electors appointed for the Commonwealth of Pennsylvania which was received with the certificate mentioned above is also inclosed.

Very truly yours,

H. L. STIMSON.

Inclosures: Certificates furnished by the Governor of Pennsylvania.

The SPEAKER also laid before the House the following communication, which was read:

DEPARTMENT OF STATE,
Washington, January 16, 1933.

The Hon. JOHN N. GARNER,
Speaker of the House of Representatives.

SIR: I transmit herewith pursuant to the provisions of the act of Congress approved on May 29, 1928 (45 Stat. 945) copies of the certificates of final ascertainment of electors of President and Vice President of the United States appointed on November 8, 1932, in the States which are indicated below.

Very truly yours,

H. L. STIMSON.

Inclosures:

Certificate furnished by the Executive of the State of Colorado.

Authenticated photostat copies of certificates furnished by the Executives of the States of Nevada and Rhode Island.

CONSTITUTIONAL AMENDMENT FIXING THE TERMS OF PRESIDENT, ETC.

The SPEAKER laid before the House the following communication, which was read:

DEPARTMENT OF STATE,
Bismarck, N. Dak., January 14, 1933.

Hon. JOHN N. GARNER,
Speaker of the House of Representatives, Washington, D. C.

SIR: By direction of the Twenty-third Legislative Assembly of the State of North Dakota now in session, we transmit attached hereto a certified copy of a joint resolution ratifying an amendment to the Constitution of the United States of America, fixing the commencement of the terms of President, Vice President, and Members of Congress, and fixing the time of the assembly of Congress.

Very respectfully,

ROBERT BYRNE,
Secretary of State.
By CHARLES LIESSMAN, *Deputy.*

EFFECT OF THE ST. LAWRENCE TREATY ON THE LAKES TO THE GULF WATERWAY

Mr. WILLIAM E. HULL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the effect of the St. Lawrence waterway on the Lakes to the Gulf waterway.

The SPEAKER. Is there objection?

There was no objection.

Mr. WILLIAM E. HULL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by myself before the national rivers and harbors convention, Washington, D. C., January 17, 1933:

The first bill I introduced in the Congress was H. R. 5475, a bill to deepen the channel of the Illinois River from Utica, Ill., to Grafton, Ill., to a 9-foot channel, which, with the Illinois waterway project authorized and under completion by the State of Illinois, would make a connection between Lake Michigan and the Mississippi River and thence on to the Gulf of Mexico, thus connecting Lake Michigan with the Gulf, giving to the great agricultural section of the United States an opportunity to ship their products throughout the world at a reduced freight rate.

This great "bread basket" of the Nation, which has been landlocked for these many years, to-day has the opportunity of reaching a goal that has been sought since the inauguration of the first President of the United States. George Washington had in his mind a waterway leading from the east coast to the great Mississippi River, and now, through different stages of legislation, the Congress of the United States has authorized a deep waterway connecting Lake Michigan with the Gulf of Mexico and added to that are the tributaries that run into the Mississippi River.

All of this is practically completed or under construction. Millions of dollars have been spent upon this great inland-waterway system, and now what do we find? A treaty with Canada that will prevent the waters from Lake Michigan, an inland lake not belonging to Canada, from being turned into this inland-waterway system.

Will the people of the Central West and the South allow another nation to defeat this great project as is proposed in the Canadian treaty dealing with the St. Lawrence navigation and power project?

I quote to-day a part of a speech that I made to the House of Representatives March 3, 1925, headed "Canadian Power Interests":

"Immediately upon the introduction of this bill the power interests of Canada and Niagara Falls bared their fangs and proceeded to burrow within. Some of our own States and the shipowners of the Great Lakes also entered protest, but apparently always under the generalship of the Canadian power interest.

"The Great Lakes lie principally upon the United States side, and still we have Great Britain, through the Canadian Government, dictating to us how much water shall be taken for power purposes when, with extreme greed, they have taken the lion's share of the water. Even after a treaty had been signed, giving Canada 36,000 cubic second-feet, against 20,000 cubic second-feet flow for the United States at Niagara Falls, and after Canada accepted in this treaty the diversion of 10,000 cubic second-feet at Chicago, she, with her unlimited gall, comes back to the United States Government and asks us to revoke the 10,000 cubic second-feet diversion at Chicago. Without doubt it is uppermost in

their minds to again ask for a new treaty that they may be given a part of this water."

Now, what do we find? The new treaty I predicted eight years ago is before us and the Canadians will get 41,000 second-feet, and at Chicago and Niagara Falls combined the United States will get 22,425 second-feet. I do not see any justice in that. They get more than they got before and we give up what we had to make a great American waterway from the Lakes to the Gulf, and we are not asking for 10,000 second-feet. All we are asking is enough water to make the great American waterway a success.

The Canadians are vitally interested in this treaty. Now, friends, do not fool yourself. They are more desirous of getting this treaty than the United States Government is.

Canada built the Welland Canal at a cost of $128,000,000. Their great wheat fields are up on the north shore of Lake Superior. Fort William and Port Arthur are the largest ports in the world and they are up on the north shore of Lake Superior. With the St. Lawrence completed, they can load ocean steamers near the great wheat fields of Canada and go direct to Liverpool.

They have 27-foot depth in the Welland Canal, but they only have a 14-foot depth down in the St. Lawrence. They can not use the 27 feet in the Welland Canal unless this new waterway is completed. If they are going into the world market with their wheat, they must have the St. Lawrence waterway and for that reason alone, they are anxious that the United States Government should furnish the money to build it, which will cost our Government nearly a billion dollars when it is completed. And still they say to us down in the Mississippi Valley that we are to be limited to 1,500 second-feet of water out of Lake Michigan which belongs to the United States itself and is not a boundary water. In addition to that, this treaty gives them jurisdiction over Lake Michigan.

How any Senator could afford to cast his vote for such a treaty is beyond my comprehension.

I want to quote in this connection from an editorial in the Toronto Mail showing another loss they will sustain if they fail to get this treaty:

"The treaty has its power side as well as its navigation side. The work in the international section and in the national section will develop about 5,000,000 horsepower. Of this 2,000,000 horsepower will be available in the international section and 3,000,000 in the national section. Canada is to obtain 1,000,000 of the 2,000,000 horsepower to be produced in the international section, but all of the 3,000,000 horsepower to be developed in the national section will belong to this country. This means that Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development."

This editorial ought to be a warning to our people to lay off this treaty. It is evident some of the Senators of the Northwest are willing to sacrifice the whole transportation system of the inland waterway of this country paid for by the United States taxpayers to give the farmers an outlet for their grain, for a mere pottage the privilege of shipping over the Great Lakes, that mostly belong to the United States, the products of simply the Northwest, and allow the rest of the country to suffer thereby.

It seems to me that there should be an uprising of all of the Central West and the South against this treaty. We would be better off holding out and not surrendering everything for such an unfair and unjustifiable treaty.

I desire, at this point, to call your attention to another fact: We are all suffering in this country for the want of labor for our people. We have complained that we have used our tax system to the limit to raise money for public works to give them labor, and yet millions are still idle, but now we are willing to raise in the neighborhood of a billion dollars to be spent in Canada, and I quote from the Canadian editorial as follows:

"Most of the construction work will be done in Canada. All the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $57,718,000 for works situated on the Canadian side in the international rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used."

This analysis should be a warning to every American citizen, and I will quote a few lines from the same editor in which he says:

"With the deep-water channel to Great Britain and to other parts of the world, and with an abundance of cheap power for manufacturing purposes, a multiplication of industries along the Great Lakes and St. Lawrence River is certain to occur within the next few years. We believe, indeed, that the most highly industrialized section of the new world will bestride the international boundary."

Is it possible that our Senators are willing to barter away our labor and destroy the great inland waterway by taking away from it the water that it so richly deserves and give it all to Canada; take a billion dollars out of our Treasury and allow Canada to expend it upon its own labor, its own waterway interests, and the development of industry in that country? It seems to me that those of us who live in the Central West should rise in mighty wrath and develop a sentiment throughout the whole 28 States that are interested in an inland-waterway system and protest to the Senate of the United States against such an atrocious treaty as this is.

And once more let me quote what the Canadian papers say, which are justly proud of the Canadian minister, the Hon. W. D. Herridge, who negotiated this treaty:

"He has obtained a treaty which places the bulk of the cost on the United States and involves the Dominion treasury in an expenditure of less than $40,000,000. This and his success in obtaining a greatly increased number of air channels from the United States for radio purposes amply justify his appointment to the Washington post. He would not have accepted that position but for the prospect of doing these two jobs for Canada, and his double achievement marks him as an international diplomat of first-class order. In the language of the street, he has carried the message to Garcia, delivered the goods, and brought home the bacon."

There is no doubt but what he has brought home the bacon to Canada but he got the bacon out of our smokehouse. There is no reason to disqualify Mr. Herridge for his success, but I am wondering where our minister was at the time that was put through.

Gentlemen, you will never know how still the Canadians have been in the last 10 years, how forceful their argument has been against the deep waterway throughout the United States and how they have, at all times, apparently fought even the St. Lawrence waterway, but they were just exactly like a good fisherman sitting quietly with his hook well-baited until we nibbled on the bait and we have most certainly been well hooked in the negotiation of a treaty of this character.

It is not necessary for me to go through all of the different agreements that we have had in Congress in reference to diversion but I will call your attention to the fact that for the past 30 years, Canada has been using extra water at Niagara even though 65 per cent of the lake surface and 59 per cent of the watershed are in our country. They have been collecting a heavy toll for the diversion at Chicago, but now you make a treaty in which you allow them to increase the amount of their diversion and even take it out of our own waterways.

In order that I may put before this convention the action of Congress on the diversion or the amount of water that we are to have in the Illinois and Mississippi waterway, I quote an act of Congress, authorizing the Illinois-waterway development which contains the following provision:

"As soon as practicable after the Illinois waterway shall have been completed in accordance with this act, the Secretary of War shall cause a study of the amount of water that will be required as an annual average flow to meet the needs of a commercially useful waterway as defined in said Senate document, and shall, on or before July 31, 1938, report to the Congress the results of such study."

And before the engineers have had a chance to make this study and the necessary amount of water needed determined by demonstration, we have a treaty that precludes the Congress and the courts from dealing with the question. Clearly Congress intended that the waterway authorized by this act should be operated.

I want to say to this organization which is interested in the affairs of the United States Government, if you adjourn this convention without taking some action against this treaty, then there will be no particular interest in having more of these conventions because you have turned our whole waterway system over to the dictation of Canada, and you know and I know that whenever they get what they want, from that time on we will get nothing. From time immemorial the Canadians have been so far ahead of our people from a diplomatic standpoint that the majority of the people of the United States do not know what has hit them. When Canada gets all she wants, she will then refuse to allow even enough water to operate the Illinois and Mississippi Canal from Lake Michigan to the Gulf of Mexico and it will be closed, and the hope for a revival of agriculture and industry in the Central West will be forever blasted.

BALANCING THE BUDGET

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing the speech made yesterday by the Secretary of the Treasury.

The SPEAKER. Is there objection?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

[From the New York Times, January 17, 1933]

TEXT OF SECRETARY MILLS'S ADDRESS ON BALANCING THE BUDGET

I have been asked to speak to you this evening on the subject of Federal finances. This sounds formidable. As a matter of fact, however, our fiscal problems can be simply stated and readily understood. Were it not for the political factors, even their solution would be comparatively simple. They become complicated only when dealt with in terms of accounting verbiage, or if we lose ourselves in a maze of unnecessary details.

While the carrying out of determined policies does require technical skill and detailed application, a few essential facts and a broad outline of our present financial situation are all that are necessary in order to enable us to grasp the character of the problem that confronts us and to make the necessary decisions.

Our total expenditures for this fiscal year which ends June 30 next, will aggregate $3,771,000,000, exclusive of public debt retirements.

