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Congressional Record

SEVENTY-SECOND CONGRESS, SECOND SESSION

SENATE

TUESDAY, FEBRUARY 21, 1933

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

O God, the strength and hope of all who seek for peace and love along the path of duty, be near to every heart that Thou hast made; teach us to sow beside the waters of life and patiently to await the fruitage of our labour. Make us strong enough for life's daily burdens, brave enough for life's daily crosses, lowly enough to be worthy of the love of Christ and of our fellow men, that we may turn the world toward Thee, and, with our failures and our triumphs, our gladnesses and griefs, our utterance and our silence, bear true witness of Thy leading through all our rugged ways, until we pass at length into Thy presence, where there is fullness of joy and abundance of peace forevermore. We ask it in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Saturday last, when, on request of Mr. FESS, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

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 and joint resolutions of the Senate:

S. 4020. An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict;

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages;

S. 4589. An act to authorize the Secretary of the Interior to make payment of part of the expenses incurred in securing improvements in drainage project of drainage district No. 1, Richardson County, Nebr., and for other purposes;

S. 4756. An act to authorize the Veterans' Administration or other Federal agencies to turn over to superintendents of the Indian Service amounts due Indians who are under legal disability, or to estates of such deceased Indians;

S. 5339. An act to authorize the Secretary of War to convey certain properties to the county of Arlington, State of Virginia, in order to connect Lee Boulevard with the Arlington Memorial Bridge, and for other purposes;

S. 5370. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

S. 5588. An act authorizing the acceptance of title to sites for public-building projects subject to the reservation of ore and mineral rights;

S. 5659. An act authorizing the State of Georgia to construct, maintain, and operate a toll bridge across the Savannah River at or near Lincolnton, Ga.;

S. J. Res. 237. Joint resolution authorizing the erection in the Department of State Building of a memorial to the American diplomatic and consular officers who while on active duty lost their lives under heroic or tragic circumstances; and

S. J. Res. 243. Joint resolution authorizing the President of the United States to extend a welcome to the Pan American Medical Association which holds its convention in the United States in March, 1933.

The message also announced that the House had passed the bill (S. 5445) to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex., with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bill and joint resolution, each with amendments, in which it requested the concurrence of the Senate:

S. 3508. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes," approved June 25, 1910, as amended; and

S. J. Res. 48. Joint resolution to authorize the acceptance on behalf of the United States of the bequest of the late William F. Edgar, of Los Angeles County, State of California, for the benefit of the museum and library connected with the office of the Surgeon General of the United States Army.

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

H. R. 189. An act to add certain lands to the Modoc National Forest, in the State of California;

H. R. 7432. An act to authorize the Interstate Commerce Commission to delegate certain of its powers;

H. R. 10824. An act to amend section 14, subdivision 3, of the Federal farm loan act;

H. R. 11947. An act to authorize the Secretary of War to erect one marker for the graves of 85 Confederate soldiers, buried in the Old Rondo Cemetery in Miller County, Ark., in lieu of separate markers as now authorized by law;

H. R. 12328. An act to authorize the assignment of awards entered by the Mixed Claims Commission, United States and Germany, the Tripartite Claims Commission, and the War Claims Arbiter;

H. R. 12769. An act to provide an additional authorization for the acquisition of land in the vicinity of Camp Bullis, Tex.;

H. R. 13026. An act to amend chapter 231 of the act of May 22, 1896 (29 Stat. 133, sec. 546, title 34, U. S. C.);

H. R. 13960. An act to amend the description of land described in section 1 of the act approved February 14, 1931, entitled "An act to authorize the President of the United States to establish the Canyon De Chelly National Monument within the Navajo Indian Reservation, Ariz.";

H. R. 14321. An act to authorize the Secretary of the Treasury in his discretion to acquire a new site in Huntsville, Ala., and to construct a building thereon for the accommodation of the courts, post office, and other Government offices;

H. R. 14411. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at Boca Chica, Tex.;

H. R. 14460. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Baton Rouge, La.;

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H. R. 14461. An act to provide for placing the jurisdiction, custody, and control of the Washington City post office in the Secretary of the Treasury;

H. R. 14480. An act to extend the times for commencing and completing the construction of a railroad bridge across the Little River at or near Morris Ferry, Ark.;

H. R. 14489. An act relating to the construction of a Federal building at Mangum, Okla.;

H. R. 14500. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H. R. 14584. An act granting the consent of Congress to the Board of County Commissioners of Allegheny County, Pa., to construct, maintain, and operate a bridge across the Allegheny River between the city of Pittsburgh and the township of O'Hara and the borough of Sharpsburg, Pa.;

H. R. 14586. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Culbertson, Mont.;

H. R. 14589. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, Iowa;

H. R. 14601. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.;

H. R. 14602. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Highway Department of the State of Alabama to construct a bridge across Elk River between Lauderdale and Limestone Counties, Ala.," approved February 16, 1928;

H. R. 14657. An act to extend the times for commencing and completing the construction of a railroad bridge and/or a toll bridge across the water between the mainland at or near Cedar Point and Dauphin Island, Ala.;

H. J. Res. 547. Joint resolution to exclude certain temporary employees from the operation of the economy act; and

H. J. Res. 583. Joint resolution to provide for a change of site of the Federal building to be constructed at Binghamton, N. Y.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 47), in which it requested the concurrence of the Senate, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Architect of the Capitol, upon the approval of the Joint Committee on the Library, with the advice of the Commission of Fine Arts, is hereby authorized and directed to relocate within the Capitol any of the statues already received and placed in Statuary Hall, and to provide for the reception and location of the statues received hereafter from the States.

ORDER OF PROCEDURE

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

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. I desire to address the Senate on the question of inflation. I would like to know whether I can take the floor at this time.

The VICE PRESIDENT. The Chair thinks not, except by unanimous consent, until after the conclusion of morning business.

Mr. FESS. I ask unanimous consent that I may be permitted to address the Senate now on the question of inflation.

The VICE PRESIDENT. That can only be done by unanimous consent. The Senator from Ohio asks unanimous consent for that purpose.

Mr. BARKLEY. Mr. President, that would probably consume the morning hour. I have on the table a resolution which for some time I have been anxious to take up. I have tried to accommodate myself to the wishes of Senators, but I do not want to wait until the Senate is about to adjourn before I get action on the resolution.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that we transact routine morning business first.

The VICE PRESIDENT. Objection is made to the request of the Senator from Ohio.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from the Governor of Arizona, transmitting a joint resolution adopted by the Legislature of the State of Arizona, which, with the accompanying copy of resolution, was referred to the Committee on Agriculture and Forestry, as follows:

EXECUTIVE OFFICE, STATE HOUSE,
Phoenix, Ariz., February 13, 1933.

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

SIR: I have the honor to transmit Senate Joint Resolution No. 2, in which the Eleventh Arizona Legislature, now in session, respectfully prays that Congress pass United States Senate bill 1197, known as the Frazier bill, and amend said bill to include ranchers and livestock owners.

Very truly yours,

B. B. MOEUR, *Governor.*

STATE OF ARIZONA,
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA,
State of Arizona, ss:

I, James H. Kerby, secretary of state, do hereby certify that the within is a true, correct, and complete copy of Senate Joint Resolution 2, regular session, Eleventh Legislature, State of Arizona, all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Arizona. Done at Phoenix, Ariz., the capital, this 9th day of February, A. D. 1933.

[SEAL.] JAMES H. KERBY,
Secretary of State.

Senate Joint Resolution 2, urging State legislatures to petition Congress to pass United States Senate bill 1197, known as the Frazier bill, and to amend said bill to include ranchers and livestock owners

Be it resolved by the Eleventh Legislature of the State of Arizona, That—

A crisis exists and hundreds of thousands of once prosperous farmers, ranchers, and livestock owners in this Nation have already lost their homes and their all by mortgage foreclosures because of the fact that the price of agricultural products and livestock have for years been below the cost of production, a condition that affects all of the people of this Nation and is largely responsible for the continuance of the depression; and

There is no adequate way of refinancing existing agricultural indebtedness, and the farmers, ranchers, and livestock owners are at the mercy of their mortgagees and creditors; and

Unless immediate relief is given thousands and hundreds of thousands of additional farmers, ranchers, and livestock owners will lose their farms, ranches, and livestock, and their homes, and millions more will be forced into our cities and villages, and the army of unemployed will necessarily increase to alarming proportions, precipitating a condition that threatens the very life of this Nation; and

The State Legislatures of Montana, North Dakota, Minnesota, Wisconsin, Nevada, and Illinois have each and all petitioned Congress to pass Senate bill 1197, known as the Frazier bill, without delay, which bill provides that existing farm indebtedness shall be refinanced by the Government of the United States at 1½ per cent interest and 1½ per cent principal on the amortization plan, and through mortgages on livestock at 3 per cent per annum, not by issuing bonds and plunging the Nation further into debt but by issuing Federal reserve notes, the same as the Government now does for the banks through the Federal reserve bank: Now, therefore, be it

Resolved, That the Legislature of the State of Arizona respectfully requests and petitions the legislatures of the other States that have not already done so to petition Congress to pass Senate bill 1197 without delay, and amend same to include ranches, ranges, and livestock in order that the agricultural and ranch indebtedness of this Nation may be speedily liquidated and refinanced and agriculture and livestock saved from utter ruin and destruction and this depression brought to an intelligent and speedy end; and respectfully requests that the State legislatures cause copies of such resolution, after same has been passed, to be sent to the President of the United States, to the President of the Senate and the Speaker of the House, to Senator FRAZIER, at Washington, D. C., and to William Lemke, Congressman elect, at Fargo, N. Dak.; be it further

Resolved, That the secretary of state cause sufficient copies of this resolution to be printed, and that he mail a copy to the president of the senate and the speaker of the house of each of the States that have not as yet petitioned Congress to pass Senate bill 1197, requesting that said resolution be read before each of said bodies; and be it further

Resolved, That Arizona's representatives in Congress, Senator HENRY F. ASHURST, Senator CARL HAYDEN, and Hon. LEWIS DOUGLAS, be sent copies of said resolution.

Approved February 2, 1933.

Passed the senate January 31, 1933, by the following votes: 19 ayes, 0 nays, 0 not voting.

HARRY W. HILL,
President of the Senate.
W. J. GRAHAM,
Secretary of the Senate.

Passed the house February 2, 1933, by the following vote: 51 ayes, 1 nay, 0 absent, 12 excused.

S. A. SPEAR,
Speaker of the House.
LALLAH RUTH,
Chief Clerk of the House.

EXECUTIVE DEPARTMENT OF ARIZONA,
OFFICE OF GOVERNOR.

This bill was received by the governor this 2d day of February, 1933, at 4.30 o'clock p. m.

H. H. HOTCHKISS,
Secretary to the Governor.

Senate concurs in house amendments February 2, 1933, by the following votes: 19 ayes, 0 nays, 0 absent, 0 excused.

Approved this 2d day of February, 1933.

B. B. MOEUR,
Governor of Arizona.

EXECUTIVE DEPARTMENT OF ARIZONA,
OFFICE OF SECRETARY OF STATE.

This bill was received by the secretary of state this 2d day of February, 1933, at 4.55 o'clock p. m.

JAMES H. KERBY,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint resolutions of the Legislature of the State of California, which were ordered to lie on the table:

Assembly Joint Resolution No. 2, relative to memorializing Congress to propose an amendment to the Constitution of the United States repealing the eighteenth amendment and to provide for conventions in the several States to accomplish this purpose

Whereas one of the modes prescribed for the amendment of the Constitution of the United States is that Congress, whenever two-thirds of both Houses shall deem it necessary, may propose amendments to said Constitution, which shall be and become effective and operative as part of said Constitution when ratified by conventions in three-fourths of the several States, if such mode of ratification be proposed by Congress; and

Whereas the selection by the qualified voters in the several States of delegates to represent them in State conventions called to consider and act upon proposals thus submitted is in harmony with the spirit of our institutions and the tenor of our time, and is the mode most expressive of the will of the people; and

Whereas the Supreme Court of the United States has held that the determination of the method of ratification of a proposed amendment is the exercise of a national power specifically granted by the Constitution of the United States to the Congress, and that the Congress is not bound by the conflicting constitution or laws of any State in the exercise of this national power: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California does hereby petition the Congress of the United States to submit to the several States a resolution proposing an amendment to the Constitution of the United States repealing the eighteenth amendment thereto, without any reservation whatever, thereby restoring to the several States exactly those powers over the beverage use of intoxicating liquors possessed by them prior to the adoption of said amendment, and reserving to the Congress only those powers possessed by it prior to the adoption thereof; and be it further

Resolved, That it is the further desire of the Legislature of the State of California, in order that the most prompt and direct vote of the people may be had, that the Congress provide and enact:

First. That the above-proposed amendment be submitted to a convention in each of the several States for their approval and ratification or their disapproval and rejection.

Second. That the delegates to the ratifying conventions be elected at large in their several States after the manner of the election of the members of the Electoral College, namely, that the delegates be elected on the basis of whether they are in favor of or opposed to the proposed amendment.

Third. That the day of election be uniform throughout the United States and as soon as practicable after the submission of the resolution.

Fourth. That the Congress provide the ways and means of nominating delegates to the several conventions, of conducting the election, and of assembling the several conventions, and that the Congress provide for the costs incurred thereby; and be it further

Resolved, That in adopting this resolution it is not the purpose or intent of this legislature to apply to the Congress to call a convention for proposing amendments but to give expression, through their representatives in senate and assembly, of the desire and hope of the people of California that such repeal of the eighteenth amendment be submitted, and that it be submitted to conventions in the several States for ratification; and be it further

Resolved, That duly authenticated copies of this resolution be sent forthwith to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States, to the Members of Congress from the State of California, and to the presiding officer of each branch of the legislature of each of the several States.

Assembly Joint Resolution 3, relating to memorializing Congress to adopt legislation permitting the manufacture and sale of light wines

Whereas large sums of money have heretofore been invested in, and great tracts of land have been devoted to, the grape industry in California; and

Whereas in the past said industry has furnished work for thousands of persons; and

Whereas because of certain provisions contained in the laws of the United States the production of grapes and the products thereof has been greatly curtailed, causing many persons heretofore gainfully employed to lose their means of livelihood; and

Whereas it is of vital interest to the people of the State of California that the Congress of the United States adopt legislation legalizing the manufacture and sale of light wines so that the grape industry in California may again be revived and employment furnished many people; and

Whereas the sale and taxation of such light wines in this State would produce a large annual revenue, relieving the tax burden now placed upon owners of real property; furnish employment to thousands of unemployed persons and provide a market for large quantities of farm products required in the manufacture of such wines: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the legislature of said State urgently petition and request the Congress of the United States to adopt legislation now pending before it to amend section 29, Title II of the national prohibition act, being an amendment to H. R. 13312, to allow the manufacture, possession, transportation, sale, or exportation of naturally fermented wines without the addition of any distilled spirits, manufactured, possessed, sold, transported within or exported from the United States, to be served and consumed with usual meals in bona fide hotels, restaurants, public eating places, dining cars, or for the distribution and sale by duly permitted retail stores, for consumption in the home, which uses are expressly declared by this act of Congress to be nonbeverage and when so used said naturally fermented wines are declared to be and are nonintoxicating.

Resolved, That a copy of this resolution be sent to the President of the United States, the Vice President, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of West Virginia, which was ordered to lie on the table:

House Concurrent Resolution 12 (by Mr. Beacom), petitioning Congress to submit a proposal to the States providing for the submission of the eighteenth amendment to the vote of the people

Whereas the Democratic Party in its last national convention in its platform declared in favor of outright repeal of the eighteenth amendment to the Constitution of the United States; and

Whereas the Republican Party in its national convention declared in favor of submitting a proposal providing for the submission of the eighteenth amendment to the several States; and

Whereas it appears from the results of the election held in November last, that the sentiment of the people favors resubmission of the eighteenth amendment to a vote of the people; and

Whereas there seems to be a strong sentiment in favor of rendering to the States their sovereign right to determine for themselves the matter of handling the liquor problem; and

Whereas such ample Federal laws will be enacted as will guarantee to each State its right of protection in the exercise of its sovereign rights: Therefore be it

Resolved by the house of delegates (the senate concurring therein), That the National Congress submit to the people of the several States the question of repeal of the eighteenth amendment and that the National Congress is hereby petitioned to submit such a proposal to the several States.

We, Charles Lively, clerk of the senate, and John S. Hall, clerk of the house of delegates, of the West Virginia Legislature, hereby certify that the foregoing resolution was regularly adopted by the Legislature of West Virginia on January 25, 1933.

CHARLES LIVELY,
Clerk of the Senate.
JOHN S. HALL,
Clerk House of Delegates.

The VICE PRESIDENT also laid before the Senate a joint memorial of the Legislature of the State of Montana, favor-

ing the prompt passage of legislation for the rehabilitation of the farm industry through the adoption of some form of the domestic-allotment plan, the refinancing of farm mortgages, etc., which was referred to the Committee on Agriculture and Forestry.

(See joint memorial printed in full when presented to-day by Mr. WALSH of Montana.)

The VICE PRESIDENT also laid before the Senate a joint memorial of the Legislature of the State of Montana, memorializing Congress for a grant of land for the use and benefit of the Northern Montana Agricultural and Manual Training School, which was referred to the Committee on Public Lands and Surveys.

(See joint memorial printed in full when presented to-day by Mr. WALSH of Montana.)

The VICE PRESIDENT also laid before the Senate a memorial of sundry citizens of Chicago, Ill., remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the Volstead Act, which was ordered to lie on the table.

The VICE PRESIDENT also laid before the Senate telegrams in the nature of petitions from the Young Men's Democratic Club of Rapides Parish, signed by Joe E. McKean; Col. T. W. Barrett, president of the Police Jury of Rapides Parish, and sundry other citizens, all of Alexandria; Hodding Carter, publisher, Hammond Daily Courier, of Hammond; J. H. Trousdale, W. F. Patton, jr., and other citizens of Monroe; Dr. J. B. Pratt and other citizens of Natchitoches; Mrs. Henry Harcourt Waters, of New Orleans; and Atlee P. Steckler and other citizens of Ville Platte; all in the State of Louisiana, praying for a continuance of the investigation of the Louisiana senatorial election of 1932, and the necessary allotment of money therefor, by the special committee of the Senate to investigate campaign expenditures of the various presidential, vice presidential, and senatorial candidates in 1932, which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The VICE PRESIDENT also laid before the Senate telegrams in the nature of memorials from A. C. DeRouen, A. T. DeRouen, R. J. LaBauve (chairman parish Democratic executive committee), Jules J. Broussard (assessor of Vermillion Parish), P. L. Broussard (clerk of court), and P. U. Broussard, all of Abbeville; Steve E. Michaud, of Advance; J. B. Nachman (judge of city court), W. C. Mathews, Julius F. Ariail (clerk of court), J. P. Wakeman, Dave Mayer (member Rapides Parish Police Jury Ward 8), Mayor R. C. Lawrence, Judge E. J. Vallery, sr., W. T. Bradford (representative, Louisiana State Legislature), M. P. Henderson (Rapides Parish School Board), U. T. Downs (sheriff, Rapides Parish), V. V. Lamkin (mayor), V. M. Ake (commissioner of finance), R. W. Bringhurst (commissioner of streets and parks), T. L. James (assessor, Rapides Parish), B. F. Rosenthal, Sam Armetta, A. C. Brister, G. W. Lee (representative, Louisiana State Legislature), N. K. Vance, T. S. Fontenot (deputy assessor, Rapides Parish), E. Levy, and J. W. Bolton (president, Rapides Bank & Trust Co.), all of Alexandria; C. M. Downs (president Citizens Bank & Trust Co.), Ralph Hebert (representative, Pointe Coupee Parish), D. F. McGrath, jr. (parish of East Baton Rouge), and Eugene Cazedessus, all of Baton Rouge; Rich & Jones (attorneys at law), Jim W. Richardson (attorney at law), O. B. Magee (cashier Washington Bank & Trust Co.), and J. B. Lindsley (commissioner of public health and safety), all of Bogalusa; Esteve A. Martin (representative of Lafayette Parish), of Carencro; J. W. Ethridge (representative of State legislature and chairman of Grant Parish Democratic Association), of Colfax; M. P. Planche (president of police jury), James T. Burns (representative), H. K. Goodwyn (editor), Charles H. Sheffield (mayor), C. S. Frederick (district attorney), W. E. Blossman (clerk of court), and Walter Galatas (sheriff), all of Covington; C. V. Hunt and John Bishop, of Delhi; S. R. West (chairman of board, City Savings Bank & Trust Co.), D. S. Johnson (commissioner of finance), J. J. West (commissioner of streets and parks), and J. F. Sugrue (chairman of unemployment relief committee), all of De Ridder; Victor P. Mire (sheriff), Louis J. Dehass (representative), Henry A. Dugas (clerk of court), J. Y. Landry (assessor), Edgar J. Waguespack (president police jury), M. J. Randazzo, (secretary police jury), A. C. Simoneaux (member police jury), Leon Geismar (member police jury), Nestor Gautreau (member police jury), Walter W. Webb (member police jury), L. H. Meyers (member police jury), Amadee Savoie (member police jury), C. Earl Dixon (president school board), Marcel Brou (member school board), Leonce Legendre (member school board), Albert Schexnayder (member school board), W. H. Harrell (member school board), Lester E. Wright (member school board), George B. Ratcliffe (member school board), J. A. Pertuis (member school board), Chris Falcon (member school board), Percy A. Lemann (member Democratic State central committee), Leo Cafiero (chairman parish Democratic executive committee), Willie Casso (member parish executive committee), Nick Corbo (member parish executive committee), Louis L. Leblanc (member parish executive committee), A. E. Truxillo (member parish executive committee), T. H. Falcon (member parish executive committee), C. N. Gautreau (member parish executive committee), Frank Decoteau (member parish executive committee), H. M. Stamant (member parish executive committee), J. M. Bourgeois (member parish executive committee), Elie P. Breaux (member parish executive committee), Caleb C. Weber (president Democratic organization Ascension Parish), all of Donaldsville; J. D. Lyles, of Elizabeth; Erath Sugar Co. (Ltd.) (by V. L. Caldwell, president), Vermillion Sugar Co. (Inc.) (by E. P. Moresi, vice president), and the Bank of Erath (by R. E. Colden, cashier), all of Erath; J. B. Lewis, Willis R. Johnson (alderman), P. M. Prudhomme (alderman), Cilton Jeansonne (alderman), J. W. Berwick (city clerk), H. Jenkins (health officer), Henry Landry (chief of police), and Lamar Stagg (treasurer), Isom Guillory, Morell Milburn, Charles Lewis, Eloi Guillory, Mathias Miller, Lawrence Ardoin, Theo Tate, Chester Derbes, Emmett Bordelon, Albert Picou, Thomas Chisholm, John Long, Milton Fontenot, Murphy Guillory, Denver Young, Harry Tyson, D. Fontenot, George Guillet, L. A. Andrepont, Lon Moody, C. Fruge, Wade Guillet, Malcom Launey, Julius Stagg, Maxie McGee, Gerald Parrott, Rene Tate, Milton Vidrine, Dudley Berwick, Mayo Miller, Ben Miller, Byron Launey, Eugene Raynaud, Coley Prudhomme, Dana Jenkins, all of Eunice; Burris Bros. (merchants, by W. J. Burris, president), and Walter Green (manufacturer and real-estate operator), of Franklinton; J. Roy Theriot (member of the school board of Gueydan), M. L. Dickerson (mayor of the town of Hodge), Julius Dupont and Sam Polmer, of Houma; Neil Thomas (sheriff), T. H. Bond (chairman parish Democratic executive committee), R. Manley Crowson; L. L. Kilpatrick (president of police jury), A. H. May (parish treasurer), and William J. Hammon (lawyer), all of Jonesboro; Robert L. Moulton (mayor), J. Frank Ard (superintendent of city water and light plant), L. E. Le Blanc (chief of police), Wilson J. Peck (trustee of public property), Edgar G. Mouton (trustee of finance), and George J. Breaux (registrar of voters, parish of Lafayette), all of Lafayette; O. E. Morris (mayor), T. J. Bullock (clerk of court), Fern M. Wood, A. H. Nanney, D. F. Turner (sheriff, Vernon Parish), J. A. Frazier and Thomas C. Wingate, all of Leesville; Sigur Martin (attorney at law, secretary-treasurer of police jury of St. James Parish), Col. R. P. Woods, sr. (vice president, Lutcher & Moore Cypress Lumber Co., president police jury of St. James Parish), Henry L. Himl (judge, twenty-third judicial district, comprising parishes of St. James, Ascension, and Assumption), Joe B. Dornier (sheriff, Parish of St. James), Frank Abadie (assessor, Parish of St. James), R. P. Lowry (superintendent of education), A. G. Gearheard (president, Pontchartrain Levee Board), Henrietta V. Marquez (secretary, Lutcher & Moore Cypress Lumber Co.), Oscar Reynaud (president St. James Bank & Trust Co.), Roger Rome (clerk of court), and R. P. Woods, jr. (State senator, 11th senatorial district), all of Lutcher; S. E. Graham (mayor), P. W. LaFleur (levee commissioner),

Harry Nolan (town constable), Herbert Darnall (marshal), and the Melville Star, all of Melville; D. Y. Smith (police juror) and C. L. Mengis, M. D. (coroner), I. W. Rogers, C. W. Wallace, J. A. Mullins, and H. H. Mullins, T. A. Grant (ex-sheriff), D. C. Pittman, C. R. Tidwell, J. H. Brown, Hudson, Potts & Bernstein, A. L. Davenport (attorney), R. D. Swayze (commissioner of streets and parks), Joe Hanna (tax assessor), Ouachita Parish; Mrs. Beatrice Radford, Dr. C. P. Gray, J. Q. Graves, M. D., Mires R. Jackson (general manager, Hotel Frances), Doctors Brown and Shlenker, J. B. Dawkins, Sam Newsom, Fred R. Mitchell, Philip Liossota, Frank T. Smith, J. M. Breard, Paul Fink, and Travis Oliver (president of Central Savings Bank & Trust Co.), all of Monroe; Emett Norsworthy, J. C. Efurd, Dr. P. W. Prudhomme, E. B. Suddath, M. Lieber, A. H. Stein, W. M. Payne (tax collector, Natchitoches Parish), J. O. Gunter, H. H. Burney (police jury, member ward 2), S. M. Brown (merchant), A. G. Otmeyer, Jeff Deblieux, Dan C. Sutton, A. R. Oquinn (deputy sheriff), T. G. Barnes, W. Peyton Cunningham (representative, State legislature), Leon Friedman (representative, State legislature), M. L. Dismukes (mayor, city of Natchitoches), all of Natchitoches; A. A. Girard (ex-registrar of voters, Iberia Parish), of New Iberia; Roland Wibker, John L. Drusch, Martin Gavin, Henry Doane, Joseph Doane, Joseph E. Thompson, Martin Schuth, Milton Barry, Theodore P. Ahrens, Mrs. Joseph E. Thompson, Mrs. H. Bulot, Julius S. Loeb, Frank Early, E. J. Fremin, G. F. Martin, E. C. Cahill, L. C. Cahill, H. Grosz, J. Will, J. E. Fitzmorris, Mr. and Mrs. A. Muller, Annie Muller, Aug. G. Muller, Theodore P. Broker, Mr. and Mrs. Warren H. Oertling, Mr. and Mrs. William L. Ollie, George Ure, Louis Dutel, Victor Dumas, Jim Flattman, Bernard Gonzales, Fred Nicolay, Irene Ries, Leo Romenaux, Mrs. S. H. Schomburg, Mrs. Alma Nicolay, George Ries, Louis Dembrun, John Markey, Williams Drewes, Paul Silva, Joe Acosta, Joe Zimmer, John Gaynar, Miss Annie Huber, Edward Latil, Jim Brown, Martin Dembrun, T. S. Coffee (lieutenant, United States Naval Reserve Force), Vivian Stansbury, L. A. Fuerstenberg, Mrs. J. Fuerstenberg, F. L. Fuerstenberg, Mrs. J. L. Giblan, Albert W. Newlin, Gertrude J. Wells, W. A. Welch, Charles G. Delisle, H. J. Otnott, Col. and Mrs. E. Roy and Miss Helen Carber (Jackson Barracks), Mr. and Mrs. R. G. Ganier, John J. Briscoll, William Pazos, Henry M. Munsch, F. McW. Gardon, William P. Allen, Horace E. Crump, H. Fruchter, Mr. and Mrs. J. B. Carrerot, Mr. and Mrs. Arthur Breaux, Mr. and Mrs. A. Nunez, Mrs. H. T. Roberts, Mr. and Mrs. John S. Kinberger, John Darsam, Mr. and Mrs. Charles P. Rowley, C. J. Ryan, Frank Miller, William E. Hubert, John F. Hubert, Mrs. William Hubert, Miss Hazel Martin, Mike Cahn (of the Dixie Mill Supply Co.), Darius Beauvais, W. H. Parham, B. Stumberg, B. Hamilton, Henry Williamson, Mr. and Mrs. G. C. Peters, L. Windmann, Dorothea Radlauer, E. Rusha, Mrs. William P. Dillon, John Beaudean, James Wilkinson, William J. Sailor, Mr. and Mrs. J. J. Williams, sr., Mr. and Mrs. J. J. Williams, jr., Mr. and Mrs. H. R. Williams, H. J. Dole, sr., L. W. Leverson, E. P. Carstens, C. F. Gorman, Clyde Farr, Jules E. Moustier (chairman, fifth ward), Paul G. Merritt, jr., Sarah Dinkelspiel, Mrs. Andrew H. Nash, J. Markey, G. Murphy, Miss T. Giansala, Mrs. N. Vonbehren, F. R. Osfront, J. Erickson, X. O. Bruder, Mrs. O. Bruder, Mrs. T. Darsam, T. Darsam, Mrs. S. Mello, S. Mello, Edward Ginard, J. W. Glaser, M. Markey, Mrs. M. Markey, F. Markey, Caldwell Brothers, J. L. Trinchard, Aline Degrut, Dr. and Mrs. W. J. Rein, Mr. and Mrs. W. J. Rein, A. Burkhardt, J. Klar, D. Benoit, C. Krupp, A. A. Aubert, F. Ricca, Mr. and Mrs. J. H. Pecot, W. Devine, Capt. W. M. Fakier (Thibodeaus, La.), S. Calegan, C. Cook, C. Fremin, C. H. Weymouth, Fred Tyler, L. Klar, A. Dupuy, John Unland, A. H. Gerhardt, J. Hulseberg, Mrs. J. Hulseberg, M. Hulseberg, and E. Hulseberg, L. H. Riedl, Mr. and Mrs. Joseph Ahrens, Elizabeth Smith, Mr. and Mrs. H. Y. Pitithory, Earl Condon, Emanuel Firnandez, jr., Joseph Ertel, C. J. Cure, Miss Maude Frolba, Mr. and Mrs. Raymond Hunt, Mr. and Mrs. Robert Mullholland, Mr. and Mrs. Edw. F. Wilder, Mr. and Mrs. H. H. Minor, Mr. and Mrs. H. Y. Werskoff, Mr. and Mrs. Jno. A. Carey, Mr. and Mrs. Clarence Olsen, Mr. and Mrs. Bernard Gonzales, jr., John Daniels, Louis Ertel, Theodore Dussor, John Ertel, Louis Meyer, William Ertel, Cyrus Ertel, Mr. and Mrs. Ferd Planchard, George Meyer, Frank A. Minor, Charles Meyer, Mrs. Mary Froeba, Mr. and Mrs. Louis Schermann, Mrs. Eunice Wolf, Mr. and Mrs. Maurice Groh, Capt. Henry Conrad (seventh precinct, fifth ward); Mr. and Mrs. E. J. Thomas, John Gernhauser, Mr. and Mrs. W. H. Pugh, Mrs. L. A. Pugh, Mr. and Mrs. C. W. Shaw, M. T. Mulledy, Mrs. F. J. Mulledy, G. M. Mulledy, Miss M. E. Mulledy, A. C. Mulledy, Dr. and Mrs. H. B. Gessner, Anthony Richard, Louis Lauilhe, Evi Vaughn, and C. L. Clay, all of New Orleans; Geo. Pourciau, town treasurer, and J. C. Roberts, both of New Roads; D. P. Reed, sheriff of Allen Parish, and C. C. Cole, both of Oberlin; L. Austin Fontenot, S. D. Kurtz, Leon S. Saas, Arthur Prejean, Paul Fontenot, E. L. Loeb, R. B. Christman, T. B. DeValcourt, Leo Gay, Marshall J. Doucet, Armas Sylvester, and J. A. Young, all of Opelousas; Iris DuPont, tax assessor, and Joseph Nicolosi, register of voters, parish of Iberville, both of Plaquemine; P. W. McBride, mayor; Charles Schumaker, councilman; and W. F. Brown, of Port Barre; Ed. R. Loe and B. F. Roberts, chairman Democratic executive committee, of Shreveport; W. A. Mackie, L. W. Martin, and T. H. Martin, of St. Francisville; A. M. Finley, Geo. Keller, Anthony Feducia, Mrs. Sarah Dunkley, A. B. Gremillion, C. C. Gremillion, John Miglicco, E. T. Merrick, jr., A. R. Hebert, J. H. Hobgood, Steve Barbre, David Merrick, E. B. Genin, and B. F. Hess, all of Torras; Julian E. Wolff, mayor; Arthur Deshotel, police juror; and F. L. Bailey, member of town council, of Washington; R. M. Browning, J. P. Norris, J. A. Daniels, R. L. Kilgore, J. G. Cobb, and J. T. Chappell, all of West Monroe; C. Joseph, representative Iberville Parish, of White Castle; J. E. Carter and D. E. Sikes, superintendent Winn Parish schools, of Winnfield; R. L. Gay, president Sabine Parish police jury, of Zwolle, all in the State of Louisiana, remonstrating against a continuance of the investigation of the Louisiana senatorial election of 1932, and the spending of additional money therefor, by the special committee of the Senate to investigate campaign expenditures of the various presidential, vice presidential, and senatorial candidates in 1932, which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. CAPPER presented petitions of District No. 4, Osborne Council of Religious Education (five schools), of Downs; and local chapters of the Woman's Christian Temperance Union of Baldwin, Portis, and Reserve, all in the State of Kansas, praying for the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. KING presented a resolution adopted by the Colonial Council of St. Thomas and St. John, Virgin Islands, indorsing petitions of a large number of the inhabitants of St. Thomas and St. John (citizens, residents, taxpayers, merchants, etc.), praying that the municipality of St. Thomas and St. John be again placed under the administration of the Navy Department as was the case up to March 28, 1931, which, with the accompanying papers, was referred to the Committee on Naval Affairs.

Mr. GOLDSBOROUGH presented a petition of sundry citizens of Baltimore, Md., praying for the passage of legislation to revaluate the gold ounce and to control mass production, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Baltimore & Ohio Railroad Post, No. 81, American Legion, of Baltimore, Md., opposing a proposed 10 per cent cut in the allowances to disabled World War veterans, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Easton, Md., praying for the passage of legislation to regulate and supervise the motion-picture industry, which was ordered to lie on the table.

Mr. WALCOTT presented a resolution adopted by the New Haven (Conn.) section, Council of Jewish Women, indorsing the passage of legislation placing an embargo on the export of arms, which was ordered to lie on the table.

He also presented the memorial of Unit of Boyle Post, No. 1, American Legion Auxiliary, of Waterbury, Conn., remonstrating against the making of any reductions in the national defense, which was referred to the Committee on Appropriations.

He also presented the memorial of Robert O. Fletcher Auxiliary Unit, No. 4, American Legion, of Norwich, Conn., remonstrating against the adoption of the so-called Britten amendment relative to the national defense, etc., which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the directors of the Ansonia (Conn.) Chamber of Commerce, favoring reduction of the Budget for 1934 by the sum of $800,000,000, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from the Second District, the American Legion, Department of Connecticut, of New Haven, Conn., remonstrating against proposed reductions in the pay of personnel of the Army and Navy, which was referred to the Committee on Appropriations.

He also presented petitions and papers in the nature of petitions of Unit No. 45, of Meriden; Harry G. Faulk Unit, No. 113, of Old Saybrook; Union No. 17, of Naugatuck; Ezra Woods Unit, No. 31, of New Milford; Anderson Dunn Kochiss Post, No. 42, of Stratford; the Second District, Department of Connecticut, of Hamden; and the American Legion Auxiliary of Bridgeport, all of the American Legion Auxiliary in the State of Connecticut, praying for the restoration of the "forty-eight drills" in the Naval Reserve, which were referred to the Committee on Appropriations.

He also presented the petition of Unit of Coyle Post, No. 1, American Legion Auxiliary of Waterbury, Conn., praying for the passage of the so-called widows' and orphans' pension bill, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Common Council of the City of Torrington, Conn., favoring the passage of legislation authorizing and directing the Postmaster General to issue a special series of postage stamps of the denomination of 3 cents, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciusko, which was referred to the Committee on Post Offices and Post Roads.

He also presented petitions and papers in the nature of petitions of Unit No. 123, of Rocky Hill; Unit of Coyle Post, No. 1, of Waterbury; Shaw-Sinon Post, No. 73, of Wallingford; Dilworth-Cornell Unit, No. 102, of South Manchester; Howard G. Hilliard Unit, No. 66, of Clinton; Green-Erickson Post, No. 122, of Burlington; and Seicheprey Unit, No. 2, of Bristol, all of the American Legion Auxiliary in the State of Connecticut, praying for the creation of a veterans' committee of the Senate, which were ordered to lie on the table.

He also presented the petition of Express Lodge, No. 2126, Brotherhood of Railway and Steamship Clerks, etc., of Bridgeport, Conn., praying for the passage of the bill (S. 2125) to provide for the cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, which was ordered to lie on the table.

Mr. WALSH of Montana presented the following joint memorials of the Legislature of the State of Montana, which were referred to the Committee on Agriculture and Forestry:

UNITED STATES OF AMERICA,
State of Montana, ss.:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 2," being a memorial to the Congress of the United States urging the prompt enactment of legislation for the rehabilitation of the farm industry through the adoption of some form of the domestic-allotment plan, the refinancing of farm mortgages, and such other measures as may be found necessary to place the farm industry upon approximately the same footing as other great industries of the United States, enacted by the twenty-third session of the Legislative Assembly of the State of Montana and approved by J. E. Erickson, governor of said State, on the 14th day of February, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 16th day of February, A. D. 1933.

[SEAL.] SAM W. MITCHELL,
Secretary of State.

Senate Joint Memorial 2

A memorial to the Congress of the United States urging the prompt enactment of legislation for the rehabilitation of the farm industry through the adoption of some form of the domestic-allotment plan, the refinancing of farm mortgages, and such other measures as may be found necessary to place the farm industry upon approximately the same footing as other great industries of the United States

To the Congress of the United States:

We, the Legislative Assembly of the State of Montana, both senate and house, do hereby join in the nation-wide demand that something constructive and substantial be done by the Congress of the United States for the rehabilitation of agriculture, the basic industry of the Nation. More than thirty and one-half million men, women, and children live and labor upon farms throughout this country, approximately one-fourth of the entire population. According to the reports of the Department of Agriculture of the United States the income per farm available for "labor and management" during the prosperous years of 1919 to 1928 averaged only $584.90, or about $1.60 per family per day, or a shade less than 40 cents per person per day. This is far less than the average cost of supporting inmates of charitable and penal institutions throughout the United States. It should be understood that these meager returns to the tillers of the soil were the returns in the days of prosperity. We shall not attempt to discover what they are during these years of depression; we know that they are less than pauper allowances. At this time wheat is quoted at less than 25 cents per bushel throughout the State of Montana, far below the bare cost of production, and the price on other farm products is in proportion.

These ruinous prices have destroyed the purchasing power of the thirty and one-half million people living on farms in the United States; they are no longer able to purchase implements, building materials, and the numerous other products of mill and factory. As a result the wheels of our mills do not turn; the machinery of our factories does not operate; millions upon millions of unemployed languish in idleness, and their children cry for bread.

Raise the price on the products of the soil so that the tiller may receive a living wage; the millions on the farms will then be able to purchase the goods from mill and factory; idle millions will be placed at work, and their children will be fed.

The economic conditions now prevailing throughout the Republic are dark and distressing; but we should be cowards, unworthy of American citizenship, if we surrendered to the drift of circumstances and the spirit of hopelessness and despair. Let intelligence rule the Republic, and final disaster shall be averted and economic well-being shall return in a fuller measure. One-half of the great economic problem of the United States has been triumphantly solved. We are capable of producing such an abundance of all material things that every man, woman, and child in the United States may live in comfort and to some extent even in luxury. The remaining one-half of the problem is to bring about a somewhat equitable distribution of this abundant production. It should be possible to approach nearer to a solution of this problem than we are to-day.

In this age of specialization of production, each man produces, practically speaking, only one class of goods or renders only one kind of service. This one class of goods or service must be exchanged for the numerous kinds of goods and services required in the everyday life of to-day. The problem of exchange and distribution is therefore fundamental in our economic life. If each man receives an equitable price for his labor or his goods, this system of exchange will function freely; but if the price on one class of goods or one kind of service is entirely out of proportion to the price on other kinds of goods or services the system will break down to that extent. Equitable exchange relations constitute the basis of prosperity.

With regard to agricultural products this equitable exchange relation does not exist, and as far as wheat is concerned it will not restore itself for decades to come; we are likely to continue to have an exportable surplus of wheat and other farm products for a long time. The production of wheat in many foreign countries, particularly Asiatic Russia, is likely to increase. Foreign countries continue to erect tariff walls against the importation of American wheat. These circumstances conspire to keep down the export price on American wheat, and this ruinous export price will drag down the price on that part of the wheat consumed in this country; it tends to fix the domestic price. It is absolutely intolerable, unbearable, and ruinous to American agriculture to have the domestic price on its products fixed and determined by foreign tariff walls, pauper wages, and revolutionary experiments in foreign countries. In order to survive and prosper we must regulate our own domestic affairs.

We therefore ask that the Congress of the United States protect the great domestic market for our farm products, so that the farmer may receive a reasonable price on the home consumption. We believe that this can be accomplished through the application of some form of the domestic-allotment plan—a plan under which the price on the home consumption will be approximately on par with the prices on the goods that the farmer has to purchase.

This would tend to place agriculture on the same footing as other great industries of the United States. Under this plan the Government of the United States would obtain control over the areas to be utilized for the various farm crops and thereby adjust production to demand. We realize that the growth and development of a country and the well-being of its people depend very largely upon an abundant food supply. The reduction in acreage should therefore proceed with caution; but we also realize that it is impossible to maintain reasonable prices with an increasing surplus.

We urge that in the carrying out of the domestic-allotment plan, the details of administration be intrusted as far as possible to the governments of the various States and counties so that the plan may not result in the development of added administrative machinery on the part of the United States and increased expenses to its Treasury. We ask that the domestic-allotment plan be made effective not only with regard to wheat but also other farm products where it may be found applicable.

On account of the ruinously low prices on farm products our farmers are finding it impossible to pay interest and principal on the billions of farm mortgages incurred in good faith in better years, and farmers throughout the country are losing their homes by the thousands through mortgage foreclosures. We, therefore, ask that the Government of the United States lend its credit toward the refinancing of farm mortgages at the lowest rate of interest which the United States can obtain.

The deplorable conditions now prevailing will justify Congress in applying far more drastic remedies than in ordinary times.

We ask for the application of the domestic-allotment plan for the refinancing of farm mortgages and for the enactment of such other measures as may be found necessary to place the farm industry upon approximately the same footing as other great industries of the United States, honestly believing that this is absolutely necessary for the reestablishment of ordinary, prosperous conditions in the economic life of the Nation. It will not help the farmer alone, but will aid in rehabilitating the business of the merchant, the banker, the investor, the manufacturer, the railroads—and above all it will help to provide work for the millions of unemployed.

We hereby direct the secretary of state of the State of Montana to forward copies of this memorial to the President of the Senate of the United States, to the Speaker of the House, and to our Senators and Representatives in Congress.

F. H. COONEY,
President of the Senate.
D. A. DELLWO,
Speaker of the House.

Approved February 14, 1933.

J. E. ERICKSON, *Governor.*

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 4," being a memorial memorializing the Congress of the United States for a more lenient settlement of the 1932 Federal seed loans, enacted by the twenty-third session of the Legislative Assembly of the State of Montana, and approved by J. E. Erickson, governor of said State, on the 15th day of February, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 17th day of February, A. D. 1933.

[SEAL.] SAM W. MITCHELL,
Secretary of State.

Senate Joint Memorial 4

A memorial memorializing the Congress of the United States for a more lenient settlement of the 1932 Federal seed loans

To the honorable Senate and House of Representatives of the United States in Congress assembled:

We, the members of the Twenty-third Legislative Assembly of the State of Montana, do hereby respectfully represent that—

Whereas we are aware that the prevailing difficulties in many parts of Montana are partly due to the drought conditions existing during the years 1929, 1930, and 1931, when our farmers realized practically nothing from their crops; and

Whereas living conditions in many of our farming communities during these years were such as to make it necessary for the Red Cross to render aid to hundreds of our people; and

Whereas due to the deflated prices of wheat the past year many of our best citizens in the farming districts of our State have been unable to pay their taxes, thereby endangering our public schools and local governments, and causing the loss of many homes through tax sales; and

Whereas many of our farm owners have hardly enough wheat on hand to finance another crop, and to require them to pay 25 per cent of their seed loans would cause such a hardship as to result, in many instances, in want and suffering, and add to the general breakdown of the agricultural situation: Now, therefore, be it

Resolved, That the Senate of the State of Montana, the House of Representatives concurring, that the Congress be memorialized to grant an extension of one year on the payments of the 1932 seed, feed, and fuel loans in all cases where the producers are compelled to sell their grain below the cost of production; be it further

Resolved, That copies of this memorial be forwarded to each of the Members of the Senate and of the House of Representatives of Montana in Congress, and to the Federal seed-loan department at Minneapolis, Minn.

F. H. COONEY,
President of the Senate.
D. A. DELLWO,
Speaker of the House.

Approved February 15, 1933.

J. E. ERICKSON, *Governor.*

Mr. WALSH of Montana also presented the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Indian Affairs:

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled House Joint Memorial No. 1, being a memorial to the Congress of the United States of America, requesting the enactment of adequate legislation which will reimburse the Blackfeet Indians for the loss of lands known as the ceded strip in northwestern Montana, certain rights to said lands having been wrongfully taken from them without just compensation, enacted by the twenty-third session of the Legislative Assembly of the State of Montana, and approved by J. E. Erickson, governor of said State, on the 31st day of January, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 31st day of January, A. D. 1933.

[SEAL.] SAM W. MITCHELL,
Secretary of State.

House Joint Memorial 1

A memorial to the Congress of the United States of America, requesting the enactment of adequate legislation which will reimburse the Blackfeet Indians for the loss of lands known as the ceded strip in northwestern Montana, certain rights to said lands having been wrongfully taken from them without just compensation

To the honorable Senate and House of Representatives of the United States of America:

Your memorialists, the members of the Twenty-third Legislative Assembly of the State of Montana, the house and senate concurring, respectfully represent:

Whereas a treaty having been made between the United States Government and the Blackfeet Tribe of Indians in the year 1896, in which treaty the Indians ceded for mineral purposes only a strip of land extending from the Canadian boundary southward to the stream known as Birch Creek, and from the present western boundary of the Blackfeet Indian Reservation westward to the summit of the Rocky Mountains; and

Whereas the Indians specifically reserved in said treaty the right to hunt, fish, and cut timber on these lands since known as the ceded strip; and

Whereas the United States Government, beginning in the year 1910, proceeded to violate said treaty by denying the Indians the rights specifically reserved and herein described by the absolute denial of these privileges without any compensation: Now, therefore, be it

Resolved, That it is the prayer of your memorialists, the Twenty-third Legislative Assembly of the State of Montana, that the Congress of the United States should by proper legislation right the wrong suffered by the Indians by reason of the violation by the United States Government of this treaty; be it further

Resolved, That a copy of this memorial, duly authenticated, be sent by the secretary of state to the Senate and House of Representatives of the United States and to each of the Senators and Representatives of Montana in Congress.

D. A. DELLWO,
Speaker of the House.
F. H. COONEY,
President of the Senate.

Approved January 31, 1933.

J. E. ERICKSON, *Governor.*

Mr. WALSH of Montana also presented the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Public Lands and Surveys:

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled Senate Joint Memorial No. 7, a memorial memorializing the Congress of the United States for a grant of land for the use and benefit of the Northern Montana Agricultural and Manual Training School, enacted by the twenty-third session of the legislative assembly of the State of Montana, and approved

by J. E. Erickson, governor of said State, on the 15th day of February, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 16th day of February, A. D. 1933.

[SEAL.] SAM W. MITCHELL, *Secretary of State.*

Senate Joint Memorial 7

A memorial memorializing the Congress of the United States for a grant of land for the use and benefit of the Northern Montana Agricultural and Manual Training School

To the honorable Senate and House of Representatives in the Congress of the United States:

Whereas the Northern Montana Agricultural and Manual Training School was established by the Legislature of Montana in 1913, and for the past four years said college has been in active operation and now has an enrollment of 366 students; and

Whereas it is the only unit of the Greater University of Montana which does not have the benefit of an income from land grants; and

Whereas the large majority of students attending said institution are residents of northern and eastern Montana, which is devoted almost exclusively to stock raising and agriculture; and

Whereas there is remaining in the State of Montana approximately 7,000,000 acres of vacant, unappropriated, unreserved public land: Now, therefore, be it

Resolved by the Senate of the State of Montana (and the House of Representatives concurring), That the Congress of the United States be memorialized to grant to the Northern Montana Agricultural and Manual Training School 500,000 acres of vacant, unappropriated, unreserved public lands within the State of Montana for the use and benefit of said school; be it further

Resolved, That copies of this memorial be forwarded to the President of the Senate and Speaker of the House of Representatives and each of the Senators and Members of the House of Representatives from Montana in Congress, and to the Secretary of the Interior.

F. H. COONEY, *President of the Senate.*
D. A. DELLWO, *Speaker of the House.*

Approved February 15, 1933.