NATURE OF THE EXPENDITURES

These expenditures will be devoted to the following purposes: $695,000,000 are required for interest on the public debt, $134,000,000 represent excess of postal expenses over receipts, $87,000,000 customs drawbacks and internal-revenue refunds, $21,000,000 pay-

ments to the civil-service retirement fund, and $157,000,000 on trust-fund account, such as the Government life-insurance fund, trust funds for the benefit of Indian tribes, expenditures of the District of Columbia government, etc., or a total of $1,094,000,000 of unavoidable obligations.

We shall expend about $630,000,000 for national defense—an amount which, until greater progress is made in international disarmament, can not be safely reduced; about $920,000,000 on our veterans (both exclusive of construction items), and about $600,000,000 on public works in completion of the program already embarked on, making a total for these purposes of $2,150,000,000.

This leaves about $500,000,000 for the ordinary running expenses of the Government, including the legislative and judicial branches, fiscal administration and control of banking and currency, foreign relations, conservation, education, promotion of the public health, Indian affairs, aids to agriculture, labor, aviation, and industry.

ACTUAL OPERATING EXPENSES

In other words, if we exclude the unavoidable obligations such as public-debt expenditures, and exclude the Army, Navy, and veterans, the ordinary expenses of the Federal Government are approximately $500,000,000. I stress this point because of the misleading picture that has been painted of an immense and costly bureaucracy and of the vast savings to be effected through a reorganization of the Federal Government. Such reorganization is desirable in the interest of greater efficiency and greater economy, but substantial relief to the taxpayer must be sought elsewhere.

The President, in his Budget message, has indicated how and where economies can be effected.

The 1934 Budget, as supplemented, contemplates expenditures, exclusive of public-debt retirements, of $3,233,000,000 for the fiscal year 1934, after all reductions proposed by the President, as compared with $3,771,000,000 for the present fiscal year, or a saving of $538,000,000.

This would be accomplished in the main by curtailing expenditures for public works by about $260,000,000; by amending veterans' legislation to do away with certain unjustifiable payments resulting in a reduction of $127,000,000; by the application of the strictest economy in the various departments and bureaus of the Government; and a further reduction in salaries of $57,000,000.

SEES A REAL ACHIEVEMENT

Reducing the cost of Government by over half a billion dollars, following the substantial savings already effected this year, would constitute a real and fruitful achievement. It is the first essential step toward bringing the Budget into balance and laying a foundation for ultimate relief to the taxpayer.

I know of no reason why the country should not get the benefit of these reductions in expenditures. I am not talking of a vague and theoretical program. Every one of the economies that go to make up this saving of over half a billion dollars is set out in detail in the Budget message. It requires but the affirmative vote of the Congress to make these economies effective, and both parties are pledged to drastic economies and to a balanced Budget. The time to make good these pledges is now. The need is obvious. The plan is there. There is no excuse for further delay.

But this is only part of the story. Even if current expenditures are reduced to $3,233,000,000, the Budget will not be in balance. The total receipts, exclusive of foreign-debt payments, which recent events have made a highly uncertain item, are estimated at $2,620,000,000, leaving a gap of $613,000,000, which will have to be bridged by increased taxation.

$500,000,000 MORE NEEDED

Assuming that we shall collect something on foreign-debt account, we need, roughly speaking, a half billion dollars of additional receipts.

The situation thus may be summarized by saying that, exclusive of public-debt items, our Federal Budget may be brought into balance in the next fiscal year by reducing expenditures half a billion dollars and by providing half a billion dollars of new money. But this does not afford provision for sinking-fund obligations, and it presupposes that no new obligations of any kind will be incurred.

The savings, as I have said, are set out in detail in the Budget message. When I appeared before the Ways and Means Committee on December 14, when the so-called beer bill was under consideration, I pointed out that the beer bill alone, yielding say $125,000,000, or even coupled with the gasoline tax, yielding another $137,000,000, could not be expected to produce the necessary revenue—in fact, they would only produce about one-half—but that combined with a general manufacturers' excise tax they would furnish a base of taxation sufficiently broad to give adequate assurance of a balanced Budget.

NEED OF A SALES TAX STRESSED

Without the manufacturers' excise tax it will be extremely difficult to balance the Budget, since the field of new taxes has been well exhausted by the revenue act of 1932.

It should not be forgotten that we adopted income-tax rates that run as high as 63 per cent, which is an extraordinarily high peacetime rate, and an inheritance tax law with rates running as high as 45 per cent; that we have imposed sales taxes on a great variety of articles, including lubricating oils, brewers' wort, automobiles, trucks, parts and accessories, tires, gasoline, candy, chewing gum, soft drinks, jewelry, toilet preparations, furs, electricity, radios, mechanical refrigerators, sporting goods, and cameras, and that, in addition, new and increased stamp taxes were imposed; taxes on admissions were extended; a tax on telephones, telegraph, cable, and radio messages, checks, safety-deposit boxes, transportation of oil by pipe line, and the use of boats were adopted.

Many of these taxes are difficult of administration and not particularly productive. Some are inequitable and unjustifiable in their present form. The adoption of a general manufacturers' excise tax at a comparatively low rate would permit the elimination of a number of them.

CHANGED MIND ABOUT SALES TAX

There was a time when I did not favor a manufacturers' excise tax. But at a time when our normal sources of revenue from excises and customs, supplemented by income and inheritance taxes imposed at war-time rates on not more than 2,500,000 people out of a Nation of 120,000,000 are inadequate to supply the necessary revenue, the objections ordinarily urged against the manufacturers' excise tax do not seem to me to remain valid.

It appears preferable to a great variety of discriminatory sales taxes, which are just as much consumption taxes as a manufacturers' excise tax. It would be levied at a low rate and imposed on such a broad base as not to be truly burdensome to any class of taxpayers.

It is not a novel form of taxation, but one which has given satisfaction in Canada, where conditions are not fundamentally different from ours, and in Australia. The objections to it are theoretical rather than practical. It is the most promising source of new revenue that we can turn to at this time to assure the safeguarding of the public credit. But, as far as I am concerned, I would be glad to consider with an open mind any other forms of taxation that might be suggested to bring our Budget into balance.

That the Budget should be balanced is not open to dispute. No matter how good its credit, no government can afford to go on living beyond its means year after year. It is demoralizing. Such a practice runs counter to the fundamental principles that should govern the management of the public business. It is dangerous for public servants to acquire the habit of spending more than is currently available, for it is a habit easily acquired and, once acquired, not easily gotten rid of short of disaster.

TIME HAS COME TO BALANCE BUDGET

But June 30 next we will have closed three successive fiscal years with very large deficits. We will have more than exhausted the reserve which we set up in the days of plenty through the retirement of public debt from surplus funds. No one can claim that we have been hasty in imposing new taxes in a period of depression.

In fact, during the course of the campaign the Treasury was severely criticized for not resorting to additional taxes at the very beginning of the depression. I do not agree with that criticism. But I do think the time has now come to effect the necessary economies and to make available the necessary revenues to put the Government's finances in order and the Government credit on an unassailable basis. I believe that such a step would have a most wholesome effect on our national economy, and that the retirement of the Federal Government from the money market as a constant seeker for new funds would have a stimulating effect on the capital market, to which we must look for the initial impulse toward recovery.

The example of the Federal Government cutting expenses and living within its income would set a standard for governmental units all over this country struggling with the inevitable consequences of a decade of excessive borrowing and extravagant expenditures.

TO STIMULATE CAPITAL MARKET

From the standpoint of the Treasury a balanced Budget should permit a large saving in interest charges, not only through the prevention of a further increase in the public debt, but because it would enable the refunding on favorable terms of bonds bearing a high rate of interest, and which by October, 1933, will be callable in an amount not far from $7,000,000,000.

A lower interest charge on such a large volume of Government securities would affect long-time interest rates. Lower rates and increased bond prices would stimulate the capital market and create one of the conditions essential to business recovery. The goal is so definitely possible of attainment and the results will be so beneficial in many directions that one can not help but be impatient at the difficulties and delays and even more impatient at the uncertainty.

May I add one more word? I have been discussing a Budget balanced in the sense that current revenues will be adequate to cover current expenditures. Even so, the Budget would not be balanced in the strict sense of the word, since no provision would have been made for the $440,000,000 due the sinking fund. This is unsatisfactory, but must be tolerated under present conditions.

It would be intolerable, however, if on top of our failure to meet our sinking-fund requirements we should resort to such a bookkeeping device as withdrawing certain items of expenditure from the ordinary Budget and setting them up in the form of a special budget to be covered by borrowings.

ASSAILS CAPITAL BUDGET IDEA

Such program has been discussed. It has been suggested that public building expenditures, for instance, should be paid for not from current revenue but by borrowing, on the theory that they constitute more or less permanent improvements that can be amortized over a period of years. It is said that business corporations capitalize improvements of this character.

But there is this great difference between business corporations and the Government. Capital improvements by business corporations are productive in character, and are intended to produce enough revenue to pay for the indebtedness over a given period of years. Generally speaking, this is not true of capital improvements made by the Government.

With very few exceptions these new Government buildings represent liabilities rather than assets. They require additional funds for repairs and upkeep. The claim that has been so frequently made that the savings in rental would be enough to cover fixed charges, running expenses, repairs, and depreciation will not bear examination. Under the present building program, of the buildings completed up to January 1 last, replacing leased quarters, we are spending on running expenses alone $1,130,000, as compared with the rental for accommodations previously leased of $475,000.

Let me illustrate. In the town of X, let us say, we are paying $2,400 to rent the necessary accommodations for a post office. The Government erects a $100,000 building. Without figuring the cost of land and interest on the investment, the maintenance cost of that building amounts, together with depreciation, to $6,300 per annum. In other words, whatever the other charges may be in dollars and cents, the new post office in this particular town costs the United States Government $3,900 more a year than the rented quarters did.

PLAN IS HELD ILLOGICAL

To say that we should capitalize this new liability and issue bonds against it because it is analogous to what a manufacturing corporation does when it erects a new building, or a railroad when it builds a new connecting link, which are expected to pay for themselves, is, to say the least, illogical.

Moreover, it should be pointed out that in budgeting for Federal construction expenditures we are dealing primarily with relatively continuous operations and not with isolated and nonrecurring expenditures. This is more than a question of mere accounting. Inevitably it has an important bearing upon the effective control of expenditures, which clearly is one of the most pressing issues in the field of public finance to-day.

Ever since the war practically every State, every municipality, every county, every school district, and every other political subdivision in the United States has listened to the alluring plea that they were justified in capitalizing so-called permanent improvements, with a result that with a few shining examples of wise financial management such as are afforded by the States of Massachusetts and Connecticut, for instance, our States and municipalities have piled up a mountain of additional debt in the course of the last 12 years amounting to $10,000,000,000, under which the unfortunate taxpayer is struggling to-day, and which in many cases has brought the communities to the verge of bankruptcy.

In the face of that record the Federal Government is now being urged to abandon the policy which it has followed ever since the birth of our Government, and, instead of doing what we have always done in the past—reduce in peace time the debt piled up by the wars in which we have been compelled to engage—to adopt the practice of superimposing an unjustifiable peace-time debt on an enormous war debt; to remove all of the safeguards against extravagance which the "pay-as-you-go" policy affords, and to avoid our plain duty and the dictates of common sense by resorting to a tricky accounting device, the ruinous consequences of which are visible throughout the United States to-day.

THE ST. LAWRENCE WATERWAY

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in connection with the meeting of the National Rivers and Harbors Congress and with the pending St. Lawrence waterway treaty.

The SPEAKER. Is there objection?

There was no objection.

Mr. PITTENGER. Mr. Speaker, there is now pending in the Senate of the United States a treaty with Canada providing for the construction of the St. Lawrence Waterway. No more important matter has come before Congress in recent years, and the friends of waterway development are directly concerned with the ratification of this proposed treaty. It is one of the largest and most important projects of modern times.

Powerful and selfish interests are at work to delay and, if possible, defeat the treaty. Unfortunately, opposition has developed in some quarters of New York State; and, in other sections of our country, forces are at work, quietly but active nevertheless, to deprive the people of the North American continent of the economic and transportation benefits which would come about with the completion of the St. Lawrence waterway project. We may just as well admit frankly that railroad interests are hostile to the treaty. As a matter of fact, the railroad interests are opposed to all waterway development.

Friends of the St. Lawrence project have real work ahead of them to combat these powerful forces of opposition and delay.

I am glad to note, Mr. Speaker, that there is a meeting of the national rivers and harbors congress in the city of Washington, and the opening program of that group is held to-day. Its objects are worthy and most of us recognize the importance of river and harbor development in the United States, but this group of public-spirited men should not overlook the importance of the St. Lawrence waterway. They have an opportunity to declare in favor of that project.

I am not inclined to believe some reports which indicate that there are delegates to this national rivers and harbors congress who are unfriendly to the St. Lawrence waterway treaty. I hope those reports are untrue. It would be most unfortunate if the Rivers and Harbors Congress should lend itself to selfish interests which seek to defeat the St. Lawrence seaway project.

I want to warn the delegates to the rivers and harbors congress not to be misled by propaganda against the St. Lawrence waterway treaty with Canada. The development of the St. Lawrence is just as vital as the development of our inland rivers. The same forces that are opposing the St. Lawrence project are the ones that work actively against river and harbor development. I refer to the railroad interests. Now is the time for cooperation, and it is most opportune for the rivers and harbors congress to publicly declare its support for the St. Lawrence plan. The delegates to this convention can not expect cooperation and help from the friends of the St. Lawrence plan unless they indicate a friendly attitude on that matter.

If there be any powerful forces secretly at work in the rivers and harbors congress to pass any resolutions unfriendly to the St. Lawrence project, the delegates to this convention will do well to watch such maneuvers. They can not afford to lend aid to the railroad and transportation interests which are secretly fighting the waterway development in the St. Lawrence, and which will, in turn, oppose any program of the convention for inland-waterway development.

No selfish or sectional viewpoint should be permitted to interfere with active support for a treaty with Canada. The completion of this waterway project will give to the Northwest, with 40,000,000 people, an ocean port at Duluth, and the benefits of cheaper transportation, which will work to the direct advantage of the producer and the consumer all over the continent of North America.

RESOLUTIONS ADOPTED BY VETERANS OF FOREIGN WARS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein four resolutions passed by the convention of the Veterans of Foreign Wars held at Sacramento, Calif., September 1, 1932.

The SPEAKER. The gentleman, I presume, knows of the rule established by the gentleman from Wisconsin [Mr. STAFFORD] and the gentleman from Massachusetts [Mr. UNDERHILL], which precludes this, and the Chair hesitates to recognize the gentleman at this hour.

Mr. WOLCOTT. I would be willing to withhold it until to-morrow, if the Chair should wish. In this connection might I say that my reason for so doing is the fact that when Mr. Ray, legislative representative of the Veterans of Foreign Wars, appeared before the subcommittee on the pending bill, his resolutions were inadvertently left out of the committee hearing, and it is for that reason that I offer them as an extension of my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following resolutions passed by the convention of the Veterans of Foreign Wars held at Sacramento, Calif., September 1, 1932:

RESOLUTION OPPOSING ANY REDUCTION OF ARMED FORCES OF THE UNITED STATES

Whereas at the present time the regular standing Army of the United States is composed of 118,000 enlisted men and 12,000 commissioned officers; and

Whereas many other countries, especially European countries, have standing armies numbering from 500,000 to three to four million: Therefore, be it

Resolved, That the Thirty-third National Encampment, Veterans of Foreign Wars of the United States, go on record as opposing any further reduction in the personnel of the Army of the United States.

Approved by the Thirty-third National Encampment, Veterans of Foreign Wars of the United States, Sacramento, Calif., September 1, 1932.

RESOLUTION—MILITARY TRAINING IN SCHOOLS AND COLLEGES

Be it resolved by the Thirty-third National Encampment of the Veterans of Foreign Wars of the United States, in convention assembled at Sacramento, Calif., That we reiterate our firm, unqualified support of the present program of our Government, providing for military training in schools and colleges, as well as officers' reserve and citizens' military training camps, and that our national representatives in Washington be directed to combat any misleading propaganda to the contrary.

Approved by the Thirty-third National Encampment, Veterans of Foreign Wars of the United States, Sacramento, Calif., September 1, 1932.

RESOLUTION—APPROPRIATIONS FOR NATIONAL DEFENSE

Be it resolved by the Thirty-third National Encampment, Veterans of Foreign Wars of the United States, assembled at Sacramento, Calif., That we urge adequate appropriations for national defense.

Approved by the Thirty-third National Encampment, Veterans of Foreign Wars of the United States, Sacramento, Calif., September 1, 1932.

RESOLUTION—DEFENSE ACT OF 1921

Whereas there is a steady and continued reduction in the armed forces of the United States of America, both military and naval; and

Whereas the paramount duty of organized government is the proper defense of our citizens and country; and

Whereas the national defense act of 1921 provided for an adequate land military force, consisting of the Regular Army and the various State militia organizations and the naval peace treaties of Washington and London guarantee us a naval force of the parity of 5–5–3; and

Whereas the nations of the world are rapidly adding to their naval and military forces and to their land fortifications; and

Whereas it is the policy of the Veterans of Foreign Wars of the United States to at all times uphold, defend, and preserve our great Republic: Now, therefore, be it

Resolved by the Thirty-third National Encampment, Veterans of Foreign Wars of the United States, That we go on record as condemning the recent acts of Congress for failure to provide the means and enact the necessary legislation for the proper maintenance of our Army and Navy in accordance with the national defense act of 1921 and in conformity with the London peace treaties on the 5–5–3 ratio as provided; and be it further

Resolved, That we do hereby petition the President of the United States and our Congress to immediately enact the necessary legislation for the fulfillment of the provisions of our defense act of 1921 and the Washington and London peace treaties.

EXTENSION OF REMARKS

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter written by me to the Governor, the president of the Senate, and the speaker of the House of Representatives of the State of Georgia.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object.

ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks and to insert a radio speech that I delivered in New York on January 8.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, the following speech was delivered over radio station WOR in New York City, January 8, 1933. It was in answer to a speech made by Mr. Charles M. Kinsolving, commander New York Chapter, American Veterans, over the same station. The debate was held under the auspices of the Women of the United States Naval Reserve Force, Miss Dorothy Frooks, national commander:

Ladies and gentlemen of the radio audience, it is my purpose to present the viewpoint of one who is in favor of the Government's paying the adjusted-service certificates in cash now by the issuance of currency. I favor the passage of the same kind of a bill that passed Congress June 15 last and which was later defeated in the Senate. Such a bill is now pending; it is H. R. 11992.

Since we have logic, reason, and justice to support this proposal, it will be unnecessary for me to make personal attacks or impugn the motives of anyone.

NOT A BONUS

This bill is often referred to as the bonus bill. An adjusted-service certificate does not represent a bonus; it represents a debt that has been acknowledged by Congress to a veteran of the World War for services rendered. Three million five hundred and fifty-five thousand and fifty-eight veterans hold these certificates; the average value is $1,000. About 75 per cent of the certificates have been pledged for loans; there is a remainder due at this time, after deducting prior loans, of about $2,200,000,000.

The term "soldier bonus" is a misnomer; it is a soldier debt.

IMMATERIAL ARGUMENTS

A discussion of other veteran legislation is not material in connection with a discussion of the merits of this proposal since we have assumed the burden of showing that each holder of a certificate is entitled at this time to receive an amount equal to the face value of his certificate and, further, that the payment of the debt at this time will benefit and not in any way be injurious to the general welfare of all the people. There is no reason for a discussion of the act of 1924. It has already been enacted into law. I will state, however, that many misstatements are being made about the relief extended to World War veterans. Exceptions are pictured as the general rule.

ALL DUE OCTOBER 1, 1931

In the present form of the certificate each veteran is deprived of seven years' interest. If the Government will change the obligation so as to give him the amount Congress confessed was due as of the time he rendered the service, with a reasonable rate of interest from that time, he was entitled to an amount equal to the maturity value of his certificate October 1, 1931. It is past due, although payable in 1945. If he has borrowed 50 per cent of the face value, he has borrowed the accumulated interest; the principal remains intact.

BANKRUPTCY, INFLATION, OR REVOLUTION

We may as well face the facts. This country faces either bankruptcy, expansion of the currency, or some sort of a revolution. The cotton and wheat farmers voted bonds against their property for building schoolhouses, highways, and making other improvements when wheat was worth $1 a bushel and cotton 20 cents a pound. Deflation has caused the price of wheat to decrease to 25 cents a bushel and cotton to 5 cents a pound, thereby forcing these farmers to pay the equivalent of $4 for every dollar borrowed; instead of paying 6 per cent interest on the bonds, they are now paying the equivalent of 24 per cent interest, based on the present price of farm products. The farmers' debts, interest, taxes, and other fixed charges are four times harder to pay than when the debts were contracted. The wage earner who has had his wages reduced 50 per cent is now paying the equivalent of $2 for every dollar he borrowed. Also by reason of the reduction in wages he has suffered, cost of his taxes, rent, electricity, gas, water, and other fixed charges have doubled. Based upon and by reason of the increased value of money, debts owed by the American people, aggregating $200,000,000,000 in 1929, have mounted to the equivalent of more than $400,000,000,000 in 1932. Do not be deceived, these debts can never be paid under present conditions. It will be better for a creditor to accept a dollar that will not purchase so much in a few commodities than not to be able to collect any dollar at all.

Our people must be permitted to pay their debts with approximately the same amount of labor, securities, or produce as were necessary when the debts were contracted.

DISHONEST DOLLARS

The dollar that is now collected on a 1929 debt is a dishonest dollar. It is worth from 50 per cent to 400 per cent more than it was worth then. It is an economic fact that deflation cheats the man in debt just as much as undue inflation cheats the creditor. We are not asking to cheat the creditors, but we are asking to give the debtor a square deal by restoring the value of the dollar to its 1928–29 purchasing power.

INCREASE WHEAT AND COTTON PRICES

The argument is made that an unbearable burden will be placed on the consumer if the price of cotton and wheat is increased. Let us see how much there is to this argument.

In a 5-cent package of crackers there is wheat worth ⅓ cent and the retail price of 5 cents for this article is the same now as when wheat sold for over $1.65 a bushel. In a loaf of bread, at the present starvation price of wheat, there is wheat worth ⅜ cent. How about cotton? For the cotton in a $1 shirt the farmer only receives three-fourths of a cent at the present price. We simply ask that the planter get 2 cents to 2½ cents for the cotton that is in a $1 shirt and the wheat grower from 1¼ cents to 1½ cents for the wheat that is in a loaf of bread.

DEPLORABLE CONDITIONS

The conditions disclosed by many letters I receive would pull at the heartstrings of any decent man or woman. One of the letters I received this week stated:

"Heart-rending things happen right here in our community. Old people who owe a little mortgage on their homes are being pushed out for the reason they can not meet interest and taxes, and the poor old things have produced twice enough farm products to meet their obligations if they could get a decent price."

POOR PEOPLE ARE THE MARKET

The farmers, wage earners, and people who work for salaries are purchasers of 80 per cent of all goods and services. They still have the consuming power, but do not have the purchasing power on account of low prices of certain commodities, which has resulted in unemployment and reduced wages. As the price of gold increases, the price of commodities and everything else decreases in price, except taxes, debts, and certain fixed charges. Gold is not scarce; we have a reserve of $4,505,000,000, which is sufficient to authorize the issuance of more than $5,000,000,000 of additional money; it is high because of the scarcity of paper money. The price level may be raised by putting more money in circulation. Government bonds do not circulate and do not affect the price level. Currency, another form of Government obligation, circulates and affects the price level.