J. E. ERICKSON, *Governor.*

INVESTIGATION OF MISSISSIPPI RIVER LEVEE CONSTRUCTION

Mr. ROBINSON of Arkansas. Mr. President, I present a telegram from the President of the Mississippi River Flood Control Association and ask that it be read at the desk.

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

The Chief Clerk read as follows:

MEMPHIS, TENN., *February 20, 1933.*

Senator JOSEPH T. ROBINSON,
Senate Office Building:

The Mississippi River Flood Control Association, of which I am president, welcomes an impartial investigation such as any Senate committee will carry on of the peonage charges in levee construction. Will you please place this telegram in the CONGRESSIONAL RECORD?

W. H. DICK.

The VICE PRESIDENT. The telegram will lie on the table.

ANNIVERSARY OF GEN. THADDEUS KOSCIUSKO

Mr. BARBOUR. Mr. President, I ask unanimous consent for the printing in full in the RECORD and appropriate reference of the resolution adopted by the Board of Commissioners of the City of Orange, N. J., memorializing Congress to enact House Joint Resolution No. 191 and Senate Joint Resolution No. 105.

There being no objection, the resolution was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, as follows:

A resolution memorializing Congress of the United States to enact House Joint Resolution 191 and Senate Joint Resolution 105, commemorating the one hundred and fiftieth anniversary of the naturalization as an American citizen in 1783 and appointment of brevet brigadier general of Thaddeus Kosciusko, a hero of the Revolutionary War, by issuing special series of postage stamps in honor of Gen. Thaddeus Kosciusko sesquicentennial anniversary

Whereas on October 13, 1933, will occur the one hundred and fiftieth anniversary of the naturalization as an American citizen of Brig. Gen. Thaddeus Kosciusko, a hero of the Revolutionary War.

Whereas the service rendered by him was of great value and assistance to the cause of American independence and of such high importance that on October 13, 1783, he was appointed brevet brigadier general of the Continental Army and was granted naturalization as an American citizen.

Whereas it is but fitting that proper recognition should be given to the memory of Brig. Gen. Thaddeus Kosciusko, whose illustrious service in the war for American independence is well known to all who are familiar with our history: Therefore be it

Resolved by the Board of Commissioners of the City of Orange and State of New Jersey, That the Board of Commissioners of the City of Orange, State of New Jersey, requests and urges his excellency President of the United States, Members of the House of Representatives and Senators from the State of New Jersey be authorized to respectfully memorialize the United States Congress to enact legislation which will provide for the effective carrying out of the provisions of said bills, whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as he may determine, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciusko as brevet brigadier general of the Continental Army on October 13, 1783.

SEC. 2. That a copy of this resolution be sent to the President, Vice President of the United States, Speaker of the House of Representatives, and to each United States Senator and Representative in Congress from New Jersey.

FRANK J. MURRAY.
WALTER B. SAVAGE.
GEORGE H. WERNER.
CHAS. IPPOLITO.

Adopted February 14, 1933.

[SEAL.] WM. F. CHRISTIANSEN, *City Clerk.*

OFFICE OF CITY CLERK,
Orange, N. J.

I, William F. Christiansen, city clerk of the city of Orange, in the county of Essex and State of New Jersey, do hereby certify that the following annexed is a true copy of the records in my office.

In testimony whereof I have hereunto set my hand and the corporate seal of said city of Orange, on this 20th day of February, A. D. 1933.

[SEAL.] WM. F. CHRISTIANSEN, *City Clerk.*

GOVERNMENT OWNERSHIP OF RAILROADS

Mr. BROOKHART presented an editorial from the Washington (D. C.) Herald of the 21st instant, which was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

GOVERNMENT OWNERSHIP OFFERS ONLY SOLUTION OF THE RAILROAD PROBLEM

It is time the American people looked their railroad problem in the face—sized it up as it is—thought about it in terms of its realities and addressed themselves to its solution realistically.

"Robbing Peter to pay Paul" has not yet found a place among the maxims of sound economics. We are doing, however, exactly that with the railroads as we continue to lend them money wrung from the people by taxation in order to pay their deficits, their bank loans, their fixed charges and their costs for operation and maintenance.

The rates charged for both passenger and freight service are high. They are violently out of line with the costs of comparable services.

And yet the railroads can see no hope of rehabilitation except in the maintenance of these charges—even their increase. They hope traffic will revive despite practices which can only operate to its destruction.

It is a hopeless mess.

If the public interest were not so inseparably involved in the plight of the railroads, we might leave them to their fate.

The history of some of the rail carriers is strewn with bad management and fraud—frauds upon their creditors, their shareholders and the public.

The poor bondholders and shareholders have been plowed again and again to no purpose except the enrichment of railroad financiers.

The legacy of past evils, despite all reforms of practice, is still represented in distended capitalizations, towering overheads, postponed charge-offs and physical obsolescence, which are fatal handicaps to service, efficiency, and the reasonable treatment of the public in the matter of charges.

Their borrowing capacity is spent. The paper collateral pledged for Government loans, which had nothing more than paper value, is now exhausted.

It is ridiculous to describe the process by which they are seeking further Government aid as borrowing.

Let the Government realize this.

It is not lending to the railroads. It is paying for the railroads—paying for them—but not getting them!

How much better to spend the people's money acquiring the roads, reorganizing them, liquidating burdens which can no longer be carried—doing, in short, the things necessary to put the roads on a paying and serviceable basis.

Only in this way will the people obtain from their railroads what they are entitled to expect—efficient service at reasonable rates.

The physical properties of most railroads are not equal in value to their bonded debt. This fact, coupled with the depressed prices for their securities, would enable the Government to acquire the roads at a not excessive valuation.

It must be apparent, even to those most antagonistic to public ownership, that there is no solution of the railroad problem except through Government acquisition and operation.

The railroads have no solution for their situation.

If it must be solved by the public and by the use of the public's money, the money should be used in the service of the public interest exclusively.

PUBLIC-WORKS PROGRAM

Mr. BROOKHART presented a letter from F. W. Meyers, of Iowa City, Iowa, relative to the economic situation and suggesting a remedy therefor, which was ordered to lie on the table.

IOWA CITY, IOWA.

Hon. SMITH W. BROOKHART,
United States Senate, Washington, D. C.

MY DEAR SENATOR: At this time, when all the "captains of industry and wizards of finance" tell us that before adequate relief can be given a starving people it is necessary that we balance the Budget, I hesitate to offer an opinion to the contrary, but feel it a duty to do so.

Balancing the Budget inevitably involves two things—first, the curtailment of governmental activities and the reduction of salaries, and, second, an increased burden of taxation.

Neither of these things is calculated to bring relief to a people who need more work and more governmental activities and who are now overburdened with taxes.

Fifteen years ago had anyone in authority insisted that we must balance the Budget before meeting the great emergency of war and mustering all our resources of men and money to make the world safe for democracy, he would have been branded as a traitor to his country and landed behind the bars of Leavenworth.

We were confronted by a tremendous emergency that threatened the very life of our civilization. It was no time for delay or faltering, no time to count the cost, because no cost could be greater than the cost of delay and failure to do our duty.

It was time for immediate action and the whole Nation responded with patriotic abandon. Every able-bodied man was called, every resource used, every source of credit mustered. Our public debt reached a total never before heard of in all history—$29,000,000,000—but no one complained, no one objected, and our national credit was neither exhausted nor endangered.

It was only by these prompt and stupendous efforts that we won the war.

During the war, and after it, as a busy, happy, prosperous nation we began paying that debt faster than any nation had ever paid its debt before, and money flowed into the Treasury in such unprecedented volume that three times were taxes reduced.

No great personal or national emergency was ever met and overcome by balancing the Budget.

While sound wisdom in normal times and under normal conditions, it becomes the height of folly and shortsightedness in abnormal times and under abnormal conditions.

Had the Colonies stopped to count the pennies, which were about all they had, there would be no free America to-day. Instead, they issued currency backed by "God and the Continental Congress," and with it the Revolution was won, our country freed, and, incidentally, every cent of that money was redeemed.

In 1861 there was no hesitation, either North or South, about "balancing the budget" before maintaining what they believed to be the right. Abraham Lincoln sent no message to Congress urging that the budget be balanced before we met the emergency of Civil War and sprang to the defense of the Union. Had he done so, he would not now be known as the savior of his country, but as a fit companion for Judas Iscariot and Benedict Arnold. More than three hundred millions of "Lincoln greenbacks" are in circulation in this country to-day, unbacked by anything but faith in America and its ability to pay.

To-day we are confronted by the greatest emergency, the greatest peril, our country has ever known. The death toll through suicide alone is almost as great as the total of all our slain on all the battlefields of all the wars America has ever known, and this does not begin to tell the story of the tragic disaster, the details of which have been told only too many times, and which are on every lip and etched with the acid of despair upon millions of American hearts.

Instead of meeting this great emergency of peace with the courage and daring with which we have met the great emergencies of war we have faltered and delayed. For the dying man we have called in the bookkeeper. When the people have asked for bread, we have given them taxes; when they have asked for work, they have been told that the Government must economize and has no work to offer. Graft, extravagance, and waste should not be allowed at any time. If, and where, they exist it is a serious reflection upon those who have permitted them. But this is the poorest possible time to curtail public works, to reduce salaries that are in keeping with the service rendered, or to eliminate or restrict any useful governmental service. President Hoover was right when he said, a few years ago, that when private enterprise lagged, public enterprise should be speeded up to take its place. He was wrong when he failed to act upon his own advice when the emergency arose where it should have been made effective.

Work and wages, not doles and loans, are what the people need. Profitable employment for both capital and labor is what is wanted. Additional loans or renewals to a business which can not be made to pay has the same tender quality of mercy as cutting a dog's tail off by inches.

America is a better credit risk to-day than it was when its public debt was $10,000,000,000 more. It is a creditor, not a debtor nation. It has more gold, if that is an important factor. It has more property. It has more men and, through science and invention, their productivity has been quadrupled. Our fields are more fertile, our factories more efficient, our transportation better. Under God's shining sun there is no better credit than that of Uncle Sam. And yet we refuse to use that credit even to the extent that we used it to meet the emergency of war, refuse to furnish the lifeblood of industry, refuse to touch the rock of public credit that private enterprise may spring forth and thrive. Do this and soon 120,000,000 busy, happy, prosperous people will be helping to balance the Budget without hardship and without a murmur.

When the farmers, heretofore the most conservative and law abiding of our citizens, unite to defeat the law it is time that our lawmakers should "stop, look, and listen." If they do not, God save our country—for He alone can do it.

If any country should declare war upon America, as may happen within a year, we would not stop for an instant to balance the Budget. Why hesitate now? Why not exert the great credit power of the United States and initiate such a stupendous program of public works as shall lift us by the boot straps, if necessary, out of this slough of despair and onto the firm ground of national prosperity?

Yours very respectfully,

F. W. MEYERS.

REPORTS OF COMMITTEES

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 5463) to authorize the change of homestead designations on allotted Indian lands, reported it without amendment and submitted a report (No. 1258) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 5632) to extend the times for commencing and completing the construction of a railroad bridge and/or a toll bridge across the water between the mainland at or near Cedar Point and Dauphin Island, Ala., reported it with an amendment and submitted a report (No. 1259) thereon.

Mr. BARKLEY, from the Committee on Banking and Currency, to which was referred the bill (S. 5273) authorizing national banks to establish branch banks, and to secure deposits, reported it with amendments and submitted a report (No. 1260) thereon.

Mr. COUZENS, from the Committee on Banking and Currency, to which was referred the joint resolution (S. J. Res. 256) authorizing the Comptroller of the Currency to exercise with respect to national banking associations powers which State officials may have with respect to State banks, savings banks, and/or trust companies under State laws, reported it without amendment and submitted a report (No. 1261) thereon.

Mr. KING, from the Committee on Finance, to which was referred the joint resolution (H. J. Res. 561) amending section 2 of the joint resolution entitled "Joint resolution authorizing the President, under certain conditions, to invite the participation of other nations in the Chicago World's Fair, providing for the admission of their exhibits, and for other purposes," approved February 5, 1929, and amending section 7 of the act entitled "An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933," approved July 19, 1932, reported it without amendment and submitted a report (No. 1262) thereon.

ENROLLED JOINT RESOLUTION PRESENTED TO SECRETARY OF STATE

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on February 20, 1933, that committee presented to the Secretary of State the enrolled joint resolution (S. J. Res. 211) proposing an amendment to the Constitution of the United States.

BILLS INTRODUCED

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

By Mr. SHORTRIDGE:

A bill (S. 5675) to effect needed changes in the Navy ration; to the Committee on Naval Affairs.

By Mr. BYRNES:

A bill (S. 5676) to provide for the creation of a Federal land and loan corporation, for the refinancing of farm-mortgage indebtedness in the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. NYE:

A bill (S. 5677) authorizing the Reconstruction Finance Corporation to make loans to cooperative creamery associations; to the Committee on Banking and Currency.

By Mr. WHEELER:

A bill (S. 5678) granting a pension to Joseph E. Williams (with accompanying papers); to the Committee on Pensions.

By Mr. NORBECK:

A bill (S. 5679) to provide for the acquisition of Chappawamsic Island, Va., for the use of the Navy Department; to the Committee on Naval Affairs.

JAMES RIVER AND NEW AND KANAWHA RIVERS WATERWAY

Mr. NEELY. Mr. President, I introduce a joint resolution, which I ask may be read and appropriately referred.

The joint resolution (S. J. Res. 257) providing for the investigation, survey, and report of a continuous water line from the James River in Virginia to the New and Kanawha Rivers in West Virginia was read the first time by its title, the second time at length, and referred to the Committee on Commerce, as follows:

Whereas the State of Virginia did in the year 1819 survey New River in West Virginia with a view of connecting the waters of the James and Kanawha Rivers; and

Whereas the State of Virginia in 1872 by legislation requested Congress to develop a continuous waterway connecting the James River and the New River by means of a canal from a point near Covington, Va., to the Greenbrier River in West Virginia, thence down the Greenbrier to New River at Hinton, W. Va., so as to make a continuous navigable water line connecting the rivers of the Mississippi Valley with the Atlantic Ocean; and

Whereas such a continuous navigable waterway could be so constructed as to carry millions of tons of commerce from the States of the Northwest and the Mississippi Valley and from Pittsburg and the Ohio Valley through the Kanawha and New Rivers up the Greenbrier and across by canal to the James River, and from thence down to Norfolk, instead of the present method of carrying commerce down the Mississippi past New Orleans, across the Gulf of Mexico, and up the Atlantic coast; and

Whereas the State of West Virginia did in 1873 by joint resolution agree to transfer many valuable rights to the United States in return for the surveying and construction of such a continuous navigable waterway; and

Whereas the Federal Government did in 1872 make an investigation, survey, and report for the purposes heretofore described, and a commission of celebrated engineers, consisting of Maj. Gen. J. G. Barnard, Benjamin H. Latrobe, Maj. Gen. Q. A. Gillmore, Maj. Gen. William P. Craighill, Major General Witzel, Brig. Gen. A. Humphreys, and Lieut. Thomas Turtle, was appointed to carry out this work; and

Whereas the aforesaid commission made an investigation, survey, and report, in which it unanimously held that the plan of connecting the said rivers by canal with a continuous navigable waterway was feasible, and recommended the execution of the plan at a cost of approximately $50,000,000; and

Whereas from Greenbrier, W. Va., to Kanawha Falls on the New River there is an average fall of 11 feet per mile and on the Greenbrier River there is a very considerable fall, and it is estimated that by a series of locks and dams not only can the navigation of these rivers be so improved as to permit of the passage of freight boats but that also many hundreds of thousands of horsepower of electricity can be produced and the said boats moved on the Kanawha, New, Greenbrier, and James Rivers by electricity, with a great surplus of electricity left over that could be sold to private persons or public concerns; and

Whereas the said boats could be charged a toll for the use of the locks and for electricity and the surplus electricity sold to public or private interests and the income from these sources used to pay for the construction of said locks, dams, and canals, and the upkeep of the same; and

Whereas a series of connecting pools from Hinton, W. Va., to Kanawha Falls would add greatly to the beauty of New River, one of the world's most picturesque water courses; and

Whereas it is estimated that from the sources hereinbefore named approximately 10,000,000 tons of commerce would be available annually for transportation over the proposed route: Now, therefore, be it

Resolved, That the Federal Power Commission be authorized to make an immediate investigation, survey, and report to Congress of the cost, feasibility, and manner of connecting the James and New Rivers from a point near Covington, Va., to Hinton, W. Va., by way of the Greenbrier River, including locks, dams, and canals and other construction necessary to make a continuous navigable waterway from the Kanawha up through New River and the Greenbrier River and across to the headwaters of the James River down to Richmond and Norfolk, Va.; that the said report shall include the manner of improvement of navigation in detail; the possibilities for the creation of water power, the amount that could be created and the uses to which it could be applied; the volume and character of commerce that might be carried over this proposed route and the estimated cost of the construction of locks, dams, reservoirs, tunnels, and all other improvements that may be necessary in the premises;

That the Federal Power Commission is hereby authorized to call upon all departments of the Government that are equipped for furnishing such aid as the commission deems necessary in making such investigation and survey, and such departments shall respond to such call from the Federal Power Commision;

That the sum of $50,000 is hereby appropriated out of the Treasury of the United States, out of moneys not otherwise appropriated, to the Federal Power Commission for the purpose of making such investigation, survey, and report.

AMENDMENT OF BANKRUPTCY ACT—AMENDMENTS

Mr. BLAINE submitted four amendments intended to be proposed by him to the bill (H. R. 14359) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which were ordered to lie on the table and to be printed.

MATILDA A. BARKLEY

Mr. FRAZIER submitted the following resolution (S. Res. 366), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1932, to Matilda A. Barkley, widow of Joshua W. Barkley, late a laborer in the employ of the Senate under supervision of the Sergeant at Arms, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

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

H. R. 189. An act to add certain lands to the Modoc National Forest, in the State of California; to the Committee on Public Lands and Surveys.

H. R. 7432. An act to authorize the Interstate Commerce Commission to delegate certain of its powers; to the Committee on Interstate Commerce.

H. R. 10824. An act to amend section 14, subdivision 3, of the Federal farm loan act; to the Committee on Banking and Currency.

H. R. 12328. An act to authorize the assignment of awards entered by the Mixed Claims Commission, United States and Germany, the Tripartite Claims Commission, and the War Claims Arbiter; to the Committee on Finance.

H. R. 13026. An act to amend chapter 231 of the act of May 22, 1896 (29 Stat. 133, sec. 546, title 34, U. S. C.); to the Committee on Naval Affairs.

H. R. 11947. An act to authorize the Secretary of War to erect one marker for the graves of 85 Confederate soldiers buried in the Old Rondo Cemetery in Miller County, Ark., in lieu of separate markers as now authorized by law; and

H. R. 12769. An act to provide an additional authorization for the acquisition of land in the vicinity of Camp Bullis, Tex.; to the Committee on Military Affairs.

H. R. 14411. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at Boca Chica, Tex.;

H. R. 14460. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Baton Rouge, La.;

H. R. 14480. An act to extend the times for commencing and completing the construction of a railroad bridge across the Little River at or near Morris Ferry, Ark.;

H. R. 14500. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H. R. 14584. An act granting the consent of Congress to the Board of County Commissioners of Allegheny County, Pa., to construct, maintain, and operate a bridge across the

Allegheny River between the city of Pittsburgh and the township of O'Hara and the borough of Sharpsburg, Pa.;

H. R. 14586. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Culbertson, Mont.;

H. R. 14589. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, Iowa;

H. R. 14601. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.;

H. R. 14602. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Highway Department of the State of Alabama to construct a bridge across Elk River between Lauderdale and Limestone Counties, Ala.," approved February 16, 1928; and

H. R. 14657. An act to extend the times for commencing and completing the construction of a railroad bridge and/or a toll bridge across the water between the mainland at or near Cedar Point and Dauphin Island, Ala.; to the Committee on Commerce.

H. R. 13960. An act to amend the description of land described in section 1 of the act approved February 14, 1931, entitled "An act to authorize the President of the United States to establish the Canyon De Chelly National Monument within the Navajo Indian Reservation, Ariz."; and

H. R. 14461. An act to provide for placing the jurisdiction, custody, and control of the Washington city post office in the Secretary of the Treasury; to the calendar.

H. R. 14321. An act to authorize the Secretary of the Treasury, in his discretion, to acquire a new site in Huntsville, Ala., and to construct a building thereon for the accommodation of the courts, post office, and other Government offices;

H. R. 14489. An act relating to the construction of a Federal building at Mangum, Okla.; and

H. J. Res. 583. Joint resolution to provide for a change of site of the Federal building to be constructed at Binghamton, N. Y.; to the Committee on Public Buildings and Grounds.

H. J. Res. 547. Joint resolution to exclude certain temporary employees from the operation of the economy act; to the Committee on Appropriations.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 47) was referred to the Committee on the Library, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Architect of the Capitol, upon the approval of the Joint Committee on the Library, with the advice of the Commission of Fine Arts, is hereby authorized and directed to relocate within the Capitol any of the statues already received and placed in Statuary Hall, and to provide for the reception and location of the statues received hereafter from the States.

BUSINESS AND OPERATION OF THE POST OFFICE DEPARTMENT

Mr. ODDIE. Mr. President, I present for the RECORD a statement made February 15, 1933, by the Postmaster General, giving a brief résumé of the operations of the Post Office Department during recent years. This statement is a valuable and interesting one and will give a good idea of the magnitude of this great governmental institution and of the efficiency of its operation.

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

Because nearly everybody is in daily contact with the Post Office Department, as the time approaches when the responsibility of administering the executive branch of the Federal Government, by reason of the mandate of the people will pass to others, perhaps a summary of the major problems encountered by the department during the past four years may be of interest.

At the outset may I remind you that the Post Office Department is basically a business institution; it is a public utility, just as are the railroads, electric-light companies, and telephone companies, differing in the respect that it is Government owned and operated. The War and Navy Departments, the Treasury Department, the State Department, and in fact all the agencies of the Government excepting the Post Office Department, carry on their operations for the common benefit of all our citizens. It is proper, therefore, that they should be supported by general taxation. But the Postal Service supplies an individual need. When it carries a letter, a parcel, or an advertising circular, when it accepts savings deposits, when it transfers money from one city to another, it serves an interest that is not common to the mass of citizens, but personal to the particular patron using the service. So from the earliest Colonial times the effort has been consistently made to support the post office, not out of taxes but out of charges collected from postal patrons.

Because it is a business establishment the Post Office Department has been affected by the present demoralization of business in exactly the same way as enterprises privately owned and operated for profit. Since 1929 about one-third of our business has disappeared. Our revenues for the fiscal year which ended June 30, 1930, were $705,000,000. Last year they were $588,000,000. While they will approximate the same amount this year, they would have shrunk to less than $500,000,000 if the postage rates had not been raised.

May I recount the steps which have been taken to meet this unprecedented loss of revenues? In 1930 the Administration brought to the attention of Congress the advisability of increasing postal rates. Although the depths of the depression had not been sounded at that time and everybody was hoping for a speedy recovery, the Postal Service was even then running behind at the rate of about $60,000,000 a year in its strictly postal operations; that is, not taking into account the merchant marine and aviation subsidies and the cost of Government mail. We recommended to Congress an increase in the rate of postage on nonlocal letter mail to 2½ cents. We suggested also advances in the schedule of money order and registry fees and we petitioned the Interstate Commerce Commission for permission to revise parcel-post rates upward. We hoped in this way to add to our revenues sufficiently to balance our Budget without calling upon the General Treasury for funds.

Our efforts at first met with no success. Congress, reluctant to vote postage-rate increases, took no action. We closed the books for the fiscal year ending June 30, 1931, with a gross revenue deficiency of $146,000,000, and a deficit in our strictly postal operations of almost $100,000,000, a sum which, of course, had to be made up out of taxes or, in this instance, out of borrowed money, for there was a Treasury deficit that year amounting to almost a billion dollars.

This condition seemed to us intolerable. We could find no justification for mortgaging the country's future to pay a substantial part of the cost of carrying the mail for the present generation; and so in 1931 we urged Congress to authorize a 3-cent rate upon nonlocal letter mail and renewed our recommendations for advances in the schedule of fees for the special services. We also continued to press the Interstate Commerce Commission for action upon our proposal for an upward revision of parcel-post rates.

Again we encountered the same reluctance on the part of Congress to deal with this situation, and, instead of following our recommendations, the Senate, in January, 1932, passed a bill divesting the Interstate Commerce Commission of authority with relation to parcel-post rates. This legislation, which obviously was intended to defeat the department's pending proposal to increase the parcel-post rates, was defeated in the House of Representatives, which was coming to the conclusion that an increase of postage rates was imperative.

You will recall the difficulties which Congress had in the spring of 1932 in agreeing upon tax legislation. After months of controversy, a revenue bill was finally adopted including the department's proposal for a 3-cent postage rate on nonlocal letter mail. Indeed, Congress went further than the department's suggestion and applied the higher rate to local mail as well as to nonlocal. It also substantially increased the second-class rates and approved our recommendations for higher money-order and registry fees. Following this legislative action the Interstate Commerce Commission sanctioned the proposed revision of the rates upon parcel post. With the exception of the new parcel-post rates, made effective October 1, all of these changes took effect at or about July 1, 1932, at which time the department likewise raised the rate on air mail from 5 to 8 cents for the first ounce.

But in the meantime the service had gone through another year at the old rates and with a steadily diminishing mail volume. It closed its books for the fiscal year 1932 with a gross revenue deficiency of $205,000,000 and a deficit in its strictly postal operations of $153,000,000.

At this point you may be interested in the department's views concerning the effect of the 3-cent postage rate upon postal revenues. It is frequently urged by postal patrons that from the standpoint of a balanced Budget the increase in the first-class rate was a mistake; that it has driven much business out of the mails; and that the department would now be getting more business and more revenue had the 2-cent rate on letter mail been continued.

This is an erroneous conclusion. Of course, we can never tell from day to day exactly how our revenues are apportioned over the various classes of mail. When we sell stamps to the public we have no way of knowing whether they will be used on letters or merchandise or for special delivery or even for air mail. Our system of classifying our revenues is based upon a periodical count of all mail at selected offices. Each count extends for one week and covers the volume and weight, as well as the number of pieces of mail of each class. We classify the revenues for the service as a whole and for the year as a whole from the statistics developed by these periodical counts. You will understand that under this procedure we will not be able to estimate accurately the results of the higher letter-postage rate until the returns are in and the computations are completed at the end of the fiscal year. But we

do have partial figures which are sufficiently complete to assure us that there is no foundation for the statement that we are losing revenue by the 3-cent rate.

I will give you some statistics in the aggregate for 20 of the largest cities in the country, including, of course, New York, Chicago, Philadelphia, Boston, St. Louis, Los Angeles, and other cities in order of population. In the week from June 20 to June 26, 1932, the last complete week under the 2-cent postage rate, the total first-class mailings at these cities, both local and nonlocal, amounted to 93,893,706 postage ounces. In the week from September 19 to September 25, under the 3-cent rate, the total first-class mailings at these cities amounted to 82,969,884 postage ounces, a decrease of about 11,000,000 postage ounces, or 11.63 per cent. This loss obviously is not attributable entirely to the higher rate, because our volume had been declining steadily for many months prior to the change in the rate, the first-class mailings at these same cities during the June week of 1932 being about 33 per cent below the mailings of the corresponding June week of 1931. But assuming, however, that the entire loss of volume which occurred between June and September is attributable to the increase in the rate, what is the net effect upon the postal revenues?

The revenues at these 20 cities from first-class mailings during the June week at the 2-cent rate amounted to $1,981,691.25. During the September week, with a loss in volume of 11.63 per cent, the revenues from first-class mailings amounted to $2,603,-351.01, an increase over the June week of $621,659.76, or 31.37 per cent. For your own city of Chicago, taken alone, the volume during the June week was 14,008,821 postage ounces. In the September week the volume was 11,789,320 postage ounces, a decrease of 2,219,501 postage ounces, or 15.84 per cent. The first-class revenues during the June week were $298,356.61. During the September week they were $373,240.32, an increase of $74,883.71, or 25.1 per cent.

The very worst view which we can take of the effect of the higher letter-postage rate on the volume of first-class mail is this: Where we now handle 90 letters at 3 cents, we would be handling 100 letters had the rate been left at 2 cents. Expressed in terms of revenue, it is seen that the revenue upon 90 letters at 3 cents is $2.70, by comparison with $2, which would be collected on 100 letters at 2 cents.

People are misled by the fact that the postal revenues as a whole are no greater in the aggregate to-day than a year ago, when the letter-postage rate was 2 cents. They jump to the conclusion from this fact that the rate increase has failed of its purpose, and completely overlook the unprecedented decline common to all business which has occurred in mail volume of all classes as the result of business stagnation, which had been continuing for many months before the rate change became effective.

Some part of the loss of revenue is, of course, fairly chargeable to the rate increase. I have in mind particularly a diminished use of the mails by utility companies, municipalities, department stores, and similar establishments, in sending bills and other communications to local patrons who can conveniently be reached by private messenger; but on this point I desire to remind you again that the department did not recommend that the 3-cent rate be applied to local, or drop letters, because local mail costs substantially less to handle than mail destined for out-of-town delivery. Recently we have urged Congress to restore the 2-cent rate upon this class of mail matter.

So much for the steps which have been taken to maintain our revenues as far as possible in these difficult times. Let us look briefly at the other side of the ledger. Many of you have doubtless been wondering what has been done to reduce postal expenditures, since this would have the same salutary effect upon our Budget as an increase in revenues, and would be much more agreeable to the country as a whole, and to mail users in particular.

It has not so far been possible to bring about a reduction in expenditures in proportion to the decline in mail volume. There are many reasons for this. Numerous of our items of expense are not affected by fluctuations of mail volume. In the rural delivery service, for instance, the annual cost of which is about $100,000,000, our expenses go on at the same level whether the mails are heavy or light. The same thing is true, more or less, of the city delivery service, although in the large cities a lengthening of routes is sometimes possible as volume falls off. Compensation for star-route service is based upon the length of the haul and the frequency of the trips and has no relation to the weight or the volume of the mails. Payments for rail transportation, which amount to approximately $100,000,000 a year, are about equally divided between storage and distribution space. The storage space can be reduced as volume falls, but regardless of volume, distribution space—that is, the railway post-office cars in which our clerks sort the mail on the trains—can not be cut down materially without delaying dispatches, connections, and deliveries. The same limitation applies to the item of $18,000,000 a year for rented post-office quarters. Clearly there can be no relationship between the volume of our business and the amount of the rentals which we pay our landlords.

A second difficulty about reducing the postal expenditures as volume decreases is the fact that to a large extent we are bound by long-term contracts. Star-route and screen-wagon contracts run for four years. Ocean mail contracts run for 10 years. Our leases for post-office quarters vary in length of time from five to 20 years. Of course, in making new contracts, we are taking advantage of the keener competition and the lower prices which are now available.

About 70 per cent of the budget of the Post Office Department is spent for salaries—the compensation paid to postmasters, clerks, carriers, and the rest of our personnel. The department has no control over its wage scale. Both the wage scale and the hours of labor of postal employees are fixed by Congress, usually upon the importunities of organized postal workers, as is evidenced by the fact that Congress in February, 1931, when the depression was in full force and the cost of living rapidly declining, in spite of the vigorous opposition of the department, reduced the hours of labor of all postal employees from 48 to 44 a week without any reduction in the compensation—adding something like $7,000,000 to our annual costs of operation at a time when we were already running behind at the rate of approximately $100,000,000 a year.

As the force of the business depression grew it soon became apparent, first at the larger cities and gradually throughout the entire country, that our offices were overmanned. Here was a difficult problem. In the same situation a privately owned enterprise would have been compelled to lay off the surplus—to cut its personnel to the number actually required. Many considerations made the Government reluctant to adopt that course. In the first place, we all hoped for many months that the slump was temporary and that our volume would soon come back. On that assumption it seemed unwise to risk the permanent loss of our trained men. There was also the obvious undesirability of throwing several thousand additional persons into the ranks of the unemployed. Then, too, these were civil-service men who had selected Government work as a career and who had always been assured that so long as they were faithful in the discharge of their duties they were secure against dismissal. So from the earliest days of the depression the administration and Congress agreed upon the policy of retaining in the Postal Service all the regular, permanent personnel, leaving our force to be reduced only by normal processes of separation; that is, by deaths, resignations, retirements, and removals for cause. Under this policy, and with the department powerless to alter either the hours of labor or the rates of compensation of its employees, it is evident that substantial pay-roll savings could be realized but slowly.

However, it must not be understood that postal expenditures have not been materially reduced. We have economized to the fullest extent possible under the limitations and restrictions mentioned and have made effective many improvements in our operations, some of the more important of which are the following:

1. To permit better supervision of our several interrelated services we early reorganized the department at Washington upon functional lines.

2. The larger post offices have been surveyed and reorganized. Simplified methods of distribution have been adopted, nonessential service has been eliminated, and the collection and delivery of the mails have been standardized through the country.

3. We have reorganized the leasing work of the department, and have brought down our total expenditures for rented quarters about 8 per cent.

4. We have established a training school in which new entrants into the inspection service are given instruction in their work so that they may be better prepared to enforce the required standards of performance and efficiency in post-office operations.

5. We have completely overhauled our fleet of more than 8,000 motor trucks, replacing all obsolete and worn-out equipment, and have brought down our expenditures for motor transportation, after including the purchase cost of the new trucks, by about 10 per cent.

6. For the first time in the history of the department a scales-inspection division has been created. This activity, which at regular intervals inspects and adjusts the department's 240,000 weighing devices in the field, is amply justifying itself.

7. We have continuously reduced the storage space used for the transportation of the mails by rail so as to cut down the cost of transportation as nearly as practicable in proportion to the lower volume of mail. Our savings in this item now amount to about 15 per cent of the total compensation formerly paid the railroads.

8. We have accelerated the consolidation of rural routes and have reduced the number of such routes by about 3,400.

9. Under the policy of lapsing all nonessential vacancies we have reduced the number of postal employees from 254,956, as it stood on December 31, 1929, to approximately 245,000 at the present time—a reduction of about 10,000 employees.

Strictly as the result of administrative economies, expenditures for postal objects during the fiscal year which ended June 30 last were about $24,000,000 less than in 1930. A much more substantial curtailment of expenditures will be possible during the current year, due largely to the provisions of the so-called economy law. The plan urged upon Congress by the President, involving the furlough of all employees of the Government for 1 month out of 12, will result in savings of about $41,000,000 during the present year. This sum, added to other savings made possible by minor provisions of the economy law and by continuing the policies heretofore discussed, will reduce our gross expenditures for the current year, including the shipping and aviation subsidies and the cost of handling the Government's own mail, to not more than $715,000,000, which will be approximately $90,000,000 less than corresponding expenditures in the year 1930. If we deduct the subsidies and other nonpostal items from this total, our expenditure for strictly postal operations in 1933 will be about $673,000,000 by comparison with $775,000,000 in 1930, a reduction of $102,000,000. On this basis, and taking the same

figure for the revenues as last year—$588,000,000—our gross revenue deficiency for the current year will be about $127,000,000 and the net, or true, postal deficit approximately $75,000,000.

Last year the gross deficiency of revenues was $205,000,000 and the net deficit more than $153,000,000.

The Post Office Department has a number of important functions which are not directly related to the postal business which we are of course required to superintend with the same care which is given to the primary duty of handling the mails. One of these functions has to do with the public building program.

The quarters occupied by post offices of the fourth class are furnished by the postmaster, who is ordinarily a general storekeeper of the community and conducts the post office as an incident to his principal means of livelihood. The Government itself must provide the accommodations for post offices of the first, second, and third classes—about 15,000 in number. For the most part, these offices are located in rented quarters. Up to five years ago post-office buildings were owned by the Government in only 1,200 cities.

Beginning with 1926, Congress has enacted a number of laws providing for the construction of additional Federal buildings. The primary responsibility for carrying out the program which Congress has authorized rests upon the Treasury Department. But since the most of the buildings are intended for the accommodation of post offices, the duty devolves upon the Post Office Department to work out with the Treasury Department the locaion and the design of hundreds of these buildings. Our aim has been to see that all new post-office buildings are modern in every particular and so located, laid out, and equipped as to permit the conduct of postal operations with the greatest possible efficiency and at the lowest possible cost. Because one of the principal elements of expense in the larger cities has always been the cost of hauling the mails between the railroad station and the post office, in working out the details of the building program every effort has been made to eliminate this haul by placing the post office close to the railroad, and, in fact, whenever feasible, to locate it on a site immediately adjacent to the railway terminal. This has been accomplished in your city of Chicago, also in Minneapolis, St. Paul, Kansas City, New York, Cleveland, Cincinnati, Philadelphia, Pittsburgh, St. Louis, Boston, and a number of other large cities where new post-office buildings have been completed or are now in the process of construction.

There is, of course, a great economy in this policy. In Chicago alone we estimate that the annual savings in transportation costs which will result from the location of the new post-office building at the railway terminal will be in the neighborhood of a half million dollars. Savings in other cities will be in proportion, and in all these places we will not only be able to handle the mail with a much smaller outlay for transportation but we will greatly expedite the movement of mail matter of all classes, saving anywhere from 30 minutes to 24 hours in the time required for distribution, transfer, and dispatch.

The funds appropriated by Congress to carry out the building program have been allocated by the Treasury and Post Office Departments to cover about 1,100 buildings in cities where the post office has heretofore been in rented quarters and 245 buildings at places where post-office quarters in Federal buildings have become inadequate. In addition to these entirely new buildings, the program includes extensions or annexes to existing buildings in 191 cities. In all, 273 projects have now been completed and more than 400 are in process of construction.

Partisanship has not entered into the public-building program. The necessary legislation was supported in Congress by members of both political parties and the particular projects have been selected with sole reference to the needs of the service. Because the program was authorized before the economic depression reached the acute stage, in recent months, by reason of the Government's financial difficulties, some criticism has been directed to the expenditures which are involved. I believe that this criticism is not justified. It should not be overlooked that in carrying on extensive building operations in these times the Government has not only been able to secure permanent quarters which it has long urgently needed at very low costs, but that in so doing it is making a substantial contribution to industry and employment in hundreds of communities.

The ocean mail is another activity which in its broadest aspects is not strictly a part of the postal business. Our foreign mails are of extreme importance to the business interests of the country, as well as to our citizens who have family or social ties abroad. It has, of course, always been the duty of the Post Office Department to move these mails to their foreign destinations as expeditiously as possible; but when we contract with steamship lines for the transit of the foreign mails we now have an objective which goes far beyond the mere transportation of letters and packages. The Government is using the ocean mail as a medium through which to build up the American merchant marine. To this end the Post Office Department is at present paying about $21,000,000 a year for carrying the United States mails to foreign countries over and above what this service would cost at ordinary poundage rates.

Most of us will agree not only that an adequate merchant fleet under our own flag is vital to American commerce and industry in time of peace but that it will be indispensable to the national defense in the event of war. In 1928 Congress passed a law the purpose of which is to place our merchant marine on a basis of equality with the commercial fleets of the other great nations of the world. This law, which is known as the Jones-White Act, authorized Government loans to American shipping companies for the construction of fast, modern passenger and cargo vessels; and it empowered the Post Office Department to enter into 10-year contracts with such companies for carrying the mail on important trade routes, the compensation to be based, not upon the volume of mail carried but upon the size and speed of the vessels and the mileage of the routes.

The purpose of these contracts is not primarily to furnish means for carrying the mail but to provide funds to equalize the costs of constructing and operating merchant ships between American and foreign operators so that ships of the United States can compete for both cargo and passengers on equal terms with ships under foreign flags. The ultimate object, as I have said, is to build up and maintain a modern and competitive American merchant fleet, to protect and strengthen our foreign trade in all world markets, and to provide a reserve of merchant ships to serve as naval auxiliaries in the event of war. These objects are national in scope. They affect us all, whether we live at the seaboard or in the interior, whether we are manufacturers, merchants, farmers, or wage earners. They have no special relation to the postal service. Ocean mail pay is simply the form in which Congress has elected to extend financial aid to the shipping industry.

Under the provisions of the Jones-White Act, the Post Office Department has now awarded 44 contracts for ocean mail service on trade routes from American ports. These contracts have all been approved not only by the Post Office Department but by the Shipping Board, the Department of Commerce, and the Navy Department, in so far as their respective interests are involved. They provide compensation at mileage rates for the transportation of the mails, but they also require the shipping companies to build or recondition a large number of vessels to be placed in service on the respective trade routes. The fleet which will ultimately be launched under this program will consist of about a hundred fast cargo and passenger ships, the equal of any vessels of their respective classes under foreign flags. It will aggregate about 900,000 gross tons and will cost the shipping companies approximately $300,000,000. Thirty-four new vessels have now been completed under this program, while 48 old ships have been reconditioned and modernized. All this work has been done in American shipyards by American labor with American materials; and these ships are now carrying the United States flag and American cargo to every important foreign port.

During the fiscal year ended June 30, 1932, the department paid out on ocean mail contracts under the Jones-White Act the sum of $22,400,000. Ultimately, the annual payments will be about $30,000,000, and the aggregate mail pay for the 10-year term on the 44 routes now under contract will be close to $300,000,000.

In these difficult days when every effort is being made to reduce Federal expenditures, there is some agitation to abrogate these ocean mail contracts as a measure of economy. A proposal which undoubtedly had abrogation as its purpose was defeated in the Senate only a few days ago. I can not believe that, regardless of what changes may occur in Congress, the Federal Government will ever repudiate contracts made in good faith with its citizens. The broad question, of course, is whether the policy of subsidizing our merchant marine shall be continued and supported in these stringent times. Every modern sea power has provided ocean mail pay for the ships of its flag. All maritime nations consider that a ship subsidy is justified by the essential public service rendered by their merchant fleets, both in times of peace and in times of national emergency. For generations this has been the policy of Great Britain, France, Germany, and in fact all the great powers of the world. By the merchant marine act of 1928 the United States, after the lapse of many years during which its shipping was swept from the seas by the competition of subsidized vessels of other nations, has now committed itself to this same wise national policy. Only by continuing this policy, and supporting it with the moderate appropriations which it requires, will we be able to revive and maintain our shipping industry. If we continue this policy it will be only a question of a few years when we shall again carry substantially all of our own commerce in our own ships, and regain the commercial and maritime independence which was ours a hundred years ago and without which there can be no hope of final and complete economic recovery.

And what of the air mail? Again I regret to say that there is agitation for the abrogation of contracts and the abandonment of service in the name of economy. In giving consideration to the Post Office supply bill, the Senate has completely eliminated the air mail appropriation for the fiscal year 1934. Although we have hopes that necessary funds may still be provided, it is evident that the air mail service is in grave danger.

In its broader phases the air mail, as the term is popularly used, is not a Post Office activity. While it is true that the immediate object is to provide facilities for the rapid transit of mail matter, the ultmate object goes far beyond that. The ultimate object is to build up a nation-wide network of air lines to carry passengers and express, upon which the transportation of the mails will some day be only an incidental operation as it is to-day on the railroads. The payments to the air transport companies under their present contracts with the Government are analogous to payments under the ocean mail contracts. They are calculated to aid in the development of a new and desirable transportation system and to assist the aviation industry in the period of its infancy, until it can become economically independent. These subsidies are calculated to promote the national security by keeping this Nation abreast of the other nations of the world in the art of flying. They are calculated to make this country air-minded, to popularize

air transportation and air travel, and to give us the nucleus of the manufacturing resources and the technical and flying personnel which would be essential in time of war. All of these objectives are now in jeopardy by the proposal to abrogate air mail contracts.

The present air mail contracts, or route certificates in legal parlance, have all been awarded under an act of Congress approved April 29, 1930, known as the McNary-Watres Act. They look beyond the mail service and require the operators to provide adequate planes, adequate personnel, adequate ground facilities, and above all, every known device for the safety and protection of passengers.

Prior to the enactment of the McNary-Watres law in 1930, there was no air transport service in this country worthy of the name. The length of air mail routes in 1929 was about 14,000 miles. In that year the schedules flown with the mails were about 10,000,000 miles, the volume of the mails carried was about 5,600,000 pounds, and the postage revenues were about $4,000,000. The service was fragmentary and incomplete and failed to serve many important sections of the country. The operators derived practically no revenues from passenger or express service. Yet the Government's annual expenditures was approximately $12,000,000, and the cost of scheduled flying to the Post Office Department was about $1.20 per mile.

In the three years which have elapsed since the enactment of the McNary-Watres law, the air mail map of the country has been completely revised. The service has been extended to all parts of the country; the length of the routes now under contract is almost 28,000 miles; the scheduled service this year will aggregate about 34,000,000 miles, carrying over 8,000,000 pounds of mail, and producing postal revenues of not less than $7,000,000. Yet the total annual expenditures will be only about $19,500,000, or only $7,500,000 more than in 1929. Scheduled passenger service is now provided on virtually all routes, producing revenues during the current year estimated at $6,000,000. The creation by the operators of this nonpostal revenue has enabled the Department to cut the air mail pay progressively from an average of $1.20 a mile in 1929 until it is to-day approximately 45 cents a mile. With general business recovery, there is every reason to believe that the mail, passenger, and express business of the various air-transport companies will quickly grow to the point where these rates can be cut down to a level approximating the actual value of the transportation service rendered, excluding any subsidy.

Aviation is to-day an industry of constantly growing importance and value to the country. Including the amounts expended by the air mail operators, its gross annual turnover is now about $50,000,000. The Federal Government itself has invested more than $100,000,000 in the industry in the form of mail pay, lighted routes, landing fields, and communication facilities. Municipalities have invested a similar sum in airports. A repudiation of the policy expressed in the McNary-Watres Act would utterly destroy the value of these investments. It would go far to nullify all the progress which has so far been made in the development of this industry and in the construction of a comprehensive air-transport system for this country. In the end it would prove as short-sighted, as costly, and unwise as for the city of Chicago, in the name of economy, to eliminate its fire department or to suspend the maintenance and upkeep of its highways.

But I would not overemphasize the Post Office Department's difficulties in these critical times, nor do I fear for its future. The department has a way of its own of winning support for itself. Whether that characteristic is due to the fact that the Postal Service utilizes the minds and muscles of such a vast number of very human beings, nearly one-third of a million in the aggregate, or whether it is due to the fact that the service touches our lives so intimately in its dependable daily routine of carrying our business communications, our money, our merchandise, our messages of love and of sorrow, of this I am sure, that no one can long be engaged in its activities and not hold its functions and its achievements in the highest esteem. And so I am sure that whoever may be charged with the responsibility of directing the department in the years to come will find abiding satisfaction in ever increasing its usefulness—in striving to solve its problems, whatever they may be, with fidelity to the public interest and the best traditions of the service. Postmasters and Postmasters General will come and go, but the Postal Service will carry on.

LIMITATION OF DEBATE FOR THE SESSION

The VICE PRESIDENT. The Chair lays before the Senate the following resolution coming over from a previous day.

The Chief Clerk read the resolution (S. Res. 360) submitted by Mr. BARKLEY on the calendar day of February 15, as follows:

Resolved, That during the remainder of the present Congress debate on the part of any Senator shall be limited to 1 hour on any measure, including conference reports and amendments between the Houses, and to 30 minutes on any amendment or motion relating thereto.

The VICE PRESIDENT. The question is on agreeing to the resolution.

Mr. BARKLEY. Mr. President, I do not care to take the time of the Senate to discuss the resolution. It speaks for itself. We now have less than two weeks before the final adjournment of Congress and there is so much public business of an emergent nature which ought to be transacted before the 4th of March that it seems to me there ought not to be any objection on the part of Senators to the adoption of the resolution, which undertakes to limit debate hereafter to 1 hour on any measure and to 30 minutes on any amendment or motion relating thereto.

It seems to me that would give ample opportunity for the discussion of any measure that is proposed and guarantee to us not only that we shall have time for ample debate, but that the Senate will be able to function in the latter days of the session.

I do not care to discuss the resolution any further. It seems to me the history of the session and of all short sessions has been such as to indicate that we would not only facilitate legislation but the adoption of such a limitation on debate would meet with almost unanimous approval throughout the country.

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

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Utah?

Mr. BARKLEY. Certainly.

Mr. KING. I ask the Senator whether the resolution restricts debate on the part of any Senator to half an hour on conference reports?

Mr. BARKLEY. It limits debate to one hour on conference reports. The 30-minute limitation is on amendments. The limitation of 1 hour applies to measures and conference reports and of 30 minutes to amendments.

Mr. KING. I am in entire sympathy with the purpose of the resolution, but I challenge the attention of the able Senator from Kentucky to the fact that I am advised that the conferees who have under consideration the so-called Bratton amendment and other amendments of an important character have rejected the same. If the conference report, as I understand it has been agreed upon, shall become a law, $200,000,000 or $300,000,000 of economies which the Senate attempted to effectuate will be lost. It seems to me there ought to be ample time when the conference report comes to the Senate to discuss the action of the conferees and point out the result of this action.

Mr. BARKLEY. There is no question that the resolution gives at least an hour to any Senator on a conference report, and also on amendments as between the two Houses. I have no doubt that would include any motion to instruct the conferees or any proceeding with reference to conference reports. The limitation of 30 minutes on amendments would not apply to conference reports.

Mr. FESS. Mr. President, the resolution which the Senator from Kentucky has presented has some merit in it, and I have a good deal of sympathy with the purpose of it, but I doubt very much whether it would be wise at this stage to pass such a resolution.

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

Mr. FESS. I would much prefer that whatever be done in this respect be submitted to the Rules Committee, and let us have a rule reported on the matter. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Of course, the objection to that suggestion is that the time remaining between now and the end of the session is so brief that it would be impossible to get action on the resolution if it were referred to a committee. The resolution does not unfairly limit or restrict debate. It does make impossible the carrying on of a filibuster in the closing days of the session. I hope that the Senator may see fit to let the resolution be considered at once.

Mr. FESS. I recognize the strength of what the Senator from Arkansas has said. In fact, it is a rule that is followed in the House. During the last six days of the session debate there is limited drastically, aside from any regulation the House itself may adopt. It is a rule of the House. I have

talked about its being a wise course to follow here, but it ought to go in the regular form to the Rules Committee.