WOODEN MONEY

It is a crime for people to be suffering as they are because of the lack of a sufficient circulating medium; they do not have sufficient money to do business on. A large part of the money presumed to be in circulation is hoarded by banks and individuals. A nation-wide barter system has already been projected. Scrip money plans are being used in many cities. In Tenino, Wash., money made of wood has been used as a medium of exchange. Money is the blood of business.

FAIR-WEATHER FRIEND

The Federal reserve system has proven itself to be only a fair-weather friend of the people. When times are good, a rising market, steady employment, ample credit facilities are at the command of the people through this system. But when there is a declining market, unemployment, reduced valuations, and reduced earnings, this system will not furnish the credit necessary to restore the country. More money must be placed in circulation so as to start a rising market in order that people may have the security to get Federal reserve notes.

RECENT CONVERTS

A large number of people are now enthusiastically advocating the passage of this bill who were opposing its passage a few months ago. We believe that it is the only plan yet proposed that will bring immediate relief to every section of the country. It is the only way that the currency can be expanded without causing people to get further in debt, pay more interest, or by giving a dole.

NEW MONEY

In substance, the bill provides that a veteran can deliver his certificate to the Administrator of Veterans' Affairs and receive in return therefor new money for the amount that is due on it after prior loans are deducted. The new money will be United States notes—the same kind of money that is in circulation to-day.

IDLE GOLD

The gold standard act, passed by Congress, March 14, 1900, and Federal reserve act, passed in 1913, adopted the policy for our Government of backing our paper money with 40 per cent gold. It is known that paper money can be safely issued on the Nation's credit as long as we have 40 per cent in gold as a reserve to back each dollar. We have sufficient idle gold to authorize the issuance of the money to pay the adjusted-service certificates without reducing our gold reserve to as low as 60 per cent. No money is fiat money that is redeemable in gold as this money will be.

PAYMENT WITHOUT TAXES

Therefore, the debt can be paid with good, safe, sound money that will be worth 100 cents on the dollar, without a bond issue, without increasing taxes, without unbalancing the Budget, without increasing our national debt, and without endangering the gold standard.

OWEN AMENDMENT

The bill contains an amendment suggested by Ex-Senator Robert L. Owen, a former national banker and framer of the Federal reserve act, which gives the Federal Reserve Board the power to exchange Government bonds for any part of this money, in the event there should be danger of inflation, the money so obtained to be returned to the Secretary of the Treasury for cancellation. The power to control the volume of money under this amendment will at all times be subject to the control of the Federal Reserve Board. Therefore, instead of the bill providing for uncontrolled inflation, or even a step in the direction of the kind of inflation experienced by Germany and Russia, it provides for controlled expansion of the currency.

BLOOD OF BUSINESS

The effect of this distribution of new money will be to give the people $2,200,000,000 more circulating medium upon which no one will be paying interest. The veterans of New York will receive $245,970,000 after deducting prior loans. The debt must be paid some time, because it has already been confessed by Congress. It can be paid in advance of the time it is made payable without cost to the Government, and its payment will be of immense benefit to all the people. I do not believe this money will ever have to be retired, as the increase in our population, national wealth, national income, and monetary gold stock causes a necessity for this much permanent addition to our circulating medium. If we do not expect to retire it in the near future, Congress can eliminate from its annual Budget the $112,000,000 payment each year, which now goes into a sinking fund to retire the certificates in 1945.

SPEED UP MONEY AND CREDITS

It has been contended heretofore that we did not need so much money in circulation, since credit was available through 30,000 banking institutions. Recently, however, 10,000 of these banking institutions have closed their doors, causing the people to lose billions of dollars in deposits. The bankers have decreased their loans until credit facilities are practically frozen. Deposits have been reduced $13,000,000,000. Money and credits are now turning over ten times a year, whereas in 1929 they were turning over twenty-five times a year. There is only one way, to my mind, that we can make up for this lack of credit and lack of velocity of money, and that is by adding more money—volume.

EVERYBODY BENEFITED

The money will go into every nook and corner of the Nation. It will increase the per capita circulation of money about $18. Every community will get a share. It will go to every class, race, and creed; every occupation, avocation, and trade will be benefited; it will be deposited in the banks, which will increase the reserves of the banks, make the depositors' money safer and credit easier to obtain. This money will be spent, thereby causing an expansion of consumption; it will not be hoarded, but will immediately go into the channels of trade and production. It will benefit the general welfare as well as the veterans. It will provide buying power for the people.

NOTHING IN 1945

If the veterans are not paid now, by 1945 practically all the remainder of their certificates will be consumed by compound interest, which they are forced to pay the banks and the Government on prior loans.

BANKERS' BONDS VERSUS VETERANS' BONDS

The last 62 years the Government has permitted national banks to deposit Government bonds with the Secretary of the Treasury as collateral security for the issuance to them of new money (greenbacks). The banks not only get the use of the new money, which is issued on the credit of the Nation and is a mortgage on all homes and other property of all the people, but they also get interest on the bonds deposited with the Secretary of the Treasury. The people are not getting the money from the banks because they do not have the required security. The veterans have Government bonds, why should not they be allowed the same privilege? Let us compare the difference in the plan to pay the veterans and the present plan of issuing money to national banks in return for a deposit of Government bonds:

1. In each case a Government noncirculating obligation (bond) is exchanged for a Government circulating obligation (money).
2. In each case the Government obligation that is deposited with the Secretary of the Treasury is payable in 1945 or in the future.
3. In neither case will the total indebtedness of the Nation be increased.
4. In neither case will there be a specific gold reserve set aside as fractional coverage to redeem the paper money. We have, however, sufficient idle gold to establish such a coverage, and the gold parity act of March 14, 1900, in itself provides that all money issued is legally redeemable in gold.
5. The bankers hoard the money. The veterans will put it in circulation.

If good money is issued to the banks under the present system, good money will be issued to the veterans under this plan. This same principle was indorsed by Congress in the Glass-Steagall bill and the home loan bank bill.

THE BANKS BONUS

The home loan bank bill which was enacted by Congress in July, 1932, contains a provision that authorizes the National City Bank of New York and the Chase National Bank of New York to deposit $272,000,000 in Government bonds bearing 3⅜ per cent interest with the Secretary of the Treasury and receive $272,000,000 in new money—greenbacks. These banks do not need and will not use this money and the country will not be helped because this privilege has been extended to them. If the 366,236 holders of adjusted-service certificates in New York State had been given this same privilege business would have been helped because of the $245,948,177 increase in buying power which the veterans would have received, and the Government would have saved money. The banks collect interest on the bonds deposited, while they are using the new money. The veterans, if the same privilege is extended to them, will not collect interest on the Government obligations deposited.

CONCLUSION

Do not forget that this debt must be paid anyway; it has already been acknowledged by Congress, and the general welfare of the Nation will be promoted if it is paid now, as suggested, without additional cost to the Government.

Remember, too, the chief cause of this depression is lack of buying power. Consequently any additional buying power put in the hands of the public would tend to ameliorate the depression.

Let us make a long step in the direction of restoring this country by paying the adjusted-service certificates.

MORTGAGE AND OTHER LIEN FORECLOSURES

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Speaker there is no other legislative matter of such vital importance as that contained in the bills, amendments to bills, resolutions, and so forth, wherein it is sought to save the homes of our farmers from foreclosure and yet there are those in Congress who not only ignore such proposals but are ready to block in every way possible every effort of those of us who are making the fight of our lives along these lines.

It is time for Congress to put forth every possible effort to save the homes of our people and saving these save our Nation. The present orgy of loan foreclosures is nationwide and should be combated by our State authorities and legislatures as well as by Congress and all the citizens of our Nation. The State legislatures alone can not solve it. The Congress can not solve it. The holders of loans are not altogether to blame. In fact the entire problem is one of the greatest ever confronted by our people.

At this time I do not wish to go into detail as to the awful dangers which I see lurking in the present awful situation which is being so rapidly made worse by the foreclosures of liens on home property. I do wish though to mention one feature of this problem which can be more readily handled by the legislatures of the respective States than by Congress.

I am doing every thing I possibly can here but found some time ago that it would be best for me to secure some help from the general assembly of my State which is now in session. Of course action may be taken here which would eventually make unnecessary the action I am now seeking through the Legislature of Georgia. In that event the law I am now attempting to secure would not injure my people and if the general assembly decided that this law had served the people long enough it could be easily repealed.

I have unbounded faith in the ability, patriotism, and fairness of the governor, president of the Senate, and speaker of the House of Representatives of Georgia and know that they are most desirous of serving the people of my State. I am glad to submit to them a legislative proposal which I firmly believe—if enacted into law—would be most beneficial to all the people of Georgia.

In order to properly get my views before the General Assembly of Georgia, I to-day addressed a letter to Hon. Eugene Talmadge, Governor, Hon. Hamilton McWhorter, president of the senate, and Hon. E. D. Rivers, speaker of the house of representatives, in which letter I am seeking to secure the amendment of the foreclosure laws of Georgia, so as to provide for a statutory period of redemption.

The law, the enactment of which I am thus seeking, would provide that the defendant owner may redeem any real property sold under execution, special execution, order of sale, by exercise of power of attorney in a loan deed, mortgage, or other evidence of indebtedness or any order of a court of equity or law at the amount sold for, together with interest and cost as provided in this act, at any time within two years from day of sale as provided in the act and shall in the meantime be entitled to the possession of the property; but where the court shall find that the lands and tenements have been abandoned, or are not occupied in good faith, the period of redemption for defendant owner shall be six months from date of sale.

The law would further provide that during the period allowed for the redemption of real property from sale under execution, special execution, exercise of power of attorney in loan deed or mortgage, or other written evidence of indebtedness or any order of a court of law or equity, as therein provided, the holder of the certificate of purchase may pay the taxes on the land sold, insurance premiums on the buildings thereon, and interest or sums due on any prior lien or encumbrance thereon; and upon redemption of the premises from such sale the holder of the certificate shall be entitled to repayment of all sums thus paid by him, together with interest thereon.

I would also have the act provide that the terms of redemption shall be in all cases the reimbursement of the amount paid by the then holder of the certificate of purchase, including all sums paid by him for taxes, insurance premiums, and interest, as shown by receipts or vouchers to be filed and recorded in the office of the clerk of the superior court, with interest and with cost.

Mr. Speaker, the purpose of this proposal is evident. I feel that in this way an act can be passed giving a much-needed relief without danger of encountering constitutional obstacles.

I know that this kind of legislation is considered by many as being drastic. The time is here for something of a so-called drastic nature to be done. In times like these our people ofttimes stampede and do injustices to each other that would not at all be done in ordinary times. I venture the assertion that if there was some way to stop every loan foreclosure and every suit for collection of money by the selling of the property of the farmers of this country, not a single loan company would lose by the process, all our people would be benefited, and a national disaster would be averted. I wish I had the power to put such a decree into effect. I would do it, firmly believing that I was rendering the greatest possible service to my people and Nation.

If I may be pardoned for a personal reference, let me say that I had the power and did this kind of a thing, in a small way, while I was judge of the city court of Douglas, in my State, several years ago, and also then had the opportunity of observing the effect of a moratorium of this kind.

One year during January and February hundreds of suits were filed against the farmers and people generally in my county over which my court had civil jurisdiction, and my people came to my office and to see me on the streets and plead with me to help them. They had no defense to the suits; they wanted to pay their debts and only wanted a chance. If I held court, judgments would be rendered against them and many of them would not be able to make a crop to pay with, for their lands and homes and everything they possessed would be sold under the hammer. The only way for me to help them was by adjourning my court over from that time until the following November—a period of nearly a year. This I did. I was severely criticized for doing what was called a very drastic thing. I remember very distinctly though that when I did hold court in November—after the farmers and people had made another crop—every one of the cases which I had been criticized for not letting go to judgment had been settled in full, and I had the delightful privilege of marking every one of them "settled and the cost paid."

Nobody had been hurt, unless it was some one who wanted to get the people's property for nothing. Everybody was benefited.

One of the very happiest experiences of my life came to me in the fall of this year when I stood on the streets of Douglas during a county fair and saw thousands of the children of my county and their fathers and mothers join in a parade and realized that I had been able to help them save their homes and be able to buy the neat wearing apparel they then wore, and enjoy that day, knowing that they had an abundance of food for the year stored in their barns and smokehouses at the old home place.

I would to God I had had this same power over the whole Nation many months ago; our people's property would never have been sacrificed and our fathers and mothers and their children would all still have their homes. Everybody would have been benefited and our Nation would have been much more secure than it is at this moment.

I am praying that everybody everywhere may realize the awful responsibility that has come to us as a people and use every ounce of his strength to avert the awful disaster that is so fast approaching.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speakers' table and, under the rule, referred as follows:

S. 4578. An act conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria

Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

S. 5357. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.; to the Committee on Interstate and Foreign Commerce.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 4340. An act authorizing the District Court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians;

S. 4791. An act to amend the United States mining laws applicable to the city of Prescott municipal watershed in the Prescott National Forest within the State of Arizona;

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.;

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.; and

S. 5252. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States.

EXTENSION OF REMARKS

WHICH COURSE WILL WE TAKE, LIQUIDATION WITH ITS ATTENDANT MISERY; CURRENCY INFLATION WITH INEVITABLE MONETARY INSTABILITY AND ITS ATTENDANT ECONOMIC AND SOCIAL CHAOS; THE SILVER ADVENTURE; OR AN HONEST, FRANK REDUCTION OF THE GOLD DOLLAR? LIKE IT OR NOT, WE MUST TAKE OUR CHOICE

Mr. McGUGIN. Mr. Speaker, every day it is becoming more and more evident that the private and public debt of the United States and of the world can not be paid on the basis of gold dollars with 22.23 grains of gold. It is evident that there is going to be no way to escape reducing the private and public debts below their face value in gold dollars of 22.23 grains. Everywhere we hear a demand for a moratorium in private debts. We hear a demand for reducing the private debts. Any scaling of debts must of necessity be by voluntary agreement. Congress can not force the scaling of debts existing between creditors and debtors who are citizens of the country. If Congress should enact a law requiring a certain reduction of all debts it would doubtless be a violation of the Constitution as being an impairing of the obligation of contract existing between citizens, and would not be within the constitutional requirement of due process of law. The same constitutional provisions apply with equal force to a congressional moratorium on private debts. Congress could grant a moratorium on the foreign debts because the debts were due the Government of the United States. It is surely a different situation when Congress says to Citizen A, you can not collect a debt from Citizen B which is due.

The creditors of the country can not scale them if they wanted to. No creditor can scale the debts due him unless, in turn, he can have scaled the debts which he owes to others. Let us take the case of the mortgage company which has obtained money by the sale of its bonds to loan on real estate. If it scales the mortgage debt due to it from the real-estate owner, it, in turn, must default on its bonds unless its bondholders will scale the face value of the bonds. Let us take the case of an insurance company which has invested its proceeds in real-estate mortgages. It can not voluntarily scale the amount of these mortgages unless it, in turn, can scale the face value of every outstanding insurance policy. Let us take the case of a bank. The principal funds of a bank are the deposits of its depositors. The bank can not scale its outstanding notes without, in turn, scaling its deposits. If the bank voluntarily scales its outstanding notes, it is inevitable that it is going to default in paying its depositors. It is simply a childish illusion to assume that mortgage companies can obtain a voluntary agreement with their bondholders to reduce the face value of their bonds, that insurance companies can obtain a voluntary agreement with their policyholders to scale their policies, and that the banks can obtain a voluntary agreement with their depositors to scale their deposits.

There is only one way that the Government could scale these debts and that would be for the Government to buy up the debts. The Government can not do that. There is an estimated total of $197,000,000,000 of debts in this country. To scale these debts 25 per cent would mean a cost of $49,250,000,000. It is utterly impossible for this Government to stand a $49,000,000,000 loss. The Government is now staggering under a $20,000,000,000 national debt and an annual Budget which is running a deficit of around 50 per cent. The Government can not get this money except that it takes it away from the people of this country. For the Government to collect $49,000,000,000 and absorb the loss of shaving the debts 25 per cent it would mean the levying of an additional per capita tax of $409 upon every man, woman, and child in the country. This is utterly and absolutely impossible.

Through the Reconstruction Finance Corporation we are trying to place the burden of the debts of a part of the institutions of the country on the Government. Now, this is not going to work for two reasons: First, the people of this country are not going to permit any such special privilege for a limited number of people; and, second, the taking care of such a limited amount of the debts is not a drop in the bucket.

The authorized borrowings and in turn lendings of the Reconstruction Finance Corporation are $4,000,000,000. The ultimate $4,000,000,000 for the Reconstruction Finance Corporation represents 2 per cent of the total private and public debts of the Nation. We are not going to succeed with this program. The insistent demand of every debtor of the country for equal protection means that we are going to continue to extend and extend the activities of the Reconstruction Finance Corporation until the Government is hopelessly insolvent. It simply means that our debts are going to carry us individually down to bankruptcy and, following out the principle of the Reconstruction Finance Corporation, we are going to carry the Government down with us. It is no idle dream that Congress is going to be irresistibly forced to throw on to the Government these additional obligations. Every day Congressmen are receiving letters from debtors in distress demanding that the Government give them relief.

We only fool ourselves if we say that these express only the thoughts of a few citizens. They are the thoughts which are running through the minds of millions of people. Such thoughts are not alone confined to a few individuals. The joint-stock land banks, through a well thought out plan of their officers and boards of directors, are starting a crusade upon the Congress to force advancements to them from the Federal Treasury. These joint-stock land banks have sent out letters to their stockholders and mortgagors requesting that they start a letter barrage on Congress demanding that they be given money from the Federal Treasury. Any time Congress takes care of the approximately 20 per cent of the farm mortgages which are held by the Federal land banks and the joint-stock land banks public pressure will force Congress to take care of the remaining 80 per cent of the farm mortgages.

As further proof of the possibility of this burden being placed upon the Government, the President-elect in more than one speech said that something had to be done for the farm mortgages. The farm people have accepted him at his word and they expect the Government to take care of them. As further proof that such a possibility is no idle dream, the present President has said that something has to be done about the farm mortgages. As still further proof that this is a question squarely before Congress, backed by a most powerful influence in a democracy, we find in the United States Senate the so-called Frazier bill. It demands that the Government take up farm mortgages by the use of printed money. This bill is sponsored by one of the strongest farm organizations in the country and now sup-

ported by other farm organizations. As still further proof of the seriousness of this question, the executive committees of all of the farm organizations met in Washington and as a part of their program, they demanded that Congress do something about the farm mortgages. These farm mortgages represent $9,000,000,000. In the nature of things, we know that city real-estate owners will demand equal relief for city real-estate mortgages; that will be billions more heaped upon the Government.

As further proof that there is an arising and inescapable demand for Government to take up private debts, I cite the instance of the Speaker of the House and Vice President-elect demanding that any person be eligible to a loan from an additional $2,000,000,000 which Congress was authorizing the Reconstruction Finance Corporation to obtain by an additional borrowing. This attempt to take $2,000,000,000 and underwrite any and all of the debts of this country was an attempt to take $2,000,000,000 and underwrite the $197,000,000,000 of debts in the country. Arithmetic declares that this demand of the Speaker and Vice President-elect was a hopeless demand. It was just as hopeless as it would be for one to try to pay $197 with $2.

It is a self-evident fact that the people can not pay these debts. Going on under present conditions simply means panic and bankruptcy such as we have not yet experienced the beginning. Wholesale foreclosures and liquidation mean the loss of property and homes by the debtors, and then, in turn, they mean the bankruptcy of the creditors, because the creditors will have something on their hands which will be nonremunerative and upon which they can not even pay the taxes. That will mean the bankruptcy of the creditors. For instance, if the banks, the mortgage companies, and the insurance companies all foreclosed their debts and acquired property which is nonremunerative, it simply means that the banks are going to default to their depositors, the insurance companies to their policyholders, and the mortgage companies to their stockholders. In carrying out our present policy we are not going to get off so easily as only the home owners and creditors and debtors, individually, going broke, but they are going to carry their Government down with them, because before they go broke through the process of liquidation and foreclosure, creditors and debtors alike, who constitute the overwhelming majority of the country, will require that the Government take over these loans and liabilities and carry on until the Government can go no further.

This liquidation means scaling the debts. However, they are scaled through the process of the law of the jungle.

Every thoughtful person knows that there is just no way to liquidate the private and personal debts of this country unless agriculture and mining can pay their debts. Agriculture and mining can not liquidate on present prices, so we have the demand for Government control of agriculture and mining, the theory being that such control can artificially force an increase in the price of these raw products. We have the demand for the allotment plan for agriculture, the Davis-Kelly bill for coal mining to regulate the production of coal, State proration laws for oil, and the demand for the interstate oil compact. These are all allotment plans; one is for coal, another for agriculture, and another for oil. So far as these plans being able to increase present commodity prices so that the debts can be paid, they are doomed for failure from the beginning. Let us take the case of agriculture. Agriculture debts were contracted on the basis of $1 wheat as a minimum. Now the debts can not be paid except that all agricultural products are sold on the basis of $1 for wheat. It is hopeless for the allotment plan or any other Government farm program to increase the price of wheat to $1. On the basis of the present world price wheat is bringing the producer about 25 cents. It is just out of all sense of reason to assume that any governmental agency can artificially force the American price level to a level of four times the world price level. If the allotment plan would force the price of wheat to $1, it would mean that out of every dollar received by the farmer 75 cents was a result of artificial means and 25 cents as a result of the economic law.

Assuming that some governmental plan can work in keeping with the fondest expectations of its advocates, it can not possibly do more than maybe increase the receipts of the farmer to a point barely above the cost of production. What is here said of the farm-relief programs is equally true of governmental relief programs for coal, oil, and other mineral products. So far as paying the debts are concerned there has been no program suggested, and I am quite certain that none can be produced, no matter how willing the Congress may be to enact such legislation, which will increase the commodity prices for agriculture products, oil, coal, lead, copper, and silver so as to pay the debts incurred by these industries at a time of higher commodity prices. In the light of these facts, it seems to me that it is an inevitable fact that the debts of the country can not be paid in gold dollars of 22.23 grains each.

Government can not shave the debts. Government can shave the dollar which pays the debts. There are various ways of shaving the dollar. Some of the ways are crude, disastrous, and cowardly. There are ways which are honest, frank, and courageous. Whether we want to or not, we are confronted with the proposition that we must either choose between the course of scaling the debts by the process of scaling the value of the dollar which pays the debts or scaling the debts through the process of insolvency with all of its attendant financial chaos and social despair.

The cowardly and dishonest way to shave the value of the dollar is to follow the policy which is usually followed by governments which are forced to extremities. That policy is to start out with a program of inflation through the printing of money until there is so much paper money in circulation that the government can no longer redeem it in gold and is forced to repudiate its obligation to redeem its money in gold. Then such a government permits its inflation to go on until it finally stabilizes its unit of money by agreeing to redeem it in gold with a lesser amount of gold content in its coin.

France found that she could no longer pay her debts in francs, something like five of which were worth a gold dollar. She tried the inflation scheme until she decided to revalue her franc, reducing its gold content to a weight where the value was about 20 francs to the gold dollar.

England found that she could no longer pay her debts on the established gold value of the British pound so she went off the gold standard. In doing so, she is permitting her pound to go down in value until the pound is to-day worth about 3.30 gold dollars, while the established value was 4.86 gold dollars. In the end, England will probably be able to stabilize her pound by agreeing to redeem it in an amount of gold equal to about 3 American gold dollars of 22.23 grains per gold dollar.