I recognize the purpose of the Senator, that he might want to cultivate favorable opinion on a limitation of this kind, and he offers it to test the Senate at this time. But here is the difficulty, and I might as well make it clear: For eight days I have been awaiting an opportunity to address the Senate at some length and I can not possibly do it within the time limit fixed by the Senator's resolution. For that reason, with great respect, I could not allow the resolution to come to a vote at this stage.

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.

INFLATION OF THE CURRENCY

Mr. FESS. Mr. President, I have in my hand a communication from one of the best business men in Ohio inclosing certain data. This letter says:

Inclosed is a copy of Rev. Charles E. Coughlin's eight radio broadcasts on the gold standard. If all the outstanding proposals that have been presented to the public go before the leaders in Congress, it would appear that they might have an opportunity of bringing about helpful legislation.

The inclosure mentioned is, in part, in this form:

FEBRUARY, 1933.

MY DEAR FRIEND: I am grateful to think that you are interested enough to read these lectures conscientiously.

Before outlining our common plan of action, I want you to realize that in unity there is strength. Neither you nor I can accomplish anything when acting alone. But when hundreds of thousands of us act in unison we can accomplish almost the impossible.

Thus, here is what I suggest that you do:

1. If you are convinced that what I have said is substantially true, then take the time within the next two weeks to write 3 letters—1 to your Congressman, 1 to your United States Senator, and 1, a copy of the first 2 letters, to me.

2. In the letters to your Congressman and Senator be brief, but petition him as your Representative to take up the question of revaluating the gold ounce, which is another way of asking to get rid of the famine of money. Suggest that he advocate the correction of the financial abuses which more than anything else have brought us to the brink of ruin.

3. Add a short paragraph to your letter petitioning your Senator and your Congressman to work for the elimination of the abuses which are associated with present mass productionism.

4. Ask at least one friend to write a similar set of letters.

Your part in this is important. Each of the hundreds of thousands to whom I am sending this letter must consider himself a crusader in the army.

This is the only constitutional and efficient method which we may adopt. It is the only way to oppose the powerful lobbies who are in Washington seeking to retain the old policies of greed which in the past have resulted in the concentration of the wealth in the hands of a few.

I will preserve a copy of the letter which you send to me.

A list of Senators and Congressmen is included. Find out from this list your own Congressman and your own Senator. Whoever he is, his address is the House of Representatives, Washington, D. C.

Cordially yours,

CHAS. E. COUGHLIN.

A copy of the eight lectures that were included by the correspondent I hold in my hand. Here [indicating] is the list of Senators and Representatives to whom it is suggested letters should be addressed. That explains, Mr. President, in part, the tremendous correspondence that many Senators and Representatives have received. My own mail is a flood of demands for relief from what is called a "famine" in the money market. When the flood of letters first began to inundate my office I could not understand the reason for it, except I realized that in periods of depression there is always more or less agitation for a change of the money standard, and I thought probably that was the explanation; but now I have discovered the source of this very heavy correspondence that can not be answered by individual letters; that is simply impossible, and, therefore, I am adopting this method of answering my correspondents on this subject, especially those who are located in Ohio.

Mr. President, in all financial or economic crises remedies are sought, and the supposed remedy, which involves changing the monetary standard of value, is always one of the first to be recommended by a certain type of mind. I do not think that statement can be disputed, and in a crisis so widespread and so deep as the present one, involving so much suffering and so much uncertainty, I can easily understand why there would be considerable agitation on the part of certain types of mind advocating as a remedy what may be termed a debasement of the currency.

Cheap money has always been regarded as a panacea. It was so in colonial days, when the issue of continental money reached such an amount as to become practically worthless; and to indicate that a thing was of but little value the expression "It is not worth a continental" became current and remains to this day. So in Rhode Island there was such an unlimited issuance of paper money that that State was nicknamed "Rogues' Island" because of its effort to alter contracts by changing standards of value. The same thing occurred during the middle of the last century. It was what produced the greenback craze. When we were confronted by a great Civil War and our money seemed to be exhausted, we had to resort to the issuance of a paper currency. The first effort by the Secretary of the Treasury in that direction was the issuance of $60,000,000 of greenbacks, but in connection with that issuance there was a redeeming feature in that there was written into the greenback contract the words "redeemable on demand in gold." Consequently, the first issue remained worth 100 cents on the dollar, but with the progress of the war and the greater or less destruction of values we launched further upon the issuance of greenbacks. We could not pay on demand in gold, so we issued $400,000,000 of greenbacks not redeemable in gold on demand. The result of that, as everybody knows, was a decline in the value of the dollar to 35 cents, and its value remained at 35 cents until, in the administration of President Hayes, with John Sherman as Secretary of the Treasury, it was announced that after four years, ending on January 1, 1879, the Treasury would pay to any holder of greenbacks 100 cents on the dollar in gold.

It was thought by the public that the country had reached a point where that could be done; and the result of that announcement was that the greenback that had been commanding only 35 cents commanded 100 cents, and from that day to this there has been a flotation of greenback dollars in a limited amount. To-day the amount is $346,000,000, and it changes not from year to year, as the Federal reserve notes change according to the amount of reserves deposited in the Federal reserve banks. The result is that the greenback dollar is worth a hundred cents, no matter whether it is exchanged in America or in any other country.

When we issue an increased volume of money without a backing of gold, the difficulty always arises that we must keep the redemption feature in such money, and the issue must be within the limit of our ability to redeem; otherwise it would depreciate as the original $400,000,000 of greenbacks depreciated, or precisely as the German mark depreciated. So the history of these crises, such as that of 1893, which was followed by the craze for the free and unlimited coinage of silver—an issue which was raised in 1896—shows that a demand for a change in the money standard is a response to a desire on the part of the people who are suffering that a remedy be applied. So much for that policy, as we view it from the standpoint of history. As was once said, "Our only guide in the future is the lamp of experience."

Now, Mr. President, the proposals for inflation are numerous. There is a proposal to inflate the gold dollar by a devaluation of its gold content. There is another proposal to inflate paper money by increasing its issue, whether it be fiat or whether it be based on a further issuance of scrip for service. For example, there was a bill passed by the House of Representatives which provided for the issuance, without any redemption feature, of $2,200,000,000 in the form of scrip to be paid to the veterans. It was claimed

that that would not be any charge on the Treasury because it would not come from the Treasury, but would be based only on the authority of the Government to issue that amount of additional money in the form of irredeemable scrip. It was assumed that if the Government would add to the circulation an amount sufficient to pay the bonus to the soldiers, the Treasury would be relieved from any burden and at the same time the scrip would be money worth 100 cents on the dollar. That is impossible not only in theory but in practice, as demonstrated by both economic philosophy and history.

Then another form of inflation has been proposed. It is said we have a deficit of three and a half billion dollars, representing Government obligations which it must pay in money. It has been suggested that we could safely issue sufficient scrip to cover the three and a half billion dollars and not make it redeemable at the Treasury, and therefore not collectible from the people in the form of taxation. That is another form of inflation that would be very unwise, for the scrip thus issued would be purely fiat money. Thus we see the various forms of inflation.

I am frank to say that the bill introduced by the Senator from Arkansas [Mr. ROBINSON], and also that which is sponsored by the Senator from Delaware [Mr. HASTINGS] have my sympathy. That proposed legislation does not have the element of inflation, although it is claimed by some that it has certain features of inflation. That measure looks only to the relief of the debtor by either giving him more time or giving him a lower rate of interest or giving him an opportunity of shaving down the principal. In other words, it is an attempt to relieve a situation that is a very unfortunate one. I frankly say that effort has my sympathy, and I shall be willing to give my support to some measure of that kind. That measure, however, does not involve the question we are afraid of here.

What disturbs me is the strength of the demand that is growing in the country for a change in our money system. It is said we do not necessarily want to go off the gold basis, but we must change; and the most seductive suggestion that is made is that we should devalue the gold dollar. For example, we have in the United States $4,000,000,000 in gold stock, representing 40 per cent of the gold of the world. In our present gold dollar there are 23.22 grains of gold, and if we would reduce the gold content and make it 11.61 grains, or just reduce it by half, the proponents of that plan claim that that would double our circulation and that instead of having $4,000,000,000 in gold we would have $8,000,000,000 in gold; so that instead, then, of it taking 23.22 grains of gold to pay a dollar's worth of debts, 11.61 grains of gold would pay a dollar of indebtedness. The claim is that by a stroke of the legislative pen we could double our monetary gold. It is argued because a debt that was contracted 10 years ago was in a dollar that is cheaper than the dollar of to-day that, in common honesty, we ought to take this step.

In the first place, that is theoretically wrong and practically wrong; and, in the second place, it would not do what the proponents of the proposal indicate a belief that it would do. In other words, purchasing power is not money; it is a thing for which money is paid. Purchasing power results from the payment of money for service rendered; the money is not purchasing power; and if we, by an act of Congress, should decrease the ounces of gold in a gold dollar one-half in order that one could pay his debts by half the number of grains now required, that would not increase the purchasing power of the country one whit. It might in a sense for a time lift the price level, but the higher level would not continue, and ultimately the price level would go below what it had previously been.

Mr. President, that claim is based on the contention that there is not enough gold to support our financial structure and we must increase our supply of gold; that while we can not increase the product, we will increase the number of dollars derived from the same product.

In the first place, there is enough gold, so far as our past practice goes. There is more gold to-day than ever before. The truth about the matter is that we have more gold in stock now than we had in 1929, at the peak of our business activity. Not only that, but we mined more gold last year than ever before in any one year in the history of the world. We mined $475,000,000 worth of gold last year, and never before in the history of the world has so much gold as that been mined in a year. In other words, we added to the monetary value of the gold stock in the last year the enormous amount of $475,000,000, and from 1922 to 1932 we lifted the gold stock from $5,000,000,000 to $12,000,000,000; so that there is more monetary gold in the world to-day than there ever has been before.

Not only that, but there has been a change in the use of gold so that less gold is being used as a commodity to-day in manufactured articles sold as gold than is usual. In other words, more gold is being released for monetary purposes than in any previous year in our history.

So it would seem to me that the argument that we do not have sufficient gold is a fallacious one. Of course, if we mean that every transaction is to be conducted in gold, we do not have enough. We do not have one-tenth enough. That, however, is not the way business is done. Ninety per cent of all the transactions in the world are carried on without either gold or currency. They are carried on by credit as represented by deposits in the various banks of the country; and all that we need is the ability to redeem, in cases of emergency, the outstanding money that is based upon gold.

So, Mr. President, this contention that we do not have sufficient gold to do the money work of the world does not hold, either in history or in practical operation. As I have stated, we have more gold to-day than we had in the palmiest days of our greatest business activity.

Then, on the other hand, we have the currency in addition to the gold. That currency, as everybody recognizes, takes four or five forms. The gold that is in the form of bullion can be doing work by its representative out in the markets in the form of gold certificates.

I have here a table, Mr. President, that is most illuminating. This table shows the total of all the paper money in its various forms.

On January 1, 1932, there were outstanding $1,751,000,000 and a fraction in gold certificates; $494,241,000 and a fraction in silver certificates; $1,230,000 in Treasury notes; $346,000,000 in greenbacks; $2,863,000 Federal reserve bank notes—that is a very negligible sum; and $2,926,000,000 in Federal reserve notes.

That was on January 1, 1932. On April 1 the gold certificates had dropped from $1,751,000,000 to $1,591,000,000. The silver certificates had dropped $2,000,000 to $492,000,000. The Treasury notes of 1890, the old Sherman notes, were so negligible in amount that there was only $1,225,000 out; but the greenbacks remained exactly the same, $346,000,000. The Federal reserve notes, which are the flexible notes have dropped to $2,816,000,000; and the national-bank notes had jumped from $710,000,000 to $737,000,000. So that the total paper money on January 1, 1932, was $6,233,000,000, and on April 1 of the same year it was a little less—$5,989,000,000.

Then, as we go from April 1 to September, the gold certificates had dropped from $1,751,000,000 to $1,469,000,000 and a fraction, while the total paper money remained about the same—$6,151,000,000.

Now, Mr. President, I want the Members of the Senate especially to see the effects of two bits of legislation here. The first was when, under the Glass-Steagall bill, we expanded the base of the Federal Reserve System to release a certain amount of gold. We stated that we could release $800,000,000 of gold; but it will be noticed that with this liberalization, both in the Steagall bill and in the Borah amendment to the home loan bank bill—the one to increase the issuance of Federal reserve notes, the other to increase the issuance of national-bank notes—when we passed these measures there was a slight increase, but in a very short time the total dropped back again to the uniform number of dollars.

Now let me illustrate with these two measures. One of them, the Borah amendment, was passed in August of 1932. The other one, the Steagall bill, was passed in June. The month the Steagall bill was passed, authorizing the release of gold to increase the Federal reserve notes, $263,000,000 of additional notes were issued. The very next month, July, the amount jumped from $263,000,000 to $606,000,000; then the next month, August, it increased to $623,000,000. In September it dropped from $623,000,000 to $578,000,000, nearly $50,000,000. The next month it dropped to $503,000,000 from $578,000,000; that is $15,000,000. The next month, November, it dropped to $451,000,000. In December it dropped to $414,000,000, and in January to $428,000,000. But on the first of February—that is, this month—that issue dropped to $306,000,000. The month after the Glass-Steagall bill passed, authorizing the enlargement of the Federal reserve notes by releasing gold through the substitution of United States bonds, there was an increase of $606,000,000, and a year afterward the increase was only $306,000,000.

Exactly the same thing is true of the issuance of national-bank notes. I am trying to indicate here that we can not pump currency into circulation if we have not any business to demand the currency, no matter how much legislation we pass here.

Mr. PITTMAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. FESS. I yield to my friend.

Mr. PITTMAN. The question necessarily arises, in considering that circle, How are we going to have any business if we do not have any currency in circulation?

Mr. FESS. Let us not put the horse at the wrong end of the cart. We can not have circulation without business; and if we have business, the circulation comes as a result.

Mr. PITTMAN. It seems that we can not have business—that is, that we can not raise commodity prices—without circulation.

Mr. FESS. Mr. President, there is the difficulty. We can issue any amount of money that Congress decides; but if we do not give the people confidence in that currency, so that business can afford to employ it, the currency goes in the banks and stays there. No man is going to take the risk of investing money in any enterprise unless he knows what is to be the character of that money; and when we are tampering with this subject we are defeating the very purpose we have in mind, namely, to instill confidence in the man who invests. No man alive is going to take any risk to-day in the way of enlarging business until he knows what is going to be the policy on the question of inflating the currency.

Mr. VANDENBERG. Mr. President——

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

Mr. FESS. I yield.

Mr. VANDENBERG. In other words, so far as business is concerned, the controlling factor is less the volume of currency than it is the velocity of its turnover?

Mr. FESS. Absolutely. No matter how much the volume is, if there is not some assurance that business is going to have a return in some profit, business at this day is not going to venture, and money will not be used, no matter how much there is in the vaults.

Take the illustration of the Borah amendment. That is another amendment designed to increase the volume of currency. Our present national banking system depends upon United States bonds upon which currency is issued. The Borah amendment suggested that we enlarge that. The present system rests upon the 2 per cent bonds. This amendment went beyond that, and included the three and a fraction per cent bonds, in order that it might be an invitation for the issuance of more notes. Now, let us see what happened.

The month after that amendment was passed, on August 1, there was $4,535,000 of additional national-bank notes, especially from the Borah amendment. The next month it jumped to $68,000,000, meaning an advance of $64,000,000. The next month it went to $111,000,000, or $50,000,000 more. The next month it went to $131,000,000, or $20,000,000 more. The next month it went to $152,000,000, or a little over $20,000,000 more. The next month it was $159,000,000. The next month it was $162,000,000. The last month that I have is February, this month, when it was $162,612,000. But while there was an increase in that column, watch the column of the old national-bank circulation and see how that decreased.

Mr. THOMAS of Oklahoma. Mr. President, the Senator is speaking about something increasing. Will he tell the Senate what was presumed to be increasing during this period of time?

Mr. FESS. I referred to an increase in the issuance of national-bank notes.

Mr. THOMAS of Oklahoma. The Senator is not clear. Does he mean bank notes or dollars?

Mr. FESS. No; bank notes.

Mr. THOMAS of Oklahoma. What do the bank notes represent?

Mr. FESS. The amount of money the bank notes would represent. If there is one bank note for $5, that would be a $5 note. I mean exactly what the Senator means, that when there are national-bank notes we do not say they are all $1 bills or all $2 bills or all $20 bills. We speak of the bills as money, without designating their denomination.

Mr. THOMAS of Oklahoma. Is it not true that the Senator is trying to say that circulation was increased by so many dollars through these banks increasing their circulation?

Mr. FESS. No. I am showing that under the Borah amendment there was an increase of issuance, and now I am going to show that there was a decrease of the old national-bank notes as the new were increased, if the Senator will just wait. I am about to give the figures.

Let it be remembered, Mr. President, that the national-bank note which is originally based upon bonds, to which the Borah amendment would add, is resting upon a 2 per cent bond, while the Borah amendment rests upon a three and a fraction per cent bond, and as these bonds were taken up and notes issued, the old bonds would be decreased and the notes would be reduced. That is what I want to show.

During the month when the Borah amendment was agreed to there were $668,000,000, and the Borah amendment added $4,000,000. The next month the old bank notes amounted to $665,000,000, or $3,000,000 less. The second month after that the amount was $664,000,000, $1,000,000 less. The next it was $659,000,000, a drop from $664,000,000, or $5,000,000 less. Two months later it was $637,000,000, dropping from $659,000,000 to $637,000,000. The next it was $632,000,000, and that was in the present month, February. So that while the reduction in the old bank notes is not quite as great as the increase in the new bank notes, the figures indicate that by a new régime, under which new notes are being issued, the old notes are accordingly decreasing as the new ones are increased.

Mr. President, what does that mean? It means that with a certain scale of business a certain amount of money is needed, and it is impossible to pump into circulation more money than the scale of business then existing will demand. If more money is pumped in, there will be an increase in one place and a decrease at another place.

So much for the effort to increase the currency by decree of the Government. It does not matter whether it is gold certificates that are being increased. Of course, the gold certificate is equivalent to gold, because it is redeemable in gold at any time. It does not matter whether it is the silver certificate. That makes no difference either, because the silver certificate can be redeemed at any time.

I digress here long enough to say that the only suggestion I have read in regard to this question of money which appeals to me as being based upon a sound principle is the suggestion made by the senior Senator from Nevada [Mr. PITTMAN], when recently he tendered the proposal of the use of a certain amount of silver at a price. I am not ready to go uncompromisingly along with that suggestion without fur-

ther consideration, but as far as I have looked into it, it seems to me that it has two or three qualities which ought to enlist our interest. It is not based on an increase in circulation. That premise is false, because it matters not how much the circulation is increased by decree, there must be business enough to make the money work, or the currency will go into idleness. But the proposal of the Senator is the use of a medium of exchange well understood by certain countries which do not have the gold standard, and it would appear to me that in that degree the proposal demands our very careful attention. It appeals to me to be sound, in that it would facilitate business with those countries.

There is another thing to which I might call attention. There is no doubt but that any effort toward the use of silver will appreciate the value of silver up to a certain point. Of course, this suggestion of the Senator from Nevada is not linked with the foolish fallacy of the unlimited coinage of silver, throwing silver and gold into competition, circulating one with the other as rivals. Under that system the cheap dollar would immediately drive out of circulation the dearer dollar and we would be on the cheap-metal basis at once. The Senator avoids that, and while I say to him that I am not certain whether his proposal entails anything that is dangerous, I have not seen anything in the suggestion that appealed to me as dangerous. The proposal he has made appeals to me as worth while, and I want to give it more consideration than I have been able to give it up to this time.

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

Mr. FESS. I yield.

Mr. PITTMAN. I am very much pleased that the Senator is looking on the legislation I have proposed with so much interest. I wish to confirm his statement by saying that recently I testified before the Committee on Coinage, Weights, and Measures of the House of Representatives, at which time I emphatically stated that this measure for the purchase of United States produced silver could not in any sense be considered as an expansion measure, because the total amount of silver produced in the United States last year was only 24,000,000 ounces. At the present price of silver, 25 cents an ounce, six or seven million dollars would purchase it all. I stated that the object of the bill was solely to offset the unnatural supply of silver being thrown on the world market by reason of the melting up of silver coins of India under the Indian policy. It would be only an offset, and it would restore the normal demand of the world, which, I believe, would bring the price of silver back to where it was before this abnormal condition was brought about.

Then, too, it would restore the depreciated currencies of China, and they are depreciated. The silver currencies, the same as the gold-standard currencies of the rest of the world, have been depreciated. It would restore those depreciated currencies to where they were before the dumping took place. That should, in the nature of things, enable the people of those countries to purchase more from us as a result of the doubling of the purchasing power in gold-standard countries, such as ours, and should, in my opinion, restore our exports to China to normal. They have now fallen off 75 per cent.

Mr. FESS. I thank the Senator. The observations the Senator made a few days ago I thought were pretty strong in urging two lines which I think we would be justified in undertaking. The Senator has reinforced my view that he is not advocating an effort to expand the currency by the use of silver.

Another thing the Senator mentioned the other day which I think is still an additional reason—that is, the value of permitting certain countries to pay a proportion of the debts they owe us in silver at a certain rate. That is of value also, and I think it deserves consideration.

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

Mr. FESS. Certainly.

Mr. PITTMAN. This is the first time the bill I introduced has been mentioned on the floor of the Senate since I made the statement with regard to it, and I want to say that I do not expect any action on the bill at this session of the Congress, naturally, but I would like to have the opinion of the Senator from Ohio on this question: If India, which desires to get rid of three or four hundred million ounces of silver to balance her currency, as they state, should be willing to pay Great Britain in silver, at the world market price of silver, the $85,000,000 they owe her, and Great Britain should be willing to pay to the United States $74,000,000 on the interest installment due on June 15 out of that payment made by India, at the same market price, and that silver, under the terms of the bill which I have introduced, should be impounded in the Treasury of the United States and $74,000,000 of silver certificates issued against it, that being the exact amount of the payment due, retaining the rest of the silver there, which would be four times the amount of the silver certificates issued, would that, in the Senator's opinion, be any extensive expansion of currency in this country?

Mr. FESS. I think not. The paper currency here, including the gold and silver certificates, amounts to about six and a half billion dollars. Then we have a small amount of gold stock. I doubt whether that small amount would have very much, if any, effect.

The three things in the Senator's proposal which appealed to me were, first, that it would facilitate our trade with the countries on a silver standard; and it seems to me that is not controverted. The second was that it certainly would enhance the price of one of the valuable products of the United States. Then it might make it easier for debtor countries to pay debts they are trying to get rid of without any particular sacrifice on our part. Those are the three things which appealed to me in the address of the Senator, and I read his remarks afterwards in the RECORD, and I promise him to go along in a further study of his proposal. My thought was that I am not led into the fallacy that our evil is a lack of money, and that we ought therefore greatly to expand the currency. That is a feature I contest, because it certainly is fallacious.

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

Mr. FESS. I yield.

Mr. DILL. Does not the Senator think that we might well use the proposal of the Senator from Nevada that we accept silver for some of these payments which we are entitled to have in gold as a bargaining point to induce countries like England and France to stop the dumping of silver at a price below a fixed minimum agreed upon in the world conference?

Mr. FESS. That is a consideration I had not thought of. As I think of it now, it seems to me to have some merit.

Mr. DILL. It seems to me the important thing is to stop the rise and fall of silver, and that would be a weapon to use.

Mr. FESS. Mr. President, I was addressing myself to the volume of money. I referred to the gold stock known as monetary gold in the country used for money. I also referred to the five kinds of paper money that we have. One kind of paper money that is elastic is the Federal reserve note, and I would like to have the attention of the Senate to that for a moment.

The greenback has not increased in number. It was $346,000,000 originally decided upon by the specie resumption payment law and it is that to-day. The national bank note does not increase very much. It is capable of increasing if business would demand it, but it is more or less stationary. The silver certificate is more or less stationary. The gold certificate can vary, of course, because, if people prefer to have paper money instead of gold coin, it can be done if we desire to do it. The only difficulty is that when we talk about gold stock and gold certificates, if we are not sharp in our discrimination we will be duplicating because, when the gold is in the Treasury and its representative is out in the form of a certificate, we ought not to count both of them as a part of the circulating medium. If we need any more,

if there is any desire to have a greater amount of circulating medium beyond the $45 per capita that we now have, the best way to do it will be through the Federal reserve note issue.

The purpose of the Federal reserve act was to find what up to that time we had never yet discovered, namely, a currency that was elastic. I have heard Senators on both sides of the Chamber, well equipped on this subject, very often discuss the elasticity of the Federal reserve system. I think it is the best system that any country has yet undertaken to use. Prior to 1913, when a farmer was gathering his crop in the fall of the year, when he needed a little ready money to transport his product he could not get it. Money was not fluid. It would not flow from one section to another. When he needed it, it might be in some other locality.

The Federal reserve system, after months and even years of consideration, including the famous monetary commission that went to Europe and made its report in 1908, was the answer to the need for an elastic currency. While it is based upon gold there is a limit to the amount of gold necessary, only 40 per cent. It is based also upon gilt-edged commercial paper acceptable to the Federal reserve bank that will issue, under the authority of the Federal Reserve Board in accordance with the act, the amount of money that is needed. If a member bank is in need of additional currency, all it needs to do is to take its gilt-edged commercial security and deposit it with the Federal reserve bank and take away, in the form of borrowings, whatever is needed that is secured by the gold and the gilt-edged commercial paper.

Mr. LONG. Mr. President——

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

Mr. FESS. I yield for a question.

Mr. LONG. I understand it is admitted that we have about $200,000,000,000 of debts contracted and about 60 per cent value in the dollar. Those debts to-day will amount to over $500,000,000,000. How does the Senator think we will ever be able to pay out unless we reflate or decrease the value of the dollar?

Mr. FESS. To answer the question specifically I want, first, to discuss the question of whether that would be the proper thing to do, and, secondly, whether it would be needful to do it even if we thought it proper.

Mr. LONG. But the point we are up against absolutely is the fact that we have in the standard value of the dollar $500,000,000,000 worth of debts, which is about twice as much as the estimated wealth of the United States in good times. How are we ever going to pay out?

Mr. FESS. I am coming to that very shortly. I do not want to go into that question immediately, but I shall come to it very soon. In other words, I am discussing now the possibility of increasing the circulating medium through the Federal reserve note. We can increase to any amount demanded by business. If we increase it beyond that amount it will immediately flow back, because we can not, as I have stated, force money into circulation, no matter in what form it is, unless there is business to employ it.

This is what I have in mind. On January 20, 1932, Federal reserve borrowings, which represent notes, were $819,000,000. The reserves which represented the security for which notes may be issued were $1,972,000,000. The deposits in the banks at that date were $27,200,000,000 and the loans and investments of the banks represented $30,000,000,000. That was a year ago.

On July 21, 1932, just six months later, the borrowings, which represent the issuance of Federal reserve notes, fell from $819,000,000 to $538,000,000, and yet the reserve jumped from $1,972,000,000 to $2,036,000,000, the deposits decreased from $27,000,000,000 to $25,000,000,000, and the reduction in loans and investments was about the same.

On January 18, 1933, just last month, the borrowings of the member banks from the Federal reserve banks, which represent the additional increase in the Federal reserve notes, were only $249,000,000, while a year ago they were $819,000,000. This is less than one-third. What does that mean? It does not make any difference whether we broaden, by the Glass-Steagall bill, the base of the Federal reserve system so we can release the gold and issue more notes. It does not make any difference how much legislation we enact we are not going to issue the additional currency unless there is borrowing, and there will be no borrowing when there is no business, no matter how much we issue. Of course, the Glass-Stegall bill was not to issue notes, but to release gold by accepting United States bonds. Volume of money, therefore, is not the thing that is the determining factor. The issue is the lack of employment of the money that we have. Our concern should not be to try to increase the money at the cost of its value, but to try to stimulate business in order that it may employ the money that we now possess, and have it increased as business increases.

While the borrowings last month were only $249,000,000, yet the reserve was $2,545,000,000. There is enough reserve so that we could increase the issuance of currency almost ten times what it is. Why is it not increased? We ask what is the use to issue more money if there is no one to use it, because there is no business going on? We may issue to our heart's content, but how are we going to get that money to business? Are we going to give it to them? We have to have the prospect of profitable business before the business man will risk the borrowing of money.

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

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

Mr. FESS. I yield.

Mr. BROOKHART. I would like to ask the Senator, if that money were issued to balance the Budget, whether it would not be put out in circulation?

Mr. FESS. It would.

Mr. BROOKHART. If it were issued to relieve agriculture, to remove the exportable surplus from the domestic market, would not that put it in circulation among the farmers?

Mr. FESS. That Mr. President, is an inflationist suggestion. In other words, it is suggested that instead of collecting money from tax sources that represents service, to pay the deficit, the thing to do is to issue money and pay the cost of Government without collecting any taxes. That would be a rosy thing to do, would it not? That is exactly what the Senator suggests.

Mr. BROOKHART. I will ask the Senator again, if that money were put in circulation, whether he concedes it would restore business?

Mr. FESS. No; I do not.

Mr. BROOKHART. Then could we not collect taxes and redeem the currency?

Mr. FESS. I do not concede that it would restore business. That is the very thing that would smite business, and send us to the rocks.

Mr. BROOKHART. The Senator concedes that if gold were put in circulation it would restore business.

Mr. FESS. No; the only thing that will put money in circulation is business that can employ service and produce commodities. The Senator holds that putting money in circulation provides business, when as a matter of fact business puts money in circulation. He has the horse at the wrong end of the cart.

Mr. BROOKHART. The Senator has the horse in the cart, I think.

Mr. FESS. Mr. President, I do not yield further. I suggested the other day to my friend the Senator from Iowa that I wanted to talk about an hour and a half or two hours on this subject and the Senator from Iowa promised me that he would take four hours to answer me. He can have his time. I shall not let him do it in my time.

Mr. COPELAND. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from New York?

Mr. FESS. I yield.

Mr. COPELAND. I am very much in sympathy with what the Senator is saying. I can not see for the life of me how anybody can believe that money put out, just poured out

or printed by printing presses and put out, is going to help anything or anybody. As the Senator suggested, it must be a productive business, it must be a going concern.

Mr. FESS. Absolutely. The Senator is correct.

Mr. COPELAND. I think the Senator is right in that statement. I wonder if the Senator agrees with me in this further respect. To my mind the bankers have become so hysterical that they are in many instances refusing loans which in normal times would be loans they would gladly make. In consequence business has dried up. The merchant can not fill his shelves; neither can the manufacturer operate his plant, because he can not get any money from the bank.

I realize that the banker must be conservative. He has a fiduciary relationship which he can not forget. Nevertheless if a doctor had practiced medicine and made such a failure of his business and his patients all died, he would be arrested for malpractice and sent to jail for at least a hundred years. The bankers of the country have made greater mistakes, in my opinion, than any doctor ever did. The Senator from Ohio is entirely right.

Mr. FESS. What the Senator from New York said just now has been in my mind very much and I have often spoken about it; that is, in a sense the greatest hoarders we have are the bankers. The Senator from New York, however, must concede that the banker who handles another man's money which is deposited in trust in his bank must have pretty good assurance that when he loans money it will not be lost but can be repaid to him. That is the other side to the question. I am looking at both sides. We can not have business without credit. We will not back commercial credit without confidence. We seem to be on a dead center. If we could only get connection again between credit and confidence we could again move the car off of dead center and start business; there would be no trouble. There is an adequate amount of money in the country that will flow into business just as soon as there is security that business will not suffer from losses, but will have profit. How are we going to do that thing is the problem, in my mind, and in the minds of every responsible legislator.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Ohio yield for just one question?

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

Mr. FESS. I yield.

Mr. THOMAS of Oklahoma. Does the Senator from Ohio in any particular criticize the banks for their present inactivity in making loans?

Mr. FESS. I think they are ultraconservative. I think they are subject properly to some criticism, but I can see their side of it.

Mr. THOMAS of Oklahoma. The Senator realizes that the bankers are not lending their own money. They are the guardians and trustees of the funds in their banks. To make my question specific, suppose that the Senator had $1,000,000 in money in a bank that was drawing no interest, what would the Senator now loan any part of that money on in the way of security?

Mr. FESS. Does the Senator mean if I were a banker?

Mr. THOMAS of Oklahoma. No; if the Senator had money of his own that was drawing no interest, what is there in the country that is sufficiently secure and productive and profitable that the Senator would feel free to loan his own money upon it?

Mr. FESS. I frankly confess to the Senator that the question of what one is to do with any money that he may have, I am not disturbed about, because I do not have any; but if I did have, if it were invested in real estate the taxes are so high that they would eat it up, and if it were invested in a business the business might go "flooey" and the money would be lost. So it is a difficult problem to say how the money should be invested in abnormal times like these.

Mr. THOMAS of Oklahoma. Then does not the Senator think that we are unjust when we criticize the bankers for not making loans under present conditions?

Mr. FESS. I want frankly to state that the banker has something on his side for the contention he makes, because he is loaning the money of somebody else.

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

Mr. FESS. I yield.

Mr. COPELAND. I want to say, for my part, that while I have sympathy for the banker, yet, after all, as I view it, the banks are now no better than pawnshops. If a man is fortunate enough to have a thousand dollars in bills and takes them to a bank, he can go to the bank a couple of weeks later and get the same bills. The banks have ceased to function as banks. While under present circumstances there ought to be great conservatism on the part of the bankers, yet it seems to me they have practically dried up credit; consequently there is no money in circulation, as the Senator from Ohio so well says, and there can not be a resumption of business in America, in my opinion, until the banks function as banks and not as pawnshops. That is the way I feel about it.

Mr. FESS. There is something to what the Senator from New York says.

Mr. President, I was referring to the question of elastic currency and showing that if we need additional currency there is no reason in the world why we can not get it under our present system. For example, in January, 1933—that was last month—the total reserves were $3,418,000,000; that amount representing Federal reserve issues. The Federal reserve notes amounted to $2,687,000,000, and 40 per cent of those Federal reserve notes, of course, would have to be covered by gold. That would require only $1,074,000,000. Thirty-five per cent of $2,644,000,000 would be $925,400,000. These two items amount to $1,999,400,000, or an excess of reserve over and above the Federal reserve issues of $1,417,000,000, indicating that we have not even touched the edge of our ability to increase the Federal reserve notes if it were thought wise to increase their issue. That they are not increased is not because we can not increase them nor is it because some one thinks we ought not to increase them in order that we may contract the currency. Whenever a member bank borrows from a Federal reserve bank and deposits securities to secure that borrowing, it takes the money and employs it for the purpose it intended when the investment comes to maturity and the money is repaid to the member bank. The member bank will then take up the commercial paper that was deposited as security with the Federal reserve bank. Of course, the borrowing is then paid and that much currency goes out of circulation, for it has been redeemed. That is not contracting the currency; that is the process of elasticity, according to which when an obligation requires the issuance of additional money and that obligation is paid, then the basis of that issuance is no longer in existence.

It is argued on the floor of the Senate that to-day the Federal reserve banks may issue $500,000,000 additional notes and then in a little time may contract that issue to the amount of $500,000,000. Of course they do; they contract the issuance of notes when the borrowed money is repaid; the borrowing represents the obligation, and when it is paid those notes are retired. It is not a policy of contracting; it is a policy of business.

If we issue $1,751,456,019 gold certificates and then those gold certificates are redeemed by the same amount of gold, of course the gold certificates are retired, but that does not mean that we have contracted the currency; it means that the currency is there, only in a different form. So it is in the reserve issue. The difficulty is the inflationist can see no justification in not keeping both the certificate and gold in circulation.

So the idea that the Federal Reserve Board has pursued a policy that is dangerous to business and the charge that when they are ordered by us to enlarge the circulation they turn about and contract it are wholly without foundation. The currency is enlarged by an increase of business, and when the obligation is paid, of course, the security upon

which the currency was issued is redeemed, and then the amount issued has to be retired, just as gold certificates are retired when gold is issued for them. So the idea that has been expressed here so often on the floor of the Senate in regard to this form of contraction of the currency seems to me to be very erroneous.

There is another consideration that I do not think I will take the time to discuss, in reference to the amount of monetary gold stock in contrast with bank deposits and also the ratio of the gold to deposits. I am inserting the figures in the RECORD.

Gold stock in United States 40 per cent, compared with bank deposits

End of month	Monetary gold stock	Bank deposits	Ratio of gold to deposits
June, 1913	1.9	17.5	10.7
June, 1914	1.9	18.6	10.2
June, 1915	2.0	19.1	10.4
June, 1916	3.4	22.8	10.7
June, 1917	3.2	26.4	12.2
June, 1918	3.2	28.8	11.0
June, 1919	3.1	33.6	9.3
June, 1920	2.9	37.7	7.6
June, 1921	3.3	35.7	9.2
June, 1928	4.1	53.4	7.7
June, 1929	4.3	53.9	8.0
June, 1930	4.3	55.0	7.9
June, 1931	5.0	51.8	9.6
June, 1932	3.9	42.0	9.3
June, 1933	4.5	42.4	10.6

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

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Does the Senator from Ohio yield to the Senator from Florida?

Mr. FESS. I yield.

Mr. FLETCHER. I have been following the Senator's argument, and it is quite logical in many respects; but I believe it comes to the point where it seems necessary that we shall increase business. How shall we increase business? How can we increase business? That seems to be the key of the situation. I should like to have the Senator's suggestions as to how we may increase business.

The Senator will recognize, I think, that world trade is badly hampered by the lack of a world metallic medium of value. Generally speaking, it seems to be recognized, since 30 nations have gone off the gold standard, including England, that there is not sufficient gold to stabilize the currency of the world, and that is reflected in conditions here. Look at our exports and our imports falling off almost to one-third or perhaps one-half of what they used to be.

Mr. FESS. The Senator from Louisiana propounded a question to me in reference to the debts, and I told him that I would reach that subject in time, and the question the Senator from Florida has propounded I will also reach in the course of what I have to say. I desire to proceed, if possible, in an orderly way.

My first contention was that there was sufficient gold, and I discussed that phase of the subject. Next I referred to the currency in the form of paper. I have just concluded that. I will be able to go on with the questions referred to later.

As I stated earlier in my remarks, we have more currency now than we had in 1929, the peak of business activity.

December, 1931, it was $5,646,577,888.

December, 1932, it was $5,676,183,224.

January, 1933, it was $5,602,000,000.

What I was trying to indicate was that the difficulty is not a lack of volume, either of gold or of currency, or both together, but is a lack of the working of that volume. That working is not especially represented by gold or currency; it is represented by credit. Ninety per cent of everything that is done in the way of business is done by credit. Of course, we could not require every transaction to be carried on in gold, for there is not sufficient gold for that purpose. Ninety per cent of all of the business of the world to-day is transacted without the sight of either gold or currency, and credit almost wholly spells business. Without any business, there is no demand for credit, and without credit there will be little business.

Mr. President, I have some figures here which I desire to bring to the attention of the Senate. The estimated volume of business in financial transactions in a certain month of 1929, when we were certainly at the peak of business, was $1,170,000,000. The reserves of the member banks during that month were $2,400,000,000, and the amount of currency in circulation was $4,800,000,000; the amount of the gold stock was $4,400,000,000, and the amount of credit represented by bank deposits—note this, Mr. President—was $58,800,000,000.

It is not the reserves of the member banks of $2,400,000,000; it is not the gold stock of $4,400,000,000 or the amount of currency of $4,800,000,000 that spells business activity; it is the credit which represents $58,000,000,000 of deposits, and through that credit in that month $1,170,000,000 of business was transacted.

Now let me take the figures for another month in 1931. The reserves remained the same, $2,400,000,000; the currency remained the same, $4,800,000,000; the gold stock increased from $4,400,000,000 to $4,900,000,000—$500,000,000 additional—but what about business? During the month referred to in 1929 the total business transacted was $1,170,000,000, whereas in the month referred to in 1931 business transactions amounted to but $720,000,000. Business dropped off nearly two-thirds. What about credit? Credit fell off from $58,000,000,000 to $55,000,000,000, so that the falling off of credits measured the falling off of business.

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

Mr. FESS. I yield.

Mr. WALSH of Massachusetts. What the Senator is so ably attempting to demonstrate is, as I understand, that the important problem before the country to-day in connection with this discussion is not so much the quantity of currency as it is the velocity of the currency?

Mr. FESS. Precisely.

Mr. WALSH of Massachusetts. And that what we need most of all is to speed up what has been described as the velocity of currency rather than expanding the quantity of the currency?

Mr. FESS. Precisely. The Senator from Michigan [Mr. VANDENBERG] made a similar statement a moment ago.

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

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

Mr. FESS. I yield.

Mr. WHEELER. Will the Senator tell me how we are going to speed up velocity without expanding the currency? The thing that the present administration has been trying to do is to expand the credit, but money can not be loaned.

Mr. FESS. I will come to that.

Mr. WHEELER. I should be very happy to have the answer of the Senator.

Mr. FESS. Mr. President, I am not going to let any Senator interrupt me by introducing a phase of this discussion before I am ready for it. I am coming to the point the Senator is suggesting. It is the same question the Senator from Florida asked a while ago.

Mr. WHEELER. I was not in the Chamber when the Senator from Florida interrogated the Senator from Ohio.

Mr. THOMAS of Oklahoma. Mr. President, I believe the Senator wants to be accurate in his statements, does he not?

Mr. FESS. Certainly I do.

Mr. THOMAS of Oklahoma. The Senator just said that at one time we had $58,000,000,000 of deposit money or credit, and that that had been curtailed to $55,000,000,000. Does the Senator mean to have those figures stay in the RECORD? Let me suggest to the Senator that at one time we had a little less than $60,000,000,000 of credit or deposit money, and now we have slightly more than $41,000,000,000; so the Senator is off in his figures only about $15,000,000,000 of credit. The condition is $15,000,000,000 worse than he mentioned to the Senate.

Mr. FESS. Mr. President, I rely for my figures upon authorities, not upon a statement made here on the floor of the Senate. I am reading from authorities. The figures I gave were for months, respectively, in 1929 and 1931.

In June, 1932, the bank credits had dropped from $55,000,000,000—the figure in June, 1931, which I mentioned a while ago—to $46,000,000,000, a fall of $9,000,000,000, while the member-bank reserves had dropped from $2,400,000,000 to $2,100,000,000. The currency had increased from $4,800,000,000 to $5,500,000,000. The gold had fallen from $4,900,000,000 to $4,000,000,000. But notice: The business that was done in that month was $450,000,000 only, with bank credits dropping from $55,000,000,000 to $46,000,000,000; and last month, in January, 1933, the figures were virtually the same, except that the member-bank reserves had jumped from $2,100,000,000 to $2,500,000,000, and the currency had increased $200,000,000, and the gold stock had gone back to $4,500,000,000.

What I am trying to illustrate here is exactly what my friend from Michigan [Mr. VANDENBERG] suggested, later on repeated by my friend from Massachusetts [Mr. WALSH]—that the important thing is not the volume of money but the volume of business; and business represents the velocity of the circulation of money. If we do not have the business we are not going to have the employment of money, no matter how much we issue, whether it be gold, silver, greenbacks, or whatever it may be.

Mr. WHEELER. Mr. President, will the Senator yield right there?

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

Mr. FESS. I yield.

Mr. WHEELER. I agree with the Senator that the important thing is velocity, but the way to get velocity is to increase purchasing power. I ask the Senator if he knows of any other method by which the velocity of money can be increased except increasing the purchasing power of the people of the United States and of the world.

Mr. FESS. What is purchasing power?

Mr. WHEELER. Purchasing power is putting money in the hands of the people, particularly in the hands of those who produce raw materials.

Mr. FESS. Is money purchasing power?

Mr. WHEELER. Not at all. I am talking about increasing the purchasing power of the producers of wealth.

Mr. FESS. And that must be done by increasing business.

Mr. WHEELER. No; I disagree with the Senator. It can not be done by increasing business. It has to be done by increasing the purchasing power, first, of those who produce the wealth of the country; and all the wealth of this Nation and every other nation comes from the soil, the water, and the air.

Mr. FESS. Mr. President, the Senator from Montana introduced and tried to put through the Senate a bill for the coinage of silver at a ratio fixed by law, and assumed that that could be done without any loss of purchasing power. Price may be arbitrarily fixed by Government decree, but value must depend upon law, just as inevitable as the law of gravitation. When a person can not see the difference between price and value, I do not want to take any time to discuss the matter. The Senator and I are poles apart when he says that increasing business is not increasing purchasing power. That is the only thing that is purchasing power.

Mr. WHEELER. Mr. President, will the Senator yield for one more question?

Mr. FESS. No; I regret I can not yield further.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. FESS. Mr. President, purchasing power is not money; but it is the thing for which money is paid. The thing for which money is paid is either a commodity or a service. It can not be anything else. If it is buying in the market something that is bought and sold to be delivered, that is a commodity; and as we increase the sales of commodities we increase purchasing power in the producer as well as the consumer. The other item of purchasing power is service. Eighty-five per cent of all the adult people of the United States sell service. Only 15 per cent of the adult population of this country sell commodities. When we deal in service we are dealing with something for which money is paid, just as the Senators here are rendering service to the public and they are paid a salary for it; just as the men who are working over here on these buildings are delivering their service and producing wealth. They are paid money for that, and it is the thing they do that is the purchasing power. It measures the purchasing power. It is business, and if we do not have business we do not have purchasing power.

I am not going to take any more time on that subject. Now I am ready to go to the subject about which my friends from Florida and Montana have been asking. I really think, however, that I ought to take a little time on the question raised by the Senator from Louisiana [Mr. LONG]—that is, the question of debt. It appeals to all of us. The debt situation is simply terrible, especially with the farmer; and his side of the issue must be considered.

Why do we say that we are going to devalue the dollar in order to pay the debt in an honest dollar? Because it is said that a debt that was incurred 10 years ago was incurred in a dollar that would purchase only half what the dollar will purchase to-day. Since the debt incurred 10 years ago is on that basis, it is contended that we ought to reduce the dollar one-half.

That is one claim. Here is the difficulty in that: If that could be limited to the farmer it would be justified, because the farmer's product to-day does not command more than one-half, if that much, of what it commanded in 1913; but labor commands twice what it commanded in 1913, and there is a ratio of 4 to 1. The price of the dollar in 1913 was a unit, we will say, of 100 cents. In 1920 it was only 46 cents. In 1929 it was only 59 cents as compared to what it was in 1913. In 1933 it is only 70 cents. We talk about the average purchasing power of the dollar to-day being so high, but it is only 70 per cent of what it was in 1913, according to the figures given by the Bureau of Labor Statistics. That is not true when applied to the farm.

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

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

Mr. FESS. I yield.

Mr. LONG. The Senator might just as well be arguing about the purchasing power of 1813 as 1913. The facts are, dealing with a course of 8, 10, or 12 years, that the dollar has slipped from 60 cents up to $1, and then to $1.60.

Mr. FESS. That is, measured only in farm products.

Mr. LONG. In everything.

Mr. FESS. No.

Mr. LONG. So far as values are concerned, commodities to-day bear about the same ratio to one another as they did at almost any other time.

Mr. FESS. No; the Senator is not right there. In manufactured articles the disparity is not anything like what it is in farm products.

Mr. LONG. That is true.

Mr. FESS. The farm product has not been reduced in amount of production but is almost double the needs of consumption, while the manufactured product has been reduced in amount of production, so that the merchant's shelves to-day are not crowded with manufactured articles. Therefore we have a price on the farm that is too low, and we must increase it in some way, or at least find some relief in his debt situation. The point I want to make is that we can not make a law devaluing the dollar in the payment of the farmer's debt without its going to the payment of other debts that are on a wholly different basis from the debt of the farmer. That is the thing to which I desire to call attention. If we could limit it to the farmer's situation it would be an easy problem; and that is the reason why I claim that we are under obligation here to do something in the way of relieving the indebtedness of the farmer if it pos-

sibly can be done, and I am ready to go along with any legitimate course open under the Constitution.

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

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

Mr. FESS. I yield.

Mr. WHEELER. Assuming that we relieved the farmer of his indebtedness to-morrow, how long would he stay out of debt at the present commodity prices? As a matter of fact, would he not go farther in debt next year than he did this year if we relieved him of his indebtedness to-day, because he can not get cost of production?

Mr. FESS. Mr. President, nobody is going to dispute the bad situation of the farmer; but we do dispute the method of relieving the situation that the Senator suggested the other day.

Mr. WHEELER. The Senator means bimetallism?

Mr. FESS. Yes.

Mr. WHEELER. Let me ask the Senator another question. I do not think the Senator and I are so far apart, except in this respect: He says, as I understand him, that in order to speed up the velocity we must speed up our manufacturers, or turn out more manufactured goods. The Senator, however, will agree with me I am sure—because I know his views, and I have great respect for them—that all wealth must come from the soil, or from the air, or from the water of the earth. It does not come from manufacturing. I am not speaking of wealth as money. I am speaking of it as natural wealth.

Mr. FESS. The Senator is talking about the raw material.

Mr. WHEELER. The raw material. That is the natural wealth of the world, as contradistinguished from money.

Mr. FESS. Yes.

Mr. WHEELER. My contention is, may I say to the Senator, that in order to correct this situation we must bring up the commodity price level of the raw materials that are produced, such as cotton and wheat, and before we can start the wheels of industry going we must put purchasing power in the hands of the farmer and the miner.

Mr. FESS. Mr. President, I want to pay attention to that after I get through with the mortgage question. I will come to that.

I have in my hand a statement of the debt structure.

In 1922 the principal of the farmers' mortgages was $9,100,000,000. The annual interest was $568,000,000.

In 1929 the principal of those mortgages had jumped from $9,100,000,000 to $9,241,000,000, and the interest was just slightly below what it had been. Other debts in 1922 amounted to thirteen billion and a fraction, with the interest $825,000,000. In 1929 the other debts had fallen from thirteen billion to twelve billion. They fell about a billion dollars, and the interest fell nearly a hundred million.

The funded debt of the railroads in 1922 was $11,000,000,000, and that had increased in 1929 to $12,459,000,000. The unfunded debt was very much less.

The principal of the indebtedness of the Federal Government in 1922 was $22,906,000,000, and the interest was $990,000,000. In 1929 that indebtedness had fallen from $22,000,000,000 to $16,000,000,000 and a fraction, and the interest was $680,000,000.

Note the State and local indebtedness. It will be noted that the Federal indebtedness from 1922 to 1929 had fallen over $6,000,000,000, but the State and local debts jumped from $7,154,000,000 in 1922 to $13,452,000,000 in 1929. While the Federal debt was fairly substantially reduced, the State debts more than doubled. The same thing might be said of the corporations, also.

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

Mr. FESS. I yield.

Mr. McKELLAR. Since 1929 the Federal debt has gone back to the figures of 1922, and it is now probably more than $23,000,000,000, while the State debts have gone along about the same.

Mr. FESS. That is wholly due to the fact of the Government debt remaining the same, with the income out of which we pay it falling off. It is due to the loss of income, which is the measure of the decline in business; and the Senator has been, in season and out of season, using every ounce of his influence to have governmental expenditures cut.

We have two ways of balancing the Budget. One is cut expenditures, and the other is to stimulate business to increase the income, if we can. That is a difficult problem.

Mr. McKELLAR. If we can, but I do not believe there is any other way in the world by which we will ever make the Budget balance except to reduce expenditures.

Mr. FESS. Mr. President, that brings me immediately to the subject about which the Senator from Florida spoke a while ago. It is revived by the remark of the Senator from Tennessee.

We are asked, in the face of a rather gloomy picture, what we are going to do. I can not think there can be any sound contention whatever that we need more money. The only sound contention is that we should better use what we have. I do not care how much money we try to pump, unless there is business to take it up and employ labor, it is going to do nobody any good. The question now is, since the one thing that is of importance is business, in order to employ the money, how we are going to revive business? That is the question.

Mr. President, what I am about to say will probably be impossible of accomplishment, but we can make a gesture along the line. I will probably be called a demagogue after I get through. No man or woman is going to take any risk in investing borrowed money in any enterprise employing labor unless he has some sort of assurance that there will be some profit in the business. No man, even with the prospect of a profit, will take a risk unless he has some assurance that the Government will not by taxation absorb all the profit he makes.

If we could proceed now to balance the Budget—and I dislike to use that phrase—if we could proceed now to live within our income, business would start at once. But as long as the saber is hanging over the head of business, the threat that if men go into business and make money taxes will be imposed to absorb what they make in order to balance the Budget, no man will enter business. It may be said that people are foolish, it may be charged that they are unpatriotic, but they will not embark on business ventures under such circumstances.

Our problem is to find the means of cutting the expenses of the Government to such a degree that we may balance the Budget by a taxation system which will not dry up the resources of industry. If there is any way by which we can do that, business will start. I warn the American Congress that business will not start until there is some assurance that we are to make an effort to live within our incomes, to balance our Budget, and give assurance to the man who employs labor that all the profit he makes is not to be absorbed by a system of taxation.

Mr. President, there is another thing. No manufacturer is going to increase his expenses in expanding his business and employing labor unless he knows that there is reasonable ground for him to believe that what he produces will be purchased, that he can sell it. If he can not sell what he makes, what is the use taking the risk?

One of America's greatest business men, whose name is a household word to every man in this body, not so very long ago took over a great industry. He thought he could reorganize it and put it on its feet. I talked with that man in August, and I have never spoken with a more stimulating, inspiring, hopeful man than he. He told me that he was going to build a product that would cost less in first-purchase price, that would not sacrifice the scale of wages of labor, that could be operated at less cost than other products of a similar nature, and yet would not mean a loss in efficiency. He spent an enormous amount of money, in the absolute confidence that he could pull that business through. Last week that man and his business went into the hands of a receiver.

Mr. President, what is the matter? Did not that man make a better product, which could be sold for less money,

without a sacrifice of the wages of labor? He did. Then what is the matter? There were no purchasers, and that man's business is now in the hands of a receiver, and he is one of the forward-looking, outstanding captains of industry, who had the patriotism to undertake a great risk, in the investment of a large amount of money, in order, as he thought, to pull this institution through this period of gloom, but the lack of business for want of confidence prevented purchasing with the bitter consequences.

Talk as we will, no man will take the risk of the danger of additional loss in expending an enormous amount of money without some assurance that he can sell his product when it is once made. No man is going to be willing to risk the purchase of raw material to go into a manufactured product unless he knows that he is not to be forced to sell at a declining price instead of a rising price.

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

Mr. FESS. I yield.

Mr. WHEELER. Let me say to the Senator that if he will examine the pages of the CONGRESSIONAL RECORD of the time when the Reconstruction Finance Corporation act was under consideration, and when the Glass-Steagall bill was being considered, he will find that I used the identical statement which the Senator is using at the present time. I said then—and I agree with the Senator entirely—that no manufacturer is going into business, no matter what we may call him and no matter what we may say, and turn out materials and employ labor unless he knows that he can sell the manufactured articles for more than he paid to produce them.

Mr. FESS. He would be foolish if he did.

Mr. WHEELER. Yes; he would be foolish if he did. No banker is going to lend money to a new enterprise unless he knows that that enterprise is to be successful enough to enable him to get his money back. So I say to the Senator that when a certain individual connected with the Federal Reserve Board, and one of the largest financiers of this country, told me that they could end this depression in 60 days by having the Federal Reserve Board go in and buy Government bonds, and more Government bonds and more Government bonds, I said then, to him that it could not be done, for the very reason that they could not lend the money, because when commodity prices are falling, as they are falling, it is not possible to lend money or get credit out.

I do not want to intrude upon the Senator's time, but let me say to him that I have given this subject some consideration, and I submit to the Senator that with the present world distribution of gold, with the United States and France controlling 70 per cent of the gold—hoarding it, which is what they are doing with it—will the Senator tell me how it is possible to put the countries which are off the gold standard back onto the gold standard, and keep them there, so that they will be able to expand their currencies and their credit to meet the demands of their various business enterprises, internal and external? That is the great problem before the world.

Mr. FESS. Mr. President, I will attend to the answer of the question in a moment. Let me repeat what I stated a moment ago; the plain duty of the Congress is to cut the expenses of the Government, without fear or favor, everywhere it can be done. I recognize the difficulty in the case of the fixed charges, like the interest on the public debt. We can not avoid paying those charges; and I rather think we ought to continue the sinking-fund provision, though it might be that we could let it go for a time. I am afraid greatly to reduce the Army and Navy appropriations at this time, with the world's mind in the state in which it is. The Japanese situation is not pleasing. The German situation is somewhat disturbing. The world is ill at ease. I do not think there is any likelihood of the Congress reducing the appropriations for the Veterans' Administration. I frankly state that I would vote to repeal for a time that provision of the law allowing compensation for disabilities not due to service origin. The situation is so grave that I would be inclined to take that step. There are some things we can do, however.

Mr. President, my one suggestion upon the matter of living within our income is that we must proceed to cut Government expenses. I am going along with the party that soon is to be responsible for the Government in its efforts to accomplish that purpose. On the other hand, when we come to adding new taxes, we simply must avoid taking the position that we are merely going to "soak the rich"; that we intend to absorb the income which in the end is necesary for the employment of labor. We must find a better plan. That is a thing which many public men will run away from; but, Mr. President, we have simply got to face it if we intend to have a revival of business. So much for that question.

The suggestion has been seriously referred to often by the Senator from Montana [Mr. WHEELER] that we must increase the commodity price level, and his suggestion is more money. If we go on an inflated basis, whether it be along the line of the Senator's suggestion or whether it be along the line of the devaluation of gold or whether it be along the line of fiat money, for a time it might be that there would be an increase in the price level; but the Senator knows that that time would be very brief indeed, and that the price level, started upward by a depreciated currency, would in due time start downward and in a very short time would go below what it was when we were on a gold basis.

Mr. WHEELER. Mr. President——

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

Mr. FESS. I yield.

Mr. WHEELER. I agree with the Senator in his reference to fiat money. I would dread to see the day come, as a matter of fact, when we would issue fiat money in this country, because I am as much opposed to it as anybody else unless we would be actually driven to it. Likewise, I am not in favor of devaluing gold. But I want to invite the Senator's attention seriously to the fact that as a matter of fact the remonetization of silver is not an inflationary measure except to the extent that it would put purchasing power in the hands of untold millions of the people of the world. To that extent it would increase the purchasing power of the world and to that extent would bring up commodity prices.

Mr. FESS. I think the Senator may not have been in the Chamber when I spoke about the bill introduced by the Senator from Nevada [Mr. PITTMAN]. There are some features of that bill which meet with my approval.

Mr. President, on the matter of the price level being lowered rather than elevated through a depreciated currency, everyone who is claiming that we must devalue the gold says it is in order to make a commodity such as wheat, that sells now too low, sell for a reasonable price. They argue that if wheat to-day sells for 40 cents a bushel and we devalue gold to the amount of one-half, the wheat then would sell for at least 80 cents. If that be true—it may not be true, and I do not believe it is true, but conceding it to be true for the sake of argument, what would it do? If it is true of wheat, it is likewise true of every commodity. That is the purpose of devaluation, whether it be devaluing the gold or inflating the currency. It is to increase the price level. If we do it in a commodity for the seller or the producer, we do it in the commodity for the consumer. If we increase the price of wheat for the farmer, we increase the price of bread to the consumer. If we increase the price of clothing for the manufacturer, we increase the price of clothing to the man who buys the clothing.

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

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

Mr. FESS. I yield.

Mr. WALSH of Massachusetts. I fear my question may divert the Senator into another line of argument. I have listened with a great deal of interest to his very able presentation of his views as to what might be done to resuscitate business in this country. I would like to invite his attention to what I consider of even more importance and of more immediate concern than the rehabilitation of busi-

ness, namely, What can we do in this Congress to restore immediately confidence of the American people in our banking system?

The problem to-day and to-morrow and next week is what we can do to prevent a further loss of confidence, a diminution of deposits, in the banking structure of the country. It seems to me that unless action is taken quickly we are going to be confronted with a very serious situation, and we need not be talking about resuscitating business unless we can handle that problem. I would like to have the Senator's views on that matter.

Mr. FESS. The Senator from Massachusetts raises a question that was raised awhile ago by another of our colleagues as to what can be done to avoid the banks continuing to hoard and refusing to loan. It was stated at that time that the banker is entitled to some sympathy in that he is loaning that which does not belong to him, but is loaning his depositors' money. While there is criticism of the bankers, while I think I am justified in stating it here on the floor of the Senate that the bankers have been subject to some criticism, I do not want to make that broad statement. But it seems to me they have been somewhat overcautious in their refusal to loan on the basis that they may not get the loan repaid. They have become in a way the greatest hoarders we have, and yet we must regard the situation that where they are loaning money that belongs to somebody else they must have some reasonable assurance that they are not going to lose the money. I discussed this phase earlier in my remarks.

Mr. WALSH of Massachusetts. I assume from what the Senator said that he would say the first way of restoring the people's confidence in the banking structure of the country is to give some assurance we are still going to maintain sound money.

Mr. FESS. Absolutely. That is the most important feature of the problem.

Mr. WALSH of Massachusetts. I assume the argument against the suggested inflation is directed toward indicating that the Senator wants to give that assurance. It has also been suggested that we ought to take some action toward guaranteeing the deposits in the banks.

Mr. FESS. That idea is growing in favor throughout the country. It may be adverse to sane banking to limit the right of withdrawal. If so then it may become necessary to give depositors a guaranty that their funds will not be lost.

Mr. WALSH of Massachusetts. I know that the Senator does agree with me that now, to-day, to-morrow, next week, next month, the problem in the United States of America is what can we do to save the sweep from one end of the country to the other of a condition that may undermine every financial institution in the United States.

Mr. FESS. I appreciate the situation. While the Senator from Massachusetts was interrupting me I was thinking what would happen to the country provided we should decide suddenly that we were going to devalue the gold dollar 50 or 25 per cent. What would happen? Every foundation stone underlying the credit and confidence of the country, including the credit of the Government and the banking structure in every city of the land, would go to smash because the Government would have agreed to violate a contract which the Constitution as written says may not be violated; yet we would do it by changing the purchasing unit or the basis in the purchasing standard.

If we do that, how would the Government redeem its $600,000,000 of obligations that fall due next month? What will it do with the $6,000,000,000 that falls due within a short time, and with the $11,000,000,000 that falls due at not a distant date? The whole financial structure would totter like a house of cards.

We can not afford to tamper with that situation. As long as such suggestions are made in the legislative forum of the United States with honest sincerity, no business is going to take one step of risk until it knows that thing is not going to take place. We could not do anything more definite to give impetus to investment to-day, to the employment of labor in business, than to say once for all that we are not going to tamper with the credit and the obligations and good faith of the United States Government and the banks, as it has been proposed here in the Senate to do, and has been acted upon favorably by another body of Congress.

If I were permitted to say—and it would not be said in criticism, because I know that the man who is soon to take on all the obligations of government with full responsibility and power for administration does not want unnecessarily to commit himself until the power comes with the responsibility. But there could be no statement issued that would have such an ameliorating effect, that would register such wholesome confidence, and produce such a salutory result as a statement from the incoming President now, to-day, that there will be no tampering with sound money in his administration. That would stimulate business at once. It would remove uncertainty in what is meant by the "new deal." Until there is a certainty, and until the present uncertainty is removed, there will be no effort toward revival of business, simply because the existing uncertainty of policy destroys all venture and all risk, without which there can be no revival of business.

Mr. WHEELER. Mr. President——

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

Mr. FESS. I yield.

Mr. WHEELER. I have heard the expression used a good many times by the Senator from Massachusetts [Mr. WALSH] and by the Senator from Ohio himself, and it is used in both platforms, with reference to "sound money." I have been able to find in no dictionary a definition of "sound money." I have been able to find no definition of "sound money" by any economic writer or by any political philosopher anywhere. The trouble with the banks to-day is that they are loaded up with securities, that the commodity price level has gone down to such an extent that the value of those securities has become practically worthless, and the banks are a mere shell. They have gone that way under what the Senator from Ohio and others have termed "sound money."

I say to the Senator from Ohio and I say to the country that what we need is stable money, money that has the same purchasing power to-day that it will have to-morrow, the same purchasing power in 1933 that it had in 1926. What we have not got and what has brought us to this chaos is the lack of stable money. We have been harping and talking about "sound money" when I assume what is meant is stable money; but we have not got it. What I propose to do is to try to provide something that will stabilize the currencies of the world so as to put the various countries back upon a basis where, instead of dumping their surplus upon the United States, they will be in a position to buy from American manufacturers, and thus put people to work in our factories and take them off the streets and away from the bread lines. Yet, Mr. President, upon the floor of the Senate it is impossible to get anybody to do that because, it is said, "We are afraid to adopt the method that was given us by our forefathers, by Hamilton, by Jefferson, and by Washington."

Mr. FESS. Mr. President, I would much prefer, if my colleague will not regard it as discourteous, to be permitted to say what I want to say without further interruption. I permit these interruptions, for they always afford a better opportunity for the different viewpoints to be understood, and this is a body where that freedom ought to be exercised, but I have been speaking longer than I had anticipated, and I have one or two other points that I want to press home before I take my seat.

I was just entering upon one of those subjects when the Senator from Montana interrupted me. I was saying that if the price of commodities be increased to the seller, it is also going to be increased to the buyer; in other words, to the degree that the profit of the producer is increased, the cost of living of the consumer is going also to be increased, and, in the end, if it is done through the medium of depreciating the currency, the whole price level topples. That is the business axiom that I wish to discuss at this time.

As I have previously stated, 85 per cent of our population deal in service; they do not sell commodities; they sell their ability to work. They are the men and women who are paid wages, the men and women who are paid salaries, who, constituting, as I have said, 85 per cent of our population, receive 56 per cent of the income of the United States of America. The other 15 per cent deal in commodities. For example, a department store is owned by 12 citizens whose profit is in the sale of commodities. They employ 100 citizens, whose pay is in salaries and wages, for which they sell their service. If it is proposed to increase the price received by the producer or the 12 owners who deal in commodities and at the same time increase the price paid the 100 laborers who deal in service, then there would be some equity in the proposal; but that is the difficulty. It does not work that way.

For example, here is a clerk who receives $2,400 a year. He pays about $70 a month rental and probably $360 for other things aside from the purchase of commodities, making about $1,200 in the way of buying things that are not commodities. It takes $1,200 remaining of his $2,400 salary to buy the things he lives on, such as groceries, clothing, and so on.

If the price of the commodity to the seller be increased, to that degree the price is likewise increased to the clerk who represents, as I have said, 85 per cent of our population; and, instead of paying $1,200 for the cost of necessaries of life for a year, he will pay an additional amount commensurate with the increase in the price of commodities. If that increase is doubled, then his cost of living is increased to $2,400.

Now, what will be the effect? It means that by depreciating the currency, in order to increase the price of commodities, it has been made impossible for 85 per cent of the population to live according to the same standards, and it becomes necessary for them to cut their consumption to the degree by which prices are increased. What will that do? If we reduce the consuming power of 85 per cent of our people, we break prices instead of increasing prices; so that, instead of the farmer getting the accretion, ultimately what he will receive will be reduced because of the failure of a great part of the population to consume, due to the destruction by the amount indicated of their purchasing power. That has been the history of every effort to depreciate currency; that is the history of 26 countries to-day that have gone off the gold standard.

Mr. President, of the many civilized countries of the world there are only nine, all told, including the United States and France and including also the Philippine Islands as an individual country, that are on the gold standard to-day. They are the United States, France, Belgium, Netherlands, Switzerland, Algeria, Cuba, and Netherland East Indies. Those nine do 31 per cent of the business of the world. There are 26 nations that have gone off the gold standard, led by the United Kingdom of Great Britain, and those 26 nations do but 43 per cent of the business of the world. There are two nations that are on a silver basis and they do about 3 per cent of the business of the world. Then there are seven or eight, such as Germany and Italy, that do not maintain the gold standard, but in a degree they have not joined the 26 led by Great Britain. They do about 18 per cent of the business of the world, leaving to smaller countries the remaining 6 per cent of the world's business.

Great Britain went off the gold standard, not because it was her choice, but she had no alternative. You, Mr. President, know why it was. Great Britain had a new government headed by MacDonald. He came back into power following the most remarkable election of which I have any knowledge in the history of Great Britain. After his own party had expelled him from their ranks he went back to his own bailiwick—when many other constituencies were asking him to stand for them—and was not only reelected from that bailiwick, but there were elected only 55 members in a parliament of over 600 who were not with him. I know of no such vindication in the history of Great Britain.

Then he announced that the election had given him a mandate to balance the budget by reducing the expenses of the government, including the dole. The British Government under MacDonald then proceeded, as we all know, to balance the budget not by increasing taxes, because Great Britain had reached the limit of taxation, but by the reduction of the expenses of the government, including the dole, and the Presiding Officer and every Member of this body knows that when that decision was reached the British Navy mutinied. With the main arm of the national defense of Great Britain in mutiny, the cabinet was summoned instantly and recommended a reversal of the policy of reducing expenditures, including the navy, the abandonment of the gold standard, and a consequent depreciation of the currency that would enable Great Britain to operate on a lower level of cost, because, while she would get more for the commodities she sells she would pay less in wages, and would balance the budget in that way. The cabinet met on the 15th day of September, and the day after it met the program was indorsed by the government then in power, and Great Britain officially abandoned the gold standard. Who is the man of any sense who says that Britain did that of her own choice? She did it because there was no other way for her. Any other course would have meant disaster.

Then what happened? England went on a basis of depreciated currency. It was for the moment an advantage, especially in her exports, but because she reduced the amount paid the laborer, and thus reduced the purchasing power, prices at once began to decline on account of the lack of consumption broken by the decline of real wages.

What then happened? In 26 countries where the gold standard was abandoned—abandoned for the purpose of elevating commodity prices—commodity prices after a temporary rise started down and are now below what they were when those nations were on the gold standard. Such a result is inevitable; it is the economic aftermath that can not be avoided. That is what would happen to us if we would begin officially to depreciate our currency either by devaluing the gold dollar or by inflating the currency. There would be for a little while an impetus that would cause an increase in commodity prices, but that increase would soon be retarded, and the result would be that in a very short time we would be selling at a lower price than we are selling at the present time. Such an outcome is not only the history of the countries which have abandoned the gold standard but it is the inevitable result of economic law.

Mr. President, a great many people have claimed that if we should inflate the currency we would not only increase commodity prices but would increase the wages paid labor; that we would increase the price of labor. That is folderol. The fact is, some business, believing wages in the United States are too high, urge inflation as the one and only method to reduce wages. Away back, when I was a university student, one of the outstanding statesmen of America came from Kentucky. He attracted me by his remarkable administration of the office of Speaker of the House of Representatives and also by the great number of his famous utterances epitomizing sound economic thought. When Grover Cleveland was elected President he was about the only one who was considered for the position of Secretary of the Treasury, and he was chosen as Secretary of the Treasury by President Cleveland. It was under President Cleveland's administration that there was an effort to go on a "soft money" basis, to inflate our currency. President Cleveland won the profound devotion of a great number of people because he resisted it, but he also won very bitter opposition from another type of person who did not see the matter as President Cleveland saw it.

It was on an occasion of that sort that John G. Carlisle, the great Democratic Secretary of the Treasury under Cleveland, made this statement:

> The evils of a fluctuating and depreciated currency must always fall most heavily upon the poor, who do not produce for themselves but for others, and who are therefore compelled to purchase with their wages everything they eat, drink, and wear. Their wages will remain stationary, or at best they will rise slowly and

at long intervals, while the price of the necessities of life are liable to rise suddenly from day to day as the value of the currency changes, and consequently what would appear to be a fair rate of compensation at the time a labor contract is made may prove to be grossly inadequate long before the labor is performed. The laborer can not protect himself against fluctuation in the prices of commodities for he can not purchase at wholesale when prices are low and keep out of the market when prices are high. He must buy day by day, and he must pay out of his earnings whether their purchasing power be great or small. The employer can not afford to promise higher wages in advance because with a depreciated and fluctuating currency he can not possibly foretell what the price of his product will be at any time in the future. Thus the laborer is the victim of two influences, neither of which can be successfully resisted by him. He must accept whatever wages are offered by employers or go without work, and he must pay whatever prices are demanded in the market or go without food.

That is a classic statement of the famous financial authority, once a distinguished Speaker of the House, and later one of the country's greatest Secretaries of the Treasury; and it was the effort to adopt a depreciated currency that brought this famous statement from the great statesman.

That is my position. Senators, that statement is incontrovertible. The laborer, representing 85 per cent of our population, is going to be harmed to the extent that the price of necessities increases, because his wages do not increase. That is axiomatic; and what else would it mean?

Here is $104,000,000,000 of life insurance taken out by 70,000,000 of our people. A devaluation, either by reducing the ounce content of the gold dollar or inflation, would to that degree destroy the value of $104,000,000,000 of life insurance outstanding to-day.

Here are $24,000,000,000 of American savings in the savings banks of this country. That is cash. That represents the hard-earned savings of a frugal and industrious people. It is proposed to destroy that to the degree that the dollar is inflated by the issuance of unsecured currency or the devaluation of gold. It is dangerous. It is unwise. It is erroneous. It is dishonest. It will not do what its proponents propose to do; but, on the other hand, there is no end to the harm that would come to us if we took such a course. When once you enter upon it there is no end but disaster, because it will be beyond control.

First, Mr. President, there is enough gold, as suggested by the gold committee of the League of Nations when they reported that there was no inadequacy of gold.

Second, there is enough currency; or, if there is not, we can resort to the issuance of more currency under the Federal reserve system; but if we issue it beyond the amount of business that is done, it will go into idleness, because there is no work for it to do. So the amount of currency is not insufficient.

Third, there are the reserves of the Federal reserve banks in abundance. There is no need for any increase there.

All the basic elements are here for business built upon a sound currency. We have the farms, we have the transportation agencies, we have the manufacturing plants, we have the managerial ability, we have the skilled labor, and we have the banking resources, all intact, awaiting the one factor, that of confidence.

The only thing that is lacking is that confidence—credit that represents the business of the country. That credit is represented by the deposits in banks, and those deposits are more or less frozen. How are we going to unfreeze them?

Here is my suggestion:

First, we must move to a rational balancing of the Federal Budget, and we ought to do it in the States also. That is the first thing. We must cut, no matter how much it hurts. We must adopt a taxing system that does not dry up our resources.

Second, we ought negatively to stop the constant agitation of matters tending to destroy the stability of our currency. As long as that sword of Damocles hangs over the head of American business, no forward step will be taken. That, I believe, could be very greatly assisted if the incoming President would make an announcement as to what is to be the policy of his administration. It is not for me to say what the President elect should do. I am only giving my opinion, that until some definite statement is made of what is going to be done under what the President elect once spoke of as a "new deal," until we know whether the fundamentals are going to be tampered with, and nostrums are to be substituted for sound principles, there will not be one step toward the recovery of business, but business and other things will continue to grow worse and worse.

Mr. President, we can not stimulate business by passing laws such as have been passed in one body of this Congress, where it is proposed to inflate the currency so much here and so much there; nor can it be done by straining the bond market, as we are doing here in the Senate. Business must be given some assurance that it will be left alone to the point where it is safe in making its ventures; otherwise we have very little promise of immediate recovery. Yet, I hold that there is sufficient ability in a wise statesmanship and in the structure of American business that we will come out of this era if no mistakes are made.

Speaking as I do, facing rather a disheartening picture, I want to say to the country and to my Democratic friends that as far as in me lies I will go along first in attempting to balance the Budget, to live within our income; and secondly, to do any other constructive thing that will help business instead of frightening it. But I must resist with all the energy I possess all these threatening proposals looking to undermining sound principles of government. Let us see the danger of this constant utterance to the effect that we are going to abandon our system of sound money on the claim that we have not enough of it. It is a dangerous nostrum to offer and only adds to our confusion. Even though we are denounced as reactionary by the advocates of abandonment of our system on behalf of some new experiment, whose only attraction is that it is new and sounds progressive, I am willing to accept the challenge and fight to maintain the principles upon which this Republic has builded for 150 years.

During the delivery of Mr. FESS's speech—

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the resolution of the Senator from Kentucky [Mr. BARKLEY] goes to the calendar, and the Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. The bill (H. R. 14359) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside for the consideration of the independent offices appropriation bill.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Chair lays before the Senate the appropriation bill.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate proceeded to consider the bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. SMOOT. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with and that the bill be read for amendment, the committee amendments to be first considered.

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

After the conclusion of Mr. FESS's speech—

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 14363) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1934, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon,

and that Mr. OLIVER of Alabama, Mr. GRIFFIN, Mr. CANNON, Mr. BLANTON, Mr. SHREVE, and Mr. TINKHAM were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

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

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages;

S. 4589. An act to authorize the Secretary of the Interior to make payment of part of the expenses incurred in securing improvements in drainage project of drainage district No. 1, Richardson County, Nebr., and for other purposes;

S. 4756. An act to authorize the Veterans' Administration or other Federal agencies to turn over to superintendents of the Indian Service amounts due Indians who are under legal disability, or to estates of such deceased Indians;

S. 5339. An act to authorize the Secretary of War to convey certain properties to the county of Arlington, State of Virginia, in order to connect Lee Boulevard with the Arlington Memorial Bridge, and for other purposes;

S. 5370. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

S. 5588. An act authorizing the acceptance of title to sites for public-building projects subject to the reservation of ore and mineral rights;

S. 5659. An act authorizing the State of Georgia to construct, maintain, and operate a toll bridge across the Savannah River at or near Lincolnton, Ga.;

S. J. Res. 237. Joint resolution authorizing the erection in the Department of State Building of a memorial to the American diplomatic and consular officers who while on active duty lost their lives under heroic or tragic circumstances; and

S. J. Res. 243. Joint resolution authorizing the President of the United States to extend a welcome to the Pan-American Medical Association, which holds its convention in the United States in March, 1933.

REMONETIZATION OF SILVER

Mr. LONG obtained the floor.

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

Mr. LONG. I yield for a moment to the Senator from Montana, without yielding the floor.

Mr. WHEELER. I desire to have inserted in the CONGRESSIONAL RECORD and referred to the Committee on Finance a resolution that was just sent to me by the Toledo (Ohio) Central Labor Union indorsing my bill. It reads as follows:

TOLEDO, OHIO, *February 20, 1933.*

CLERK OF UNITED STATES SENATE,
Washington, D. C.:

The Toledo Central Labor Union, on Thursday, February 16, discussed at length Senate bill 2487, Mr. WHEELER.

It is the thought of this body that the above-named legislation will be of great benefit to labor, capital, and to all classes of society in this country. It will, we believe, increase purchasing power to millions of our people as well as the world, giving employment to our unemployed.

Our opinion is that remonetization of silver will increase the pulse of industries greatly. It will establish the exchange on a basis which would enable silver-using countries to purchase our farm products and manufactured goods. It would increase the value and purchasing power of their money in the American market. It would flood the United States not with silver but with orders for American-manufactured goods and the product from American farms.

Your consideration will be appreciated, and hope you can encourage us with your support of the above measure.

Respectfully yours,

OTTO W. BRACH,
Secretary Toledo Central Labor Union.

I desire to say further, if I may, that at an early opportunity I intend to answer some of the arguments which have been made by the Senator from Ohio [Mr. FESS].

CALL OF THE ROLL

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

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

Mr. THOMAS of Oklahoma. As soon as I can get the floor to-morrow I propose to use some time in answering some of the most amazing suggestions made by the distinguished Senator from Ohio [Mr. FESS]. It will be reassuring to the country that the incoming President is to have the benefit of his continued advice, especially in view of the fact that after having had his advice for 12 years the country finds itself in the worst condition in history.

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

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

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

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

Mr. FESS. I desire to announce that the Senator from Indiana [Mr. ROBINSON] is unavoidably absent from the city. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce that my colleague [Mr. CONNALLY] is necessarily detained from the Senate by illness.

I also wish to announce that the junior Senator from Illinois [Mr. LEWIS] is necessarily out of the city on governmental business.

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

The Senator from Louisiana [Mr. LONG] has the floor.

Mr. SHIPSTEAD. Mr. President, will the Senator from Louisiana yield to me for a short statement?

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

Mr. LONG. I yield, if I do not lose the floor.

The VICE PRESIDENT. Is there objection to the Senator from Louisiana's yielding for a short statement? The Chair hears none.

INFLATION OF THE CURRENCY

Mr. SHIPSTEAD. Mr. President, I regret very much that the senior Senator from Ohio [Mr. FESS] is not in the Chamber. He has made a very earnest presentation on the subject of balancing the Budget and on the subject of sound money and has given us some views, according to his information, of the economic condition in countries off the gold standard.

I shall not impose upon the time and the courtesy of the Senator from Louisiana this afternoon to discuss the subject of balancing the Budget and the subject of sound money. I simply want to call attention to the fact that a controversy took place here between the Senator from Montana [Mr. WHEELER] and the Senator from Ohio [Mr. FESS] on the question of sound money, as to what the expression "sound money" means. "Sound money" seems to be as indefinite a term here in the United States as is the term "our best minds." The American people always want the best, and they are willing to pay for the best. They selected the best leadership to lead us to prosperity, but those leaders led us into a depression, and we are paying for it now.

I hope we can come to a better understanding and a better agreement as to what constitutes the best currency and the best public policy than we were able to agree upon as to what constituted the best minds.

As to Great Britain, I just want to read a speech made by the Right Hon. Reginald McKenna, former Chancellor of the Exchequer, and now the president of the Midland Bank, of London. I read this and quote from Mr. McKenna rather than make statements of my own, because the Senator from Ohio told the Senator from Montana this afternoon that he did not take stock in statements made by Senators on the floor of the Senate—that he preferred to read authorities. So I hope that the Senator from Ohio and other Senators when they read this will at least accept Reginald McKenna as an authority on the question of gold and sterling and as an authority on economic conditions in Great Britain and countries on the continent of Europe, and on the question of banking.

Before I read I want to observe that it is hard to come to an understanding and mutual agreement on the question of currency and banking because we seem to discuss these things from different points of view. Some people discuss them from the standpoint of science. I prefer to discuss the question of currency from the standpoint of it being an art. The juggler, the prestidigitator who juggles with a ball, depends upon what is called speed or velocity, and we talk about the same thing when we speak of the velocity of bank deposits. But to refrain from expressing my own opinion, I will read from this address delivered by Mr. McKenna to the stockholders of the Midland Bank, of London. He said:

GOLD AND STERLING—THE POSSIBILITIES OF REFLATION

By the Right Hon. R. McKenna[1]

Conditions to-day are distinctly better than a year ago, notwithstanding the persistence of a deplorably high level of unemployment. Our national finances are sounder, a marked reduction has been made in the balance of imports over exports, the volume of business has been fairly maintained, new industries have been established, and, though exchange and other restrictions are stifling trade with foreign countries, there are signs of steady development of interimperial trade.

This unmistakable improvement at home has certainly not been helped by events abroad. The hopes arising from the Lausanne conference have vanished in the face of disappointment regarding the war debts to America. Political uncertainty in many countries has clouded the prospect of recovery, and the gloom of trade depression has shown no sign of lifting. The impoverished debtor countries, one after another, have all but closed their doors against imports. In these circumstances it is the more remarkable that this country, deeply involved as it is in international trade and investments, should have shown any improvement at all.

STERLING AND GOLD

Foreign commentators on the general trade depression usually ascribe it mainly to currency disorder, of which we had such painful experience after the war. But it is only superficially that we are back in the early postwar years, for there is this vital difference: That whereas currencies had then run away from gold, now gold has run away from currencies. From long habit many of us continue to think and talk of gold currencies as stable and currencies off gold as unstable. But if we give any true meaning to currency stability we shall find that sterling, which is by far the most important of the currencies detached from gold, has shown since it acquired independence much greater stability than the dollar. On balance the pound, measured by its purchasing power over commodities other than gold, has remained fairly constant. Gold, on the other hand, has almost continuously increased its purchasing power and buys, roughly, 15 per cent more goods and services now than in September, 1931. The true standard of stability is what currency will buy, not of gold but of all commodities which enter into daily use in production and consumption. I agree that the general trade depression is largely due to currency disorder, but the disturbing factor has been found not least in the gold currencies.

We have had experience now of sterling divorced from gold for over 16 months, and nothing catastrophic has happened. A number of other countries are using sterling as their standard, and it is still the medium of a large amount of trade throughout the world. How have the groups of countries using gold or sterling, respectively, fared during this period? The clear evidence of improvement in a number of countries off the gold standard has no counterpart in those still on gold, whose position, generally speaking, has become worse. In the first half of the year just expired, according to an analysis by the board of trade, "the countries no longer on the gold standard increased their share of the import and export trade of the world, * * * this increase applying to exports to a greater extent than imports." There can be little doubt that this disparity of experience has become more pronounced since that time, not only in international trade but in respect of internal conditions as well. To take a particular example, the level of business activity in the United States is officially declared as considerably lower in 1932 than a year earlier, whereas in Great Britain the level has been practically maintained.

Again in national finances we find a similar distinction. The countries still using gold are all faced with budget deficits. In the United States the Federal finances show a deficit officially estimated at more than $1,100,000,000 for the current fiscal year. The French Legislature is struggling with proposals to cover a shortage of perhaps 10,000,000,000 francs. Similarly in the Netherlands, Switzerland, Italy, and Belgium, the national accounts show larger or smaller deficits. The probability is that if recent tendencies continue, the governments of all these countries will find that their task is one of extraordinary difficulty. With a steadily appreciating currency, the real burden of budget charges, particularly in respect of debts, is constantly increasing, while the revenue-yielding capacity of the people is just as constantly decreasing. It becomes more and more doubtful, unless there is a speedy reversal of the movement of prices, whether stringent economies, elastic definitions of charges properly to be financed out of loans, and the utmost ingenuity in respect of new taxation will succeed in balancing the budgets of the countries still adhering to gold.

I am not suggesting that countries off the gold standard are finding it easy to balance their budgets, or that they have all yet succeeded in doing so; but at least it is true that they have made far more progress in that direction than the other group. The national finances are certainly better in countries where the persistent fall in internal prices has been arrested than in those where, through adherence to gold, it is still continuing. The condition of the earlier postwar years has been precisely reversed. Separation from gold is no longer a sign of budgetary disorder; adherence to it is no longer a distinguishing mark of sound national finance.

NECESSITY OF A RISE IN PRICES

These facts, however briefly summarized, demonstrate afresh the ravaging effects of falling prices and the benefits to be obtained by relief from the downward movement. A rise in commodity prices has indeed become much more essential for the gold-standard countries, whose plight is growing worse, than for other countries, whose position is improving. Yet we can not rely upon the so-called "natural" action of gold for such a movement. The pre-war gold standard, so far as its control over the level of prices is concerned, is no longer operative; the misnamed "immutable law" of supply and demand, which was thought to apply to gold as to any other commodity, is of no effect. The enlarged output of the mines and the unloading of hoarded gold from India and Great Britain on the one hand, and on the other the reduced demand for gold involved in widespread departure from its use, have in no way checked its unceasing appreciation.

It is sometimes alleged, however, that our departure from gold was itself responsible, for the continued downward movement of gold prices, and that a fall in the gold exchange value of sterling provokes a further decline in gold prices. There is no foundation, I believe, either in logic or in the record of the facts, for this assertion, which seems to arise from confusion of cause and effect. The price level in each country is governed by the quantity of money available for immediate spending and the goods and services available to be bought. It follows that the exchange rate between any two of the dominant currencies tends to move in accord with the fluctuations in their respective purchasing powers, though the movement may be temporarily deflected from its course by disturbing transfers of capital and short-term funds. Price levels affect exchange rates, but exchange rates have little effect on price levels as distinguished from the prices of individual commodities.

The price level in Great Britain is of the first importance to the world at large, not because of its effect upon exchange rates, but because of our predominance as a consumer of primary commodities produced abroad. If sterling prices move upward, the ultimate result is to stimulate demand throughout the wide area on a sterling basis for the products of countries not within the group. The increased demand for such commodities as cotton, wheat, copper, and coffee tends to harden their quotations in the countries producing them, whether these countries are on a gold basis or not. Thus a rise in the sterling price level tends to a strengthening of prices even in the gold-standard area.

But is it possible for us to raise our internal price level; in particular can we do so by monetary management; and if we can and do, will it not be evidence of that abhorrent thing, inflation? In the actual circumstances we have so much ground to recover that I confess the thought of inflation, so long as it is controlled, does not alarm me. In these days the word is no longer a term of reproach, though some tender consciences find ease in using the innocent substitute "reflation." Almost everyone now recognizes that a rise in primary commodity prices is essential to world recovery, and most would agree with Mr. Hawtrey when he argues, in his recent book, that the evil consequences even of uncontrolled inflation "are definitely surpassed by the evils of deflation." Controlled inflation, from being the remedy of fools or knaves, has become widely regarded as the best available solution of our troubles, particularly since it has become realized that a substantial rise in wholesale prices need have no more than slight effect upon the cost of living.

ALLEGED FAILURE OF REFLATION

It is, I believe, possible to achieve a rise in the internal price level by monetary management, and I am unshaken in this opin-

[1] Parts of the speech delivered at the ordinary general meeting of shareholders of the Midland Bank (Ltd.) on January 27, 1933.

ion by the frequent charge that reflation has already been tried and found wanting, both in Great Britain and the United States. If we examine the course of affairs in these two countries we shall find that deliberate monetary management specifically designed to raise the price level has not been tested in either. In our own country, it is true, an expansion of credit has been effected, but only under conditions which could give it but partial success in raising the price level; and partially successful it has been, for our price level has not accompanied the downward movement of gold prices. In the United States, notwithstanding the current talk of vast new credit having been pumped ineffectively into the banking system, the experiment has not been tried at all. Reflation means the expansion of bank deposits, and therefore, of potential purchasing power, to such an extent as will restore the price level to the point at which it stood before the present great slump began. Let me recall briefly the salient features of the recent monetary experience of the two countries before we give judgment on the question whether reflation has had any real trial.

I will take our own case first. In February of last year the deposits of the London clearing banks were 9 per cent below the figure of a year earlier. From the preceding September, when we went off the gold standard, a deflationary policy with a 6 per cent bank rate had been resolutely pursued, and commodity prices, which had been steady after an initial rise, began to fall. In February a complete change of policy occurred. Bank rate was successively and rapidly reduced, and in May and June the Bank of England, by heavy purchases of gold and securities, created a large addition to bank cash, which set in motion a marked expansion of bank deposits. The additional purchasing power arising from an increase in bank deposits can not, however, get into use in trade for a considerable time. Why this is so, an example will readily show.

The Bank of England takes the initial step by buying, say, £1,000,000 of Government securities. The seller of the securities pays the Bank of England's check for £1,000,000 into his own bank, which we may call the clearing bank, and this bank in due course pays it to the credit of its account with the Bank of England. Thus the first result of the transaction is that the seller of the securities has a deposit of £1,000,000 with his own bank, which in turn has a deposit of £1,000,000 with the Bank of England. The clearing bank pays interest on its deposits but receives none from the Bank of England; if then it is not to make a loss over the transaction it must use the new £1,000,000 without delay. The only immediate uses to which the money can be put are to lend it in the bill market, or to buy bills or to invest it, generally in Government securities. In any event two results follow: The additional demands force down the bill rate and force up the price of Government securities. As the process continues the sellers of the securities have funds to invest and look about for something which will give them a higher yield than is obtainable on Government stocks. Gradually, as the sums involved become larger the demand extends through every class of fixed interest stock and overlaps into the market for industrial securities. The opportunity has now come for new issues the proceeds of which will be spent in the purchase of materials and the payment of wages, and the newly created money will at length have found its way into trade. But the whole process in any circumstances takes time; when the circumstances are unpropitious the time may be very considerable.

In the case of our own monetary expansion we have to remember that the sudden abundance of money was a preliminary to the war loan conversion scheme, which in the view of the responsible authorities necessitated complete closure of the market for new capital. Ordinarily new issues provide a ready channel for the flow of new money into consumers' hands and, had the abundance of money been created for the purpose of testing its effect upon commodity prices and trade generally, the last thing we should have done would have been to close the market for capital issues. This is not said in criticism of the policy, for once the conversion was launched it was of vital importance to make it a success. It may be observed incidentally, however, that now the operation has been completed there seems no sufficient reason for continuing the ban even in its present comparatively slight form. The expansive monetary policy in Great Britain has been in fact no more than half a policy so far as its effect upon trade is concerned, and it was only to be expected that it should up till now have yielded no marked and sustained rise in commodity prices.

When we turn to the United States I believe we shall find that not even a partial trial has been given to the policy of reflation. I speak on the subject, it is needless to say, with complete readiness to accept correction by American authorities on questions relating to their own monetary policy, but it has seemed to me that the current description of a continuous pumping of new credit into the banking system of the United States through the open-market operations of the Federal reserve banks does not convey, at any rate in its implications, a true impression of the facts. If we take a full view of recent American monetary policy we shall see that there has been no demonstration one way or the other of the effectiveness of a steady policy of reflation.

I will relate the facts as concisely as I can. Immediately following the suspension of gold payments in Great Britain a heavy outflow of gold took place from the United States, accompanied by large withdrawals of currency in consequence of widespread banking failures. Both of these movements tended to reduce the cash basis for the deposits of the commercial banks, and reinforcement was possible only by borrowing heavily from the Federal reserve banks. Little or no attempt was made at this time by the reserve banks, through open-market purchases of securities, to offset the acute stringency. The result was that bank deposits, which hitherto had declined only slowly, fell abruptly in the last few months of 1931. The deposits of all banks in the United States were no less than 11½ per cent lower on December 31 of that year than on the preceding June 30, but even then the decline had not spent itself.

It was in circumstances such as these that in March of last year the first steps were taken in what is cited as the great experiment in reflation. The reserve banks, aided by legislation to widen their powers, began to buy Government securities, first in small quantities and later in large volume. The express objects of this procedure were to ease a critical banking situation by enabling the banks to reduce their indebtedness to the central institutions and to add to the cash resources of the member banks. A reduction of member-bank borrowings was achieved; but the addition to cash reserves was small, owing to a renewed and heavy outflow of gold, and even the reduction of indebtedness was later checked by a fresh absorption of currency by the public. During the period of open-market buying bank deposits continued to decline, though only slightly. The steps taken to arrest the deterioration of the banking position had succeeded, but up to July no recovery had taken place in bank deposits, partly because the addition to bank cash had been relatively small and partly because this addition had been used merely to strengthen the ratio between cash and deposits. At this date—that is, July of last year—bank deposits were 19 per cent lower than a year earlier and actually 26 per cent below the figure for the end of 1928. By contrast British bank deposits at that date had responded to the increase of cash furnished by the operations of the Bank of England to such a degree that they were only 2 per cent below the total at the end of 1928.

Since the beginning of August the reserve banks have again pursued a passive policy, so far as open-market operations are concerned. Their holdings of investments have remained stable, but the gold stock has increased, while currency has returned from the public. As a result the member banks have been able further to reduce their indebtedness to the reserve banks to a low level, while at the same time their reserve balances have grown substantially, quite independently of central banking policy. Bank deposits have expanded on this fortuitously increased basis, but by no means to the full extent possible—actually, up to December, by only about 7 per cent. Whereas member-bank reserves have been brought back to a higher level than in September, 1931, their deposits are still far below. Meanwhile over the same period British bank deposits have grown by 11 per cent. The American banks have allowed their reserve balances to pile up in excess of legal requirements; the pressure of surplus cash has not yet been heavy enough or sufficiently long in operation to induce such large purchases of investments as will restore the volume of bank deposits.

In conditions of deep trade depression such as exist now in the United States a revival of some degree of confidence, which is indispensable for any embarking of new money in industry, seems to be obtainable only through a steady rise in the bond market. The initiative in such a rise apparently must come from the banks, and the movement will attain full strength when they feel themselves free to use their surplus cash. In the present uncertain temper of American depositors the banks continue to hold an excessive amount of cash, though the practice materially reduces their profits. Sooner or later, however, they will invest the surplus cash in securities, provided the surplus is kept large enough by the continued open-market operations of the reserve banks. High-class investments will then rise in price, and lower-grade stocks will slowly return to favor with a gradual strengthening of confidence. The new capital market will revive, and in this way new money can eventually be brought into use by industry in the United States. Although the method is less direct and less immediate and certain in its operation than the method in this country, in essentials the two are the same.

PROSPECTS FOR AN EXPANSIVE POLICY

There is nothing then in recent experience to give ground for discouragement or scepticism regarding the benefits to be derived from an expansive monetary policy. We are free to regulate in great measure our own price level by increasing or diminishing the quantity of money. But we must not allow ourselves to be disturbed by the fact that if gold continues to appreciate while our price level remains steady or rises the inevitable effect is a fall in our exchange. If we become alarmed by the fall and counteract it by a renewal of deflation, our exchange, it is true, will recover, but only at the expense of our trade. Internal prosperity with a balanced budget, lower taxation, and reduced unemployment is far more important to us than the rate of exchange. Sooner or later, even if no voluntary measures are adopted, budget deficits in gold-using countries will themselves produce a remedy for falling price levels, and we ought meanwhile to allow nothing to deter us from the policy of restoring our internal price level to a higher standard.

Two conditions, however, are essential for the success of this policy. First, it must be pursued wholeheartedly; the maintenance of an abundant supply of cheap money must be accompanied by full facilities for its use. And secondly, we should set aside, at least for the time being, all thought of returning to gold, either at the old or any new parity. There should be no attempt to govern our monetary conditions by reference either to the gold value of sterling or to the size of our gold stocks.

There is no reason whatsoever, for example, for suggesting that money should be dearer and scarcer here because gold has been sent to America in payment of an installment of war debt. In one respect at least the reported attitude of the British delegates to the preparatory commission of the World Economic Conference is cordially to be welcomed; it is worse than useless to consider returning to gold unless and until it shows some reasonable prospect of becoming a stable standard.

If under such conditions as I have mentioned an expansive monetary policy is consistently and strenuously pursued, I have little doubt that the enlarged supplies of money will lead to a higher level of commodity values. This result would have every prospect of paving the way to prosperity. Our national finances have been brought under better control; the spirit of our people, notwithstanding grave sufferings and disappointments at home and incessant difficulties abroad, is still firm and progressive; and the basic position of most of our industries is healthy. I believe, too, that many firms are paying great attention to scientific research, the value of which can hardly be overstated, though there is still large room for further advance in this direction. The facilities for such research, through Government establishments, trade organizations, and university institutions, are greater than ever before, and should be availed of to the full. Our traditional enterprise and inventiveness have by no means been extinguished. If then we match industrial and trading potentialities with a liberal and enlightened monetary policy we can ensure the fullest enjoyment of our own economic resources and at the same time contribute to the restoration of world-wide prosperity.

THE FALL IN BANK ADVANCES

The decline is evidence of the restricted field for accommodation to industry and trade, though it is sometimes interpreted as betraying pressure by the banks for repayment and reluctance in granting fresh facilities. In order to make the position clear I propose to quote a few figures. An analysis has been made of the advances on June 30, 1932, the latest practicable date, and the results have been compared with those for the end of 1929, when the more recent slump in trade was only in its early stages.

Between these two dates our advances fell by £23,500,000. Of this sum, however, the drop in advances for financial purposes—chiefly for investment in stocks and shares—accounted for £10,500,000, a movement paralleled by the heavy fall in stock-exchange loans included in money at call and short notice. Thus little more than one-half of the decrease remains to be accounted for under the general heading of accommodation to industry and trade.

When the detailed figures are examined it becomes clear that the decline in business advances is not traceable to undue pressure on the smaller borrower, but to shrinkage in the demand. Our advances to agriculture, for example, which number more than 18,000, were actually higher by nearly 5 per cent than at the end of 1929. Similarly, advances to over 20,000 small retailers, as distinct from stores, multiple-shop organizations, and cooperative societies, show a rise of 9 per cent. The only other increase of note is in advances for building and the related trades, and these again are small on the average. Almost every other group shows a decline, in some instances very slight. The total number of advances, as opposed to the amount, is slightly increased.