In carrying out our present course, we are going to find that the public debt of the United States is going to continue to increase. We can economize in our operating expenses but for every dollar which we economize in our operating expenses there is going to be heaped upon the Government many dollars of public liability in following out the plan of the Government undertaking to underwrite the private debts of the country and carrying on various relief measures. These public expenditures will continue to increase until there is no hope for balancing the Budget. That is until there is no way that the Government can collect in enough 22.23 grain gold dollars to meet its expenditures. It is only a matter of time until, in desperation, we shall try to meet public obligations by printing money. Such is now the demand in the Patman bill to pay the soldier bonus with printed currency. Such is the demand in the Rankin bill to meet Government obligations with printed currency. As we print this money the public will become panicky, lose confidence in paper money, and begin hoarding gold by calling upon the Government to redeem this paper money in gold. Then the Government will one day realize that it will be only a matter of time until its entire gold reserve

will be gone. When this time comes, there will be only one course for the Government, and that is to refuse to redeem its currency in gold. That will be going off the gold standard. Then the American dollar will have no stable value. We will probably land some place where England is now with her depreciated pound, where France was with her depreciated franc, and possibly where Germany was with her depreciated mark. With so many of our debts by contract payable in gold, there will be greater chaos in this country than there was in Germany, France, or in England with their going off the gold standard.

The manly, honest, and courageous way to meet the situation is to face conditions as they are, realize here and now that the debts, private and public, can not be paid on the basis of gold dollars of 22.23 grains per dollar, also realize that we must not permit wholesale liquidation through the process of foreclosure. It is better to reduce the content of the gold dollar at this time by open, frank legislation than it is to carry on the program of printing fiat money, forcing ourselves off the gold standard, then in the end reduce the gold content of the dollar. In other words, it is better for us to realize our situation and now deliberately and intelligently reduce the gold content of the gold dollar than it is to wait and be forced to do it through the process of a cruel economic law.

In 1929 the debts of the country were $234,000,000,000. In 1932 this debt has been reduced to $197,000,000,000. The mistaken thought which is often expressed is that the gold dollar has gone up since 1929. It has done nothing of the kind. It was worth 22.23 grains of gold in 1929 and it is worth 22.23 grains now. What has happened is that commodity prices have gone down. The amount of present commodities required to pay the 1932 debt of $197,000,000,000, which is $37,000,000,000 less than the 1929 debt, would, if selling for 1929 prices, bring $302,000,000,000. Now, if the debts are to be paid one of two things must happen, either the present price level must come up to the 1929 price level or the value of the gold dollar must be reduced as much proportionately as commodities have dropped below the 1929 price of these commodities. From the best figures available the same commodities which brought $1.62 in 1929 will today bring $1. For the reasons here before stated it seems beyond the power of man or government to increase the commodity prices in keeping with 1929 prices so that debts may be paid with commodities on equal terms with the payment of debts in 1929. Since we can not increase the price of commodities, the only alternative left is to reduce the value of the dollar.

Congress can reduce the value of the gold dollar. It is by act of Congress that the gold dollar is worth 22.23 grains of gold. Congress can reduce the value of the gold dollar by providing that the dollar shall be worth a fewer number of grains of gold. This can be done by providing by law that currency of the United States shall be redeemed in gold on the basis of a fewer number of grains to the gold dollar. On the basis of commodity prices and figures as herebefore stated, a reduction of 38 to 40 per cent of the number of grains in the gold dollar would just about reduce the value of the gold dollar in keeping with the reduction in commodity prices. There has been a request from farm organizations that the gold content of the dollar be reduced to 15 grains. This basis of reduction would still leave a substantial advantage in favor of the creditor over the debtor on the basis of paying 1929 debts with commodities on the 1932 value instead of the 1929 value of commodities.

The reduction of the gold content of the gold dollar to 15 grains is a reduction of slightly over 32 per cent. This action should mean the shaving of every debt by approximately 32 per cent. At the same time it would mean the increasing of our commodity prices. However, so far as the buying power of the money is concerned, it would not be shaving the value of any debt in the country to the buying power of the money when it was loaned in 1929. Reducing the gold dollar and thereby indirectly reducing the debts is not only fair and equitable as between the debtor and creditor but it is the only program in sight which can possibly save the creditor from a greater loss, because when the creditor takes the property he is going to take something which is worth far less than 68 per cent of the face value of the present indebtedness. In addition to this, we have the chance of saving the Government.

Before England went off the gold standard the British pound was worth 4.86 of gold dollars on the basis of 22.23 grains per gold dollar. To-day the pound is worth 3.30 of gold dollars on the basis of 22.23 grains per dollar. The pound has depreciated in value $1.56, or a 32 per cent depreciation. If we were to reduce the gold content of the gold dollar to 15 grains, the British pound would again be worth approximately $4.86, but it would be of American gold dollars of 15 grains per dollar. There is no way Great Britain can bring the British pound back up to the value of the American gold dollar of 22.23 grains so that the British pound would be worth $4.86. We can bring the value of the gold dollar down by reducing the gold content so that the British pound will be worth $4.86.

Would this be only a benefit to England? No; it will be of an immeasurable benefit to the United States. The first day it will benefit every producer of cotton and wheat. It will increase the price of every bushel of wheat and every bale of cotton. This is one way in which the reducing of the number of grains in the gold dollar will directly and instantly increase the commodity prices. As wheat and cotton increase in price the millions of cotton and wheat producers will be able to buy more of other commodities. This increased demand for other commodities is bound to increase their price. This increased demand for other commodities means the gradual return to work of the unemployed. This return of men back to work means more and more people going back to a consuming basis, thus increasing the demand for all commodities and a following increase of commodity prices. The American prices of wheat and cotton are based upon the Liverpool price. Our wheat and cotton are sold in Liverpool for British pounds. Now we are bringing those pounds back to the United States and converting them into $3.30. With this reduction of the gold dollar we would bring those pounds back to the United States and convert them into $4.86. This will immediately give the cotton and wheat farmers a better chance to pay their debts. This program will inevitably increase the price of cotton and wheat. No man knows whether or not it is possible to use any form of farm legislation which will permanently increase the price of these farm commodities. What is here said of wheat and cotton is applicable to all exportable commodities of the farm, mine, and factory.

Bringing the British pound and the American dollar together on the old established exchange basis by reducing the value of the gold dollar will immediately benefit every American manufacturer and every American laboring man. It will make it possible for American manufacturers to compete with British factories. It will immediately remove a condition which is causing our markets to be flooded with British products manufactured with labor paid with the depreciated British money. What is said of England is equally true of France, Japan, China, and other countries which are operating with depreciated currency or depreciated silver money.

Coming now to our foreign debts which are due the Government of the United States, they are payable in gold dollars of 22.23 grains per gold dollar. It is generally assumed that France can pay her debt to the United States in gold on the basis of 22.23 grains per gold dollar. I believe that it is safe to say that anyone who has fully studied the foreign debt situation believes that it is utterly impossible for practically all of the rest of our debtor countries to pay their debts to the United States Government in gold on the basis of 22.23 grains to the gold dollar. Their inability to pay simply means that this country must either take the loss through legal scaling of these debts or through an ultimate repudiation on the part of these countries. In either event, this Nation loses and the burden upon the American taxpayer is increased. If the foreign countries are forced to repudiation, that means future ill will between this country and the foreign countries and a destruction of our foreign market. We shall probably try the process of leveling

the boycott against our defaulting debtors. We shall probably suffer more by that than will the foreign countries. What we need is increased commerce; not a program of our deliberately stopping commerce.

If we reduce the number of grains in the gold dollar, we thereby automatically reduce the foreign debts in the same proportion. The British debt is to-day, for all intents and purposes, 32 per cent more than when England went off the gold standard. At that time, when the British taxpayers paid into the British treasury one British pound for the purpose of paying on the American debt, that pound paid $4.86 of the debt. To-day when the British taxpayers pay into the British treasury one British pound to be applied on the American debt it pays $3.30 of the debt. Now, if we shave the British debt by reducing the number of dollars paid to this country, it simply means that the American taxpayers must in turn pay in that many more dollars of taxes to be applied on the outstanding bonds of the Government of the United States, which bonds were issued for the purpose of obtaining money to loan to England. It only increases an intolerable tax burden on the people of this country, a burden which they are now unable to bear. Instead of reducing the number of dollars paid to this country by foreign countries, and thereby increasing the tax burden and the debt of this country, we might better reduce the amount of gold in the gold dollar, permitting England to be given credit for $1 on her debt every time she sends 15 grains of gold to the United States instead of when she sends 22.23 grains of gold to the United States. Reducing the gold content of the gold dollar reduces the foreign debt and at the same time reduces the debt burden, private and public, in the United States. Reducing the number of dollars to be paid to the United States by England only increases correspondingly the tax burden in the United States.

There is so much of the commerce of the world based upon the American dollar and the British pound that any dislocation in the normal exchange value of these two moneys means economic chaos. The living standards of the world, the debts of the world, and the markets of the world are very largely established and based upon the British pound and the American dollar with an exchange rate of $4.86 for the British pound.

At this time with the British pound worth $3.30 practically every farmer, every banker, every wage earner, and every dollar of debt, private and public, throughout the world are suffering from the monetary dislocation growing out of the depreciated British pound. The truth is, neither the British pound nor the American dollar are able to stand alone without causing untold misery in the world. Great Britain and the United States may each boast of their monetary independence, yet the fact remains the economic and social welfare of the world demands that the yardstick by which the American dollar is to be measured is the British pound and the yardstick by which the British pound must be measured is the American dollar. In order to maintain the established and created economic and social order of the world, $4.86 in American money must measure one British pound and one British pound must measure $4.86 of American money.

We hear it said that there are many private and public debts payable in gold of the present weight and fineness. That it would still be necessary to pay these debts with 22.23 grains of gold to the dollar. I can not believe that the Supreme Court of this country will hold that a gold dollar of the weight prescribed by Congress will not pay a dollar of contracted debt. Under the Constitution Congress has the power to coin money and regulate the value thereof. Under this section of the Constitution Congress coins money and regulates the value thereof by prescribing the amount of metal in the coin. Whenever, under this section of the Constitution, Congress declares that there shall be 15 grains of gold to the dollar, such a dollar should pay a dollar of contracted debt. Let me illustrate: If in 1930, A borrowed $1,000 of B and agreed to pay it in gold of the then weight and fineness, and Congress should now reduce the gold content of the gold dollar one-third, that would mean that A would either pay B $1,000 in gold dollars of approximately 15 grains or approximately 1,333 gold dollars of the gold content of the dollar prescribed by Congress of approximately 15 grains to the dollar. I do not believe that the court would ever hold that a man would be obliged to pay more gold dollars than he borrowed. After Congress had changed the content of the gold dollar there would be no such thing as a gold dollar of the weight and fineness of 22.23 grains to the dollar. I do not believe that the courts will ever hold that a creditor can make a debtor pay a gold dollar other than the gold dollar which is prescribed by Congress and coined by the Congress of the United States pursuant to the constitutional power vested in Congress to coin money and regulate the value thereof.

Even if the courts should hold that by contract a different gold dollar could be required for repayment than the gold dollar coined by Congress under the Constitution this would only leave a minor part of the people in their present distress. Because a minor part of our citizens must suffer under the terms of their contracts, that can not justify Government's refusing to protect itself and to protect the major portion of its citizens who made no such contracts.

A monetary reform through a greater use of silver might accomplish the same ultimate result. A greater use of silver money will mean an increased demand for silver and a corresponding increase in the value of silver. Any increase in the value of silver would mean that the countries on a silver standard would have a money which is worth more when used to buy American commodities or when exchanged for American gold money. As the matter now stands, silver countries can not buy more from us because their money is too cheap when used to buy our products produced from materials and with labor paid for with gold dollars of 22.23 grains of gold. Products made from materials and with labor paid for with cheap silver are not only able to drive us from the competitive markets of the world but are climbing over our tariff walls and taking over our American markets.