The downward movement in the total amount is readily explained by two main tendencies. First, temporary accommodation has been largely replaced either by new issues of capital or debentures or by fixed, long-term loans from insurance companies, savings banks, and similar institutions. As an example, advances to local authorities and public-utility companies declined over the period by £2,000,000, while a number of new issues among industrial and trading companies account for a much larger sum. Secondly, the rise in prices of gilt-edged securities, more especially since the end of 1931, has induced many trade borrowers to realize investments for the purpose of repaying, in part or in whole, their obligations to the bank. These two tendencies together would seem to have resulted in a reduction in the total advances even larger than that actually recorded under the heading of trade and industry. It may be concluded, therefore, that ample facilities have been accorded to meet all reasonable requirements of industry and trade in these times of exceptional difficulty. I should add that, notwithstanding the quietude in the new capital market, the influences mentioned have operated with increased force during the past six months.

For these reasons our advances now stand at the lowest level in relation to deposits recorded since 1919. We are consequently in an extremely liquid position. If the present level of deposits is maintained in pursuit of a wise monetary policy, we shall be able to meet all reasonable demands upon us for fresh business accommodations.

APPROPRIATIONS FOR THE DEPARTMENTS OF STATE, JUSTICE, ETC.

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 14363) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1934, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

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

The motion was agreed to; and the Presiding Officer appointed Mr. HALE, Mr. KEYES, Mr. MOSES, Mr. MCKELLAR, and Mr. HAYDEN conferees on the part of the Senate.

LOUISIANA SENATORIAL ELECTION

Mr. LONG addressed the Senate. After speaking for some time,

Mr. LONG. Mr. President, I can not finish my remarks to-night. I do not want to keep the Senate longer, and I am willing to have the Senate take a recess at this time. There are some more matters I want to bring out about this affair.

Mr. MCNARY. May I ask the Senator whether he has concluded?

Mr. LONG. No; I want to conclude to-morrow.

Mr. MCNARY. Would the Senator be willing to start at 11 o'clock in the morning?

Mr. LONG. Yes. I shall not take very much time to-morrow.

[Mr. LONG'S speech is printed entire in RECORD of February 22.]

RECESS

Mr. MCNARY. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 46 minutes p. m.) took a recess until to-morrow, Wednesday, February 22, 1933, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate February 21, 1933

ALABAMA

James A. Fant to be postmaster at Crossville, Ala., in place of H. T. Graves, deceased.

CONNECTICUT

Edward B. Doulens to be postmaster at South Norwalk, Conn., in place of E. E. Crowe, deceased.

DELAWARE

Iris I. Swain to be postmaster at Lincoln, Del., in place of W. R. Risler, deceased.

FLORIDA

Elmer N. Burnett to be postmaster at Brewster, Fla., in place of Benjamin Burnett, deceased.

Marion C. Douglas to be postmaster at De Land, Fla., in place of M. C. Douglas. Incumbent's commission expired December 20, 1932.

Harry R. Moyer to be postmaster at Fort White, Fla., in place of R. F. Persons. Incumbent's commission expired April 2, 1932.

Allen M. Steen to be postmaster at Gainesville, Fla., in place of L. C. Lynch, deceased.

Blanche B. Perry to be postmaster at Jennings, Fla., in place of B. B. Perry. Incumbent's commission expired January 15, 1933.

Tracy J. Hawkins to be postmaster at Williston, Fla., in place of H. G. Nelson, removed.

GEORGIA

Lonnie E. Sweat to be postmaster at Blackshear, Ga., in place of L. E. Sweat. Incumbent's commission expires February 28, 1933.

Albert N. Tumlin to be postmaster at Cave Spring, Ga., in place of A. N. Tumlin. Incumbent's commission expired January 16, 1933.

Alva W. Haddock to be postmaster at Douglas, Ga., in place of A. W. Haddock. Incumbent's commission expired May 26, 1932.

John H. Boone to be postmaster at Hazlehurst, Ga., in place of J. H. Boone. Incumbent's commission expired January 9, 1933.

Glossie A. Dunford to be postmaster at Helena, Ga., in place of G. A. Dunford. Incumbent's commission expires March 2, 1933.

HAWAII

James D. Lewis to be postmaster at Kaunakakai, Hawaii, in place of H. E. Apo, removed.

Joe G. Freitas to be postmaster at Makawao, Hawaii, in place of Alfred Ornellas, removed.

INDIANA

Alvy Jay to be postmaster at Bridgeport, Ind., in place of Alvy Jay. Incumbent's commission expired December 13, 1932.

Carleton F. Myers to be postmaster at Maywood, Ind. Office became presidential July 1, 1932.

IOWA

George L. Parker to be postmaster at Independence, Iowa in place of A. G. Rigby, removed.

George W. Carmody to be postmaster at Whittemore, Iowa, in place of S. B. Cairy, deceased.

KANSAS

Alvey P. Spessard to be postmaster at Junction City, Kans., in place of A. P. Spessard. Incumbent's commission expired December 19, 1931.

Lora B. Hansford to be postmaster at Silver Lake, Kans., in place of E. H. Cutbirth. Incumbent's commission expired January 18, 1931.

MICHIGAN

Helen J. Whitehead to be postmaster at Byron, Mich., in place of H. G. Whitehead, deceased.

Agnes B. Ruttle to be postmaster at Carsonville, Mich., in place of A. B. Ruttle. Incumbent's commission expired January 8, 1933.

MINNESOTA

Elizabeth Richardson to be postmaster at Delano, Minn., in place of Elizabeth Richardson. Incumbent's commission expires February 28, 1933.

John R. Norgren to be postmaster at Foreston, Minn., in place of J. R. Norgren. Incumbent's commission expires February 25, 1933.

Jennie L. Dowling to be postmaster at Olivia, Minn., in place of J. L. Dowling. Incumbent's commission expired January 11, 1933.

MISSISSIPPI

George B. Aaron to be postmaster at Liberty, Miss., in place of S. Q. Stratton. Incumbent's commission expired December 16, 1930.

NEBRASKA

Irene E. Hines to be postmaster at St. Columbans, Nebr., in place of I. E. Hines. Incumbent's commission expires February 28, 1933.

NEW JERSEY

Mae Hanley to be postmaster at Belford, N. J., in place of Mae Hanley. Incumbent's commission expired January 26, 1933.

Joseph Kish to be postmaster at Nixon, N. J., in place of Joseph Kish. Incumbent's commission expires February 28, 1933.

Hiram H. Shepherd to be postmaster at South Bound Brook, N. J., in place of H. H. Shepherd. Incumbent's commission expired December 14, 1932.

NEW MEXICO

Esther D. O'Connell to be postmaster at Fort Bayard, N. Mex., in place of J. A. Dickson, removed.

Aurelia M. Gutierrez to be postmaster at Old Albuquerque, N. Mex., in place of A. M. Gutierrez. Incumbent's commission expired April 3, 1932.

NEW YORK

Benjamin Lomench to be postmaster at North Bellmore, N. Y. Office became presidential July 1, 1932.

NORTH CAROLINA

William K. Stonestreet to be postmaster at Landis, N. C., in place of W. K. Stonestreet. Incumbent's commission expires March 2, 1933.

PENNSYLVANIA

Margaret E. Warnock to be postmaster at Darlington, Pa., in place of M. E. Warnock. Incumbent's commission expired December 18, 1932.

George B. Wilcox to be postmaster at Portland, Pa., in place of G. B. Wilcox. Incumbent's commission expired January 11, 1932.

Bertha J. Everett to be postmaster at Shickshinny, Pa., in place of B. J. Everett. Incumbent's commission expired January 26, 1933.

PUERTO RICO

Pablo Vilella, jr., to be postmaster at Lares, P. R., in place of Pablo Vilella, jr. Incumbent's commission expires February 25, 1933.

SOUTH CAROLINA

LeGrand G. Bolin to be postmaster at Neeses, S. C., in place of L. G. Bolin. Incumbent's commission expired January 8, 1933.

SOUTH DAKOTA

Allen De Groff to be postmaster at White Lake, S. Dak., in place of R. B. Flahart. Incumbent's commission expired May 26, 1932.

TEXAS

Tenos W. Elkins to be postmaster at Freeport, Tex., in place of T. W. Elkins. Incumbent's commission expires February 28, 1933.

Joe L. Yeager to be postmaster at Nocona, Tex., in place of C. E. Antram, resigned.

Sarah F. Harness to be postmaster at West Columbia, Tex., in place of J. W. Osborne, deceased.

VIRGINIA

Charles E. Bevins to be postmaster at Coeburn, Va., in place of C. E. Bevins. Incumbent's commission expired February 8, 1933.

WASHINGTON

Harvey O. Scofield to be postmaster at Tacoma, Wash., in place of C. J. Backus, deceased.

WEST VIRGINIA

Edward H. Ryder to be postmaster at Bridgeport, W. Va., in place of R. S. Hornor. Incumbent's commission expired May 4, 1932.

Leslie F. Fagert to be postmaster at Paden City, W. Va., in place of L. F. Fagert. Incumbent's commission expired February 11, 1933.

WISCONSIN

Edward W. Richardson to be postmaster at Ladysmith, Wis., in place of F. E. Munroe, removed.

Fora G. DuBois to be postmaster at North Freedom, Wis., in place of F. G. DuBois. Incumbent's commission expires March 2, 1933.

WITHDRAWAL

Executive nomination withdrawn from the Senate February 21, 1933

POSTMASTER

MONTANA

John H. Burns to be postmaster at Wolf Creek, in the State of Montana. (Postmaster resigned February 13, 1933.)

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 21, 1933

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Hear us, Blessed Lord, as we pray that each day we may grow increasingly appreciative of the treasures of the immortal soul. We ask for the enrichment and the enlargement of our deepest spiritual natures. Here let us realize our faith and hope in an everlasting inheritance; we thank Thee for the prospect. It is written on the brow of the morning, it is colored on the face of the sky, it is embla-

zoned in the radiance of the sunlight, and we praise Thee that it is the master light of Thy revealed word. O God, how glorious it is for us to be faithful to our privileges and opportunities. O let our fidelity mean bending our whole soul to our tasks. By industry, patience, and perseverance may we meet Thy approval. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 5125. An act to amend the emergency relief and reconstruction act of 1932.

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL, FISCAL YEAR 1934

Mr. BYRNS. Mr. Speaker, I call up the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, and I 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. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 4, and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 5, 6, 10, 11, and 13, and agree to the same.

The committee of conference report a disagreement on amendments numbered 1, 7, 8, 9, 14, 15, 16, 17, and 18.

JOSEPH W. BYRNS,
WILLIAM W. ARNOLD,
LOUIS LUDLOW,
WILL R. WOOD,
M. H. THATCHER,
Managers on the part of the House.

TASKER L. ODDIE,
REED SMOOT,
HIRAM BINGHAM,
L. J. DICKINSON,
HENRY W. KEYES,
GEO. H. MOSES,
CARTER GLASS,
KENNETH MCKELLAR.
(Except amendment No. 12),
SAM G. BRATTON,
JAMES F. BYRNES,
ELMER THOMAS,
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 the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, 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. 2 and 3, relating to the Customs Service: Makes a technical correction in the text of the appropriation and appropriates $19,900,000, as proposed by the House, instead of $17,500,000, as proposed by the Senate, for collecting the revenue from customs.

On No. 4: Appropriates $30,800,000, as proposed by the House, instead of $29,800,000, as proposed by the Senate, for expenses of collecting internal revenue.

On No. 5: Makes a technical correction in the text of the appropriation for the Bureau of Engraving and Printing.

On No. 6: Makes a technical correction in the text of the appropriation for freight, etc., under the Public Health Service.

On No. 10: Strikes out, as proposed by the Senate, the authority in the House bill for "acquisition of sites or of additional land," in connection with the appropriation for public-building construction.

On No. 11: Provides, as proposed by the Senate, that the American Red Cross Building may be served with heat from the Government central heating plant, if the Red Cross agrees to bear the expense of connecting the building with Government mains and to pay for heat furnished at rates to be determined by the Secretary of the Treasury, but not less than cost.

On No. 12: Restores the appropriation of $19,000,000 for inland transportation of mail by aircraft, all of which had been stricken out by the Senate.

On No. 13: Exempts, as proposed by the Senate, the use of automobiles by the President from the general restriction on use of Government automobiles.

The committee of conference report in disagreement the following amendments:

On No. 1: Relating to the price and the making of awards for the purchase of distinctive paper for United States securities.

On Nos. 7, 8, and 9, relating to mints and assay offices: Restoring to the bill the sum of $25,000 to provide for the continuance of the assay offices at Boise, Idaho, Salt Lake City, Utah, Helena, Mont., and Carson City, Nev.; these offices were omitted from the House bill.

On No. 14: Amending the House provisions relative to the continuance, during the fiscal year 1934, of certain temporary sections of the economy act in effect during the present fiscal year; amending certain permanent sections of the economy act; and proposing other new legislation upon a number of other subjects. As to this amendment the managers on the part of the House expect to offer a motion to recede and concur with an amendment striking out all of the matter proposed to be inserted by the Senate amendment and inserting in lieu thereof other matter. The matter to be proposed will be separately printed for the information of Members in advance of its presentation to the House.

On No. 15: Making a change in a section number.

On No. 16: Authorizing the Court of Claims to charge and collect certain fees for the filing of petitions, certifying transcripts of records, furnishing certified copies of opinions, etc.

On No. 17: Comprising Title III of the bill and known as the "Buy American" amendment.

On No. 18: Providing that if any provision of the entire act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application thereof to other persons or circumstances shall not be affected thereby.

JOSEPH W. BYRNS,
WILLIAM W. ARNOLD,
LOUIS LUDLOW,
WILL R. WOOD,
M. H. THATCHER,
Managers on the part of the House.

Mr. BYRNS. Mr. Speaker, I move the adoption of the conference report.

Mr. STAFFORD. Will the gentleman withhold that for just a moment?

Mr. SNELL. We would like to ask a question or two.

Mr. STAFFORD. I would like to ask one question, especially in view of the adoption by the House on yesterday of the resolution submitting the repeal of the eighteenth

amendment, whether the conferees, in view of that prospective action, took into consideration the reduction by $1,000,000 of the amount for the enforcement of the Volstead Act?

Mr. BYRNS. We did not. We agreed on the report last Saturday, and prohibition is not involved in this proposition at all. There was nothing in conference between the two committees with reference to the appropriation for enforcement of the prohibition act.

Mr. STAFFORD. Oh, I understood the Senate had cut down the appropriation as passed by the House $1,000,000.

Mr. BYRNS. That is in another bill.

Mr. STAFFORD. The Bureau of Internal Revenue——

Mr. BYRNS. That has no relation to prohibition.

Mr. BLANTON. The committee's foresight is better than the gentleman's hindsight.

Mr. STAFFORD. My hindsight has always been good as far as the eighteenth amendment is concerned, because I have been unalterably opposed to it from the very beginning, from the very time these blatant fanatics tried to enforce the views of their individual constituencies upon the Nation.

Mr. BLANTON. Those of the gentleman just now certainly are not fanatical remarks.

Mr. BYRNS. May I say this, that some of us at least, and this applies to the drys as well as the wets, will have some relief in the fact that Congress has at last disposed of this question of submission of the repeal of the eighteenth amendment, and perhaps we can have some measure come up before the House in which somebody will not raise that question.

Mr. BLANTON. And where and when we can have sane action.

Mr. STAFFORD. I hope the gentleman will bear that in mind in cutting down the amount of appropriation for enforcement, where we can save millions and millions of dollars.

Mr. SNELL. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. SNELL. Will the gentleman tell the House why the conferees yielded on 7, 8, and 9, restoring the same for the continuance of the various assay offices?

Mr. BYRNS. We did not yield. That is still in disagreement. I expect to ask the House to further insist.

Mr. RANKIN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RANKIN. May I ask the gentleman from Tennessee what disposition was made of what is known as the Bratton amendment?

Mr. BYRNS. That is not included in this report, but I will say that we do not recommend it, but that will come up later.

Mr. SNELL. One more question. As I understand, when it comes to the amendment which the gentleman proposes to offer, it will be read section by section, and the gentleman will explain to the House what has been done, and what he proposes to do?

Mr. BYRNS. We have not come to that yet.

Mr. SNELL. I say the gentleman intends to do that?

Mr. BYRNS. No. I will say to the gentleman frankly that I think that can come up later, but I may as well say now frankly that I had hoped that would not be necessary. I think everybody is familiar with the amendment. It would take two or three days if we took it up section by section, but I think we can agree upon ample time which will protect every Member of this House who has a genuine and germane amendment to offer, and allow sufficient time for him to discuss it and for others to discuss the various provisions.

Mr. REED of New York. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. REED of New York. Do I understand the amendment will be read so that we will have an opportunity to offer amendments?

Mr. BYRNS. Oh, yes. It will be offered, but I may say it is not up now, and it is not a part of my motion at the present time. I offered it yesterday, as the gentleman knows. It was published in the RECORD this morning. In addition to that, separate copies were made, which are available to all the Members this morning and were available yesterday afternoon. So I can not see any object in reading it and taking up the time of the House, but, of course, the gentleman has the right to insist upon that.

Mr. REED of New York. What I am anxious about is to have an opportunity to offer an amendment.

Mr. BYRNS. There will be plenty of opportunity afforded.

Mr. RAMSEYER. Will the gentleman yield right there on offering amendments? The gentleman will be in control of the time?

Mr. BYRNS. Half of it.

Mr. RAMSEYER. The question I wanted to ask is, Will the person who will be in control of the other half of the time be in control of the time for debate, or could he yield five minutes to some Member to offer an amendment?

Mr. BYRNS. Of course, I will submit the request later, when it will be explained what I have in mind, but it is my idea to agree upon a time, and yield to the gentleman from Indiana [Mr. WOOD] or the gentleman from Kentucky [Mr. THATCHER] control of the time upon that side, with the idea that in the time yielded to that side any gentleman can offer amendments.

The time yielded on that side will take care of those both pro and con on that side, and the time yielded on this side will be used in the same way.

Mr. RAMSPECK. And as amendments are offered I presume they will be disposed of?

Mr. BYRNS. I hope they will be disposed of promptly.

Mr. RANKIN. Several of us are very much interested in what is called the Bratton amendment that will probably affect the present set-up of the Veterans' Administration with reference to hospitals, regional offices, and so forth. We want to know just when this Bratton amendment will come up for consideration, whether or not the House will vote first on the recommendation of the House conferees and then vote on the Bratton amendment.

Mr. BYRNS. I may say to the gentleman that if it comes up at all it will not come up under the motion which I will offer later. Under the present state of the record it will not come up at all unless somebody offers it.

Mr. RANKIN. I thank the gentleman from Tennessee. The gentleman does not intend to offer it?

Mr. BYRNS. No.

Mr. RAMSPECK. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RAMSPECK. With reference to amendment No. 10, on which the report states the House conferees recede, does that affect sites authorized to be acquired under the emergency act last year?

Mr. BYRNS. It does not, I may say to the gentleman; it will not have any effect on the regular program.

The SPEAKER. The question is one the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 1, page 10, line 5: Insert the following: "35 cents: *Provided further*, That in order to foster competition in the manufacture of distinctive paper for United States securities, the Secretary of the Treasury is authorized, in his discretion, to split the award for such paper for the fiscal year 1934 between the two bidders whose prices per pound are the lowest received after advertisement, but not in excess of the price fixed herein."

Mr. BYRNS. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment No. 1, and agree to the same with an amendment.

The Clerk read as follows:

Mr. BYRNS moves that the House recede from its disagreement to Senate amendment No. 1, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out the figures "35" and insert in lieu thereof the figures "32¼."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that amendments Nos. 7, 8, and 9 be considered together.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read as follows:

Amendment No. 7, page 34, line 4, after the word "Colorado," insert the words "Carson City."

Page 34, line 6, after the words "New York," insert the words "Boise, Idaho; Helena, Mont.; Salt Lake City, Utah."

Amendment No. 9, page 34, line 16, strike out the figures "$1,250,000" and insert in lieu thereof "$1,275,000."

Mr. BYRNS. Mr. Speaker, I move that the House further insist upon its disagreement to the Senate amendments.

The question was taken; and on a division (demanded by Mr. BYRNS) there were—ayes 218, noes 0.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. BYRNS. Mr. Speaker, I think the Members of the House are fully familiar with this amendment and I am going to present a motion to concur with an amendment.

Mr. Speaker, I ask unanimous consent that the reading of this amendment be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. REED of New York. Mr. Speaker, I object.

Mr. BYRNS. Mr. Speaker, will the gentleman withhold his objection for a moment?

Mr. REED of New York. I will withhold it for a moment.

Mr. BYRNS. This is the amendment of the Senate. Of course, if the gentleman insists, it will have to be read, but I shall offer a motion which will strike out this amendment and concur with an amendment which I will offer. So I think we are just wasting the time of the House in the reading of a very voluminous amendment.

Mr. REED of New York. Mr. Speaker, I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The amendment is as follows:

Amendment No. 14: On page 65, beginning with line 18, strike out the remainder of the page and down to line 22, page 68, and insert:

"SEC. 4. (a) The provisions of the following sections of Part II of the legislative appropriation act, fiscal year 1933, are hereby continued in full force and effect during the fiscal year ending June 30, 1934, namely, sections 101, 102, 103, 104, 105, 106, 107 (except paragraph (5) of subsection (a) thereof), 108, 109, 112, 202, 203, 205, 206 (except subsection (a) thereof), 211, 214, 216, 304, 315, 317, 318, and 323, and, for the purpose of continuing such sections, in the application of such sections with respect to the fiscal year ending June 30, 1934, the figures '1933' shall be read as '1934'; the figures '1934' as '1935'; and the figures '1935' as '1936'; and, in the case of sections 102, 202, and 203, the figures '1932' shall be read as '1933'; except that in the application of such sections with respect to the fiscal year ending June 30, 1934 (but not with respect to the fiscal year ending June 30, 1933), the following amendments shall apply:

"(1) Section 104 (b) and section 106 are amended by striking out '(except enlisted)'; section 104 (b) is amended by striking out 'does not include the active or retired pay of the enlisted personnel of the Army, Navy, Marine Corps, or Coast Guard; and'; and section 105 (d) is amended by adding at the end thereof the following new paragraph:

"'(8) The enlisted personnel of the Army, Navy, Marine Corps, and Coast Guard.'

"(2) Section 104 (a) is amended by striking out the period at the end thereof and inserting a semicolon and the following: 'and (12) special delivery messengers in the Postal Service.'; and section 105 (d) (2) is amended by adding at the end thereof the following: 'special delivery messengers in the Postal Service, but in the case of such messengers, the sum of $400 shall not be included in the calculation of the rate of their compensation for the purposes of this title; '.

"(3) Section 105 is amended by adding at the end thereof the following new subsection:

"'(f) When no additional expense is entailed, annual leave of absence with pay, not to exceed 24 days, not including Sundays and holidays, may be granted to officers or employees of the Government otherwise entitled to less than 24 days' annual leave of absence with pay whose compensation has been reduced by this section.'

"(4) Section 106 is amended by striking out 'except judges whose compensation may not, under the Constitution, be diminished during their continuance in office' and inserting in lieu thereof 'except judges whose compensation prior to retirement or resignation could not, under the Constitution, have been diminished.'

"(5) The first sentence of section 202 is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That the restoration of employees to their former grades or their advancement to intermediate grades following reductions of compensation for disciplinary reasons shall not be construed to be administrative promotions for the purposes of this section: *Provided further*, That the promotion of apprentices shall not be construed to be administrative promotions for the purposes of this section.'

"(6) Section 211 (a) (2) is amended to read as follows:

"'(2) Wherever by or under authority of law compensation for night work (other than overtime) is at a higher rate than for day work, such differential shall be reduced by one-third;'

"(7) Section 216 is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That no employee under the classified civil service shall be furloughed under the provisions of this section for a total of more than 60 days during the fiscal year 1934, except after full and complete compliance with all the provisions of the civil service laws and regulations relating to dismissals from the civil service.'

"(8) Section 317 is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That appropriations available for construction shall not be transferred hereunder for personal services.'

"(b) All acts or parts of acts inconsistent or in conflict with the provisions of such sections, as amended, are hereby suspended during the period in which such sections, as amended, are in effect.

"(c) No court of the United States shall have jurisdiction of any suit against the United States, or (unless brought by the United States) against any officer, agency, or instrumentality of the United States arising out of the application, as provided in this section, of such sections 11, 102, 103, 104, 105, 106, 107, 108, 109, or 112, as amended, unless such suit involves the Constitution of the United States.

"(d) The appropriations or portions of appropriations unexpended by reason of the operation of the amendments made in subsection (a) of this section shall not be used for any purpose, but shall be impounded and returned to the Treasury.

"SEC. 5. Effective the first day of the month next following the passage of this act, in the application of Title I of Part II of the legislative appropriation act, fiscal year 1933, and section 4 of this act, in any case where the annual rate of compensation of any position is in excess of $1,000, the provisions reducing compensation shall not operate to reduce the total amount paid for any month to any incumbent of any such position unless the total amount earned by such incumbent in such month exceeds $83.33: *Provided*, That any such reduction made in any case where the total amount earned by any such incumbent in any month exceeds $83.33 shall not operate to reduce the total amount to be paid to such incumbent for such month to less than $83.33.

"SEC. 6. (a) Sections 103 and 215 of the legislative appropriation act, fiscal year 1933, shall be held applicable to the officers and employees of the Panama Canal and Panama Railroad Co. on the Isthmus of Panama, and to officers and employees of the United States (including enlisted personnel) holding official station outside the continental United States, only to the extent of depriving each of them of one month's leave of absence with pay during each of the fiscal years ending June 30, 1933, and June 30, 1934.

"(b) During the fiscal year 1934, deductions on account of legislative furlough shall be made each month from the compensation of each officer or employee subject to the furlough provisions of Title I or Part II of the legislative appropriation act, fiscal year 1933, as continued by section 4 (a) of this act, at the rate of 8⅓ per cent per month regardless of the number of days of such furlough actually taken by any such officer or employee in any month.

"SEC. 7. (a) Section 212 of the legislative appropriation act, fiscal year 1933, is amended by adding at the end of paragraph (a) the following: '*Provided*, That no retired officer of the Army, Navy, Marine Corps, or Coast Guard who in private life receives from any corporation, partnership, association, or individual an income as salary or compensation or bonus for personal services at a rate of pay equal to or in excess of $10,000 per annum shall receive during the period of such employment any retired pay from the Government of the United States, nor shall any officer on the active list receive any compensation from any corporation the majority of the stock of which is owned by the United States, or from any department of the United States Government or from the municipal government of the District of Columbia, any compensation in excess of the salary and allowances of such office as an active officer of the respective services.'

"(b) Section 212 (b) of the legislative appropriation act, fiscal year 1933, is amended to read as follows:

"'(b) This section shall not apply to any person whose retired pay plus civilian pay amounts to less than $3,000: *Provided*, That this section shall not apply to regular or emergency commissioned officers retired for disability incurred in service and directly connected and not by legal presumption with such service.'

"SEC. 8. All officers and employees of the United States Government who had reached the retirement age prescribed for automatic separation from the service on or before July 1, 1932, and who were continued in active service for a period of less than 30 days subsequent to June 30, 1932, pursuant to an Executive order issued under authority of section 204 of Part II of the legislative appropriation act, fiscal year 1933, shall be regarded as having been retired and entitled to annuity beginning with the day following the date of separation from active service, instead of from August 1, 1932, and the Administrator of Veterans' Affairs is hereby authorized and directed to make payments accordingly from the civil-service retirement and disability fund.

"SEC. 9. The allowance provided for in the act entitled 'An act to permit payments for the operation of motor cycles and automobiles used for necessary travel on official business, on a mileage basis in lieu of actual operating expenses,' approved February 14, 1931 (U. S. C., Supp. V, title 5, sec. 73a), for travel ordered after the date of enactment of this act shall not exceed 2 cents per mile in the case of travel by motor cycle or 5 cents per mile in the case of travel by automobile.

"SEC. 10. Whenever by or under authority of law actual expenses for travel may be allowed to officers or employees of the United States, such allowances, in the case of travel ordered after the date of enactment of this act, shall not exceed the lowest first-class rate by the transportation facility used in such travel.

"SEC. 11. From and after the date of enactment of this act, the provisions of the act of March 3, 1931 (U. S. C., Supp. V, title 5 sec. 26a), shall not apply to any employees of the Veterans' Administration homes, hospitals, or combined facilities where, in the discretion of the Administrator of Veterans' Affairs, the public interest requires that such employees should be excepted from the provisions thereof. As to those employees excepted from the provisions of the act of March 3, 1931, seven hours shall constitute a workday on Saturday and labor in excess of four hours on Saturdays shall entitle such employees to an equal shortening of the workday on some other day.

"SEC. 12. Assignments of officers of the Army, Navy, or Marine Corps to permanent duty in Hawaii shall be for not less than four years. No such officer shall be transferred to duty in the continental United States before the expiration of such period unless the health of such officer or the public interest requires such transfer, and the reason for the transfer shall be stated in the order directing such transfer.

"SEC. 13. The act entitled 'An act to provide for deducting any debt due the United States from any judgment recovered against the United States by such debtor,' approved March 3, 1875 (U. S. C., title 31, sec. 227), is hereby amended to read as follows:

"'That when any final judgment recovered against the United States duly allowed by legal authority shall be presented to the Comptroller General of the United States for payment, and the plaintiff therein shall be indebted to the United States in any manner, whether as principal or surety, it shall be the duty of the Comptroller General of the United States to withhold payment of an amount of such judgment equal to the debt thus due to the United States; and if such plaintiff assents to such set-off, and discharges his judgment or an amount thereof equal to said debt, the Comptroller General of the United States shall execute a discharge of the debt due from the plaintiff to the United States. But if such plaintiff denies his indebtedness to the United States, or refuses to consent to the set-off, then the Comptroller General of the United States shall withhold payment of such further amount of such judgment, as in his opinion will be sufficient to cover all legal charges and costs in prosecuting the debt of the United States to final judgment. And if such debt is not already in suit, it shall be the duty of the Comptroller General of the United States to cause legal proceedings to be immediately commenced to enforce the same, and to cause the same to be prosecuted to final judgment with all reasonable dispatch. And if in such action judgment shall be rendered against the United States, or the amount recovered for debt and costs shall be less than the amount so withheld as before provided, the balance shall then be paid over to such plaintiff by such Comptroller General of the United States with 6 per cent interest thereon for the time it has been withheld from the plaintiff.'

"SEC. 14. The Bureau of Efficiency and the office of chief of such bureau are hereby abolished; and the President is authorized to designate another officer to serve in place of the Chief of the Bureau of Efficiency on any board, commission, or other agency of which the Chief of the Bureau of Efficiency is now a member. All records and property, including office furniture and equipment of the bureau, shall be transferred to the Bureau of the Budget. Appropriations and unexpended balances of appropriations available for expenditure by the Bureau of Efficiency shall be impounded and returned to the Treasury. This section shall take effect at the beginning of the third calendar month after the passage of this act.

"SEC. 15. Section 319 of part 2 of the legislative appropriation act, fiscal year 1933, is repealed as of June 30, 1932; and the rate of interest to be allowed upon judgments against the United States and overpayments in respect of internal-revenue taxes shall be the rate applicable thereto prior to the enactment of section 319 of such act: *Provided*, That no refund in excess of $20,000 shall be paid until the determination by the Commissioner of Internal Revenue of the overpayment has been transmitted to and approved by the United States Board of Tax Appeals, under such rules as it may prescribe; and the commissioner shall disallow the part thereof not so approved.

"SEC. 16. All laws providing for permanent annual appropriations (whether specific or indefinite) are hereby modified so that, after June 30, 1934, in lieu of the appropriations made therein, the sums available for the purposes of such laws shall be such sums (not exceeding the amounts now provided in such laws) as may hereafter be provided therefor from time to time by Congress. This section shall not apply to the appropriations to the sinking fund provided in section 6 of the Victory liberty loan act, as amended (U. S. C., title 31, sec. 767), to appropriations for the payment of interest on the public debt, or other indefinite appropriations under the public debt service, or to stoppages, fines, forfeitures, and other moneys or funds appropriated by section 4818, Revised Statutes, for the support of the Soldiers' Home, or to appropriations of any funds derived from assessments on banks, and shall not apply to the permanent annual appropriations for vocational education, colleges for the benefit of agriculture and the mechanic arts, or cooperative agricultural extension work.

"SEC. 17. Section 322 of Part II of the legislative appropriation act, fiscal year 1933, is amended by adding at the end of the section the following proviso: '*Provided further*, That the provisions of this section as applicable to rentals shall apply only where the rental to be paid shall exceed $2,000 per annum.'

"SEC. 18. The head of each executive department and independent establishment is authorized and directed to make such reductions in the expenditures from the appropriations made by the regular annual appropriations act for the several purposes of his department or establishment for the fiscal year ending June 30, 1934 (except, in the case of the Treasury Department, appropriations for acquisition of sites for and construction of public buildings and the appropriation for addition to the cumulative sinking fund pursuant to section 308 of the emergency relief and construction act of 1932), as will in the aggregate equal at least 5 per cent of the total amount so appropriated for his department or establishment for such year (excluding, in the case of the Treasury Department, the appropriations specified above). Such reductions shall be made in a manner calculated to bring about the greatest economy in expenditures consistent with the efficiency of the service. In making any reductions in expenditures provided for in this section no wage cuts, other reduced compensation, or furloughs shall be ordered.

"SEC. 19. Title IV of Part II of the legislative appropriation act, fiscal year 1933, is amended to read as follows:

"'TITLE IV—REORGANIZATION OF EXECUTIVE DEPARTMENTS

"'DECLARATION OF STANDARD

"'SEC. 401. The Congress hereby declares that a serious emergency exists by reason of the general economic depression; that it is imperative to reduce drastically all governmental expenditures during such emergency; and that such reduction may be accomplished in great measure by proceeding immediately under the provisions of this title.

"'Accordingly, in order to reduce expenditures and increase efficiency in government, the President shall investigate the present organization of all executive and administrative agencies of the Government and shall determine what changes therein are necessary—

"'(a) To group, coordinate, and consolidate executive and administrative agencies of the Government, as nearly as may be, according to major purpose;

"'(b) To reduce the number of such agencies by consolidating those having similar functions under a single head, and by abolishing such agencies and/or such functions thereof as may not be necessary for the efficient conduct of the Government;

"'(c) To eliminate overlapping and duplication of effort; and

"'(d) To segregate regulatory agencies and functions from those of an administrative and executive character.

"'DEFINITION OF EXECUTIVE AGENCY

"'SEC. 402. When used in this title, the term "executive agency" means any commission, independent establishment, board, bureau, division, service, or office in the executive branch of the Government and, except as provided in section 403, includes the executive departments.

"'POWER OF PRESIDENT

"'SEC. 403. Whenever the President, after investigation, shall find and so declare that any regrouping, consolidation, transfer, or abolition of any executive agency or agencies and/or the functions thereof is necessary to accomplish the purpose provided in section 401 of this title, he may by Executive order—

"'(a) Transfer the whole or any part of any executive agency and/or the functions thereof to the jurisdiction and control of any other executive agency;

"'(b) Consolidate the functions vested in any executive agency; or

"'(c) Abolish the whole or any part of any executive agency and/or the functions thereof; and

"'(d) Designate and fix the name and functions of any consolidated activity or executive agency and the title, powers, and duties of its executive head; except that the President shall not have authority under this title to abolish or transfer an executive department and/or all the functions thereof.

"'SEC. 404. The President's order directing any transfer, consolidation, or elimination under the provisions of this title shall also make provision for the transfer or other disposition of the records, property (including office equipment), personnel, and unexpended balances of appropriations affected by such transfer, consolidation, or elimination.

"'SAVING PROVISIONS

"'SEC. 405. (a) All orders, rules, regulations, permits, or other privileges made, issued, or granted by or in respect of any executive agency or function transferred or consolidated with any other executive agency or function under the provisions of this title, and in effect at the time of the transfer or consolidation, shall continue in effect to the same extent as if such transfer or consolidation had not occurred, until modified, superseded, or repealed.

"'(b) No suit, action, or other proceeding lawfully commenced by or against the head of any executive agency or other officer of the United States, in his official capacity or in relation to the discharge of his official duties, shall abate by reason of any transfer of authority, power, and duties from one officer or executive agency of the Government to another under the provisions of this title, but the court, on motion or supplemental petition filed at any time within 12 months after such transfer takes effect, showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, may allow the same to be maintained by or against the head of the executive agency or other officer of the United States to whom the authority, powers, and duties are transferred.

"'(c) All laws relating to any executive agency or function transferred or consolidated with any other executive agency or function under the provisions of this title, shall, in so far as such laws are not inapplicable, remain in full force and effect, and shall be administered by the head of the executive agency to which the transfer is made or with which the consolidation is effected.

"'WINDING UP AFFAIRS OF AGENCIES

"'SEC. 406. In the case of the elimination of any executive agency or function, the President's order providing for such elimination shall make provision for winding up the affairs of the executive agency eliminated or the affairs of the executive agency with respect to the functions eliminated, as the case may be.

"'EFFECTIVE DATE OF EXECUTIVE ORDER

"'SEC. 407. Whenever the President makes an Executive order under the provisions of this title, such Executive order shall be submitted to the Congress while in session and shall not become effective until after the expiration of 60 calendar days after such transmission, unless Congress shall by law provide for an earlier effective date of such Executive order or orders: *Provided*, That if Congress shall adjourn before the expiration of 60 calendar days from the date of such transmission such Executive order shall not become effective until after the expiration of 60 calendar days from the opening day of the next succeeding regular or special session.

"'APPROPRIATIONS IMPOUNDED

"'SEC. 408. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose but shall be impounded and returned to the Treasury.

"'TERMINATION OF POWER

"'SEC. 409. The authority granted to the President under section 403 shall terminate upon the expiration of two years after the date of enactment of this act unless otherwise provided by Congress.'

"SEC. 20. The President is authorized to require the Civil Service Commission and the Secretary of Labor and any other agency or officer of the Government to cooperate in making a study and preparing a report as to the feasibility of establishing a system for adjusting and determining from time to time the compensation of civil-service employees on the basis of the prevailing retail price index or price level, including rents."

Mr. BYRNS. Mr. Speaker, I offer a motion to concur with an amendment.

The Clerk read as follows:

Mr. BYRNS moves that the House recede from its disagreement to Senate amendment No. 14 and agree to the same with the following amendment.

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STAFFORD. As the proposed amendment was incorporated in the RECORD of yesterday, is it necessary to have it read at this time?

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the reading of this amendment be dispensed with and that it be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The motion is as follows:

Mr. BYRNS moves that the House recede from its disagreement to the amendment of the Senate numbered 14 and agree to the same with the following amendment: Strike out all of the matter proposed to be inserted by the Senate amendment and insert the following:

"SEC. 4. (a) The provisions of the following sections of Part II of the legislative appropriation act, fiscal year 1933, are hereby continued in full force and effect during the fiscal year ending June 30, 1934, namely, sections 101, 102, 103, 104, 105, 106, 107, (except paragraph (5) of subsection (a) thereof), 108, 109, 112, 201, 203, 205, 206 (except subsection (a) thereof), 211, 214, 216, 304, 315, 317, 318, and 323, and, for the purpose of continuing such sections, in the application of such sections with respect to the fiscal year ending June 30, 1934, the figures '1933' shall be read as '1934'; the figures '1934' as '1935'; and the figures '1935' as '1936'; and, in the case of sections 102 and 203, the figures '1932' shall be read as '1933'; except that in the application of such sections with respect to the fiscal year ending June 30, 1934 (but not with respect to the fiscal year ending June 30, 1933), the following amendments shall apply:

"(1) Section 104(a) is amended by striking out the period at the end thereof and inserting a semicolon and the following: 'and (12) special delivery messengers in the Postal Service.'; and section 105(d) (2) is amended by adding at the end thereof the following: 'special delivery messengers in the Postal Service, but in the case of such messengers, the sum of $400 shall not be included in the calculation of the rate of their compensation for the purposes of this title;'

"(2) Section 106 is amended by striking out 'except judges whose compensation may not, under the Constitution, be diminished during their continuance in office' and inserting in lieu thereof 'except judges, whose compensation, prior to retirement or resignation, could not, under the Constitution, have been diminished.'

"(3) Section 216 is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That no employee under the classified civil service shall be furloughed under the provisions of this section for a total of more than 90 days during the fiscal year 1934, except after full and complete compliance with all the provisions of the civil service laws and regulations relating to reductions in personnel.'

"(4) Section 317 is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That no part of any appropriation for "public works," nor any part of any allotment or portion available for "public works" under any appropriation, shall be transferred pursuant to the authority of this section to any appropriation for expenditure for personnel unless such personnel is required upon or in connection with "public works." "Public works" as used in this section shall comprise all projects falling in the general classes enumerated in Budget Statement No. 9, pages A177 to A182, inclusive, of the Budget for the fiscal year 1934, and shall also include the procurement of new airplanes and the construction of vessels under appropriations for "Increase of the Navy." The interpretation by the Director of the Bureau of the Budget, or by the President in the cases of the War Department and the Navy Department, of "public works" as defined and designated herein, shall be conclusive.'

"(b) All acts or parts of acts inconsistent or in conflict with the provisions of such sections as amended, are hereby suspended during the period in which such sections, as amended, are in effect.

"(c) No court of the United States shall have jurisdiction of any suit against the United States or (unless brought by the United States) against any officer, agency, or instrumentality of the United States arising out of the application, as provided in this section, of such sections 101, 102, 103, 104, 105, 106, 107, 108, 109, or 112, as amended, unless such suit involves the Constitution of the United States.

"(d) The appropriations or portions of appropriations unexpended by reason of the operation of the amendments made in subsection (a) of this section shall not be used for any purpose, but shall be impounded and returned to the Treasury.

"(e) Each permanent specific annual appropriation available during the fiscal year ending June 30, 1934, is hereby reduced for that fiscal year by such estimated amount as the Director of the Bureau of the Budget may determine will be equivalent to the savings that will be effected in such appropriation by reason of the application of this section and section 7.

"SEC. 5. Effective the first day of the month next following the passage of this act, in the application of Title I of Part II of the legislative appropriation act, fiscal year 1933, and section 4 of this act, in any case where the annual rate of compensation of any position is in excess of $1,000, the provisions reducing compensation shall not operate to reduce the total amount paid for any month to any incumbent of any such position unless the total amount earned by such incumbent in such month exceeds $83.33: *Provided*, That any such reduction made in any case where the total amount earned by any such incumbent in any month exceeds $83.33 shall not operate to reduce the total amount to be paid to such incumbent for such month to less than $83.33.

"SEC. 6. (a) Sections 103 and 215 of the legislative appropriation act, fiscal year 1933, shall be held applicable to the officers and employees of the Panama Canal and Panama Railroad Co. on the Isthmus of Panama, and to officers and employees of the United States (including enlisted personnel) holding official station outside the continental United States, only to the extent of depriving each of them of one month's leave of absence with pay during each of the fiscal years ending June 30, 1933, and June 30, 1934.

"(b) During the fiscal year 1934 deductions on account of legislative furlough shall be made each month from the compensation of each officer or employee subject to the furlough provisions of Title I of Part II of the legislative appropriation act, fiscal year 1933, as continued by section 4 (a) of this act, at the rate of 8⅓ per cent per month regardless of the number of days of such furlough actually taken by any such officer or employee in any month.

"SEC. 7. No administrative promotions in the civil branch of the United States Government or the government of the District of Columbia shall be made during the fiscal year ending June 30, 1934: *Provided*, That the filling of a vacancy, when authorized by the President, by the appointment of an employee of a lower grade, shall not be construed as an administrative promotion, but no such appointment shall increase the compensation of such employee to a rate in excess of the minimum rate of the grade to which such employee is appointed, unless such minimum rate would require an actual reduction in compensation: *Provided further*, That the restoration of employees to their former grades or their advancement to intermediate grades following reductions of compensation for disciplinary reasons shall not be construed to be administrative promotions for the purposes of this section. The provisions of this section shall not apply to commissioned, commissioned warrant, warrant, and enlisted personnel, and cadets of the Coast Guard.

"SEC. 8. All officers and employees of the United States Government or of the government of the District of Columbia who had reached the retirement age prescribed for automatic separation from the service on or before July 1, 1932, and who were continued in active service for a period of less than 30 days after June 30, 1932, pursuant to an Executive order issued under authority of section 204 of Part II of the legislative appropriation act, fiscal year 1933, shall be regarded as having been retired and entitled to annuity beginning with the day following the date of separation from active service, instead of from August 1, 1932, and the Administrator of Veterans' Affairs is hereby authorized and directed to make payments accordingly from the civil-service retirement and disability fund.

"SEC. 9. The allowances provided for in the act entitled 'An act to permit payments for the operation of motor cycles and automobiles used for necessary travel on official business, on a mileage basis in lieu of actual operating expenses,' approved February 14, 1931 (U. S. C., Supp. V, title 5, sec. 73a), for travel ordered after the date of enactment of this act shall not exceed 2 cents per mile in the case of travel by motor cycle or 5 cents per mile in the case of travel by automobile.

"SEC. 10. Whenever by or under authority of law actual expenses for travel may be allowed to officers or employees of the United States, such allowances, in the case of travel ordered after the date of enactment of this act, shall not exceed the lowest first-class rate by the transportation facility used in such travel.

"SEC. 11. From and after the date of enactment of this act, the provisions of the act of March 3, 1931 (U. S. C., Supp. V, title 5, sec. 26a), shall not apply to any employees of the Veterans' Administration homes, hospitals, or combined facilities where, in the discretion of the Administrator of Veterans' Affairs, the public interest requires that such employees should be excepted from the provisions thereof. As to those employees excepted from the provisions of the act of March 3, 1931, seven hours shall constitute a workday on Saturday and labor in excess of four hours on Saturdays shall not entitle such employees to an equal shortening of the workday on some other day or to additional compensation therefor.

"SEC. 12. Assignments of officers of the Army, Navy, or Marine Corps to permanent duty in the Philippines, on the Asiatic station, or in China, Hawaii, Puerto Rico, or the Panama Canal Zone shall be for not less than three years. No such officers shall be transferred to duty in the continental United States before the expiration of such period unless the health of such officer or the public interest requires such transfer, and the reason for the transfer shall be stated in the order directing such transfer.

"SEC. 13. The act entitled 'An act to provide for deducting any debt due the United States from any judgment recovered against the United States by such debtor,' approved March 3, 1875 (U. S. C., title 31, sec. 227), is hereby amended to read as follows:

"'That when any final judgment recovered against the United States duly allowed by legal authority shall be presented to the Comptroller General of the United States for payment, and the plaintiff therein shall be indebted to the United States in any manner, whether as principal or surety, it shall be the duty of the Comptroller General of the United States to withhold payment of an amount of such judgment equal to the debt thus due to the United States; and if such plaintiff assents to such set-off, and discharges his judgment or an amount thereof equal to said debt, the Comptroller General of the United States shall execute a discharge of the debt due from the plaintiff to the United States. But if such plaintiff denies his indebtedness to the United States, or refuses to consent to the set-off, then the Comptroller General of the United States shall withhold payment of such further amount of such judgment, as in his opinion will be sufficient to cover all legal charges and costs in prosecuting the debt of the United States to final judgment. And if such debt is not already in suit, it shall be the duty of the Comptroller General of the United States to cause legal proceedings to be immediately commenced to enforce the same, and to cause the same to be prosecuted to final judgment with all reasonable dispatch. And if in such action judgment shall be rendered against the United States, or the amount recovered for debt and costs shall be less than the amount so withheld as before provided, the balance shall then be paid over to such plaintiff by such Comptroller General of the United States with 6 per cent interest thereon for the time it has been withheld from the plaintiff.'

"SEC. 14. Section 319 of Part II of the legislative appropriation act, fiscal year 1933, is repealed as of June 30, 1932; and the rate of interest to be allowed upon judgments against the United States and overpayments in respect of internal-revenue taxes shall be the rate applicable thereto prior to the enactment of section 319 of such act.

"SEC. 15. All laws providing for permanent specific annual appropriations are hereby modified so that, after June 30, 1934, in lieu of the appropriations made therein, the sums available for the purposes of such laws shall be such sums (not exceeding the amounts now provided in such laws) as may hereafter be provided therefor from time to time by Congress.

"SEC. 16. Section 322 of Part II of the legislative appropriation act, fiscal year 1933, is amended by adding at the end of the section the following proviso: ': *Provided further*, That the provisions of this section as applicable to rentals, shall apply only where the rental to be paid shall exceed $2,000 per annum.'

"SEC. 17. Title IV of Part II of the legislative appropriation act, fiscal year 1933, is amended to read as follows:

"'TITLE IV—REORGANIZATION OF EXECUTIVE DEPARTMENTS

"'DECLARATION OF STANDARD

"'SEC. 401. The Congress hereby declares that a serious emergency exists by reason of the general economic depression; that it is imperative to reduce drastically governmental expenditures; and that such reduction may be accomplished in great measure by proceeding immediately under the provisions of this title.

"'Accordingly, the President shall investigate the present organization of all executive and administrative agencies of the Government and shall determine what changes therein are necessary to accomplish the following purposes:

"'(a) To reduce expenditures to the fullest extent consistent with the efficient operation of the Government;

"'(b) To increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues;

"'(c) To group, coordinate, and consolidate executive and administrative agencies of the Government, as nearly as may be, according to major purposes;

"'(d) To reduce the number of such agencies by consolidating those having similar functions under a single head, and by abolishing such agencies and/or such functions thereof as may not be necessary for the efficient conduct of the Government;

"'(e) To eliminate overlapping and duplication of effort; and

"'(f) To segregate regulatory agencies and functions from those of an administrative and executive character.

"'DEFINITION OF EXECUTIVE AGENCY

"'SEC. 402. When used in this title, the term "executive agency" means any commission, independent establishment, board, bureau, division, service, or office in the executive branch of the Government and, except as provided in section 403, includes the executive departments.

"'POWER OF PRESIDENT

"'SEC. 403. Whenever the President, after investigation, shall find and declare that any regrouping, consolidation, transfer, or abolition of any executive agency or agencies and/or the functions thereof is necessary to accomplish any of the purposes set forth in section 401 of this title, he may by Executive order—

"'(a) Transfer the whole or any part of any executive agency and/or the functions thereof to the jurisdiction and control of any other executive agency;

"'(b) Consolidate the functions vested in any executive agency; or

"'(c) Abolish the whole or any part of any executive agency and/or the functions thereof; and

"'(d) Designate and fix the name and functions of any consolidated activity or executive agency and the title, powers, and duties of its executive head; except that the President shall not have authority under this title to abolish or transfer an executive department and/or all the functions thereof.