I am fearful that the United States alone can not use enough more silver to increase materially the world value of silver. I am fearful that we can no more successfully peg the world price of silver than we could peg the price of wheat and cotton through the Farm Board. Most of the advocates of silver concede that silver monetary reform must come from an international conference. I am skeptical of the success of the United States in international conferences. If we try the use of silver and use enough of it to increase materially the world price for silver, I am fearful that we shall have inflated so much that our gold reserve will be impaired and we shall probably be driven from the gold standard. We must remember the unvarying law that cheap money will drive good money into hiding. If my position is well founded, that we can not meet the silver problem except through an international conference and that an international conference may prove unsuccessful, then we can well remember that the United States can reduce the value of the gold dollar without the advice or consent of any of the other countries.

It appears to me that silver will enjoy a great benefit from the reduced value of the gold dollar. Measured in gold dollars of the present gold content of 22.23 grains, silver in bar or coin will increase in value as we reduce the gold content of the gold dollar. Let me illustrate this: The silver in the silver dollar is worth approximately 21 cents. In other words, it is now worth 21 per cent of the value of our present gold dollar. The gold dollar now contains 22.23 grains of gold. The silver in the silver dollar is now worth 4.66 grains of gold, which is 21 per cent of the 22.23 grains in the present gold dollar. If the grains of gold in the gold dollar should be reduced to 15 grains, then the 4.66 grains of gold, which is the present value in gold of the silver in the present silver dollar, would be 31 per cent of the amount of gold in the new gold dollar of 15 grains. This means that the silver in the silver dollar measured by a gold dollar of 15 grains will be worth 31 cents, while silver in the silver

dollar measured by the present gold dollar of 22.23 grains is worth 21 cents. Let us reduce the gold content of the gold dollar to 15 grains and measured in gold dollars we shall have increased the value of every silver coin of this and every country in the world at the ratio of 21 to 31. This will go a long way toward the removing of the present bar against American commerce as a result of depreciated foreign silver and currencies.

We will have, likewise, measured in dollars, increased the value of every ounce of silver in the world at the ratio of 21 to 31. This will go a long way toward starting a revival of the silver industry. This means measured in gold dollars a 47 per cent increase in the value of silver. Remember silver is only a commodity. Measured in dollars we will have likewise increased the value of every other commodity. Remember debts are paid with commodities. As the price of commodities is increased the ability of debtors to pay debts is correspondingly increased.

Let me illustrate how this works out as to wheat. The present value of wheat measured in gold dollars of 22.23 grains is 25 cents, or 25 per cent of the dollar which in grains of gold is 5.56 grains of gold. For all intents and purposes, instead of saying the present value of wheat is 25 cents, or one-fourth of a dollar per bushel, we might better say that a bushel of wheat is to-day worth 5.56 grains of gold. This amount of gold is one-fourth of the present dollar of 22.23 grains of gold. If we reduce the gold content of the gold dollar to 15 grains, this 5.56 grains of gold, the present value of a bushel of wheat, is 37 per cent of the new dollar of 15 grains of gold. Like in the case of silver, this reduction of the gold dollar means a 47 per cent increase in the value of wheat measured in dollars.

We must remember that the currencies of foreign countries and the money of foreign silver countries have depreciated. Our American gold money has remained stationary. Until their currency and silver go up or our gold money goes down, there can be no normal exchange. Without a normal international monetary exchange we have no normal international trade. Foreign countries can not restore their currencies and silver countries can not restore the value of their silver. We can decrease our gold dollar. We can depreciate our present gold dollar. We will depreciate it. Necessity will force us. Conservatism and fear may stand in the way of any orderly reduction of the gold dollar. If they do, they will force a situation where we will be buried beneath an avalanche of fiat paper money. We have reached the point where we can not escape having more and cheaper money. The question is how can we get it.

A new gold strike would solve the question. It would give us more gold dollars. A greater supply of gold dollars would mean cheaper gold dollars measured in commodities. We do not have the gold strike and there is no promise of one. On the contrary, we are not producing enough gold to meet the annual needs of the mechanical arts. The world's monetary supply of gold is diminishing. At the same time our commerce due to improved methods of production should be increasing. Commerce would not be stagnant and would be increasing except for a shortage of money. Commerce is only the exchange of commodities, or, put in another way, commerce is the carrying of products from producer to consumer. This exchange of commodities is done through money as a medium of exchange. Now, if we are going to base our money on gold then it follows as night follows day, the gold must increase in proportion to the increase in commerce. We all know that the supply of gold has not increased with the means of production during the last 15 years. Now, what are we doing? We have not increased our gold money sufficiently to carry on our increased commerce, and we are deliberately trying to check our commerce. We are virtually playing the rôle of heathens trying to bury our scientific gifts from God in order to discourage production.

In actual practice we are practically trying to go back to the propelling of a boat by galley oarsmen. This is exemplified by trying to care for the unemployed with public works on the highways with pick and shovel while modern highway machinery lies idle. Such is the way that civilizations are lost. Such a program will only lead to the day when our present scientific inventions will be lost arts. We are trying to allot and restrict production at a time when the consuming public is in despair for the want of commodities. The farm allotment bill, trying to solve the agriculture problem by reducing agriculture productions to the present American starvation consumption, is a fair example.

If the world's gold monetary supply has not increased in keeping with the increased production of commodities so as to have enough dollars of 22.23 grains of gold to carry on the necessary commerce to exchange these commodities, let us not give up our commerce. On the contrary, let us slice the gold a little thinner, let us spread it a little further by slicing it into dollars of about 15 grains. I do not want to give up the gold standard. I will not give up our commerce. As a fair compromise, let us give up the present gold standard of 22.23 grains to the dollar for a gold standard of about 15 grains to the gold dollar. If we go on with our present gold dollar of 22.23 grains, we will give up the gold standard. We will be forced to do it; it will come through paper-money inflation.

I am willing to concede that there are plenty of other human errors which have contributed toward bringing us to our present sad plight but if we reason for a moment we know that we do not have enough gold to carry on the commerce of our modern world. We have little if any more monetary gold in the world than we had 15 years ago while our commodity production has multiplied. Therefore, if we have enough gold now we had too much 15 years ago. We did not have too much gold then. Not even the money lenders of that day suggested that we had too much gold. Money was not created for the primary interest of money lenders but rather for the purpose of carrying on commerce. Commerce can not function on worthless fiat paper money. It must function on sound metal money or currency based on sound metal money but not on money "so sound" that money is too scarce to meet the needs of commerce. The time has come for thinking Americans to arise and make alike the supersound money hardshells and the printing-press money enthusiasts stand back while a moderate balance between 22.23-grain gold dollars and fiat paper money is being struck. A 15-grain gold dollar is probably about right. Our commerce is now stagnant for the want of money. We must not permit this to go on, for as we lose our commerce we lose our civilization. If they will, let the Chinese worship their josh god, to their deterioration and destruction. Let not Christian civilized Americans worship a 22.23-grain gold dollar, to their deterioration and destruction.

It is not printing-money inflation, which will inevitably lead to fiat money, which we need; it is deflation of the gold dollar which we need. Inflation through printed money will not reduce the value of the gold dollar. It will only drive the gold dollar into hiding, which means driving us off the gold standard. That will leave us without an anchor. We will drift for an indefinite period of time upon an economic sea of chaos and disaster. The way to reduce the gold dollar is to reduce the amount of gold in the gold dollar. When that is done we can proportionately issue more currency. That currency can be anchored to the new gold dollar of 15 grains. There will be some control in the amount of currency printed under that program, while when we start inflation through the process of just printing money let no man hazard his reputation by prophesying when we will stop.

I do not claim that reducing the content of the gold dollar will solve all of our present ills. The agriculture problem will not be fully solved so long as we produce a greater supply of agricultural commodities than the demand for them under normal conditions. Unemployment will not be solved as long as we use modern machinery for the purpose of reducing the number of employed rather than reducing the hours of labor. Reducing the content of the gold dollar can not make it wise or possible to have a public pay roll comprised of thousands of people performing un-

productive service and not required as an actual governmental need.

Monopoly laws must be enforced so that the opportunity to earn and accumulate is not centralized in the hands of a few. Credit of the country must be operated so that the individual and the small business concern will have the same chance to obtain credit as is enjoyed by his or its larger competitor. Centralized wealth must be curbed if this is to remain a nation of individual opportunity.

H. R. 14138

Mr. AYRES. Mr. Speaker, with farm mortgage indebtedness at this time amounting to about $10,000,000,000, about one billion and a quarter of which is an annual fixed charge such as interest and taxes, much of which is past due, it is necessary for something to be done to give immediate relief to the farmer to enable him to exist.

With defaults and foreclosures of mortgages on farms amounting, in round numbers, to $500,000,000 within the past year or so, and with this condition rapidly growing worse, it goes without saying that this is no time for further experiments. By the time an experiment like the allotment plan is tried out, even though it should succeed, it will be altogether too late to save thousands of farmers throughout the country.

What the sorely distressed farmer needs—in fact, what he must have to save him—is a moratorium, so to speak, for at least two years as to interest payments and taxes which he is unable to meet. The bill I introduced on the 10th of this month, H. R. 14138, and which appears in the RECORD of January 13, page 1778, would do this. It is an emergency measure and provides that the Reconstruction Finance Corporation be authorized and directed to make loans or advances through the agency of its regional agricultural-credit corporations in amount of $1,000,000,000, or so much thereof as may be deemed necessary, to farm mortgagors to enable them for a period of two years from the date of the enactment of such act to make payment of interest on loans made to them and secured by their mortgages in an amount equal to the difference between the rate of interest agreed upon at the time such mortgage loans were made and 2 per cent per annum. That is to say, if the mortgage provides for 6 per cent interest, the difference, or 4 per cent, is to be advanced to the borrower or farmer. It also provides for sufficient advances to enable him to pay past-due interest and delinquent taxes accrued against his mortgaged premises. While there are other provisions carried in the bill, the essential part, as already stated, is to enable the farmer who is losing his farm to be given a chance for two years. That is what he wants and needs and must have at once to save him from foreclosure and the sheriff's sale. This is where we can do something by legislation to assist the farmer, and that at once.

It must be borne in mind that agriculture is the only industry that is not being assisted financially by the Federal Government at this time, either by loans or subsidies. While it is a fact that Congress, in the last session, did appropriate $125,000,000 for the purpose of enabling the Federal farm-loan banks to grant a moratorium to the farmers on mortgages due those institutions, we are now informed, whether correctly or not I can not say, that most of that amount has been used by such banks to buy bonds. I hope this is not a fact, because it was intended by Congress that this amount of $125,000,000 should be used to relieve those farmers, for the time being, who were indebted to the Federal land banks.

It might not be amiss to call attention to the fact that in the last session of Congress it took less than two weeks not only to consider but to pass a measure refinancing hard-pressed banks and railroads and other large financial institutions and industries. At that time I felt that if the Federal Government was going into the refinancing business, that it should include the most essential and the most depressed industry of all, that of agriculture. In my opinion, if it had been done at that time, it would have gone far not only to revive and rehabilitate agriculture, but also would have accomplished much more than has been accomplished in relieving the depressed condition generally. However, I am hoping that it is not too late to save agriculture.

As stated at the beginning, this is only a temporary or emergency undertaking; but I am convinced that if it is enacted it will prove to be so beneficial to agriculture and consequently to all industry, that eventually there will be passed permanent legislation that will enable agriculture to be properly financed at a low rate of interest and thus place this industry on a basis of equality with other industries. But the question of permanent legislation is a matter that can be considered later. Just now we must give temporary relief, and that at once, or it will be too late.

While there are many reasons which I could give why in my opinion the so-called allotment plan, recently passed by this House, is not workable, I do not care to discuss them at this time. If it becomes necessary, however, I shall do so. As already stated, it is another experiment; and even if successful in any degree, it would be too late to meet the emergency we are now facing. I can see no good reason why the bill I have introduced should not receive early consideration and be passed with the same expedition as was the measure passed in the last session for the relief of banks and railroads, to which I have already referred. If we will provide for the refinancing of farm mortgages, as provided in this measure, we will largely solve the present farm problem.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 18, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, January 18, 1933, as reported to the floor leader:

MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Continue hearings on S. 4491, to regulate intercoastal carriers.

INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Hearings on H. R. 7432, authorizing Interstate Commerce Commission to delegate certain of its powers.

PUBLIC BUILDINGS AND GROUNDS

(10 a. m.)

Hearings on H. R. 12887, to establish a commercial airport for the District of Columbia.

LABOR

(10 a. m.)

Continue hearings on 5-day week and 6-hour day proposal.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

867. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, pursuant to the rivers and harbors act approved September 22, 1922, on preliminary examination of St. Lucie, Fla., together with accompanying papers; to the Committee on Rivers and Harbors.

868. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, pursuant to the rivers and harbors act approved July 3, 1930, on preliminary examination and survey of Lafayette River, Va., together with accompanying papers and illustrations; to the Committee on Rivers and Harbors.

869. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, pursuant to the rivers and harbors act approved July 3, 1930, on preliminary examination and survey of Coos Bay (Oreg.) inner harbor, from the entrance to Smith's Mill, together with accompanying

papers and illustrations; to the Committee on Rivers and Harbors.

870. A letter from the Secretary of War, transmitting a report of the Chief of Engineers, pursuant to the rivers and harbors act approved July 3, 1930, on preliminary examination and survey of Yaquina Bay, River, and entrance, Oreg., together with accompanying papers; to the Committee on Rivers and Harbors.

871. A letter from the Secretary of War, transmitting draft of a proposed bill to authorize the settlement of certain claims against the War Department; to the Committee on Claims.

872. A letter from the Secretary of the Navy, transmitting draft of a bill to amend section 109 of the United States Criminal Code so as to except officers of the United States Naval and Marine Corps Reserve not on active duty from certain of its provisions; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GILBERT: Committee on the Library. H. R. 14228. A bill to change the name of "Roosevelt Island" to "Theodore Roosevelt Island"; without amendment (Rept. No. 1876). Referred to the House Calendar.

Mrs. PRATT: Committee on the Library. H. R. 13817. A bill to amend section 1 of the act entitled "An act to provide books for the adult blind," approved March 3, 1931; with amendment (Rept. No. 1877). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WEST: Committee on Foreign Affairs. H. R. 13845. A bill authorizing Paul H. Goss, immigration inspector; Roy B. Newport, Ralph V. Armstrong, and R. H. Wells, patrol inspectors in the Immigration Service of the United States, to each accept a gold watch presented to them by the governor of the northern district of Lower California, Mexico; without amendment (Rept. No. 1878). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JOHNSON of Washington: A bill (H. R. 14279) authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U. S. S. *Newport;* to the Committee on Naval Affairs.

By Mr. McSWAIN: A bill (H. R. 14280) to authorize the Secretary of War to sell or dispose of the remaining portion of the Pensacola Military Reservation, Fla., and for other purposes; to the Committee on Military Affairs.

By Mr. STEAGALL: A bill (H. R. 14281) to authorize the Secretary of the Treasury to purchase silver by issuance of silver certificates and for the redemption of the same, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. KNUTSON: A bill (H. R. 14282) to confer the degree of bachelor of science upon graduates of the Naval, the Military, and Coast Guard Academies; to the Committee on Military Affairs.

By Mr. MEAD: Joint resolution (H. J. Res. 560) to provide for a change of site of the Federal building to be constructed in Binghamton, N. Y.; to the Committee on Public Buildings and Grounds.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of Philippine Legislature, congratulating Franklin D. Roosevelt and John N. Garner upon their recent victories as President and Vice President, respectively, of the United States; to the Committee on Insular Affairs.

By Mr. MOREHEAD: Memorial of State Senate of the State of Nebraska, memorializing Congress to act favorably on the Wheeler bill (S. 2487); to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BLOOM: A bill (H. R. 14283) for the relief of William Cunningham; to the Committee on Claims.

By Mr. BOEHNE: A bill (H. R. 14284) granting an increase of pension to Dora Alice Lee; to the Committee on Invalid Pensions.

By Mr. EVANS of California: A bill (H. R. 14285) for the relief of Physicians and Surgeons Hospital (Ltd.); to the Committee on Claims.

By Mr. FIESINGER: A bill (H. R. 14286) for the relief of Myrtle Campbell; to the Committee on Claims.

By Mr. FINLEY: A bill (H. R. 14287) to authorize the presentation to William H. Finley of a distinguished-service cross; to the Committee on Military Affairs.

By Mr. HOLLISTER: A bill (H. R. 14288) granting an increase of pension to Rebecca D. Stewart; to the Committee on Invalid Pensions.

By Mr. LEWIS: A bill (H. R. 14289) granting an increase of pension to Barbara Wiley; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 14290) for the relief of Margaret Dunn; to the Committee on Claims.

By Mr. McKEOWN: A bill (H. R. 14291) for the relief of George W. Baker; to the Committee on Military Affairs.

By Mrs. NORTON: A bill (H. R. 14292) granting compensation to Philip R. Roby; to the Committee on War Claims.

By Mr. RUDD: A bill (H. R. 14293) for the relief of Lieut. Chester Chesterfield Groff; to the Committee on Naval Affairs.

By Mr. SOMERS of New York: A bill (H. R. 14294) to correct the naval record of Francis T. Cavanagh; to the Committee on Naval Affairs.

By Mr. WITHROW: A bill (H. R. 14295) granting a pension to Josephine D. M. Nelson; to the Committee on Pensions.

PETITIONS, ETC.

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

9624. By Mr. BACON: Petition of sundry citizens of Long Island, urging the elimination of the count of aliens for apportionment purposes; to the Committee on the Judiciary.

9625. Also, petition of sundry residents of Long Island, opposing the relegalization of alcoholic liquors; to the Committee on the Judiciary.

9626. By Mr. CONDON: Petition of John F. Riggley, Mae B. Villeneuve, and Michael A. Sullivan, and 160 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, and dependents; to the Committee on World War Veterans' Legislation.

9627. Also, petition of Emilio Maricone, George P. Moore, John H. Lebeau, and 379 other citizens of Rhode Island, protesting against repeal or modification of any existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9628. By Mr. CRAIL: Petition of Inglewood City Club, Los Angeles County, Calif., urging the adoption of the stop-alien representation amendment to the 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 Immigration and Naturalization.

9629. By Mr. ESTEP: Memorial of Revs. Frank J. Bryson, W. Sproule Boyd, Samuel M. Laing, C. G. Morrow, R. E. Snodgrass, and J. Alvin Orr, representing six churches of North Side, Pittsburgh, Pa., protesting against the repeal of the eighteenth amendment or modification of the Volstead Act; to the Committee on Ways and Means.

9630. By Mr. KERR: Resolution adopted by the North Carolina State Veterinary Medical Association; to the Committee on Agriculture.

9631. By Mr. KVALE: Petition of Joe Paul Post, No. 334, American Legion, Redby-Red Lake, Minn., protesting against any cut in hospital and compensation benefits to our disabled war veterans; to the Committee on Expenditures in the Executive Departments.

9632. Also, petition of board of directors of the Minnesota Council for National Defense, urging appropriations sufficient to provide adequate national defense; to the Committee on Appropriations.

9633. Also, petition of Munnell-Case Post, No. 2701, Veterans of Foreign Wars, Walker, Minn., protesting against any reductions of compensations, pensions, or disability allowances; to the Committee on World War Veterans' Legislation.

9634. By Mr. LUDLOW: Petition of citizens of Indianapolis, Ind., urging the passage of the stop-alien representation amendment to the Constitution; to the Committee on the Judiciary.

9635. By Mr. RICH: Resolution from the Woman's Christian Temperance Union of Williamsport, Pa., protesting against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9636. By Mr. ROBINSON: Resolution passed by the board of directors of the Waterloo Chamber of Commerce, Waterloo, Iowa, and sent in by their secretary, C. A. Hanson, urging reduction in governmental expenditures and taxes; to the Committee on Ways and Means.

9637. Also, petition of the stockholders of the Black Hawk County National Farm Loan Association, signed by George Mathes, president, and George S. Mornin, secretary-treasurer, Cedar Falls, Iowa, inclosing the following resolution, introduced by Mr. Peter Beck, and passed at their annual meeting at Cedar Falls, Iowa, January 10, 1933: "Be it resolved as the sense of the Black Hawk County National Farm Loan Association that a request be made of Congress for a moratorium of interest for a period of one year, said intervening time to be added to the due date of the mortgage contract"; to the Committee on Banking and Currency.

9638. By Mr. RUDD: Petition of Navy Post, No. 16, American Legion, 93 Park Avenue, New York City, opposing reduction of the number of the personnel of the United States Marine Corps and by curtailment of the drills and training cruise authorized for the United States Naval Reserve personnel; to the Committee on Appropriations.

9639. By Mr. SMITH of West Virginia: Resolution of the Chamber of Commerce, of Beckley, W. Va., favoring legislation providing that the first-class postage rate be returned to 2 cents; to the Committee on Ways and Means.

9640. By Mr. SPARKS: Petition of the citizens of Woodston, Kans., submitted by Mrs. Azel Van Dyke and Mrs. Alice Grimes, and signed by 52 others favoring the retention of the eighteenth amendment; to the Committee on the Judiciary.

9641. By Mr. SWICK: Petition of Rev. C. R. Thayer, pastor, and 52 members of the Jefferson Center Presbyterian Church, R. F. D. 4, Butler, Butler County, Pa., requesting Congress to keep, maintain, and preserve the eighteenth amendment to the Federal Constitution and the Volstead enforcement act as they are, and the adoption of the proposed amendment to the Constitution to exclude aliens from the count in apportioning representation in the House of Representatives; to the Committee on the Judiciary.

9642. By Mr. WHITLEY: Petition of citizens of Rochester, N. Y., favoring support of our Navy and Naval Reserve in the appropriation bill; to the Committee on Appropriations.

SENATE

WEDNESDAY, JANUARY 18, 1933

(Legislative day of Tuesday, January 10, 1933)

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

BANKING ACT

The Senate resumed the consideration of 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.

The VICE PRESIDENT. The Senator from Virginia [Mr. GLASS] has the floor.

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

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

Mr. GLASS. I do.

The VICE PRESIDENT. The clerk will call the roll.

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

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

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

Mr. WATSON. Mr. President, will the Senator from Virginia yield to me? I want to submit a request.

Mr. GLASS. I yield to the Senator from Indiana.

Mr. WATSON. A week ago I prepared a speech and gave it to the press for release on yesterday, but yesterday I was not able to secure recognition to deliver the address. The matter, of course, is more or less embarrassing. The Senator from Virginia occupied the floor yesterday, entirely within his rights. He has taken the floor again this morning and I understand is to speak during a part of the day, at all events. Therefore, I do not see much chance for me to secure recognition except I ask unanimous consent for the privilege of making the speech, which is not a long one, without displacing the Senator from Virginia or taking him from the floor.

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

Mr. GLASS. I do.

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

Mr. WHEELER. Mr. President, reserving the right to object, I desire to make this statement. I myself desire to make a speech, as do numerous other Senators, with reference to branch banking. A petition for cloture has been presented by the leader on this side signed by 29 different Senators, including the Senator from Virginia [Mr. GLASS]. Practically only three Senators have had an opportunity to discuss the question up to this time, the Senator from Virginia, the Senator from Louisiana [Mr. LONG], and the Senator from Oklahoma [Mr. THOMAS]. Now, we find that the Senator from Virginia has again taken the floor to-day, and he desires to yield to the Senator from Indiana [Mr. WATSON] to make a speech. Ap-