"'SEC. 404. The President's order directing any transfer, consolidation, or elimination under the provisions of this title shall also make provision for the transfer or other disposition of the records, property (including office equipment), and personnel, affected by such transfer, consolidation, or elimination. In any case of a transfer or consolidation under the provisions of this title, the President's order shall also make provision for the transfer of such unexpended balances of appropriations available for use in connection with the function or agency transferred or consolidated, as he deems necessary by reason of the transfer or consolidation, for use in connection with the transferred or consolidated function or for the use of the agency to which the transfer is made or of the agency resulting from such consolidation.

"'SAVING PROVISIONS

"'SEC. 405. (a) All orders, rules, regulations, permits, or other privileges made, issued, or granted by or in respect of any executive agency or function transferred or consolidated with any other executive agency or function under the provisions of this title, and in effect at the time of the transfer or consolidation, shall continue in effect to the same extent as if such transfer or consolidation had not occurred, until modified, superseded, or repealed.

"'(b) No suit, action, or other proceeding lawfully commenced by or against the head of any executive agency or other officer of the United States, in his official capacity or in relation to the discharge of his official duties, shall abate by reason of any transfer of authority, power, and duties from one officer or executive agency of the Government to another under the provisions of this title, but the court, on motion or supplemental petition filed at any time within 12 months after such transfer takes effect, showing a

necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, may allow the same to be maintained by or against the head of the executive agency or other officer of the United States to whom the authority, powers, and duties are transferred.

"'(c) All laws relating to any executive agency or function transferred or consolidated with any other executive agency or function under the provisions of this title shall, in so far as such laws are not inapplicable, remain in full force and effect, and shall be administered by the head of the executive agency to which the transfer is made or with which the consolidation is effected.

"'WINDING UP AFFAIRS OF AGENCIES

"'SEC. 406. In the case of the elimination of any executive agency or function, the President's order providing for such elimination shall make provision for winding up the affairs of the executive agency eliminated or the affairs of the executive agency with respect to the functions eliminated, as the case may be.

"'EFFECTIVE DATE OF EXECUTIVE ORDER

"'SEC. 407. Whenever the President makes an Executive order under the provisions of this title, such Executive order shall be submitted to the Congress while in session and shall not become effective until after the expiration of 60 calendar days after such transmission, unless Congress shall by law provide for an earlier effective date of such Executive order or orders: *Provided*, That if Congress shall adjourn before the expiration of 60 calendar days from the date of such transmission such Executive order shall not become effective until after the expiration of 60 calendar days from the opening day of the next succeeding regular or special session.

"'APPROPRIATIONS IMPOUNDED

"'SEC. 408. The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose but shall be impounded and returned to the Treasury.

"'TERMINATION OF POWER

"'SEC. 409. The authority granted to the President under section 403 shall terminate upon the expiration of two years after the date of enactment of this act unless otherwise provided by Congress.'"

Mr. BYRNS. Mr. Speaker, I wish to submit the following unanimous-consent request with reference to the time to be had on this amendment, and I will say it is the desire of the House conferees that every Member who has an amendment pending that he wishes to offer will have that opportunity, and also that Members who want to discuss my amendment may have the opportunity.

So I am going to ask unanimous consent that on this motion and all amendments to the motion the time be limited to three hours, to be equally divided and controlled by myself upon this side of the aisle and by the gentleman from Indiana [Mr. WOOD] or the gentleman from Kentucky [Mr. THATCHER] on the opposite side of the aisle; that during this time amendments may be proposed to the motion, which I have sent to the Clerk's desk, by gentlemen who are yielded time; that the time consumed in voting on said amendments shall be excluded from the time fixed for debate, and at the conclusion of the time fixed for debate the previous question shall be considered as ordered upon the motion and all motions made thereto.

The SPEAKER. The Clerk will report the proposed unanimous-consent agreement.

The Clerk read as follows:

Resolved, That debate on the motion of Mr. BYRNS to recede and concur with an amendment in Senate amendment 14 to the bill H. R. 13520 and all amendments to that motion be limited to three hours, the time to be equally divided and controlled between Mr. BYRNS and Mr. WOOD of Indiana; that during that time amendments may be proposed to the motion of Mr. BYRNS by gentlemen that are yielded time; that the time consumed in voting on said amendments shall be excluded from the time fixed for debate, and at the conclusion of the time fixed for debate the previous question shall be considered as ordered on the motion of Mr. BYRNS and all motions thereto.

Mr. SNELL. Mr. Speaker, I reserve the right to object, to ask the gentleman a question. I did not understand who could offer amendments.

Mr. BYRNS. Those to whom time is yielded.

Mr. SNELL. The time is given to the gentleman from Tennessee and to the gentleman from Kentucky [Mr. THATCHER], and any man who is yielded time by them can offer amendments.

Mr. BYRNS. That is what the request is intended to cover.

Mr. SNELL. I wanted to be sure about that.

Mr. MICHENER. If the gentleman will yield, if a man does not get time, then he can not offer an amendment.

Mr. BYRNS. Not under the unanimous-consent request.

Mr. MICHENER. Would it not be well to modify the request so that any Member may offer amendments?

Mr. BYRNS. I am going to issue an invitation on this side to every man who has an amendment to offer to let me know, and I think the same thing will be done on the other side.

Mr. SNELL. So far as the time is concerned, I think we ought to consider the motion in the time proposed, but I rather dislike to be bound at this time. It seems to me it would be a good proposition for the gentleman from Tennessee to explain the effect of this motion and let us go along for a little while and see if it will not work out all right. I think the amendment ought to be considered in three hours, but I really would not like to bind myself now by unanimous-consent agreement about the amendments.

Mr. BYRNS. I will say to the gentleman that I was under the impression after the brief statement I made yesterday and with the insertion of this motion in the RECORD that it would be entirely clear to Members as to just what the committee is proposing.

Mr. SNELL. I may say to the gentleman that we could not hear him yesterday because there was so much confusion in the House.

Mr. BYRNS. I made no statement yesterday except to say what I was going to do.

Mr. SNELL. I think the gentleman from Tennessee should make a careful explanation of what he is proposing to do here. I have read this over pretty carefully, and I am frank to say that I do not understand it. Maybe I am not up to the average, but I think the gentleman should explain his amendment as carefully as possible to the entire House and take whatever time is necessary to do this. I do not want to delay the matter and I do not want to object, but I wish the gentleman would go along for a little while and then later, if it is necessary, I am willing to agree as to time.

Mr. RAMSEYER. If the gentleman will permit, let me see if I understand the gentlemen. I think the gentleman from New York wants the gentleman from Tennessee to take up this amendment paragraph by paragraph and explain its meaning.

Mr. BYRNS. We would never get through.

Mr. SNELL. I think we ought to know what it is. The average man of this House knows nothing about what the first 11 pages of this amendment mean.

Mr. BYRNS. I certainly want the House to know what the amendment means, and I will say to the gentleman that my proposition was not made with a view of depriving the House of such knowledge, but rather to give to the membership the right to offer amendments, either adding to or taking from the motion, and then having an expression from the House upon any germane amendment.

Mr. SNELL. The gentleman, of course, knows what the motion means, but the rest of us do not.

Mr. BYRNS. There is only one hour, unless we can come to some agreement.

Mr. SNELL. The gentleman said yesterday he was going to give us sufficient time to offer amendments.

Mr. BYRNS. I want to do that, and that is the reason I am proposing three hours.

The SPEAKER. May the Chair suggest to the gentleman that under the rules of the House the gentleman from Tennessee would have one hour. The Chair does not presume the gentleman would want to let some one have the floor and forego the right to move the previous question. As the Chair understands it, the gentleman from Tennessee [Mr. BYRNS] is trying to have three hours of general debate so there may be full opportunity to explain the motion. The gentleman also wants to give the House full opportunity to amend his motion if it desires to do so, and the gentleman proposes, in order to accomplish that, to yield time to gentlemen on the Democratic side who desire to offer amendments, and suggests that the same thing be done on the Republican side.

Mr. MAPES. Mr. Speaker, reserving the right to object, the statement of the gentleman yesterday, as it appears in the RECORD, is that every Member of the House would have the right to offer any germane amendment to the amendment which the gentleman has now proposed.

Mr. BYRNS. That is my expectation if this request is granted.

Mr. MAPES. But the unanimous-consent request which the gentleman has submitted seems to put a very material limitation on that, if the gentleman from Tennessee and the gentleman from Kentucky see fit to limit it. Members, in order to offer amendments, according to the gentleman's request, must first get permission from one or the other of those gentlemen in general debate.

Mr. BYRNS. I may say to the gentleman and to the House——

Mr. MAPES. Was there any purpose in the gentleman putting on that limitation?

Mr. BYRNS. None in the world.

Mr. MICHENER. The purpose is clear.

Mr. BYRNS. I have just said to the gentleman and to the House that if this unanimous-consent request is granted, it is my hope that any Member upon the Democratic side of the Chamber will come to me at once and tell me whether he has an amendment which he expects to offer, or if later on it should develop he wants to do so, he will let me know, and I will see to it that, out of the time I have, he is given an opportunity to offer his amendment.

Mr. MAPES. In other words, if any Member who has an amendment does not get time in general debate, he will be given time to offer the amendment and have it read at the Clerk's desk.

Mr. BYRNS. Yes. But let me say to the gentleman from New York [Mr. SNELL], who asks if there will be an explanation, that there will be. He should not expect me to take the floor and occupy 30 or 40 minutes' time to the exclusion of gentlemen who want to be heard; that is what I am trying to avoid.

Mr. MAPES. I do not know whether the gentleman from Tennessee answered my question definitely. There was so much confusion in the Chamber I could not hear his answer. I think we ought to understand it before we agree to the unanimous-consent request. Every Member, whether he gets time or not, will be given time to have his amendment read from the Clerk's desk.

Mr. BYRNS. For the third time I will say to the gentleman—and I think I speak for the gentleman from Kentucky, who will control the time in the absence of the gentleman from Indiana [Mr. WOOD]—that they will be given that opportunity.

Mr. MAPES. I think this is the first time, if the gentleman will permit, that he has so stated definitely.

Mr. MICHENER. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. MICHENER. The real purpose of this provision in the unanimous-consent agreement, so far as amendments are concerned, is that the gentleman from Tennessee shall retain the floor.

Mr. BYRNS. That is one reason.

Mr. MICHENER. If the gentleman from Tennessee yielded for an amendment without this agreement, the gentleman from Tennessee would lose the floor; and that, I suppose, is the reason the Parliamentarian so worded the unanimous-consent agreement.

Mr. BYRNS. That is one reason.

Mr. STAFFORD. A parliamentary inquiry, Mr. Speaker. I take it that in the interpretation of the unanimous-consent request voting on the amendments will be deferred until the conclusion of the three hours' debate. Am I in error?

The SPEAKER. The amendments can be disposed of in the time of the general debate, but the time for voting will not be taken out of the time for debate.

Mr. STAFFORD. I will ask the gentleman from Tennessee if he intends to dispose of the amendments as they are offered?

Mr. BYRNS. I hoped that that would be done, because it will avoid confusion.

Mr. SNELL. Mr. Speaker, I am asking this question in good faith—the provisions in this proposed amendment are so complicated that I think the gentleman from Tennessee should make some explanation to the House.

Mr. BYRNS. I am sure everything in the amendment will be made entirely clear.

Mr. SNELL. I have no doubt we can dispose of it within the three hours.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. RANKIN. Mr. Speaker, on yesterday I called attention to the fact that to-morrow is Washington's Birthday, and that for several years we have failed to have read his Farewell Address on that day. I want to know what the legislative program is for to-morrow, if the Chair knows?

The SPEAKER. The Chair is not advised.

Mr. RANKIN. I want to say to the House now that I am going to insist, as I have constantly insisted for the last 10 years, on the reading of Washington's Farewell Address in this House every time his birthday rolls around, especially at this time, when the international bankers are trying to wreck American institutions. [Applause.]

One of the main troubles with this country to-day is that we have departed from the teachings of Washington and Jefferson and yielded too much to the influences of those international elements who profit at the expense of the American people and by the destruction of American institutions.

To use the words of the immortal Washington himself, "How many opportunities do they afford to tamper with domestic factions, to practice the arts of seduction, to mislead public opinion, to influence or awe the public councils."

What a striking manifestation of this warning we have to-day, when these international financiers who have $16,000,000,000 loaned abroad are attempting to secure the cancellation of $9,000,000,000 of Europe's debts to the United States in order to strengthen the securities of their private loans abroad. They know, and everyone else knows, that these debts can not be canceled. Every dollar that is taken off of them is thereby transferred to the backs of the already overburdened taxpayers of America, for the suffering people of the present generation, their children, and their children's children to pay, throughout the decades that are to come.

They are telling us that if this is done they can force the rest of the world back onto the gold standard, and such was even intimated, if not boldly stated, in the President's message of yesterday. Having accomplished that purpose at our expense they then propose to stabilize us on the present low-price levels of 5-cent cotton and 20-cent wheat, that would mean eternal slavery for the agricultural peoples of the country as well as for all the other toilers throughout the land.

Washington in that short statement warns us that yielding to these alien influences affords them opportunities to "mislead public opinion" and to "influence or awe the public councils."

Here we are to-day in the midst of the greatest money panic of all history, with misery and suffering, poverty, failures, foreclosures, hunger, and suicide on every hand—conditions that could be cured in 30 days if Congress would only respond to the wishes of the American people and give us the necessary currency expansion to bring back commodity prices. But these international bankers, through a subsidized press and through their subservient minions throughout the country, are misleading public opinion and, as Washington said, influencing or overawing our public councils.

They are even using their insidious influences to try to control, dictate, or influence the organization of the next Congress so as to block the passage of legislation for such currency expansion as would bring relief to all the American people.

They are bending every effort, through the press and otherwise, to influence the selection of the Cabinet of the

incoming administration and to alienate the incoming President from those progressive influences that are responsible for his nomination and election. In this they are reckoning without their host. Mr. Roosevelt knows them too well to fall into their trap.

I hope you will all join me in my demand for the reading of this immortal message.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee, which has been read at the desk?

There was no objection.

Mr. BYRNS. Mr. Speaker, I yield five minutes to myself. As I said yesterday, the motion which I have presented here on the part of the House conferees does not in every respect represent the views of every particular conferee of the House. What I mean by that is that there are some of the conferees who probably differ from some of the provisions contained in the motion, but the motion which I have presented does represent, I think I can fairly say, the views of the majority of the conferees and in most instances of all of them. I feel that I should except particularly from that statement the reorganization plan of which one or two of the conferees did not express approval. At the present time, however, I have no recollection of any other action taken by the House conferees which does not meet with unanimous approval, and the conferees present on the floor can correct me if I am mistaken as to that.

We have eliminated certain provisions in the Senate amendment. One of the main controlling reasons which has prompted the House conferees to present this motion is the fact that we did not want to include any matter that had been suggested from the outside, even though there were some of the conferees who agreed to it, and thus provoke a discussion, possibly, at the other end of the Capitol on new matters which might delay and jeopardize the passage of this bill, or to place in the bill any provision which we felt might possibly provoke a veto, because we all feel that these appropriation bills ought to be passed between now and the adjournment of Congress. If there are any amendments which may be deemed advisable to this amendment later on, I am sure they can be brought to the attention of the next Congress at its extra session, where they can be given full consideration, and that will be in a very short time. The all-important thing, it seems to me, is that we dispose of these appropriation bills, because we are going to be called into extra session for the purpose of considering a number of major and all-important economic problems, and certainly there ought to be time given to a full deliberation and consideration of those questions unhampered by any necessity to pass some appropriation bill between now and July 1. That matter had its influence upon your conferees.

These matters will come up later, because I take it there will be some amendments offered, and I would not like to take up the time allotted on this side in discussing them and cutting out some Member over here who wants to be heard.

In the motion which I have presented we have eliminated a provision in the Senate amendment which proposed to levy an 8⅓ per cent reduction upon the pay of enlisted personnel, active and retired. We did that because for the first time this year we are taking from the enlisted personnel the bonus privilege which they receive upon reenlistment, and in that way we are saving to the Treasury for the next year over $5,000,000. That means something like between 4 and 5 per cent reduction in the pay of those who reenlist of this enlisted personnel, and in view of their small salaries, entering as they do at $21 per month and having to work themselves up, we felt that that was fair.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. STAFFORD. How does the proposed amendment affect the pay of officers, particularly of retired officers?

Mr. BYRNS. Oh, it applies to their pay.

So far as the officers are concerned, there is no change. As to the provision in respect to automatic promotions, we have not included that in our motion because we felt, as the Economy Committee did and as Congress did last year, that in a bill which sought to bring about economies it was inconsistent to provide for increases.

The McKellar amendment, as all know, had reference to tax refunds. We did not see fit to include in our motion that amendment for the simple reason we felt it ought to be put upon another bill and ought not to jeopardize the final approval of this bill, as his amendment once received a veto, as we all remember.

The Bureau of Efficiency was abolished by the Senate. This motion does not include that, because it was the judgment of all five of the conferees on the part of the House that that bureau ought to be continued, particularly at this time.

As to the Bratton amendment, which sought to make a 5 per cent general reduction, your conferees felt that the President to-day has that authority, as was shown when President Coolidge set apart a 2 per cent reserve a few years ago, and since the President has that authority, and since some of these bureaus have already been carved to the bone, we thought it better to leave it to the President, who could exercise some discretion when he comes to apply it, provided he thinks some of those bureaus ought to be cut. It may be that some of them ought to be cut 10 or even 15 per cent, I do not know. In addition to that also was the suggestion that was made to us that it meant the discharge of a number of employees, including some 8,000 postal employees, and would also affect our national defense.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. McDUFFIE. I hope the gentleman will take more time and take up these amendments one after the other. There are many Members who do not understand them in detail, and we would like to know the effect of the changes made. I would like to ask the gentleman to go a little further and go into the question of the Bureau of Efficiency. This is a small item, it is true, but, having a little knowledge of that subject myself, I think the members of the Economy Committee felt that the Congress or the Government could dispense with the Bureau of Efficiency because we have the Budget officer and other agencies supposedly doing the same kind of work for the Government, the very work this bureau is supposed to do.

The SPEAKER. This is all taken out of the time of the gentleman from Tennessee.

Mr. BYRNS. I understood that some one would probably offer a motion to amend the motion I have submitted, by including the Bureau of Efficiency. If that be true, the whole matter will be discussed then, and I felt it would be threshing over old straw at this time.

Mr. McDUFFIE. The gentleman from Tennessee knows more about this subject than the average man sitting on this floor, and we are anxious to hear the gentleman, in his inimitable way, explain the various provisions of the amendment. The gentleman is so familiar with this subject that the Members desire to hear him. I do appeal to the gentleman that he take more time and give the House the benefit of his knowledge. [Applause.]

The SPEAKER. The gentleman has used 12 minutes.

Mr. BYRNS. Mr. Speaker, I yield myself five additional minutes.

Mr. SNELL. I think it is more important that the gentleman from Tennessee explain the first 10 pages of this bill, and we would rather hear the gentleman from Tennessee talk about things in the bill than to hear various members who do not know about it. [Applause.]

The SPEAKER. The gentleman from Tennessee has control of one and one-half hours, and the gentleman from Kentucky [Mr. THATCHER] has control of one and one-half hours.

Mr. BYRNS. Frankly, I would rather give some of these gentlemen an opportunity to offer amendments.

Mr. Speaker, I am going to take 10 additional minutes, and, if the House will bear with me, I think I can quickly run over this. [Applause.]

We heard the gentleman from Alabama [Mr. McDUFFIE] a few minutes ago raise the question as to the Bureau of Efficiency. That bureau was created a great many years ago. Your conferees felt that particularly at this time it was not feasible or proper to eliminate that bureau, which costs $159,000 a year. They came to that conclusion for this reason: If this bill becomes law, we are undertaking to give the President of the United States wide and broad powers in the consolidation of bureaus and other activities in the Government, in the executive departments. The President will need all of the available help he can get in order to obtain all the facts necessary to come to a wise and proper conclusion. Of course, he will have his Bureau of the Budget, but the Bureau of the Budget will be engaged in other duties as well as that. He will have his departments, but they will likewise be otherwise engaged. He will have the General Accounting Office, but it has important duties; but here is one agency upon which he can put his finger, and he can tell that agency, "Go and get me this information and go and make this investigation and come back and report to me and those with whom I am advising, relative to these consolidations."

Particularly we felt at this time it would not be proper to take from the President of the United States that agency upon which he can call. I am not speaking for the head of the bureau or any man connected with it, because the President can to-morrow remove him, and if he is not satisfied with him he can put somebody else in his place. He has no term of office. He can be removed at any minute or any hour; but I am speaking for the agency which is in a position to furnish this information.

Permit me to tell you this. It is no secret. Already investigations are being made to see just what can be done by way of consolidation. I do not suppose I am disclosing any secret when I say that the Hon. Swagar Sherley, once a very influential and prominent Member of this House, is now engaged in making an investigation with reference to the consolidation of bureaus and other activities of the Government with a view to having a report ready for the President very soon after his inauguration. Mr. Sherley is using this very bureau in his work.

Mr. McDUFFIE. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. McDUFFIE. Of course, I do not have in mind any personality. Mr. Brown is a very splendid gentleman, and this is a small matter as compared with the whole, when we come to consider the question of retrenchment in Government. The gentleman will recall, however, that Mr. Brown was before the Economy Committee last year, and when he was asked whether or not he had ever gone over the various departments of this Government to determine whether or not there was duplication of service, whether or not there were useless employees and general efficiency, he answered in the negative.

Mr. BYRNS. But this is not a fight on Mr. Brown. I just said it was not of so much concern as to whether Mr. Brown held his job or not as it was to give the President the agencies with which to secure the information necessary for this very important work.

Mr. McDUFFIE. And neither do I.

Mr. BYRNS. The President can remove him if he is not doing his duty. I am talking about the agency and not about the individual who holds the position as chairman.

Mr. McDUFFIE. The gentleman knows that the gentleman sitting on my right, Mr. Marcellus Sheild, can get that information as quickly as the Bureau of Efficiency, and probably do it in a much better way.

Mr. BYRNS. Oh, there is not a man connected with the Congress, and I say this with all due deliberation, who does as much work to-day as Mark Sheild [applause], and I think it would be an imposition upon him to ask him, under the circumstances, to go into this voluminous amount of work, which is much greater than my friend anticipates, and get all the information with reference to bureaus. There is a limit as to what a man can do.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. WHITTINGTON. The so-called Bratton amendment is section 18 on page 8, estimated to provide for economies amounting to $140,000,000?

Mr. BYRNS. Yes, sir.

Mr. WHITTINGTON. That has been eliminated. The Bratton amendment, as amended by the Costigan amendment, has been eliminated in the gentleman's amendment.

Mr. BYRNS. Yes.

Mr. WHITTINGTON. And, as I understand now, the reason for the elimination is that the President of the United States has the authority to make the 5 per cent reduction.

Mr. BYRNS. That is one reason.

Mr. WHITTINGTON. If that be the reason, why not make it perfectly clear by retaining the Bratton amendment?

Mr. BYRNS. That is one reason. The other reason is, as I tried to say a moment ago, that many of these departments have been pared to the bone. I happen to know that. Many bureaus have been pared to the bone in the House bill. If not, I am the worst-fooled man in Congress. Possibly other bureaus have escaped us. Subsequent things may occur which will bring about a 5 per cent, 10 per cent, or possibly 20 per cent reduction, and maybe more; but there are bureaus in here to which if you seek to apply a 5 per cent cut as the Bratton amendment provides, you will destroy.

Therefore, since the President has the authority to do this, since it has once before been exercised by a President of the United States, we felt it was vastly better to give to the President of the United States the opportunity to look into these various appropriations and then to exercise his discretion as to where he should make a cut and where he should not make it.

There is another reason. I may say to the gentleman from Mississippi I may not voice his views or the views of many upon this floor, but I am convinced, so far as I am concerned, without regard to what the position of any Member of this House may be on the subject of national defense, that now is not the time to cripple our Navy. [Applause.]

Under the Bratton amendment, I am told by reputable officers of the Navy that at least 33 ships will be laid up. The Navy will be greatly crippled and handicapped. They say that if this Bratton amendment goes through we will find ourselves in the position where our Navy will not be the equal of the navy of Japan and we will no longer find ourselves in the 5-5-3 position.

There is a third position, I may say to the gentleman. The Postmaster General, Mr. Brown, says that it will require 7,000 or 8,000 dismissals in the Postal Department, in the field service. I do not know whether this is true or not. It may be that more ought to be let out; I do not know; but when a retiring Post Office official tells us that and tells us that in his opinion it will greatly cripple that department and embarrass his successor of an opposite political faith, I am much inclined, outside of the individual—I have a great respect for him—to give full credence to his statement. Therefore I felt the next Postmaster General ought to have an opportunity to look into this. [Applause.]

[Here the gavel fell.]

Mr. WOOD of Indiana. Mr. Speaker, I yield myself 20 minutes.

The SPEAKER pro tempore (Mr. WOODRUM). The gentleman from Indiana is recognized for 20 minutes.

Mr. WOOD of Indiana. Mr. Speaker, I appreciate the situation in which we find ourselves with reference to economizing in the expenses of government. I wish I had time to lay the responsibility for our present condition where it belongs.

The Constitution of the United States very definitely prescribed three distinct attributes of government—the legislative, the executive, and the judicial. If this Government is to endure these three distinctions must be maintained.

I appreciate the fact that the Government is expending to-day more money than it should be expending for the conduct of its affairs. I appreciate the fact that there is duplication and overlapping in almost every department. I appreciate the fact that it is a great trial to destroy and undo these things. I appreciate the fact that this Congress is now confronted, as perhaps it never before has been confronted, with the responsibility of undoing that for which it is responsible.

There is not a waste in this Government but that for which the Congress of the United States is responsible; there is not a duplication in government but that for which the Congress of the United States is responsible; there is not an overlapping of jurisdiction but that for which the Congress of the United States is responsible. Not one of these things ever could have existed but for the action of Congress.

There is not a waste in this Government but what the Congress of the United States is responsible for. There is not a duplication in government but what the Congress of the United States is responsible for. There is not an overlapping of jurisdiction but what the Congress of the United States is responsible for. Not one of these things ever could have existed but for the action of Congress.

Time and again I have inveighed against the practice of Congress in creating bureaus or commissions and giving them the right to adopt rules and regulations for their conduct. This practice has gone on to such an extent that we find ourselves to-day not a democratic form of government, but a bureaucratic form of government; and we can not deny our responsibility or the responsibility of the Congresses that have gone before us.

It occurs to me that by reason of this responsibility it is the part of cowardice for this Congress now to say that we are not capable of undoing, or able to undo, the evil that Congress has created. [Applause.] To do so is to confess that this branch of the Government founded by the fathers has become impotent. If it be so, how long in the future will it be until this branch of Government may say that the judicial part of it likewise has become impotent? How long in the future will it be until we acknowledge the statement made by an English writer 40 years ago to the effect that this Government could not maintain itself for a long period of time by reason of the liberties granted within our Constitution and would fall of its own weight? This is one of the tests of a democratic form of government.

Mr. Speaker, even in this time of distress we must stop and reflect whether or not the cure we are trying to administer is not fallacious, whether or not it will not be poison in the veins of the Republic.

Away back yonder when the first trial, when the first battle for democracy was made in the English Parliament between the members of Parliament and the King with reference to who should control the purse strings of the Government, it was decided that representatives of the people should control those purse strings. The Congress until this hour has maintained this prerogative.

Has the time come when we are going to surrender that right that was established by the English-speaking people and handed down to us through the centuries and say to-day that we are incapable of doing the things that was then the right and duty of a democratic form of government to do? I am not willing to subscribe that this is true.

It may be that if we had a dictator to-day to say to the farmer, "You are only to raise so much wheat, so much corn, and so much rye," and to say to the industries of this country, "You are only to produce this, that, and the other," it might be a solution for the present emergency, but our people would not submit to it.

There have been inflictions upon the Constitution here before. They were had during a period of stress far greater than that in which we now find ourselves. Some of them were had within the memory of many now living, within the knowledge of all of you who have read the history of the Civil War. The Constitution of the United States was then violated, violated, and violated again and again because of the necessity of war. Does that necessity now exist? Are we to confess that we are in a state of war? We are possibly in a condition incident to the necessities of war, but we are not in a position to give ourselves the right to take advantage of the necessities of war, unless we confess our utter inability to solve this peace-time problem.

Mr. PARSONS. Will the gentleman yield?

Mr. WOOD of Indiana. No; I do not yield. We are not in a position to give ourselves the right to take advantage of the necessities of war unless we confess we are not any longer enabled by the legislative branch of this Government to do for the interests of the Government that which we are bound to do under the Constitution of the United States.

I think one of the greatest ravages that was ever perpetrated upon the Constitution was taking away West Virginia from the great Commonwealth of Virginia. When you read how it was done you will see that it was absolutely unjustified but for the necessities of war.

Now, are we to say that by reason of the distress in which we find ourselves we are going to abdicate the duties imposed upon the Congress of the United States in controlling the purse strings of this Government, which are the greatest guarantee of the people in security of a democratic government, and say that we are unable to longer control the expenditures of government or longer control the functions of government, and that we are going to abdicate and put all these things in the hands and power of one man?

I say to confess that is to confess that this form of government of ours is a failure, and to confess that we have started upon the period of our decadence.

I wish to call your attention to something that was said by the Supreme Court of the United States some years ago which is just as patent now as it was at the time when the utterance was made.

> The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism, but the theory of necessity on which it is based is false; for the Government within the Constitution has all the powers granted to it which are necessary to preserve its existence as has been happily proved by the result of the great effort to overthrow its just authority.

There has been trial after trial to overthrow the authority of this Government. There has been attempt after attempt to overthrow the duties imposed upon the three divisions of our Government. Happily, up to this time, with here and there an exception, we have maintained these three distinct attributes of our Government that have made us what we are. If they are to be destroyed now or if we are to attempt to undermine them now, we will be responsible for the consequences that are sure to come.

This was said by Mr. Bryce 40 years ago when he wrote his wonderful book, and I wish every right-thinking man would read it and ponder its provisions now. What was said then seemed to be merely conjectural, but now seems to be prophecy ripening into fulfillment.

He thought then, as I believe now, that if this Government is to endure it will be because of our adherence to our three fundamental principles and divisions of government. I implore each Member of the House to read and ponder this statement from Mr. Bryce:

> To expect any form of words, however weightily conceived, with whatever sanctions enacted, permanently to restrain the passions and interests of men is to expect the impossible. Beyond a certain point, you can not protect the people against themselves any more than you can, to use a familiar American expression, lift yourself from the ground by your own boot straps. Laws sanctioned by the overwhelming physical power of a despot, laws sanctioned by supernatural terrors whose reality no one doubted, have failed to restrain those passions in ages of slavery and superstition. The world is not so much advanced that in this age laws, even the best and most venerable laws, will of themselves command obedience. Constitutions which in quiet times change gradually, peacefully, almost imperceptibly, must in times of revolution be changed more boldly, some provisions being sacrificed for the sake of the rest, as mariners throw overboard part of the cargo in a storm in order to save the other part with the ship herself. To cling to the letter

of a Constitution when the welfare of the country for whose sake the Constitution exists is at stake would be to seek to preserve life at the cost of all that makes life worth having—propter vitam vivendi perdre causas. (Bryce's American Commonwealth, p. 396, vol. 1.)

I also invite your attention to the following citation from the American Commonwealth, by Bryce, volume 2, pages 711, 712, and 713:

The next question to be asked relates to the component parts of the National Government itself. Its equilibrium stands now as stable as at any former epoch. Yet it has twice experienced violent oscillations. In the days of Jackson, and again in those of Lincoln, the Executive seemed to outweigh Congress. In the days of Tyler Congress threatened the Executive, while in those of Andrew Johnson it reduced the Executive to impotence. That no permanent disturbance of the balance followed the latter of these oscillations shows how well the balance had been adjusted at starting. At this moment there is nothing to show that any one department is gaining on any other. The judiciary, if indeed the judges can be called a political department, would seem to have less discretionary power than 70 years ago, for by their own decisions they have narrowed the scope of their discretion, determining points in which, had they remained open, the personal impulses and views of the bench might have had room to play.

Congress has been the branch of government with the largest facilities for usurping the powers of the other branches, and probably with the most disposition to do so. Congress has constantly tried to encroach both on the Executive and on the States, sometimes, like a wild bull driven into a corral, dashing itself against the imprisoning walls of the Constitution. But although Congress has succeeded in occupying nearly all of the area which the Constitution left vacant and unallotted between the several authorities it established, Congress has not become any more distinctly than in earlier days the dominant power in the State, the organ of national sovereignty, the irresistible exponent of the national will. In a country ruled by public opinion, it could hold this position only in virtue of its capacty for leading opinion, that is to say, of its courage, promptitude, and wisdom. Since it grows in no one of these qualities, it wins no greater ascendancy; indeed its power, as compared with that of public opinion, seems rather to decline. Its division into two coordinate Houses is no doubt a source of weakness as well as of safety. Yet what is true of Congress as a whole is true of each House taken separately. The Senate, to which the eminence of many individual Senators formerly gave a moral ascendancy, has lost as much in the intellectual authority of its Members as it has gained in their wealth. The House, with its far greater numbers and its far greater proportion of inexperienced Members, suffers from the want of internal organizations, and seems unable to keep pace with the increasing demands made on it for constructive legislation. One is sometimes inclined to think that Congress might lose its hold on the respect and confidence of the Nation, and sink into a subordinate position, were there any other authority which could be substituted for it. There is, however, no such authority, for law making can not be given to a person or to a court, while the State legislatures have the same faults as Congress in a greater degree. We may accordingly surmise that Congress will retain its present place; but so far as can be gathered from present phenomena, it will retain this place in respect not of the satisfaction of the people with its services but of their inability to provide a better servant.

The weakness of Congress is the strength of the President. Though it can not be said that his office has risen in power or dignity since 1789, there are reasons for believing that it may reach a higher point than it has occupied at any time since the Civil War. The tendency everywhere in America to concentrate power and responsibility in one man is unmistakable. There is no danger that the President should become a despot, that is, should attempt to make his will prevail against the will of the majority. But he may have a great part to play as the leader of the majority, and the exponent of its will.

He is in some respects better fitted both to represent and to influence public opinion than Congress is. No doubt he suffers from being the nominee of a party, because this draws on every act he does the hostility of zealots of the opposite party. But the number of voters who are not party zealots increases—increases from bad causes as well as from good causes—for as a capable President sways the dispassionately patriotic, so a crafty President can find means of playing upon those who have their own ends to serve. A vigorous personality attracts the multitude, and attracts it the more the huger it grows; while a Chief Magistrate's influence excites little alarm when exerted in leading a majority which acts through the constitutional organs of government. There may, therefore, be still undeveloped possibilities of greatness in store for the Presidents of the future. But as these possibilities depend, like the possibilities of the British and German Crowns—perhaps one may add of the papacy—on the wholly unpredictable element of personal capacity in the men who may fill the office, we need speculate on them no further.

Will we not lose the respect and confidence of the Nation if we make an abject surrender of our right to legislate and confer this authority upon one man?

[Here the gavel fell.]

Mr. WOOD of Indiana. I yield myself 20 minutes more.

Here is a man, not of our citizenship but of our blood, in sympathy, if you please, with our form of government, who was pointing out to us 40 years ago what might transpire in the future. Heed it, gentlemen. We are in a crisis. It is up to us to-day to say whether or not we are worthy of those who have handed down to us through the generations the responsibility of this Government. While I realize the extremis in which we are placed, while I realize the necessity of retrenchment, do not let us adopt, without due consideration, a temporary cure that will be a disease that will undermine like a cancer and destroy the fabric of the Government that our fathers established—not for us but for the generations yet to come. Let us not adopt something new and untried in the history of government, but let us be sure that our government of the people, by the people, and for the people is to endure.

Mr. McGUGIN. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. McGUGIN. I am in full sympathy with what the gentleman has to say as a matter of Government principle, but does the gentleman have any idea from his long experience in Congress that Congress will materially reduce the expenses of Government or consolidate any bureaus of Government?

Mr. WOOD of Indiana. I do not know whether it will or not. It depends upon the courage of the individual Congressman. [Applause.] It depends largely upon the sentiment of his constituents behind him.

I wish the whole country might know the extremis which we are in. They do not know it. I wish they might know the problems that we are called upon to meet. They do not know them. I wish we might be impressed with the responsibility that is resting upon us. I wish that the incoming President might realize, as I fear he does not, the responsibility that is his, because on his shoulders is going to be placed the greatest responsibility of government that has ever befallen any man that has ever become President of the United States with the possible exception of Lincoln.

Mr. RICH. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. RICH. The gentleman has made the statement that if we, as Congressmen, realized our responsibility, we might be able to reduce Government expenditures. I feel from what we have accomplished during this session of Congress, it is hard to cause Congress to realize its responsibility, and when it is said that taxation is resting so hard upon the shoulders of the people of this country, the only thing to do is to reduce expenses, and how are we going to do this if Congressmen will not assume their responsibility?

Mr. WOOD of Indiana. Well, that is the fault of the Congress itself. I am not here for the purpose of defending anybody's proposal, but I am here to charge this Congress with the responsibility of meeting the problem that is before it, and we are not doing it. We are putting it off to another day, we are putting it off to the next session of the Congress of the United States. We are shirking our responsibility.

Now I wish to call your attention to a few more details.

February 21, 1932, one year ago to-day, the Democratic National Committee issued a statement by JOHN N. GARNER, Speaker of this House, criticizing President Hoover for his economic program. The closing paragraphs of that statement contain the following:

Now he [Hoover] has sent us a recommendation for the reorganization of the Government. Briefly, it consists in a suggestion that Congress abdicate its prerogatives and give him blanket power to appoint a lot of new officers and make the Government anything he pleases. Why did he not send us his actual program? * * * Why has he not told us what he proposes doing, so that we could accurately judge of the value of his suggestions, instead of adopting his proposal that we leave it all to him. Well, we are not going to grant any such unlimited charter. We, too, have our ideas as to how to effect improvements and economies in the national administration. If the President is sincerely desirous of such improvement, there is no reason why we should not get together. If he did that, we could cooperate. What he

seeks, instead, is to dictate, and nobody can dictate to the Democratic group in Congress.

Think of it! The gentleman from Texas [Mr. GARNER] was criticizing the President's asking to leave it all to him.

Now what are you doing? The President of the United States never asked to destroy a single function of the Government; he never asked for the power now asked to destroy a single attribute of the Government. All he asked was the power to consolidate and amalgamate by preventing overlapping and preventing duplication, and thus save expense to the Government.

You are asked to give power to your President, and he is my President as well; you are asking that he be given authority, not only to do these things which the present President asked, but also that he be given power to destroy.

That is not and should not be a function under the Constitution lodged in the President. If you give him the power to destroy, you must give him the power to create. If he has the right to destroy any given department of the Government, he has the right to create some other department of that Government.

That we deny. The Constitution denies it, and to admit it is to abdicate the functions of the Constitution imposed upon us.

Mr. BLANTON. Will the gentleman yield?

Mr. WOOD of Indiana. No; I do not yield. I have not the time.

Not only is the proposal now before the House a reversal of the attitude maintained by the leaders of this House, including the Speaker, but it is a reversal of the traditional attitude of the Democratic Party. As far back as 1880, when the Democratic National Convention nominated Hancock for President and William English, of Indiana, for Vice President, it drafted a platform, the second paragraph of which was as follows:

> The Democrats of the United States in convention assembled declare opposition to centralization and to that dangerous spirit of encroachment which tends to consolidate the bureaus of all the departments in one, and thus to create, whatever be the name or form of the government, a real despotism.

I appeal to you Republicans that in order to save the honor of this Government, the honor of its traditions established by our fathers, we should save these men on the other side from their folly.

The position to-day held by the Speaker and the Democratic leaders is an exact reversal and a flat repudiation of the position held a year ago. They are now asking not only that Congress tacitly abdicate its functions but that it do so by legislative act. In order that this characterization of the attitude of the Democratic leadership to-day may not be charged up to Republican partisanship, permit me to quote from an article in the Baltimore Sun of February 15 last, written by Frank R. Kent. The simon-pure Democracy of neither the Baltimore Sun nor Mr. Kent can be disputed. In fact, the Baltimore Sun is the only outstanding Democratic paper in this section of the United States, and opinions are quoted in Democratic councils throughout the country. Mr. Kent says:

> It is a more or less amazing spectacle to see Democratic leaders, on the eve of their party's coming into control of the Congress, throwing up their hands and publicly saying in effect: "We can not be trusted to do what we were elected to do. Despite our control of both branches of the Congress, we will never be able to function. The only thing to do is to take away the power the Constitution of the United States gives us and put it in the hands of the President. We can't be trusted. We can't even trust ourselves. We have control, but we can't use it."

Mr. Kent continues:

> If ever there was a more extraordinary confession by public leaders of their own incapacity than this, it can not be recalled. Yet the facts as made plain at this session amply justify it, and if an abdication does not take place by March 4, it will only be because of Republican opposition.

That was the Democratic attitude in 1880. Now they turn about and advocate your giving the President more power than it ever gave a king, except in the days of absolute kingdoms. No democracy was ever confronted with such a proposition that we are now confronted with.

For years the Democratic Party has gone before the public in each national campaign with the catchy slogan, "Let the People Rule," and pretended it was a party which was opposed to anything but the most simon-pure democratic form of government. In your platform of 1912, which nominated Woodrow Wilson, of New Jersey, for President and Thomas R. Marshall, of Indiana, for Vice President, you opened that platform with this preamble:

> We the representatives of the Democratic Party of the United States in national convention assembled reaffirm our devotion to the principles of democratic government formulated by Thomas Jefferson.

Shades of Thomas Jefferson! Think of the attitude you are now occupying in taking away from the people the democracy which he advocated and establishing not autocracy, but despotism, if it is followed to its final analysis. You closed that same platform with this statement:

> We direct attention to the fact that the Democratic Party's demand for a return to the rule of the people, as expressed in our national platform four years ago, has now become the accepted doctrine of a large majority of the electors. We again remind the country that only by a larger exercise of the power of the people can they protect themselves from the misuse of delegated power.

And now you are not only misusing your delegated power but you are delegating the power that the people gave to you. You are abdicating your responsibility and the duties imposed upon you by the Constitution under the provisions of the bill now before us.

Dare any Democrat in this body rise to his feet and seriously argue that the action advocated to-day is consistent with the principles of the Democratic Government formulated by Thomas Jefferson? Does any Democrat dare arise and contend that Thomas Jefferson himself, if here, would support such a proposition? Does any Democrat dare contend that this is not a centralization of government in its most odious form and that the Democratic Party since the day it was created has not been proclaiming its opposition to the doctrine and the practice of centralized government?

The reason for this action to-day is not that which is offered in explanation for it or in extenuation of it. It is offered not for the purpose of increasing the efficiency of the Federal Government. The real explanation is that given by Mr. Kent, namely, that the Democratic Party as it exists to-day in Congress finds itself utterly unable to legislate along the lines it pledged the people it would legislate. Its membership finds itself totally incapacitated to perform the legitimate functions that the legislative branch of this Government is, under the Constitution, mandated to perform. Again I do not desire this severe stricture to be charged up against Republican partisanship. I make this charge upon the authority of no less a distinguished Democrat than JOHN N. GARNER, present Speaker of the House and Vice President elect. On the 8th day of this month the public press carried a statement issued by Mr. GARNER, in which he said:

> It has been actually demonstrated that Congress can not reduce Government expenses as it should be done. There are three or four outstanding organized minorities in this country which work to prevent Congress from effecting reorganization and economy.

And right here let me say that Mr. GARNER expressed the truth when he said that this Congress is controlled by minority representation in this country, and it is one of the curses of this country. There is no organization representing the people, but we have minority organizations representing every kind of selfish interests constantly prevailing upon each individual Member of this Congress by every means possible to do their bidding.

Mr. Speaker, in the language I have quoted from Mr. GARNER we find an admission by the leader of the Democratic Party in this House that the Democratic Congress can not perform the duties it was elected to perform, can not redeem its promises made to the people, can not perform those functions that the Constitution vests in it, because a few minorities will not permit it to do so. The Speaker admits that this Congress can not economize, will not econ-

omize, and therefore the power of Congress must be abdicated.

But that is not what you Democrats wrote in your last national platform. Here is what you said:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus and eliminating extravagance, to accomplish a saving of not less than 25 per cent in the cost of the Federal Government.

The President elect did not write that platform, although he did accept it and indorse it 100 per cent. You gentlemen controlled the committee on resolutions at Chicago which drafted that platform, and those within the sound of my voice helped pen the paragraph. There was nothing in there that you advocated a 25 per cent reduction of Federal expenses, provided a few organized minorities would let you. There was nothing in that plank which stated that you intended to pass the buck to the President and make him a dictator in a last desperate attempt to redeem your platform pledges. Quite the contrary, you made the promise directly and you inserted elsewhere in the platform the following:

We believe that a party platform is a covenant with the people, to be faithfully kept by the party when intrusted with power.

Here you are in this body, intrusted with power, and you have been intrusted with power for two years. Now, when the acid test comes you frankly admit that you can not function. You frankly admit that you can not redeem your party platform. You frankly admit that you can not do the things that a year ago and two years ago you said you could and would do. Let me quote a few statements made by the Democratic leaders in this body within the past 15 months.

January 17, 1932, Speaker GARNER told the Associated Press, upon leaving the White House, that the Democrats had determined to do the job of economy. "We are really going to practice what the President has been preaching," said the Speaker. A month later, February 16, 1932, a few days over just a year ago, the news associations of the country printed the statement that Chairman BYRNS, of the Appropriations Committee, following a conference with Speaker GARNER, introduced a resolution calling for an Economy Committee to survey the Federal establishment and decide where bureaus may be abolished, consolidated, or restricted without permanent impairment of orderly government. Coincident with this statement Speaker GARNER was quoted as follows:

We are now going to give the country a demonstration in real economy. The administration has been making gestures for three years. Now we are going to do the job.

On April 5 the press associations carried an authorized statement from Representative Crisp, of Georgia, then the acting chairman of the Ways and Means Committee, in which he said:

The newest Congressman in Washington must be aware of the utter waste in all branches of the Government. The whole governmental system has long needed the reorganization the President has vaguely suggested. It only remains to be done. If the President can not discover a way, certainly a joint committee from the House and Senate should, as a national duty, undertake the job for him. A child in Washington could see ways to reduce expenditures.

The Democrats at that time controlled this body. They have controlled it every minute since that time. They control it now. The things which they said could easily be done by the Congress have not been done. They have not even been commenced. The duty of making a study and recommending a reorganization of the governmental agencies, for which the special Economy Committee was appointed by Speaker GARNER last February, a year ago last week, has not been performed. The failure of that performance is not attributable to the Republican President or to the Republican administration or to the Republican membership of this House. The failure of that committee to perform the duties it was advertised to perform lies at the door of the majority of that committee and the Democratic leadership in this House. The extravangances and waste which Representative Crisp said that even the newest Congressman or the merest child could see remain untouched. Why? Because, as Speaker GARNER stated on the 8th day of this month, this Congress finds itself incapacitated to perform its sworn duty as representatives of the American people, and then, to make a bad matter worse, it proposes by legislative enactment to do just exactly as Mr. Kent said:

Vote the powers given it by the Constitution back to the President and abdicate as the legislative branch of the Government.

[Applause.]

The SPEAKER pro tempore. The time of the gentleman from Indiana has expired.

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Speaker, I agree with the able gentleman from Indiana [Mr. WOOD] that the proposal before the House to give to the President great powers to reorganize the Government, including the power "to abolish the whole or part of any executive agency," is of epochal significance. It does indeed involve the delegation of vast power to the President, but it is the first real approach to an accomplishment for which the whole country is crying in no uncertain terms, namely, the elimination of bureaucracy and its despotic interference with the rights of business and individuals and the stoppage of the astounding wastes and extravagances that are incident to and inseparable from bureaucratic activities. It is the first effort in that direction that promises any results of real value.

It is of vital importance not only to economic recovery in this country, but to the perpetuity of American institutions in the form and design that guarantees freedom and individual rights that this conference agreement delegating broad reorganizing powers to the President shall be adopted by the House and crystallized into a legal enactment.

This is not a time to halt or quibble. This is a time to go forward. The whole country is demanding, not asking, that the Federal Government shall be reorganized by cutting out at the roots bureaus that have no right to exist and whose meddlesome activities span a continent. It is demanding, not asking, that commissions of varied and fantastic forms, whose personnel are leeches on the taxpayers, shall be wiped out of existence. It is demanding, not asking, that all of the ridiculous overlapping of activities, all of the multiplied overheads for services that are similar, if not identical, shall come under a microscopic examination and that wherever the pruning knife can be inserted to simplify government and remove parasites from the pay rolls it shall be used unsparingly.

Do not be mistaken. The citizenship of this country is a seething mass of discontent. Everyday conversation has taken on a sinister and revolutionary tone. The people have a well-defined impression that the Federal bureaucracy is in no small degree to blame for their ills. They want useless personnel stricken off of padded pay rolls. They want the President given the power that is sought to be conveyed to him in this conference agreement to abolish nonessential activities, and they will hold the President and the Congress jointly responsible if the next few years do not witness the sharpest retrenchment in Government expenditures of any like period in the history of the country.

The average American has more wisdom and knowledge in connection with governmental affairs than he is generally credited with possessing. He knows that the beautiful structure of government handed down to us as a priceless heritage by the founding fathers has become covered with bureaucratic and extraconstitutional malformations until it can no longer function simply and economically and with direct benefit to the people as it was intended to do, and they want these excrescences stricken off of it. I hold in my hand a most interesting book, which I obtained from the Library of Congress. It is a volume entitled "List of Federal Commissions, Committees, Boards, and Similar Bodies Created During the Period September 14, 1901, to March 4, 1929." This book is not up to date and does not include any commissions created since March 4, 1929. The four years not covered by the book mark an era notable for paternalistic expansion, and necessarily there are many commissions, boards, and so forth, in existence that were

born too late to be included in it. Nevertheless, it is amazing to know that the mere cataloguing of the partial and incomplete list of boards and commissions whose names are printed in this volume makes a book of 147 pages.

The people of America expect President-elect Roosevelt to deflate this enormous bureaucratic balloon, and the conference agreement now before the House gives him the tools to do this important job. I know it has been said by very able gentlemen that the delegation of such enormous power to the executive head of the Government is not in keeping with the democratic philosophy on which this Nation was founded, and I have a great deal of sympathy with that point of view. But neither is this great, all-powerful, ultra-paternalistic bureaucracy that has grown up in Washington in keeping with the democratic philosophy of government on which this Nation was founded. The founding fathers had the wise idea that all of the administrative functions of government should be transacted through the Executive and the departments. There are now 10 great departments, each with a Cabinet official at its head; but added to and superimposed upon this fundamental structure of Government are bureaucracy's contributions throughout the years, consisting of more than 500 commissions, boards, independent establishments, and whatnot that reach out into every field of paternalistic activity, comprising the most stupendous and costly bureaucracy in history. So, since the ill is extraordinary, it requires an extraordinary cure, and that cure is provided in the pending conference report.

One thing that is absolutely certain is that the Federal Government will never be reorganized adequately and thoroughly except by the delegation of ample authority to the President, as provided in the language of this bill. The history of all similar attempts proves this to be true. Three Presidents of the United States in modern times have ventured into the field of governmental reorganization, each time with disastrous results because in no instance did Congress give to the Executive the authority he must have to perform the task. It was a dream of President Taft, whose well-meant efforts registered absolutely nil. The most far-reaching attempt in that direction was made by President Harding, who chose Walter F. Brown, now the Postmaster General, to draft the plan. The problem was studied with extreme pains and care and a report was submitted to Congress, but a thousand special interests and individuals swooped down upon Congress to protest the demobilization of the bureaus, and in the end nothing was done.

The fate of President Hoover's recent reorganization plan is still fresh in the minds of all of us. It failed, as it was bound from the start to fail, because of a lack of authority. I have no criticism of President Hoover on this account. It seems to me that Congress did not play fair with him. It was the same as if Congress had said to him: "We give you an order to build a new temple of Government in this country but we will not give you a single tool to do it with."

The order given to President Hoover was no such proposal as the one now before us. It did not grant him authority to abolish one solitary governmental agency of any kind. About all his plan amounted to, therefore, and about all it could amount to, was to play solitaire with the bureaus and commissions, moving them from one place to another, regrouping and rearranging them; but it did not abolish a bureau, fire a bureaucrat, or save a dollar. The House wisely followed the advice of Colonel Roop, the Director of the Budget, and put the matter over until the Congress could vest in the President broader powers that would enable him to do the job as it should be done.

The result of a further consideration of the problem by the Congress is the proposition now before us which gives to the President-to-be plenary powers to reorganize the Government, stopping only short of the power to abolish entire departments, with certain reservations which will enable Congress, by the two-thirds required to override a veto, to defeat any reorganization plan the President may present pursuant to the terms of the act. My only objection to the plan is that it does not go quite far enough. I would give the President power also to abolish departments. I believe the departments could well be reduced from 10 to 8 by combining the War and Navy Departments and merging the Department of Interior with either the Department of Agriculture or the Department of Commerce, but when I broached the question of broadening the delegated power to include departments I was stopped by the suggestion that this probably would provoke a veto by President Hoover. I am too anxious that the legislation shall pass and too well satisfied with the broad powers contained in the proposal as it now stands to insist further on the inclusion of departments.

There are those who claim the delegation of so much power to the President is dangerous and who raise the bogey cry of "dictator," but I am not scared by such hobgoblins. President Wilson was given tremendous war-time power, but it did not make dictators out of his successors in office. When the emergency ended, the powers expired. The Congress that confers this authority on the President elect can take it away and by the explicit terms of this act it will expire automatically in two years. We are not creating a dictator in the White House. We are giving the President authority to do a very definite job and when that job is completed the authority will cease.

President-elect Roosevelt, who will execute the order of Congress, is coming into office with the unanimous good will of the American people. He has given abundant evidence of his high character and resolution. In volunteering to undertake the gigantic assignment of reorganizing the Government as it should be reorganized, if Congress will give him legal authority sufficient unto the task, he is displaying courage and initiative that are perfectly admirable.

As so much is wrapped up in this proposal that is for the good of America now and in the future, let us not hesitate to grant him that authority. [Applause.]

THE AIR MAIL SERVICE

Mr. Speaker, no man in the House is more in favor of abolishing air mail subsidy than I am, but I want to see the subsidy abolished without wrecking air mail.

If it were a question of continuing the present highly subsidized air mail service throughout the years to come or its abolishment, I would favor its immediate abolishment and I believe many other Members of the House feel the same way about it.

Luckily that is not the question that is here presented. There is a clear and open way before us pointing to a non-subsidized air mail service to take the place of the present service which is subsidized at the rate of about $10,000,000 a year from the taxpayers' money. That is to say, we are appropriating around $19,000,000 a year for air mail and the air mail receipts are around $9,000,000, leaving $10,000,000 of pure subsidy.

The gentleman from Pennsylvania [Mr. KELLY] and the gentleman from New York [Mr. MEAD], the distinguished chairman of the Post Office Committee, to both of whom the country is indebted for a most careful and intelligent study of the air mail problem, have brought forth a plan to revise the financing of the air mail service that will squeeze every drop of subsidy out of that service by the end of five years. By the end of one year it will reduce the subsidy to $4,000,000, and the reduction will go progressively forward until there will be no subsidy at the end of five years. The new basis of compensation is to be 2 mills per pound per mile.

Why do I say this plan will suceed in eliminating the subsidy? Because the air mail contractors themselves see that the subsidy can not go on and three of the leading contractors, representing I believe one-third of the total air mail operation, have already voluntarily come forward and agreed to surrender their present contracts and go in under the new arrangement. The Postmaster General has power under existing law to revise existing air mail contracts downward, and the right kind of a Postmaster General during the next few years by applying the right sort of persuasion can without the least difficulty induce the

other contractors to come under the tent. The Kelly-Mead plan has been prepared and introduced in the form of a bill and will be reintroduced and pressed at the opening of the special session in April.

This being the case, I submit to the House that this is no time to wreck the air mail service. Let us continue this facility, and as rapidly as can be done let us put it on its own through the operation of the Kelly-Mead plan, so that it will pay for itself. We should not overlook the fact that many contractors have gone into this enterprise in good faith, investing large sums in equipment. They are entitled to consideration. Many cities have shown a most commendable public spirit by providing airports at great cost, relying on the benefits of air mail as a compensatory return. My home city of Indianapolis, which we proudly call the "air crossroads of America," is one of these. We have an airport second to none. I would not be true to the district I represent if I were to vote to strike air mail out of existence at the very time when it is about to be placed on a self-sustaining basis; but I am no more willing to flout such communities as Columbus, Ohio, Denver, Los Angeles, and a hundred other progressive cities which have provided modern airports at great cost to themselves. Mr. Speaker, there is but one wise course before Congress in reference to air mail, and the Senate conferees recognized that course when they receded on the air-mail item. Air mail is too important to commerce and business and as an auxiliary of national defense to be wiped out. Let us take the subsidy out of air mail, but let us not wreck it.

Mr. THATCHER. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, the difficulty I have with supporting the amendment proposed by the gentleman from Tennessee [Mr. BYRNS] is that it does not go far enough.

I may be exceptional in my views, but if the Republicans had control of this House I would be fighting to the last any proposal to commit the next Congress to a determination of the financial policy, as far as the purse-strings of the Government are concerned. I have been defeated, with many others, and you are calling upon us here to determine the policy that my successor and the successors of others were commanded to determine as to the amount of expenditures of our Government. No appropriation bills, if the policy of the gentleman from Tennessee is followed, will be passed until more than a year hence. The incoming Congress will say, "You have hamstrung us. You have determined the amounts to be expended." And the only excuse and apology of the gentleman from Tennessee for this milk-and-water proposal is that perhaps the present Executive will veto it if we go farther. That is no defense whatsoever upon the part of those charged with responsibility. Far better for the Democratic majority to come here with some live, real proposal, with guts in it, that will cut and save, and meet the demands of the people, rather than this abortive proposal that is only seeking to merge bureaus and independent establishments. This will not accomplish a saving of $50,000,000, no matter how sincere the incoming administration may be. It is necessary to use the knife and use it generally. Not only generally, but after you have stuck it in the back, give it several more twists, so as to cut down the expenditures to the minimum.

I have been surprised, if not amazed, at the policy of the gentleman having charge of the appropriation bills in this Congress bringing in bills that do not seek in any instance to cut down in any large amount that recommended by the last Congress. We leave it to the Senate, and when the Senate adopts a proposal we run from it for fear it will be too drastic. If this were submitted to the next Congress—the Democratic Congress fresh from the people—not for a moment would they accept any such mild proposal as this. It would be far better for the welfare of the people if we would not pass any appropriation bills at this session of Congress. We have passed them through the House. Let them be brought up under suspension of the rules when the next Congress comes and then send them to the Senate to determine the policy rather than to commit the next Congress to a policy as to which they have no voice at all. I absolutely dissent from this policy. I will go to any extreme to cut down expenditures. Adopt this program, you who have been returned to the next Congress, and what will it mean? It will mean higher and higher taxes during the incoming administration. The President elect is sincere in his position that he wants expenditures cut down. This proposal will not cut down expenditures to any extent by the merging of this agency or that agency.

Under the provisions of this bill, no person in the employ of the Government shall be staggered for longer than 90 days. It does not provide for getting rid of any employees of the Government. How can I conscientiously vote for this milk-and-water proposal that seeks to commit the next Congress, which is charged with cutting expenses, when this is offered as a policy because perchance the President, who was defeated with many other Republicans, renounced by the voters, might veto something that is more drastic. It is opposed to the fundamental principle of our Government. We have been renounced; we have been rejected; and yet you are asking us to adopt a program of expenditures that hogties the next Congress because, perchance, the next Congress might be delayed a little longer in session. It is absolutely opposed to our representative form of government. This House, this Congress, should not bind the incoming administration as to its expenditures merely on the issue of convenience.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Page 1, section 4, line 12, after the figures "112," strike out the figures "201," and on page 2, line 20, add the following:

"3. Section 201 is amended by striking out the period at the end, inserting a semicolon and the following: nor shall this section apply to employees whose automatic increase does not exceed $150 per annum.'"

Mr. MEAD. Mr. Speaker, it is difficult, in my judgment, for any Member to find fault with or criticize the Members of the House conferees. On the other hand, they are to be congratulated and commended for under the able leadership of the distinguished chairman of the Committee on Appropriations they have accomplished a very difficult task. They improved the economy act by eliminating a number of discriminations. There are one or two more, however, that should be eliminated. One of these I have included in the amendment which I have just offered.

I voted for the furlough plan in the economy act as it was finally passed in the last Congress, but since that time I have been seeking to correct certain discriminations which are leveled against the lower-paid employees in the various Federal services.

In the report the Committee on Appropriations provides for uniform pay deductions; they have restored disciplinary promotions. This offsets a decision made by the comptroller which held that employees who were reduced to a lower grade as a means of discipline are now, under the provisions of this act, to be restored when the period of disciplinary service has expired.

The Bratton amendment, which would, in my judgment, do violence to postal appropriations, has been reported unfavorably by the committee.

Substitutes are protected in so far as the economy act applies to those whose annual salaries are less than $1,000.

Special-delivery messengers heretofore reduced by the economy act 8⅔ per cent now are allowed $400 a year for equipment. All of these provisions are meritorious.

The amendment which I offer would restore automatic promotions only to those in the minor grades whose automatic promotion in no case exceeds $150 a year. Let me illustrate this unfairness in the economy act which we passed a year ago: There are five automatic grades in the Postal Service, An apprentice starts in at $1,700 per annum and receives an automatic increase of $100 a year for a period of five

years. Under the terms of the economy act he loses that $100 annual increase and also loses an additional $150 annually because of the 8⅓ per cent reduction. So that in the course of five years he loses $500 as the result of the deprivation of automatic promotions, and he loses $750 in addition to that by reason of the 8⅓ per cent deductions of the economy act. So, an apprentice in five years loses $1,250, while those in the upper grades lose $750 in the same period of time. By reason of the discrimination in this particular feature of the law, there is, in my judgment, levied an unjust percentage against the apprentices in this department.

Mr. KELLY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. MEAD. I yield.

Mr. KELLY of Pennsylvania. As I understand, the gentleman's amendment limits these automatic promotions to those who would receive less than $150 increase per year.

Mr. MEAD. Yes; it only takes care of those in the minor grades.

Mr. KELLY of Pennsylvania. And that applies, of course, to District firemen and policemen.

Mr. MEAD. It applies to firemen and policemen in the District of Columbia, apprentices in the Postal Service, as well as to minor grades in other departments.

Mr. STAFFORD. The postal employees I suppose are the main ones.

Mr. MEAD. They are included in my amendment, I may say to the gentleman.

[Here the gavel fell.]

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Speaker, I rise to discuss this amendment.

Mr. Speaker, the present time of trouble and distress is no time to be discriminating against officers in the Army, Navy, and Marine Corps. These are not good days for such a thing to take place. I believe in economy, but there are two ways to destroy this Government, either by revolution or by denial of sufficient appropriations to enable the Government to function.

What are we doing here? We are just piddling with the spigot instead of going back to repair the reservoir and stop the great waste of water.

Mr. Speaker, if we would put in a good part of our time trying to pass some real constructive legislation which would put business back on its feet and bring revenue to the Treasury, we would be accomplishing a lot more than by just rowing around here trying to cut off a few drops of water leaking out of the spigot.

You can destroy the Government by absolutely denying any appropriation with which to carry on its functions. I am in favor of economy. I voted for every economy bill in this House, but I say here and now this is no time, with the world in the condition it is in, to be breaking the morale of the Army, the Navy, and the Marine Corps. I stood down in Quantico the other day and saw the leathernecks who came back from Nicaragua. As I looked at those fellows I realized that among them were some who were being discriminated against by reason of this section 201.

What right have we to place an unjust burden on one man because he happens to be in a place where he can not be promoted and then place a lighter burden on some other fellow? Let us do this thing right; let us be fair to all; let us treat every employee of the Government alike. I am in favor of this adjustment, but I would apply it in a way to eliminate all discrimination. The Senate did not put it in. We proposed it.

There is a lot of agitation about cutting taxes, a lot of the talk is coming from fellows who never have paid a dime of Federal taxes, but they realize that the burden rests upon them indirectly. Let us make real economies and not destroy our national defense. Instead of playing the part of real statesmen and giving this country a chance to come back and be the prosperous country it can be, we are whittling around about somebody's small salary.

The President elect has promised the American people to reduce the expenses of the Government 25 per cent. He did not say he was going to effect a reduction by taking everybody off the pay roll and kicking everybody out of office. He promised to effect the reduction by giving us an efficient Government. How can we have an efficient Government unless we have efficient employees?

If you are to start this country back on the road to prosperity, if you are going to give the taxpayers of this country some consideration, you must do it in some way other than by high taxes. Give them business.

Give them business. That is what we ought to be doing here, and I say in justice to the Army and the Navy and the Marine Corps we ought to take this section 201 out of this conference report.

Mr. BYRNS. Mr. Speaker, I yield to myself five minutes.

Mr. Speaker, there may be, and doubtless is, a great deal in what the gentleman from Oklahoma [Mr. McKEOWN] and the gentleman from New York [Mr. MEAD] have said on this subject, but we all understand in this crisis and at this time there may be some injustice done some one in the effort to save a little money for the taxpayers and balance the Budget.

All of us have to make sacrifices. Of course we do not want to discriminate in favor of one against another; but here is what you are asked to do. You are asked to promote by an increase of salary quite a number, possibly thousands, of employees of the Government; while in the same breath and in the same bill you are taking from others to the extent of 8⅓ per cent.

I do not think this is the time to increase salaries, gentlemen, and that is all this amounts to, and it will cost the Government $4,000,000 next year if these amendments prevail.

Mr. Speaker, I ask for a vote.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to modify the amendment that I sent to the desk.

The Clerk read as follows:

Modified amendment proposed by Mr. MEAD: Page 2, line 20, add the following:

"Section 201 is amended by adding at the end thereof the following: 'This section shall not apply to employees whose automatic increase does not exceed $150 per annum.'"

Mr. THATCHER. Mr. Speaker, I yield three minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Speaker, I want to confine my remarks to this particular amendment, as it affects the Army, the Navy, and the Marine Corps.

The statement has been made that the elimination of section 201 would permit large increases to the highly paid officers of the Army and Navy, and that statement is not true.

By far the major portion of individuals affected are postal employees drawing small salaries—$1,700, clerks and letter carriers; $1,600, driver mechanics; $1,500, messengers, watchmen, laborers—and so forth.

To these the postal law promises an annual automatic increase, for from one to five years, of $100 for "efficiency and faithfulness" during the preceding year. Think of it, a pittance of $8.33 per month denied to each of them in the name of economy, in addition to the 8⅓ per cent cut.

These contributions make up more than half of the savings from section 201.

Another poorly paid group that suffer a like discrimination includes the policemen, firemen, and school teachers of the District of Columbia, and this in addition to the 8⅓ per cent cut.

The statement that the elimination of section 201 would permit large increases to highly paid officers of the Army and Navy is not true.

Much has been made of the fact that Admiral McLean's pay would be increased about $2,000, as he has passed from the lower half to the upper half of his grade.

The facts are that Admiral McLean is the only high-ranking officer of the Navy or Army affected by section 201.

No general has been or will be affected, for none has any automatic increase.

No other admiral will be affected unless some admiral of the upper half dies or retires.

The junior officers of the uniformed services carry most of the burden.

In the Army, for example, captains, lieutenants, warrant officers, and nurses stand more than 75 per cent of the loss.

Generals lose not a single cent.

The total loss in the grade of colonel is only $6,088.

During the fiscal year, 838 officers will be denied advancement to higher pay periods. Of these 122 are captains and 501 are lieutenants. Two hundred and fifty, of whom 208 are captains and lieutenants, will be denied pay increases due to promotion.

Actually less than 7 per cent of the officers of the Army stand the entire loss resulting from suspension of advances into higher pay periods, and captains and lieutenants stand 70 per cent of this loss.

The entire saving on commissioned officers is $582,336. Of this amount captains and lieutenants, and only a portion of them, stand $431,612, or more than 75 per cent.

One hundred and thirty-three nurses lose $14,870.

Pure chance determines the individuals affected. For example, the 1927 military academy class were commissioned June 14, 1927, completed five years' service and entered the second pay period June 14, 1932, while one commissioned after June 30, 1927, from civil life or the ranks is denied this pay increase.

Section 201 alone penalizes this second lieutenant a greater amount than the economy act reduces a salary of $10,000. And, in addition to this, he suffers a cut of more than 8⅓ per cent, made up as follows:

Eight and one-third per cent cut on pay.

Ten per cent cut on rental allowance.

Thirteen and one-third per cent cut on subsistence allowance.

A total cut of 9⅓ per cent, and in the next fiscal year this cut will be more than 14 per cent, which, coupled with the cut imposed by section 201, makes a total cut of almost 40 per cent, or $106 per month.

His obligations have not been reduced, but instead increased. Even the premiums on his life insurance, including his Government insurance, are graduated on the pay readjustment act, and accordingly have increased considerably, while instead of receiving the expected increase in income he suffers a considerable reduction. He has reached the age when it is natural and normal for him to marry, and relying on what he believed was the safest security in the world, the written promise of his Government, he has assumed the additional responsibilities of a family. But with his increased responsibilities and obligations he finds the promise broken, and his income reduced below that which he received when he first entered the Army.

In the case of captains, many are now in that grade due to the promotion hump. Formerly this promotion injustice was somewhat mitigated by the increase of pay due to length of service. But section 201 now denies even this mitigation, and on top of the promotion injustice imposes another and more serious injustice.

In the Navy there are many cases of officers who entered the Naval Academy prior to July 1, who are receiving considerably more pay than their classmates, senior to them, who happened to enter the academy on or after July 1 of the same year, solely due to the operation of section 201.

A concrete example, the class of 1913. Forty entered prior to July 1, 1909, and 34 subsequent to that date. In the summer of 1932, June and July, these officers were entitled to a pay increase due to completion of 23 years of service. Forty received the increase, but section 201 denied it to the 34.

The officer who stood at the top of this class is one of the 34. He has been selected for promotion to the grade of commander. Section 201 prevents him receiving the increase the law promised him both on length of service and promotion. But the man who stood fourth from the bottom of the class and who has not been selected for promotion received the increase merely because he happened to enter the academy in June.

There are many cases of similar discrimination in all the services, Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service.

And the striking and sad feature of the whole situation is that a comparatively few of the junior officers carry the load while the senior officers escape almost entirely. A most glowing example of a violation of the principle of imposing the economy burden in proportion to ability to pay.

And in every case the right to the increase has been earned by the individual through faithful fulfillment on his or her part of the provisions of law which grant the increase.

In these times it is sound policy not to initiate any pay increases, and, of course, the services expect no such action. It is, however, an entirely different matter when the Government writes a definite promise in the law and the individual faithfully performs all the conditions on his part only to have his Government break that promise. The injustice, the unfairness, and the discrimination in its application marks section 201 as the most vicious piece of legislation placed on our statute books in many a day.

During this entire period of stress the officers of the uniformed services have uncomplainingly stood ready and willing to make any proportionate contribution the Congress saw fit to require from all Government personnel. At no time have those officers opposed in any manner any proportionate reduction proposed in Congress. All they ask is fair play. Let each contribute in proportion to what he receives. In that spirit of fairness they ask that the unjust and inequitable burden which section 201 imposes be not continued.

The accusation that officers have traded the 8⅓ per cent cut on enlisted men for the elimination of section 201 is a false, vicious, and groundless attack, and known to be such by its sponsors. The enlisted pay cut was put in the economy bill by the Senate committee in secret session, and passed the Senate over the strongest opposition of the Army and Navy. The only suggestion ever made by the Army or Navy was that if the Congress feels that the Army and Navy must make a greater proportionate contribution than the great majority of Government personnel, including the Members of Congress themselves, then in the name of justice let the contribution of each officer be in proportion to the amount he receives—and do not put this unjust additional burden on a small group of junior officers.

This matter has never been considered on the floor of the House. It has passed both times without discussion or explanation and without the Members of the House knowing of the great injustices resulting from its application. In the Senate committee was the first time it was fully considered with the facts at hand, and that committee unhesitatingly eliminated the section. Those affected believe the fairness of the Members of the House will cause them to take the same action when they know the facts.

Effect on pay of officers, warrant officers, and nurses of the Army for fiscal year 1933 (sec. 201, economy act)

Grade	Number who will lose automatic increase which should result from—						Total
	Advance to higher-pay period		Longevity		Promotion		
	Number	Amount	Number	Amount	Number	Amount	
General officer	None.	None.	None.	None.	None.	None.	None.
Colonel	None.	None.	27	$3,150	8	$2,938	$6,088
Lieutenant colonel	82	$20,628	44	4,533	7	958	26,119
Major	133	36,254	935	76,520	29	5,743	118,517
Captain	122	91,500	1,855	164,756	139	64,843	321,099
First lieutenant	239	14,660	882	35,099	65	26,814	76,573
Second lieutenant	362	22,134	567	11,453	2	353	33,940
Total	838	185,176	4,310	295,511	250	101,649	582,336
Warrant officer	None.	None.	35	1,585	None.	None.	1,585
Army nurse			133	14,870	None.	None.	14,870
Total	838	185,176	4,478	311,966	250	101,649	598,791

The SPEAKER pro tempore. The question is on the amendment of the gentleman from New York [Mr. MEAD].

The question was taken, and the amendment was rejected.

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: On page 10, following line 25, insert a new paragraph, as follows:

"SEC. 16. (a) The head of each executive department and independent establishment is authorized and directed to make such reductions in the expenditures from the appropriations made by the regular annual appropriations act for the several purposes of his department or establishment for the fiscal year ending June 30, 1934, except in the case of the Treasury Department appropriations for acquisition of sites for and construction of public buildings and the appropriation for addition to the cumulative sinking fund pursuant to section 308 of the emergency relief and construction act of 1932, as will in the aggregate equal at least 5 per cent of the total amount so appropriated for his department or establishment for such year, excluding, in the case of the Treasury Department, the appropriations specified above. Such reductions shall be made in a manner calculated to bring about the greatest economy in expenditures consistent with the efficiency of the service: *Provided*, That in the Veterans' Administration such reductions of 5 per cent shall apply only to the appropriation for operating expenses."

Mr. WHITTINGTON. Mr. Speaker, the amendment just read which I propose is in substance the original Bratton amendment with the Costigan amendment eliminated, and with the proviso that the operation of the Bratton amendment in the Veterans' Bureau will affect only the appropriations for operating expenses.

The so-called Bratton amendment is section 18, page 80, of H. R. 13520, the pending bill, as it passed the Senate. It provides that the head of each executive department and independent establishment is authorized and directed to make reductions that will aggregate at least 5 per cent of the amount appropriated for the department or establishment during the fiscal year 1934. The so-called Costigan amendment to the Bratton amendment provides that in making any reductions no wage cuts, other reduced compensation, or furloughs shall be ordered. Under the Bratton amendment, there would have been reductions of approximately $143,000,000 in the expenditures for 1934, with no reductions in wages or compensation.

Under the amendment that I propose, the Costigan amendment as to wages and compensation is eliminated. Moreover, in an effort to secure favorable consideration, the amendment I propose provides that in the Veterans' Administration the reduction of 5 per cent shall apply only to the appropriation for operating expenses. The operating expenses for the current year are approximately $115,688,000. The proviso in my amendment would therefore limit the reductions in the Veterans' Administration to approximately $5,750,000. Personally, I know of no reason why the 5 per cent reduction in the Veterans' Administration should not apply to pensions, salaries, compensations, and allowances. But I am informed that it would be difficult to secure approval for any reductions in pensions or compensations. Under the amendment which I propose, there would be reductions for the next current year of approximately $100,000,000. As I have stated, the amendment is substantially the Bratton amendment as it passed the Senate.

REORGANIZATION

While the proposed amendment of the gentleman from Tennessee [Mr. BYRNS] contains 16 pages, only two substantial provisions are embraced therein. They are the elimination of the so-called Bratton amendment and the provision for the reorganization of executive departments. Title IV, which provides for the reorganization of executive departments, is substantially in the language of the Senate amendment. The power in both the Senate amendment and the proposed House amendment to be conferred upon the President in reorganizing is identically the same. In fact, the language is substantially the same. The provision as to reorganization therefore might have been eliminated from the pending amendment. There is no substantial disagreement between the House and the Senate on the proposition for reorganization. By adopting the reorganization provision of the pending amendment the House will merely be agreeing to the Senate provision.

I favor the reorganization provisions. The President will be given the power and authority to group, coordinate, and consolidate executive and administrative agencies, to reduce the number of such agencies by consolidation, those having similar functions under a single head, to eliminate overlapping, and to segregate regulatory agencies and functions from those of executive and administrative agencies.

The President would be given the power to transfer, consolidate, or abolish executive agencies or the functions thereof, with the further power to designate and fix the names and functions of any consolidated agencies.

The economy act of 1932 conferred substantially the same power upon the President. That act did not give the President the power to abolish any statutory agency. He was requested to make recommendations to Congress relating to the abolition of any agency or bureau of statutory origin. On December 9, 1932, President Hoover made recommendations for certain transfers and consolidations. It is worthy of note that he merely recommended the abolition of some three or four insignificant statutory agencies. Among all the 58 consolidations he recommended the abolition of 3 or 4 statutory agencies, to wit, the Office of Public Buildings and Parks, the Employees' Compensation Commission, and the board of trustees of National Training School for Boys.

The President is given power respecting executive agencies. Under the provisions of the amendment the President has no authority to abolish or transfer any executive department or the functions thereof.

Executive departments are established by law. Executive agencies and departmental bureaus are generally established by Executive orders. The power thus conferred by the President is very largely the power to consolidate, eliminate, or abolish the agencies established by the Executive, rather than by Congress. If the President has the inherent power to establish an agency within a bureau or an executive department, it must follow that he has the power to eliminate or abolish. There is no good reason why he should not have the power to transfer, regroup, consolidate, and redistribute, given him under the provisions of the pending amendment. Something has been said about the President being a dictator. There is no occasion for the statement. No dictatorial powers are conferred upon the President in the pending amendment. Congress has failed to eliminate and abolish. The Executive established most of the agencies. He is now given the power to eliminate, abolish, or consolidate.

The power thus conferred upon the President will be conducive to economy. It depends upon whether he merely transfers, or eliminates, or abolishes. There will be no economy unless useless agencies are abolished and unnecessary employees are eliminated. The total appropriations for the maintenance of all the executive agencies amount to but a small part of the annual Federal appropriations. It has been estimated that they constitute less than $50,000,000 of the total annual appropriations aggregating $4,000,000,000. I warn those, therefore, who expect large economies from the power conferred upon the President that they are destined to be disappointed. Real economies can only result from decreased appropriations, and that means reduced salaries and compensations.

REDUCTION

The pending amendment by Mr. BYRNS, the chairman of the committee, is conspicuous because the so-called Bratton amendment in the Senate is eliminated and there is no substitute therefor. The Bratton amendment contemplates a saving of $143,000,000. The Committee on Appropriations in the House offers no substitute for the elimination of the Bratton amendment. For the $143,000,000 in economy proposed by the Senate, the House makes no provisions whatever. If the amendment of the chairman of the Appropriations Committee is adopted, it means the economies will be

indefinite. They will be largely economies that result from consolidations.

My amendment will provide for the reduction of 5 per cent on total appropriations aggregating $2,000,000,000. It is substantially the Bratton amendment, I repeat, with the Costigan amendment eliminated.

The gentleman from Tennessee [Mr. BYRNS], the chairman of the Appropriations Committee, has advanced several objections to the Bratton amendment. I believe they are all without merit. First, he stated that the President of the United States has the power to reduce appropriations under the law. The fact is that the President has no power under the law to reduce any appropriation or salary. The President has exercised his power for indirect reductions. He has ordered that certain works, constructions, or projects be delayed or continued. He has encouraged economy. He is to be commended therefor. I recall that Gen. H. M. Lord, the Director of the Budget under President Coolidge, emphasized the reductions for which the Executive was responsible. These reductions consisted in purchasing fewer pencils, in the elimination of small items here and there; but in the aggregate all of the reductions ever accomplished or ever made by a President amounted to a comparatively small amount. I repeat that under the law the Executive has no power to reduce appropriations, salaries, or allowances. No one ever asserted that any President made anything except small reductions as compared with reductions guaranteed by the Bratton amendment. Again, if the President has the power to make reductions, no harm can be done by adopting the amendment specifically directing that $100,000,000 be saved, which I propose.

The second objection to the Bratton amendment is that it will endanger the national defense. If adopted, the amendment would reduce the total Army appropriations about $13,000,000 and the Navy about $17,000,000. The annual appropriations for the Army and the Navy are around $600,000,000. The gentleman from Tennessee [Mr. BYRNS] championed a bill to combine the Army and the Navy. He repeatedly asserted that $100,000,000 could be saved. Those who opposed combining stated that no evidence was submitted that a saving of $100,000,000 would result. It was said that the principal reductions would be in the purchase of supplies. Under the economy act, the President now has the power to coordinate the purchasing activities of the Army and the Navy. He could provide for saving at least $30,000,000 under the provisions given him in the economy act of 1932. The gentleman from Tennessee, the distinguished chairman of the Committee on Appropriations, can not be consistently heard to deny that there should be a reduction of practically $30,000,000 in the Army and Navy, when he himself has advocated combining the two departments and thus providing for an alleged economy of $100,000,000.

It is also said that this is no time to economize in the Army and Navy. Commodity prices the world over are cheaper than they have ever been. It is unreasonable to assert that the Army and the Navy can not get along with approximately $30,000,000 less than in normal times. The efficiency should be just as great and the facilities just as adequate with a 5 per cent reduction, when governments generally and people universally are reducing far more than 5 per cent their annual expenditures. I know of no better way for the Army and the Navy to foster a sentiment for combining the two departments than by opposing reasonable reductions in the crisis that confronts the country.

In the third place, it is said that some departments have already been reduced. Name them. The chairman of the Committee on Appropriations neglected to point out a single department where adequate economies had already been made. The fact is that the annual Army bill is larger than it was last year, and the current report is that the Navy bill, which will be considered in a few days, will be as large as it was last year. It is easy for every department to say that it has been cut to the bone. Opposition by the departments was expected. Congress should rise to its responsibility and treat all departments alike. There is no better way to economize than to provide for a general reduction in all departments.

Again, it was urged in opposition to the Bratton amendment that the Veterans' Administration would be crippled. The annual appropriation for the Veterans' Bureau is approximately $950,000,000. The appropriations for operating expenses are approximately $115,688,000. I have undertaken to remove the objections urged by the Veterans' Administration by providing in the pending amendment that the 5 per cent reduction in the Veterans' Administration shall apply only to the appropriations for operating expenses. If the 5 per cent applied, as personally I think it should, to the total appropriation for the Veterans' Administration in the sum of $950,000,000, there would be a saving of $47,000,000. In an effort to secure real economy and with the information that I have, it will be difficult, if not impossible, to pass my amendment with the 5 per cent applicable to the entire appropriation. I have therefore limited it to the operating expenses. Under the terms of my amendment the deductions for the Veterans' Administration will not exceed $5,750,000, and to secure economy I would be agreeable to a further amendment so stating.

I am aware of some of the difficulties in the Bratton amendment. It is said that a direction to reduce is not authority for reducing salaries. Where there is a will there is a way. In the legislative situation there is nothing for those who favor reduction of expenses to do except to undertake to reinstate the Bratton amendment. It will thus be in conference. With the Costigan amendment eliminated, the conferees can adopt definite language that will authorize at least 5 per cent for the reduction in the appropriation for salaries, compensation, and other purposes.

I favor further reduction in governmental expenses. In further extending my remarks, under leave granted, permit me to say that I will continue to urge economy in every way that I can. Unless there is a further reduction in Federal salaries and compensation there will be no further economies.

The House has not measured up to its responsibility. When the economy act was passed by the House in 1932 it provided for reductions of only $12,000,000 or $13,000,000. In the other body the material reductions were made. The House missed an opportunity to aid in economic recovery. The Senate really provided for the reductions of the economy bill in 1932. In the pending bill as it passed the House the Committee on Appropriations merely continued the reductions of the current year. No additional economies were provided. In the Senate the Bratton amendment provided for $143,000,000 in further reductions. If the pending amendment sponsored by the chairman of the Committee on Appropriations in the House is adopted, it means that the economies in the Senate are eliminated, with no substitute by the House. The amendment that I propose will provide for substantial economies amounting to $100,000,000. If the amendment which I foster is not agreed to, and if no other amendments to the amendment of the gentleman from Tennessee are adopted, it means that there will be practically no economy or further economy in governmental expenses in the present session.

It is said that 5 per cent reductions will result in employees being dismissed. I know of no way to provide for Government economy by consolidating executive agencies or by reductions that will not result in reduced salaries, compensations, or dismissal of some employees. It is a question of whether Congress will continue to levy additional burdensome taxes when the people are least able to pay, or whether Congress will balance the Budget by reducing expenditures rather than levying new and additional taxes. The Senate has provided for reductions. Will the House eliminate the Senate reductions without any substitute therefor? If it does, I repeat, it means that practically no reduction in the expenditures of Government will be made during the present session. I know of no way to economize except to reduce. We can reduce as well as appropriate.

We may evade reductions by proposing other remedies. Some would expand the currency. I believe in sound expansion; but it takes time. Others advocate the removal of tariff barriers, and propose international trade conferences and agreements. So do I. Still others urge agricultural relief, including the refinancing of farm and home mortgages, with reductions and extensions. So do I. Yet others champion measures for the restoration of commodities to reasonable values. I gladly join them. These and other remedies are all right, but they can not supplant reductions in the cost of government; they supplement. To oppose reductions by advocating these and similar policies is to sidestep the real issue confronting the country.

Others maintain certain allowances and compensations should be withdrawn, and they thus oppose general reductions. I advocate withdrawals and the removal of inequalities. Meantime the sensible, the wise thing, is to reduce all, pending the revision of laws. All who receive Government money should share in promoting Government economy. We are in a crisis more serious than war. All should do their bit and bear their share of the economy that must come in government.

The Democratic Party promised reductions. Whether elected or defeated, the Members of Congress promised economy. The country now demands that we make good our promises. We may satisfy or, rather, delude ourselves with excuses or evasions for opposing economy, but we can only satisfy the country by further reductions in all Government salaries, compensations, and appropriations. If my amendment is defeated, the country will again be disappointed in the House of Representatives. There is no way to economize except to reduce, eliminate, and abolish.

Mr. BYRNS. Mr. Speaker, I yield three minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Speaker, the amendment proposed by the gentleman from Mississippi has this proviso:

Provided, That in the Veterans' Administration such reduction of 5 per cent shall apply only to the appropriation for operating expenses.

No one can tell from that amendment what it means. If it means the total appropriation for the Veterans' Administration, then the reduction in the operating expenses of the Veterans' Bureau is reduced around $50,000,000, and the Veterans' Bureau can not function on that.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. COOPER of Tennessee. Is it not true that, under the advice given by the Administrator of the Veterans' Bureau, that will result in the closing of every regional office in the country and the general hospitals?

Mr. BULWINKLE. Yes, many of them; and it will affect every man, whether that man is in a hospital for a compensable disease or an injury, compensable or not. This amendment should not pass, and I shall vote against it, not only for the provision affecting veterans but also for the other provisions contained in it.

Mr. BYRNS. Mr. Speaker, I yield two minutes to myself, and in doing so I ask unanimous consent to include at this point a letter from the Secretary of the Navy with reference to the effect of amendments of this kind on the Navy and national defense.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The letter is as follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, February 10, 1933.

MY DEAR MR. CHAIRMAN: The Navy budget, now in the hands of the Appropriations Committee of the House, provides $308,669,562 direct appropriations. To make a 5 per cent cut with the least possible disaster, the Navy would be obliged—

1. To keep the fleet on the west coast; close certain east-coast navy yards; slow down the work on ships now building and modernizing at great loss of time and increase of cost. This would necessitate the discharge of about 4,500 civilians and would save approximately $7,500,000.

2. Restrict reserve activities, at a cut of about $1,500,000; stop now further regular Navy enlistments, reducing Navy enlisted personnel by 9,000 men by the end of the fiscal year 1934, resulting in a cut of approximately $5,000,000. This would result in putting out of active commission additional ships as shown by column 2 in the following table; which refers only to combatant ships:

Column 1 Total number ships in class	Column 2 Number additional to be placed out of active commission	Column 3 Ships already out of commission	Column 4 Total to be kept out of active commission
15 battleships	3	2	5
4 aircraft carriers [1]	2		2
15 heavy cruisers [2]	4	2	6
10 light cruisers	2	2	4
103 destroyers	13	31	44
54 submarines	6	12	18
4 light mine layers	2		2
2 dirigibles [3]	1		1
	33	49	82

[1] Includes 1 under construction.
[2] Includes 6 under construction
[3] Includes 1 under construction.

This leaves in full commission about 66 per cent of the number of British and 56 per cent of the number of Japanese ships which are in full commission, or fully manned.

3. Reduce Marine Corps by about 1,150 men, resulting in a cut of about $1,000,000.

Our Navy is already 20,000 men short of the number necessary properly to man our ships in commission.

It is evident that this further cut of 10,150 enlisted men would cripple our national defense for years, seriously injure the morale of the service, and, taken together with the discharge of 4,500 civil employees, result in an increase of 14,650 unemployed.

Sincerely,

C. F. ADAMS.

Hon. JOSEPH W. BYRNS,
Chairman Appropriations Committee,
House of Representatives, Washington, D. C.

The SPEAKER pro tempore. The question is on the adoption of the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. WHITTINGTON) there were 9 ayes and 125 noes.

Mr. WHITTINGTON. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER pro tempore. The gentleman objects on the ground that there is no quorum. The Chair will count. [After counting.] Two hundred and eighteen Members present—a quorum.

Mr. WHITTINGTON. Mr. Speaker, I offer the following amendment:

The Clerk read as follows:

Amendment of Mr. WHITTINGTON to the amendment proposed by Mr. BYRNS to Senate amendment No. 14, H. R. 13520: On page 10, following line 25, insert a new paragraph, as follows:

"SEC. 16a. During the fiscal year ending June 30, 1934, the rate of compensation of any office, position, employment, or enlistment, the incumbent of which is subject to the furlough provisions or the compensation reductions contained in Title I of Part II of the legislative appropriation act, fiscal year 1933, as continued for the fiscal year 1934 is reduced by 11 per cent of the amount of such compensation in excess of $1,000, and such reduction shall be made prior to the application of and shall be in addition to the reduction provided in such title, as continued."

Mr. WHITTINGTON. Mr. Speaker, inasmuch as the amendment which I proposed for a reduction of 5 per cent in the total appropriations for each executive department and independent establishment with total reductions of approximately $100,000,000, my amendment being substantially the same as the so-called Bratton amendment in the Senate, has been defeated, I know of no practical way in the pending amendment to provide for economy unless the amendment which has just been reported is adopted. The pending bill continues the reduction of salaries and wages in the economy act of 1932, ranging from 8⅓ per cent for salaries of $1,000 and more to 15 per cent for salaries in excess of $15,000 and 20 per cent for salaries in excess of $20,000.

The amendment that I now propose makes a further reduction for the fiscal year 1934 of 11 per cent of the

amount of all Federal salaries and compensations in excess of $1,000. My amendment is the additional reduction under the so-called furlough plan of 11 per cent recommended by President Hoover. If my amendment is adopted, it will result in the reductions of salaries by 19⅓ per cent to 26 per cent for all salaries in excess of $1,000 and less than $20,000 per annum. It will result in a total reduction of approximately 31 per cent in the case of salaries in excess of $20,000.

Personally, I prefer the pay-cut plan with no exemptions and with larger percentage of reductions in the larger salaries; but both the House and the Senate have agreed to continue in the pending bill the furlough plan and the reductions of the economy act. The 11 per cent recommended by the President is, therefore, germane and appropriate to the provisions of the economy act brought forward and substantially agreed to. If 11 per cent additional reductions are made in salaries, wages, and compensations, it will result in further savings of $59,000,000, according to the estimate of the Bureau of Efficiency. Under the provisions of the economy act the savings as continued and brought forward in the pending bill for the fiscal year 1934 are $89,000,000.

My amendment will increase the savings and thus provide for a total economy in salaries, wages, and compensations during the fiscal year 1934 of approximately $148,000,000.

In extending my remarks under leave granted, I may say that I advocate the reduction of all pay, wages, salaries, pensions, annuities, disability allowance, and compensation allowance during the year 1934 without exemptions. I favor graduated and progressive decreases in the reductions of salaries. All rates of compensation not in excess of $1,500 might well be reduced 10 per cent; the rate of compensation from $1,500 to $3,000, 15 per cent; from $3,000 to $5,000, 20 per cent; from $5,000 to $10,000, 25 per cent; and in excess of $10,000, 30 per cent. I favor the pay cut and graduated reductions. I have introduced bills to this effect. If a bill embodying the proposals herein suggested is passed as a substitute for and in lieu of the furlough plan, it would result in savings amounting to approximately $200,000,000.

It is evident, however, that it would be impossible to substitute the pay-cut plan for the furlough plan during the present session. It is also evident that it would be difficult to secure further reductions in a larger percentage than suggested by the President of the United States. The Democratic platform advocated reductions of approximately 25 per cent in the expenditures of government. The Republican platform demanded reductions. President Hoover recommends 11 per cent reductions. In the hope, therefore, that both Democrats and Republicans who believe that the really substantial way to reduce expenditures in government is to further reduce all salaries and compensations, I have proposed the amendment which has just been reported for additional reductions of 11 per cent. In the further hope of securing its adoption, I have provided for an exemption of $1,000. If the amendment is adopted, the exemption of $1,000 that obtains in the economy act of 1932 will be continued. While I prefer a larger reduction, if the additional 11 per cent suggested is adopted, it will result in material economies during the next fiscal year. We are making substantially the same appropriations that we made for the last fiscal year. If we can make the appropriations, we can make the reductions.

Under the furlough plan, salaries of $2,000 are reduced to $1,833. Under the amendment that I propose, salaries of $2,000 would be further reduced to $1,733. Under the furlough plan, the salaries of members of Congress were reduced from $10,000 to $9,000. Under the amendment that I propose, the salaries of Members of Congress and others receiving $10,000 would be reduced from $9,000 to $8,109. As I have stated, I prefer a larger percentage of reduction, but, as a compromise and in the effort to continue to secure further reductions of expenditures in government, my amendment provides for exemptions of $1,000 and a smaller percentage of reductions than I think should obtain.

We may delay, we may evade, but the real, substantial reductions in the expenditures of government must ultimately come from wages, salaries, allowances, and compensations of every kind. A dollar now will buy as much in most parts of the United States as a dollar and a half would purchase prior to 1929. The beneficiaries of Government salaries and allowances, by refusing further reductions, are thus receiving larger salaries and compensations than they receive in normal times. The wages, salaries, pensions, annuities, allowances, and compensations aggregate approximately $2,000,000,000. Under bills that I have introduced and amendments that I have fostered at every opportunity, these expenditures can be reduced by approximately $200,000,000. Those who share in the benefits of government would thus share in the distress of the country.

If this amendment is defeated, it means that there will be no additional economies and no further reductions in salaries and compensations during the present session of Congress. Instead of reducing the expenditures of government by 25 per cent, the present session merely continues the small reductions made in the preceding session. There were no reservations in the promise of democracy to reduce expenditures in government. We may conjure up excuses, but there is no valid reason why the amendment should not be enlarged. In fact, the percentage of reduction should be larger.

If the House disagrees to the amendment, it means no economy in the pending bill. The so-called Bratton amendment provides for reductions amounting to $143,000,000. The Senate has thus provided for economies amounting to $143,000,000. The House committee recommends the elimination of the Bratton amendment. Neither economy nor reductions are proposed to take the place of the Bratton amendment. If the amendment that I offer is defeated, the House of Representatives will be in the attitude of making no further economies in salaries, compensations, and appropriations during the present session.

The SPEAKER pro tempore. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. WHITTINGTON) there were 14 ayes and 204 noes.

Mr. WHITTINGTON. Mr. Speaker, I did not hear the announcement of the vote. I was about to object to it on the ground there was no quorum present, so that a yea-and-nay vote might be had.

The SPEAKER pro tempore. The division discloses that a quorum is present.

Mr. THATCHER. Mr. Speaker, I yield five minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BEEDY: Page 15, line 25, after the word "session," strike out the period, insert a colon and the following: "*Provided further*, That if either branch of Congress within said 60 calendar days shall pass a resolution disapproving of such Executive order, or any part thereof, such Executive order shall become null and void to the extent of such disapproval."

Mr. BEEDY. Mr. Speaker, if Members who have listened to the reading of the amendment will cast their eyes over the provision of the last economy act to be found on page 36 of that act, you will find that the amendment which I have offered is precisely the proviso which was contained in the original act, whereby the last Congress granted to the President power to consolidate these bureaus. Let us understand each other on both sides of the aisle. This is unquestionably one of the most effective ways in which to promote economy in the administration of this Government. We all want to see economy secured in this way. The last Congress wanted it. We passed the legislation. We gave the present Executive the power to reorganize Government departments, but this Congress wisely reserved to itself the power to reject in whole or in part any such changes as might be suggested which did not meet with the approval of this body. When this session of Congress convened, the recommendations of the President pro-

viding for the consolidations, which we now seek to accomplish, were promptly reported to this body.

The recommendations were considered by the Congress and rejected. I am not going to complain about that rejection. This great reorganization program ought not to be dealt with in a partisan spirit. We are in too great an emergency. There is too much suffering by both Democrats and Republicans in this country for us to be narrowly partisan in phrasing this grant of power to the Executive. However, I believe that since we reserved a vestige of power in the Congress, and in passing the economy act left it to this House to review and in its wisdom to reject, in whole or in part, the Executive recommendations, I say you who sit on the right of this aisle ought to meet us in a spirit of fairness and help us write into the pending bill the same provision which we allowed you to write into the economy act. Will you do it? We can not abuse this reservation of power. We do not say that you abused it. The fact is that the consolidation recommendations of President Hoover were rejected, else the country would now be enjoying the very economies for which we still seek. You Democrats, of course, must take responsibility for that.

I think this Congress ought always to reserve to itself power to reject any such recommendations as the Executive authority may make in the way of consolidation of bureaus when such power is given the President even in a great emergency.

I make this statement that the record may be clear, and that the country may know that regardless of party we want the economies which may flow from a proper exercise, by the Executive, of this power which we are about to give him. Popular government is too slow in its action to obtain the desired consolidations through the Congress alone. The power ought to be given to the Executive, but we ought to reserve in ourselves the power to disapprove his recommendations if we see fit. [Applause.] I ask you on both sides of the aisle to vote for this amendment. I believe this House ought to go on record before the country now as showing its willingness to delegate this power, but that we should make the reservation set forth in my amendment.

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. Yes.

Mr. LAGUARDIA. Inasmuch as we are delegating a legislative function, the legislature ought to keep control of it.

Mr. BEEDY. Certainly.

The SPEAKER pro tempore. The time of the gentleman from Maine has expired.

Mr. BYRNS. Mr. Speaker, I yield three minutes to myself. I hope the House will not adopt this amendment. I could cite many reasons for the position which I take if I thought it was necessary. You gentlemen know, and I know, regardless of what position any one of us may have taken two or three months ago, recent developments have demonstrated that we will never be able to accomplish anything along this line unless we give some one man, with the courage and with the will, the power to do it. The gentleman from Maine [Mr. BEEDY] in his amendment is inviting a veto. I do not say intentionally, but if that amendment should be adopted, I know that it will invite and will undoubtedly, it seems to me, provoke a veto. The gentleman shakes his head, but I want him to listen to his own Attorney General, a distinguished lawyer, General Mitchell, upon that very subject. He will be the adviser of the President with reference to the legal phases of this bill if it passes both Houses, and upon his advice the President will very properly lean. The President called upon the Attorney General for advice with reference to the McKellar amendment upon the first deficiency appropriation bill, and in the course of the opinion delivered by General Mitchell he used this language, and that is one of the reasons we have left this with the President and not undertaken to retain any control in Congress:

In the act of June 30, 1932, making an appropriation for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, and with a view to economy in the operation of the Government the Congress gave authority to the President by Executive order to consolidate, redistribute, and transfer various Government agencies and functions, and establish a general formula for his guidance. By section 407 it was provided that the Executive order should be transmitted to the Congress in session and should not become effective until after the expiration of 60 days from such transmission, and that "if either branch of Congress within such 60 calendar days shall pass a resolution disapproving of such Executive order or any part thereof, such Executive order shall become null and void to the extent of such disapproval." It must be assumed that the functions of the President under this act were executive in their nature or they could not have been constitutionally conferred upon him, and so there was set up a method by which one House of Congress might disapprove Executive action. No one would question the power of Congress to provide for delay in the execution of such an administrative order, or its power to withdraw the authority to make the order, provided the withdrawal takes the form of legislation. The attempt to give to either House of Congress, by action which is not legislation, power to disapprove administrative acts raises a grave question as to the validity of the entire provision in the act of June 30, 1932, for Executive reorganization of governmental functions.

Mr. LAGUARDIA. From what is the gentleman reading?

Mr. BYRNS. I am reading from the opinion of Attorney General Mitchell delivered to the President of the United States on tax refunds.

Mr. LAGUARDIA. It is not analogous to this at all.

Mr. BYRNS. It is. He spoke in general terms. He says:

The power to disapprove administrative acts.

I submit that that does not apply to tax refunds alone. It applies to any legislation, and I beg this House not to put anything in this bill which may provoke a veto.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

Mr. SNELL. Will the gentleman yield?

Mr. BYRNS. My time has expired.

Mr. THATCHER. Mr. Speaker, I yield one minute to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, I would like to ask the gentleman from Tennessee [Mr. BYRNS] one short question in my own time. The language which the gentleman from Maine has offered is the exact language in the economy act, and the President signed that bill. Now, why will he veto it this time? Will the gentleman answer that question?

Mr. BYRNS. He did not call upon the Attorney General.

Mr. SNELL. That was an entirely different question that the President presented to the Attorney General.

Mr. BYRNS. Will the gentleman guarantee that the President of the United States will sign this bill as it is passed and sent to him?

Mr. SNELL. I have never quoted the President and I can not guarantee anything, and the gentleman from Tennessee [Mr. BYRNS] can not, either.

Mr. BYRNS. Certainly not; but let us not run any chances of defeating this bill.

Mr. THATCHER. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, I am surprised that the gentleman from Tennessee [Mr. BYRNS] relies as his authority on an opinion of the Attorney General, based upon an entirely different proposition. The opposition to the McKellar amendment voiced by the Attorney General was an encroachment on the powers of the Executive. Here we are delegating legislative powers to the Executive and simply seeking to retain control. We might as well talk about the opinion in the Dred Scott case and make it applicable to the proposition before the House.

Now, Mr. Speaker, it is in times of stress such as we are now experiencing, that the people lose control of their Government. While I will concede, and anyone probably can make an argument in favor of delegating powers, I have so much faith in the Republic, that I believe the Constitution and Congress will exist when the depression is over. At least I want to preserve the Constitution and our form of representative government. But if we delegate the few remaining powers in the legislative branch of the Government, we might as well abolish the Congress, and that is what a few Bourbonites of this country want to do. [Applause]. I am opposed to it.

I may not be here the next session, but let me remind my Democratic friends that when the proposition was before

the House a few weeks ago and President Hoover submitted his recommendations, I joined with you in voting down his recommendations, because only a few weeks ago you took the floor and sustained the point that it was an encroachment on the legislative branch of the Government. How can you turn about and offer an amendment of this kind and resist the very provision that was in the original bill, to retain control of a legislative function. Perhaps the Executive has the facilities for making a comprehensive study of reorganization. There is, of course, no objection to that being done and recommendations submitted to the Congress. Permit, if you will, Executive orders to reorganize but by all means retain legislative control. Do not surrender a duty vested in Congress by the Constitution.

Mr. Speaker, if Congress to-day votes this proposition without a saving clause and the protection contained in the amendment offered by the gentleman from Maine [Mr. BEEDY] it is an admission of the complete failure of representative government, and I for one will not join in such a confession of failure. [Applause].

The proposition is transcending. It is more important than the mere reorganization of a few departments of government. It is begging the question. We are not going to get out of this crisis by the saving of a few paltry dollars. We have to get to the roots of existing evils. We all know that the major portion of our expenditures are fixed charges. The expenditures for the Army, the Navy, the debt service, interest and sinking-fund requirements, and Veterans' Bureau comprise 65 or 70 per cent of the entire appropriation. To surrender a purely legislative function, whether to one President or another, at this time or any other time is highly improper. I submit if it was improper for one President to have that power, it is just as improper for another President to have that power. We are not discussing personalities. We are not discussing economy. We are discussing what our forefathers shed their blood for and that which took centuries to acquire, and that is representative government, with a constitution clearly defining the powers of the executive and legislative branches of government. [Applause.]

Here, because some one is bewildered, because there is timidity in considering real solutions, because some know not where they are going, under the guise of economy a complete abdication of legislative government is offered. The only self-respecting thing to do is to protect the Constitution and assume all of the responsibilities vested in Congress, and uphold the only control that the people have on their Government. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. THATCHER. Mr. Speaker, I yield three minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, we have heard much to-day that giving power to the President is an admission of the breakdown of legislative government in meeting responsibility in a crisis. This has been wholly unnecessary. That parliamentary government has broken down in a crisis has been so overwhelmingly demonstrated by the Seventy-second Congress that it is now a self-evident fact generally accepted by the American people. If we have a President coming into power who is willing yet to try to save democracy in America, let us give him the power to do it. Let us give him a chance to do it. Let us have no misunderstanding about it. The very purpose of the Beedy amendment is to destroy any opportunity for President-elect Roosevelt to meet this responsibility. Our experience in this House demonstrates that such limited authority given by the Congress is mere hypocrisy on the part of Congress, because the Congress scuttles it when it comes back to the House. That is what happened to the Hoover consolidation. The House scuttled it, and when we gave him the power it was hypocrisy on our part to do it. The ones who destroyed it when it came back to this House are largely the ones to-day who do want to give this authority to the next President.

Not as a Republican, but just in the interest of America, I hope my party will stand up and serve the country. In this way can we best serve our own political interests. The last one of us knows that Congress will not meet this responsibility. We hope that the next President with responsibility upon his shoulders will meet it. [Applause.]

[Here the gavel fell.]

Mr. THATCHER. Mr. Speaker, I yield three minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Speaker, I shall address myself to the statement that Congress is able to take care of this question without giving up any of its prerogatives or its duties, and call your attention to the fact that in the last three years, although Congress has had direct and sole jurisdiction over this branch of the Government, it has not done one single thing to remedy the situation or to save a dollar.

I call your attention to the legislative appropriation. I call your attention to the farcial Capital police force, to which has been added some 13 members only recently, performing a service which could be carried on by less than a quarter of the number of metropolitan officers if a squad of them were assigned to the Capitol Grounds.

I call your attention to the ridiculously large salaries paid the telephone attendants both on the right and the left of the House—$3,500 each for two supervisors, and the Lord knows how much to several unnecessary assistants.

I call your attention to the excessive number of pages and doorkeepers that we find all over this Capitol.

I call your attention to the fact that we have four pairing clerks for the few absentees who want to be paired on a vote.

I call your attention to the fact that we have a House library in addition to the Congressional Library, and that we have a library in the Clerk's office, another in this Chamber, and recently another library has been added on the fourth floor of the House Office Building; an extravagant duplication of facilities to provide jobs under patronage.

I call your attention to the gratuities that are given year after year and year after year to the relatives of deceased employees of this House; men who were brought here from back home; and when an effort is made to get rid of them you say that they have given years of valuable expert service and they can not be let go; that their places can not be filled; yet when there is a change in the administration every one of them goes out and a new supply brought from back home, and if within a week or thereafter one of them dies you vote six months' salary and an additional $250 for funeral expenses.

[Here the gavel fell.]

Mr. UNDERHILL. Mr. Speaker, will the gentleman yield me two additional minutes?

Mr. THATCHER. Mr. Speaker, I yield two additional minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. I call your attention to the press gallery. We have been criticized by the press all over this country—for what? They say we have free meals and free shaves. They know we do not have any such thing. But the press has splendid quarters furnished free; it has a superintendent, it has an assistant superintendent, it has a messenger, and, I think, a janitor furnished them free. All of their typewriters are furnished to them by the Government free; all of their stationery is given to them free, yet the press crucify us because we run a restaurant—where the busy reporters have a special table—at a small deficit. How about the pot calling the kettle black? [Applause.]

I call your attention to the committee hearings. Do you know that there were 10,000,000,000 pages of committee hearings published in the last session of Congress? The committees go wild. At every committee hearing they have stenographic reports; and although year after year, year after year the same measures are considered in the committees and the same witnesses appear, yet the next year

there is a duplication of hearings and publications at a frightful expense.

I call your attention to the House post office. We have recently added a large number to the employees of the post office, and the new House Office Building as yet has no tenants. There are half a dozen or more forwarding clerks. Those of you who leave your secretaries here to forward your mail do not know that there are half a dozen clerks in the post office all the year round just waiting to forward your mail to your home address when Congress is not in session.

Half of the number of clerks, assistant clerks, messengers, and janitors of the standing committees could be wiped out, and same can be dispensed with without detriment to public service.

Has Congress done anything up here on the Hill to effect economy? No. Will it do anything? I doubt it. Stop this bluff about economy and give the power to some one who will do something to reduce Government expenses, bureaus, and personnel.

[Here the gavel fell.]

Mr. THATCHER. Mr. Speaker, I yield three minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Speaker, when this matter came before the House a few days ago, on the question of sending the bill to conference, I announced that I was in favor of giving the President of the United States plenary power in the matter of reorganizing, consolidating, coordinating, and even eliminating in proper cases the functions and activities of the Federal Government.

I am not fearful of any encroachment upon the powers of Congress by a President having such authority with reference to the executive department, which it is his particular function of government to administer. We legislate, it is true, for all branches of the executive authority, but the President administers them. In the pending proposal we lay down the rules for the Executive to follow, just as we did in the case of the establishment of the Tariff Commission. We there fixed the yardstick, the standard by which the executive officer should be governed in carrying out the policy and the purpose of Congress. The Supreme Court sustained that procedure. So here we are laying down the rules that the President shall apply for the purpose of meeting the present emergency of the general economic depression, and in order to reduce drastically governmental expenditures, and in order that such reduction may be accomplished in great measure by proceeding immediately in the manner prescribed by this legislation.

We therefore give to the President the power and delegate to him the work that Congress might use and perform, if it saw fit, but which we all know Congress never would and never will do, in securing the necessary reduction in the expenditures of the Government. The President is to ascertain certain facts with reference to economy and efficiency in the governmental service and thereafter take certain action to achieve the purposes of Congress in relieving the people from the burdens of taxation by reducing expenditures and securing larger benefits from the moneys appropriated. After all, the duty and responsibility of the President are, in the language of the Constitution, to "take care that the laws be faithfully executed." This legislation gives him additional authority and opportunity to perform this part of his official function.

The amendment offered by the gentleman from Maine [Mr. BEEDY] does not improve the proposal of the gentleman from Tennessee [Mr. BYRNS], but, on the contrary, weakens the legislation and is itself of doubtful validity. It in effect delegates to either House the legislative power of the Congress, which, under the Constitution, can be exercised only by both Houses, with the concurrence of the President, or, in the case of his veto, by two-thirds vote of both Houses. On the other hand, the main proposal merely postpones the operation of the President's order for 60 days after the President has submitted a report to Congress. Of course, Congress may at any time by legislation change the President's order if it be a proper subject matter for legislation. It is no novel objection to say that the President may force a two-thirds vote to override his veto. That is always so. Our Democratic friends had some taste of that situation when they sought to change the President's powers in the last session in the matter of the operation of the flexible provisions of the tariff law. The President protected the authority Congress had given him by vetoing the bill, and the Republicans sustained his veto. Both sides of the Chamber can take comfort from that incident in this debate.

Mr. Speaker, I am in favor of the substitute proposed by the chairman of the Appropriations Committee, because I am satisfied that in no other way can any substantial reduction of expenditures be secured. We might as well confess that Congress, subject always to the importunities and demands of interested groups and individuals here and there and everywhere, will never succeed effectively in reducing governmental expenditures. This reduction must come. If there is any danger to the future of this Republic to-day it lies in the cost of government which now amounts to at least one-fourth of the entire income of the American people. We must respond to the demand for this reduction in cost of government or we will find that the people will grow impatient and intolerant and even suspicious of their representatives in Congress. We need not worry about usurpations of power. Let us get results. Let us proceed in the only way that has any prospect of success. I criticized the Democratic side a year ago for not giving plenary power to the President. I shall not change my attitude now simply because the administration has fallen into other hands. The task will be difficult and distressing in all events. I am glad the new administration is willing to tackle it, and I wish the President elect and his associates Godspeed in their efforts.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Maine [Mr. BEEDY].

The question was taken; and on a division (demanded by Mr. BEEDY and Mr. STAFFORD) there were—ayes 92, noes 116.

Mr. BEEDY. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 145, nays 227, not voting 54, as follows:

[Roll No. 162]

YEAS—145

Adkins	De Priest	Jenkins	Schafer
Allen	Douglass, Mass.	Johnson, S. Dak.	Schneider
Amlie	Dowell	Kading	Seger
Andresen	Dyer	Kahn	Selvig
Bacharach	Eaton, Colo.	Keller	Shott
Bachmann	Eaton, N. J.	Kelly, Pa.	Shreve
Barbour	Englebright	Kinzer	Sinclair
Beedy	Erk	Kopp	Snell
Biddle	Evans, Calif.	Kunz	Strong, Pa.
Bohn	Finley	Kvale	Stull
Bolleau	Fish	LaGuardia	Summers, Wash.
Bolton	Frear	Leavitt	Swanson
Bowman	Free	Lonergan	Swing
Brumm	French	Loofbourow	Taylor, Tenn.
Buckbee	Garber	Lovette	Temple
Cable	Gibson	McClintock, Ohio	Thatcher
Campbell, Iowa	Gifford	McFadden	Thurston
Carter, Calif.	Gilchrist	McLeod	Timberlake
Carter, Wyo.	Goss	Maas	Treadway
Cavicchia	Griswold	Magrady	Turpin
Chiperfield	Guyer	Manlove	Wason
Clague	Hadley	Moore, Ohio	Watson
Clancy	Hall, Ill.	Mouser	Weeks
Cochran, Mo.	Hancock, N. Y.	Murphy	Welch
Cochran, Pa.	Hardy	Nelson, Me.	White
Cole, Iowa	Hartley	Niedringhaus	Whitley
Colton	Hawley	Nolan	Wigglesworth
Condon	Hess	Partridge	Withrow
Connery	Hogg, Ind.	Peavey	Wolcott
Connolly	Hogg, W. Va.	Person	Wolverton
Coyle	Holmes	Pratt, Harcourt J.	Wood, Ind.
Crail	Hooper	Pratt, Ruth	Woodruff
Crowther	Hope	Purnell	Wyant
Curry	Hopkins	Ransley	Yates
Darrow	Horr	Reed, N. Y.	
Davenport	Hull, Morton D.	Rich	
Davis, Pa.	James	Rogers, Mass.	

NAYS—227

Abernethy	Arentz	Barton	Boylan
Aldrich	Arnold	Black	Brand, Ohio
Allgood	Auf der Heide	Bland	Briggs
Almon	Ayres	Blanton	Britten
Andrew, Mass.	Bacon	Bloom	Browning
Andrews, N. Y.	Bankhead	Boehne	Brunner

Buchanan	Fitzpatrick	Ludlow	Rogers, N. H.
Bulwinkle	Flannagan	McClintic, Okla.	Romjue
Burch	Foss	McCormack	Rudd
Burdick	Fulbright	McDuffie	Sabath
Burtness	Fuller	McGugin	Sanders, N. Y.
Byrns	Gambrill	McKeown	Sanders, Tex.
Canfield	Gavagan	McMillan	Sandlin
Cannon	Gilbert	McReynolds	Seiberling
Carden	Gillen	McSwain	Shallenberger
Carley	Goldsborough	Major	Shannon
Cary	Granfield	Maloney	Simmons
Castellow	Green	Mansfield	Sirovich
Celler	Greenwood	Mapes	Smith, Va.
Chapman	Griffin	Martin, Mass.	Smith, W. Va.
Chavez	Haines	Martin, Oreg.	Snow
Chindblom	Hall, N. Dak.	May	Somers, N. Y.
Christopherson	Hancock, N. C.	Mead	Spence
Clark, N. C.	Harlan	Michener	Stafford
Cole, Md.	Hastings	Millard	Stalker
Collier	Haugen	Miller	Steagall
Collins	Hill, Ala.	Milligan	Stevenson
Cooper, Ohio	Hill, Wash.	Mitchell	Stewart
Cooper, Tenn.	Hoch	Mobley	Strong, Kans.
Cox	Holaday	Montet	Sumners, Tex.
Cross	Howard	Moore, Ky.	Sutphin
Crosser	Huddleston	Morehead	Swank
Crowe	Jeffers	Nelson, Mo.	Sweeney
Crump	Johnson, Mo.	Norton, Nebr.	Swick
Culkin	Johnson, Okla.	Norton, N. J.	Taber
Cullen	Johnson, Tex.	O'Connor	Tarver
Davis, Tenn.	Jones	Oliver, Ala.	Taylor, Colo.
Delaney	Kelly, Ill.	Overton	Thomason
DeRouen	Kemp	Palmisano	Tierney
Dickinson	Kennedy, Md.	Parker, Ga.	Tinkham
Dickstein	Kennedy, N. Y.	Parker, N. Y.	Underhill
Dies	Kerr	Parks	Underwood
Disney	Ketcham	Parsons	Vinson, Ga.
Dominick	Kleberg	Patman	Vinson, Ky.
Doughton	Kniffin	Patterson	Warren
Douglas, Ariz.	Lambertson	Pettengill	Weaver
Doxey	Lambeth	Pittenger	West
Drane	Lamneck	Polk	Whittington
Drewry	Lanham	Pou	Williams, Mo.
Driver	Lankford, Ga.	Prall	Williamson
Eagle	Lankford, Va.	Ragon	Wilson
Ellzey	Larrabee	Rainey	Wingo
Eslick	Lea	Ramseyer	Wood, Ga.
Evans, Mont.	Lichtenwalner	Ramspeck	Woodrum
Fernandez	Lindsay	Rankin	Wright
Fiesinger	Lozier	Reilly	Yon
Fishburne	Luce	Robinson	

NOT VOTING—54

Baldrige	Doutrich	Houston, Del.	Owen
Beam	Estep	Hull, William E.	Perkins
Beck	Flood	Igoe	Rayburn
Boland	Freeman	Jacobsen	Reid, Ill.
Brand, Ga.	Fulmer	Johnson, Ill.	Schuetz
Busby	Gasque	Johnson, Wash.	Smith, Idaho
Campbell, Pa.	Glover	Knutson	Sparks
Cartwright	Golder	Kurtz	Stokes
Chase	Gregory	Larsen	Sullivan, N. Y.
Christgau	Hall, Miss.	Lehlbach	Sullivan, Pa.
Clarke, N. Y.	Hare	Lewis	Williams, Tex.
Cooke	Hart	Montague	Wolfenden
Corning	Hollister	Nelson, Wis.	
Dieterich	Hornor	Oliver, N. Y.	

So the amendment was rejected.

The Clerk announced the following pairs:

Mr. Kurtz (for) with Mr. Beam (against).
Mr. Smith of Idaho (for) with Mr. Gregory (against).
Mr. Knutson (for) with Mr. Brand of Georgia (against).
Mr. Christgau (for) with Mr. Glover (against).
Mr. Doutrich (for) with Mr. Oliver of New York (against).
Mr. Cooke (for) with Mr. Hornor (against).
Mr. Wolfenden (for) with Mr. Montague (against).

General pairs:

Mr. Rayburn with Mr. Reid of Illinois.
Mr. Flood with Mr. Lehlbach.
Mr. Schuetz with Mr. Beck.
Mr. Jacobsen with Mr. Clarke of New York.
Mr. Lewis with Mr. Perkins.
Mr. Busby with Mr. Stokes.
Mr. Jones with Mr. Hollister.
Mr. Cartwright with Mr. Houston of Delaware.
Mrs. Owen with Mr. Golder.
Mr. Corning with Mr. Nelson of Wisconsin.
Mr. Boland with Mr. Baldrige.
Mr. Dieterich with Mr. Johnson of Washington.
Mr. Hare with Mr. Sparks.
Mr. Sullivan of New York with Mr. Estep.
Mr. Fulmer with Mr. William E. Hull.
Mr. Gasque with Mr. Freeman.
Mr. Hall of Mississippi with Mr. Chase.
Mr. Hart with Mr. Campbell of Pennsylvania.
Mr. Igoe with Mr. Johnson of Illinois.
Mr. Williams of Texas with Mr. Sullivan of Pennsylvania.

Mr. DRIVER. Mr. Speaker, I am requested by my colleague, Mr. GLOVER, who is confined to his bed by illness, to announce that if he were present he would vote "no" on the pending amendment.

Mr. BLAND. Mr. Speaker, I wish to announce that my colleague, Mr. MONTAGUE, is absent on account of sickness. If present he would vote "no."

The result of the vote was announced as above recorded.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to address the House for one minute to make an announcement.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. TREADWAY. Mr. Speaker, at the request of the chairman of the Committee on the Public Lands, I wish to announce that to-morrow evening at 8 o'clock, in the caucus room, the Director of the National Parks, Mr. Albright, will show some very beautiful pictures of the national parks for the benefit of the Members of the House, their friends, and guests.

It was my privilege to see those pictures last week. It is the most remarkable collection of movie pictures that I have ever seen. I hope the House will attend in large numbers and bring their friends and have a great treat.

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK: On page 8, line 11, strike out the word "not," and in line 12 and in line 13 strike out the words "or its additional compensation therefor," and add after the word "day," in line 12, the following: "or at some other time."

Mr. McCORMACK. Mr. Speaker, the purpose of my amendment, briefly, is to protect the Saturday half-holiday for those who are employed in hospitals and soldiers' homes under the jurisdiction of the Veterans' Administration.

Under the recommendation of the conferees the Saturday half-holiday is taken away from those who are engaged in certain activities under the Veterans' Administration at the present time. The Saturday half-holiday is reserved to all other employees of the Federal Government. It seems to me this would result in a discrimination.

Furthermore, it seems to me to be unnecessary, in view of the fact that my amendment will result in no increased cost of government. My amendment provides that if an employee affected works on Saturday afternoon, he can be awarded three hours extra for this work on some other day or at some other time. In other words, if the employee can not be given the equivalent of the three hours he worked some time during the following week, then the time can be added up until at some particular time, when, in the judgment of the head of the department, he can be given credit for such work. The Saturday afternoon holiday of these persons can be taken away unless my amendment is adopted.

The amendment will result in no expense to the Federal Government and will eliminate discrimination.

This provision of the conferees' recommendations which I am attempting to amend was eliminated in the Senate and restored by the conferees. It affects only a small group of Federal employees. In all justice and in all fairness, the amendment should be adopted, particularly in view of the fact that it will result in no increased cost to the Government under the language in which I have employed.

Mr. BYRNS. Mr. Speaker, I yield myself two minutes.

Mr. Speaker, the conferees accepted this language upon the recommendation of General Hines, the Director of Veterans' Affairs. He recommended this particular language which the gentleman from Massachusetts seeks to strike out.

The gentleman from Massachusetts says it will not cost any money. I submit that neither he nor I nor anyone else can determine this. General Hines thinks it would, or that possibly it would. It simply means that if at some time in the future the hospital service of the Veterans' Bureau should get in a pinch and should need the services of employees on Saturday afternoon, he shall have the right to require them to devote such number of hours for this purpose as may be necessary, and they will not be entitled next

week to come along and say, "I worked two hours last Saturday and I am going to take that time off this week."

In private business there would be no question about this, and I am sure that the present language will not be opposed. I do not think it amounts to very much, but since the Director of Veterans' Affairs has requested it, I think it ought to be allowed.

Mr. McCORMACK. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. McCORMACK. The language I have suggested, "at some other time," was suggested for the purpose of carrying out the intent and purpose of General Hines, so that if an employee worked Saturday afternoon of last week, for example, he could not demand an afternoon off this week, but General Hines, or whoever is in charge, could give him the benefit of such time two or three weeks or a month later.

Mr. BYRNS. But the trouble is General Hines did not recommend that language. He recommended the language that we have reported.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken, and the amendment was rejected.

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONNERY to the Byrns amendment: Page 8, line 14, strike out all of section 12, from lines 14 to 22, inclusive.

Mr. CONNERY. Mr. Speaker, what I am seeking to do is to strike out of section 12 the language—

Assignments of officers of the Army and Navy or Marine Corps to permanent duty in the Philippines, on the Asiatic Station, or in China, Hawaii, Puerto Rico, or the Panama Canal Zone shall be for not less than three years.

That is what the provision of the present amendment of Mr. BYRNS is. I do not see any reason why we should interfere with the regulations of the Army or the War Department, saying that officers must stay in the Philippines, Puerto Rico, and Hawaii for three years without coming home; that they must be obliged to stay there. I think that should be left to the discretion of the War Department.

The climate of the Philippines is entirely different from that of the United States, as everybody knows. They have a saying in the Army that if a man stays too long in the Philippines and something comes over him in his Army career where he is incapacitated, they say he was too long in the Philippines. They claim that the climate affected him.

There is something in the climate that does not agree with the physique of the American when he goes to the Philippines or to China.

Mr. MANLOVE. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. MANLOVE. And the climate does affect the women and children in the Panama Canal.

Mr. CONNERY. That is true. The wives and children are affected as well. I am trying to strike out this provision. I think the House understands the significance of my amendment.

Mr. BACON. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. BACON. The Surgeon General of the Army recommends two years' stay in these countries as the maximum.

Mr. CONNERY. Yes. I hope the House will vote to strike out section 12 and leave it to the discretion of the War Department as to how long officers shall stay in these foreign stations.

Mr. BYRNS. I yield three minutes to the gentleman from Illinois [Mr. ARNOLD].

Mr. ARNOLD. Mr. Speaker, section 12 was placed in the amendment purely in the interest of economy. We found that the officers and their families were being transferred to and from various points mentioned in this section at intervals that were entirely too frequent. This permits the length of service in the Philippines, Puerto Rico, Hawaii, the Panama Canal Zone, and China three years. The department may direct more frequent transfers if the health of the officers or public interest requires.

We found that under 4-year period transfers the transfer of officers and families cost over $150,000 a year or about $750,000. That seems an unnecessary expenditure. A 3-year transfer will save something like $500,000 during that time. The House should vote down the amendment offered by the gentleman from Massachusetts. The 3-year period is not unreasonable in view of the savings to be effected, especially when transfers may be made more frequently when the state of health or public welfare requires.

Mr. BYRNS. Mr. Speaker, I yield three minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, my friend from Illinois made my speech. It is absolutely astonishing how much money is spent for the transfer of officers and their families to and from foreign countries. If you talk with some of them they will say, "I have had my trip to such-and-such a place and have still to get a trip here and there to other places." It is traveling around and over the world with their families, all expenses paid. The Government pays for their transportation and for the transportation of their household effects, automobiles, and so forth.

The officers who want to go to China or Puerto Rico or the Philippines ought to be willing to stay there three years. It is not a very long time when their service is for life, and that is what they agree to do when they go in the service.

If we are going to begin to save money, we have got to cut down on these things. My colleague from Illinois says that it costs in the aggregate $150,000 a year. You have got to begin saving these $150,000 items. You have got to adopt the policy of business institutions—when their outgo exceeds their income they cut down on the outgo. That is what good business men do in their private business transactions, and that is what we have to do with the Government business.

Mr. THATCHER. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. In a minute. It is the aggregate of all these $150,000 items that makes a billion-dollar deficit in the Treasury at the end of the year. I yield to the gentleman from Kentucky.

Mr. THATCHER. Many officers do ask for an extension of their tour of duty from two to three years.

Mr. BLANTON. Yes; and, of course, we want them to know something of the rest of the world. They are sent from place to place, but there is entirely too much traveling around at Government expense in the Army, the Navy, and the Marine Corps.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 37, nays 125.

So the amendment was rejected.

Mr. THATCHER. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker and Members of the House, I believe I am as much opposed to a dictatorship, whether it is of the right or the left, if it is based on force and violence, as anybody in the country; but I am sure that the time has come when we should stop haggling and quibbling over this legislation to reorganize the different bureaus and departments of the Government. For more than two years the Congress has had every opportunity to reorganize these different bureaus, and up to date it has failed lamentably. I propose for one to vote for this legislation placing ample power in the hands of the President after March 4 to reorganize the various Federal bureaus, and I do so hoping that he will succeed. This is no time for playing politics but to join hands to combat depression and unemployment and reduce governmental expenditures. I know that there are Members of the House, probably on the Republican side of the aisle, who may vote for this resolution hoping that they will give the President after March 4 ample rope to hang himself, but the question before us is what is best for our country and should be considered free from partisanship. During the World War partisanship was laid

aside, and I believe the Members of Congress will agree that we are facing a more serious economic situation in the country to-day, and the best thing we can do in Congress is to declare a political moratorium or armistice from now until the first of the year. Give the President ample power and see if he can, and we should help him, restore prosperity and put this country back where there is confidence among our people. The main thing that should be done in America to-day, and it ought to be done to-morrow, on Washington's Birthday, is for the President elect—and he is the only man in America who can speak for the American people—to come out in a ringing statement and say that he does not propose to favor any legislation or experiment with unsound or depreciated money and that he favors legislation immediately to balance the Budget. If that were done, he would restore confidence not only in the country, but in the Congress of the United States.

The Congress is being maligned and attacked from all sides and is being held responsible for the economic situation in which we find ourselves to-day. I take you back to 1927, 1928, and 1929, when the big business interests of America said to Congress, "Keep your hands off; do not interfere with business; we know our business; we do not want any governmental interference with business." Unfortunately, my friends, that is exactly what we did. We kept our hands off and permitted the inflation to go on and on until it was bound to collapse, and the pendulum swung back, not to normalcy but right on down to the depths we are in to-day. It was not the Congress of the United States that got us into this economic difficulty; it was business itself; and the first thing the business men and big interests did when they found themselves in serious difficulty was to call on the Congress for $4,000,000,000 through the Reconstruction Finance Corporation to get them out of the hole they dug for themselves. [Applause.]

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. KVALE: Page 2, line 14, after subsection (2), add a new paragraph, to read as follows:

"(3) Section 201 is amended by striking out 'or the municipal government of the District of Columbia.'"

Mr. KVALE. Mr. Speaker, we are to-day reenacting certain provisions of the economy act, which we adopted last year. Earlier in the course of the debate the gentleman from New York [Mr. MEAD] attempted to revise the language of section 201, which the gentleman from Tennessee [Mr. BYRNS], chairman of the committee, is reenacting under the terms of his amendment.

The Senate struck section 201 from the bill, and it is now being reinserted. If it is going to be reinserted, I offer my amendment—and I say frankly I offer it at the request of some of the District employees that are directly affected by it—in the hope that we can correct an injustice to three classes of employees in the District, and three alone. This amendment will affect the pay and the salaries, as near as I can ascertain, of 321 firemen, about 640 policemen, and some 1,200 teachers. Each of these three groups has, as an integral part of its contract, the hope and expectation of having its salary automatically increased after a certain length of time.

Mr. Speaker, the fact that we are devoting our best efforts to correct major economic ills and rectify monstrous injustices as speedily and effectively as we can surely does not warrant dismissal of any opportunity that comes to us from time to time to remedy lesser unfairnesses that creep into legislation. I am convinced that my amendment will correct a situation we consider small and of a minor nature, but to those involved it seems large and important, indeed.

They took these positions under certain agreements, and the automatic increases were just as much a part of their pay as were their monthly checks. They have—and this will refer particularly to the policemen and firemen—conducted themselves in a splendid and commendable manner in most trying times; they have worked long hours overtime and have served the public courageously and gladly. We have all seen firemen within the last months serving as emergency members of the police force in addition to carrying on their usual duties.

Surely, the least we can do to show our appreciation is to permit the original contract with them to stand and let them have their small annual increase as it is called for. All but a small fraction of it will be paid for by the citizens of the District whom they serve—only about 12½ per cent by the Federal Treasury—and I have heard none of them who have protested the payment of these automatic increases.

The rawest rookie that goes out on the street to patrol his beat, to subject himself to the ordinary and special hazards that a policeman must, runs exactly the same risk to life and health as one who has been on the force a number of years. His only hope of reward is for these small automatic increases as they come along.

If a great conflagration breaks out, the greenest rookie in the fire department takes his place at the nozzle of the hose alongside the oldest fireman on the force. This amendment will affect only the limited number of employees I have mentioned, and no more; it will cost a small additional sum; but I believe in reason and in justice to these people, for the sake of the morale of these departments in the District, it should prevail, and I hope the chairman of the committee can see fit to accept it, even though it does involve a slight additional cost.

I yield back the balance of my time.

The SPEAKER pro tempore. The gentleman yields back two minutes.

Mr. BYRNS. Mr. Speaker, I yield myself two minutes.

Mr. Speaker, the amendment offered by the gentleman from Minnesota [Mr. KVALE] would simply serve to increase what some have claimed is a discrimination created by what we are doing. Here are the officers in the Army, the officers in the Navy, insisting that they should have the automatic increases. Here are 12,000 postal employees insisting they should have the automatic increases. Here are clerks in the customs—I do not recall how many—insisting they should have the automatic increases. I submit that if we undertake to pick or choose from all that number certain officials in the District of Columbia, those whom I have named are never going to understand just why they were excepted from the general provisions of this law. So I submit that in all fairness and to prevent that discrimination which we are trying to avoid, we ought to vote down the amendment offered by the gentleman from Minnesota.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Minnesota [Mr. KVALE].

The amendment was rejected.

Mr. THATCHER. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REED of New York: Page 10, line 19, after the word "Congress," strike out the period and add the following: "and shall not apply to the permanent annual appropriations for vocational education, colleges for the benefit of agriculture and mechanical arts, or cooperative agricultural extension work."

Mr. REED of New York. Mr. Speaker, every Member of this House has in his or her State a so-called land-grant college. Since 1860, a period of almost three-quarters of a century, these excellent colleges have depended on a permanent Federal appropriation of $50,000 a year to help defray their operating expenses. In 1917 we had the Smith-Hughes Act, dealing with industrial education, and we have had the Reed Act, which provides for agricultural vocational education. It is not proposed by the Byrns amendment to reduce the expenses of Government one iota. It is not economy at all. It is not intended to be. It is a direct attack upon public education, that has been in evidence on this floor from time to time since 1860, and more frequently since 1917. The States have built up their edu-

cational programs with the assurance of the Federal Government that the permanent appropriations could be depended upon. Some of our legislatures meet every two years; some every four years. Unless the State legislatures know that these appropriations are to be permanent, they can not set up a permanent program in the States. One million one hundred and seventy-eight thousand boys and girls are enrolled in these vocational establishments to-day.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. REED of New York. I can not yield. I only have five minutes.

In order to set up these programs they must know what they can depend upon for a period of years. What is it proposed to do in this bill unless my amendment is adopted? It is proposed that in 1934 the president of every land-grant college and all vocational workers and teachers will have to come to Congress on their knees and beg for appropriations to carry on public education. Up to 1934 our schools will continue to get the appropriation, but after that date they must come here and plead for funds.

In the meantime, without assurance that the appropriations are going to be made, communities are going to find their vocational educational programs demoralized, because the State legislatures will not know what Congress plans to do. The States can not plan their appropriations until it is known what the Federal Government intends to authorize. We owe very much to public education in this time of stress and strain. In the last 20 years 750,000 young men and women, many of them sons and daughters of working men, have gone through our colleges. Many of them have gone through our land-grant colleges. Millions and millions of girls and boys have had some smattering of economics in their vocational courses, and the reason that you are not having bloodshed and riots to-day in this great crisis is because you have millions of people who know something of economics, who have been educated up to the level where they are not going out with bludgeons and bombs to try to cure the depression. They have learned something about depressions and the cause of them. I tell you that the money heretofore appropriated for public education has been a wise investment. I resent this attempt at this time to demoralize this program, simply because there are a few who are opposed to public education.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. JOHNSON of Texas. I do not think there is any money spent by the Federal Government where greater practical benefits and results are obtained than the money authorized and spent under these acts, and I hope the amendment will be adopted.

Mr. REED of New York. This is not economy in the bill. The amendment which I have offered does not increase the expenditure of the Government one cent. The Byrns amendment does not save one cent.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. REED of New York. I can not yield now.

I want the Members who believe in public education to support this amendment. I want you land-grant college people to realize that many colleges are now depending upon the $50,000 they get from the Federal Government to defray one-fifth of the operating expenses of some of the land-grant colleges.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. REED] has expired.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. COCHRAN of Missouri. Is there any language in this provision of any kind that gives the President of the United States the power to reduce the appropriation for vocational education?

Mr. BYRNS. No.

Mr. COCHRAN of Missouri. The gentleman from New York [Mr. REED], whose time has just expired, in my opinion, endeavored to convey the impression that there was such language in the bill. I was sure there was nothing of the kind in the bill, but I thought it best to have the gentleman from Tennessee [Mr. BYRNS], chairman of the committee, so inform the Members.

Mr. BYRNS. Mr. Speaker, I yield myself two minutes.

Mr. Speaker, the gentleman from New York [Mr. REED], whom I respect very highly, has built up in his own mind quite an argument against this particular proposition, but I submit it is based entirely upon the wrong premise for the reason that this provision does not affect the appropriation.

How many Members in this House to-day know how much money we are appropriating for this purpose? Do you not think you are entitled to know? Do you not think, as representatives of the taxpayers, that you are entitled to know?

All this provision does is simply to say that if this money is being appropriated annually it shall be carried in the regular annual appropriation bill, not necessarily for the purpose of cutting it down but to give Congress and the country some idea as to what is being expended. I dare say not 3 per cent of the people of the United States outside of those directly involved have the least idea how much is being appropriated for this purpose.

This is all it means. It simply proposes the idea of giving Congress this knowledge from year to year and some chance to know how much is being expended and distributed by those to whom it is intrusted.

[Here the gavel fell.]

The SPEAKER pro tempore. The question is on the amendment of the gentleman from New York.

The question was taken; and on a division (demanded by Mr. REED of New York) there were—ayes 77, noes 109.

So the amendment was rejected.

Mr. THATCHER. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. TABER].

The TABER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 12, line 25, after the word "agency," insert "but no such transfer shall be made unless the President shall find it will result in a saving;" and on page 13, line 2, after the word "agency," insert "but no such consolidation shall be made unless the President shall find it will result in a saving."

Mr. TABER. Mr. Speaker, I have offered this amendment because I have seen in my own State so many consolidations where there was simply the imposition of an extra overhead, where there was no saving but an increase in expense. I have seen so many transfers of departments and so much changing around where there was no saving but simply an increase of expense.

I want to protect the next President of the United States from having, because of pressure, to put in that kind of consolidation and that kind of transfer.

I hope the House will adopt this amendment and make this provision for consolidations and transfers effective for savings.

Mr. BYRNS. Mr. Speaker, I call the attention of the House to the fact that consolidation has two objects—one to effect savings and another to promote efficiency. The amendment of the gentleman would prevent any consolidation, regardless of how much efficiency it might promote.

The SPEAKER pro tempore. The question is on the amendment of the gentleman from New York.

The amendment was rejected.

Mr. THATCHER. Mr. Speaker, I yield two minutes to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. EATON of Colorado: On page 14, line 18, strike out the words "within 12 months."

Mr. EATON of Colorado. Mr. Speaker, this subsection (b) of section 405, which provides that no lawsuit shall be abated, also provides that the court, on motion or supplemental petition filed at any time within 12 months after a transfer takes effect, may continue a suit alive.

I think it is a mistake, both in the statute of June 30, 1932—Public, No. 212, of the Seventy-second Congress—and

in this bill, to put any limitation at all upon the carrying on of any litigation in which the Government is a party.

These words "within 12 months" ought to come out. If it stays in, it makes an automatic statute of limitation on pending litigation which did not exist when the suit was commenced. I had hoped the chairman of the committee would say, "I consent that they come out"; but it seems he can not. However, a mere statement of the proposition ought to show the reason why the words "within 12 months" should come out. You should not interfere in pending litigation by changing the identity of the parties by statute to such an extent that you abate the suit because there may be no progress in 13 months; the parties as a matter of right should be permitted to come in at any time and advise the court that at a certain time the names of the parties were changed by this presidential order. At all times the principal party is the United States, no matter by what agency designated for the transaction of particular business.

Mr. WILLIAMSON. Mr. Speaker, will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. WILLIAMSON. The only effect of the provision now carried in the bill is that they must come into court within the 12-months period. Once they are there they can continue the litigation indefinitely, whether it takes 1 year, 2 years, or 5 years.

Mr. EATON of Colorado. A reading of the section indicates it would automatically stop much litigation already commenced, because forsooth the litigation continued for 13 months without the required order being asked for.

[Here the gavel fell.]

The SPEAKER pro tempore. The question is on the amendment of the gentleman from Colorado.

The amendment was rejected.

Mr. THATCHER. Mr. Speaker, I yield two minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER: Strike out all of title 5.

Mr. SCHAFER. Mr. Speaker, the Democratic Party has had control of this House for two years. In sponsoring and voting for the delegation of power to the President, as embodied in title 4, beginning on page 11, the Democratic majority admits it has been unable to function during this 2-year period. The Democrats also admit that their majority of over 200 in the next Congress is unable properly to perform the legislative duties vested in Congress under the Constitution.

We owe some duty to the new Members of the incoming Congress. We should not shear them of their prerogatives, authority, and power vested in them under the Constitution.

I am opposed to this monstrosity sponsored by the Democratic majority. If it is written into the law of the land, the newspapers of the country in every town and hamlet can properly headline a special edition, "The people's representatives have abdicated! Congress is dead! Long live the king and the commander in chief of his patronage army, Mr. Farley!" [Applause.]

Mr. BYRNS. Mr. Speaker, ever since this amendment was offered, I have been wondering what had become of the gentleman from Wisconsin. Now that we have heard from him, I ask for a vote. [Laughter.]

Mr. STAFFORD. Mr. Speaker, in scanning this amendment I do not find any title 5.

Mr. BYRNS. There is not any, but let us vote on the amendment.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The question was taken, and the amendment was rejected.

Mr. THATCHER. Mr. Speaker, I yield two minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMSON: Page 11, line 12, strike out all of lines 12 to 16, inclusive, and insert in lieu thereof the following: "accordingly it is declared to be the purpose and policy of Congress," so that the amendment will read:

"DECLARATION OF STANDARD

"SEC. 401. The Congress hereby declares that a serious emergency exists by reason of the general economic depression; that it is imperative to reduce drastically governmental expenditures; and that such reduction may be accomplished in great measure by proceeding immediately under the provisions of this title.

"Accordingly it is declared to be the purpose and policy of Congress—

"(a) To reduce expenditures to the fullest extent consistent with the efficient operation of the Government;

"(b) To increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues;

"(c) To group, coordinate, and consolidate executive and administrative agencies of the Government, as nearly as may be, according to major purposes;

"(d) To reduce the number of such agencies by consolidating those having similar functions under a single head and by abolishing such agencies and/or such functions thereof as may not be necessary for the efficient conduct of the Government;

"(e) To eliminate overlapping and duplication of effort; and

"(f) To segregate regulatory agencies and functions from those of an administrative and executive character."

Page 12, line 17, strike out all of line 17 and the letters "tion" and insert in lieu thereof the following:

"SEC. 403. The President shall investigate the present organization of all executive and administrative agencies of the Government and shall determine what changes therein are necessary to accomplish the purpose and the policy of Congress as declared in section 401, and whenever after said investigation the President," so that the section will read:

"POWER OF THE PRESIDENT

"SEC. 403. The President shall investigate the present organization of all executive and administrative agencies of the Government and shall determine what changes therein are necessary to accomplish the purpose and policy of Congress as declared in section 401, and whenever after said investigation the President shall find and declare that any regrouping, consolidation, transfer, or abolition of any executive agency or agencies and/or the functions thereof is necessary to accomplish any of the purposes set forth in section 401 of this title, he may by Executive order—

"(a) Transfer the whole or any part of any executive agency and/or the functions thereof to the jurisdiction and control of any other executive agency;

"(b) Consolidate the functions vested in any executive agency; or

"(c) Abolish the whole or any part of any executive agency and/or the functions thereof; and

"(d) Designate and fix the name and functions of any consolidated activity or executive agency and the title, powers, and duties of its executive head; except that the President shall not have authority under this title to abolish or transfer an executive department and/or all the functions thereof."

Mr. WILLIAMSON. Mr. Speaker, I invite the attention of the chairman of the Committee on Appropriations [Mr. BYRNS] to this amendment. Evidently the intention of the draftsman of this title 4 was to declare a policy of Congress. As a matter of fact, that has not been done. The only purpose of this amendment is to definitely set up a policy of Congress as a guide to the President and then authorize him to do exactly what the bill now provides. I think you would greatly improve the chances of the bill being held constitutional if this amendment is adopted.

It seems to be generally conceded by Members upon the floor that title 4 of H. R. 13520, now incorporated in the proposed Byrns amendment is in effect a delegation of legislative authority to the President. On Saturday of last week I discussed the constitutionality of the provision and therefore shall not further discuss that feature here. Where a delegation of authority essentially legislative in character is sought to be conferred upon the Executive, the courts have held that the most that Congress can do is to set up what is sought to be brought about as a policy or a rule as a guide to the President and then authorize the President, upon the ascertainment of the facts and conditions specified to so declare, upon which the statute shall become operative.

It seems to me the amendment which I propose will clarify the purpose and intent of Congress so as to afford a more definite guide for the President in his efforts to reorganize the Government. If the language is so reconstructed and the authority to abolish Executive agencies and independent establishments were eliminated, I think

title 4 would be constitutional, but I have very grave doubts as to its constitutionality in its present form, which would permit the President, if he should so elect, to abolish the marines, the Coast Guard, the Interstate Commerce Commission, the Tariff Commission, or any other independent establishment. I do not anticipate the President would do anything of the sort but it is certainly within his power under the language now carried in title 4.

The SPEAKER pro tempore. The question is on the amendment of the gentleman from South Dakota [Mr. WILLIAMSON].

The question was taken, and the amendment was rejected.

Mr. THATCHER. Mr. Speaker, I yield myself two minutes.

Mr. Speaker, we are about to vote on this motion. As one of the conferees I know something of the difficulties involved in settling the differences between the House and the Senate.

This bill is the best average we have been able to secure, and I favor the motion, although a little while ago I voted for the amendment of the gentleman from Maine [Mr. BEEDY], because I felt that Congress should retain a little more power touching its delegation of authority to the President to consolidate and curtail governmental activities. But this is not a surrender of power on the part of the Congress. It is the delegation of authority to perform a specific task, and Congress always has the potential power to set aside this authority given to the President. It has the right to enact any legislation dealing with the subject, and to withdraw that power at any time. We have seen the difficulty on the part of 435 Members of the House, and 96 Members of the Senate, in dealing with this question of consolidation and the elimination of unnecessary and overlapping governmental activities. This is not any particular indictment of the Congress, because naturally it is harder for a large number of individuals to function in regard to such consolidations and eliminations, which are executive in their character than it is for one man to deal with them. I fully agree with the suggestion that this proposed action is unusual, but, Mr. Speaker, the times and the needs are unusual. At the last session we clothed President Hoover with somewhat similar authority, but we required that his action should be subject to our approval or rejection. The result was that rejection of his endeavors followed, and the Congress offered nothing better. Therefore the Congress was and is at fault. It should have ratified the President's action; or else, put through an adequate plan of its own. Because of the fact that it has been so difficult for the Congress itself to bring about the wholesale consolidations and eliminations needed, there was delegated to President Hoover, last year, the indicated authority, and there is now under consideration the proposal to delegate to the President elect even greater power, to deal with these matters.

There is no abolition of congressional power thus involved. The Chief Executive simply becomes the agent of the Congress to perform for it a certain duty, a particular task. This it does because, being fully cognizant of the practical difficulties it involved, has reached the judgment and conclusion that one man—the Chief Executive officer of the Nation—with the aid of his administrative assistants, can do the job better than may 531 men and women of the two Houses of Congress. The responsibility will thus be with the President; and if his action is not overturned or rejected by the Congress as is permitted by the provisions in question, that action becomes, in effect, that of the Congress itself. By no statutory enactment could we divest ourselves of the basic constitutional powers which are ours; and these provisions do not have for their purpose or effect—as I view it—any actual surrender on our part of constitutional power. The people are demanding, as they have a right to demand, that there be a substantial reduction of governmental costs, and by the proposed action we are taking what we believe to be the most feasible and effective steps to reach the desired end. Under any ordinary circumstances I would not favor, as a matter of policy, this delegation of authority, but because of the grave situation presented, I believe that we are fully justified in conferring it.

So I, for one, am supporting this motion, and I trust that the action of the conferees will be sustained. [Applause.]

Mr. BYRNS. Mr. Speaker, I yield two minutes to the gentleman from Alabama [Mr. McDUFFIE].

Mr. McDUFFIE. Mr. Speaker, I have asked for two minutes to call the attention of the committee and the House to section 14 of the proposed amendment, which is found on page 10.

During the last session, under the economy act, the rate of interest to be paid on judgments against the United States Government was changed from 6 per cent to 4 per cent.

I may be in error, and some gentlemen will correct me if I am, but according to the estimates this meant a saving to the Treasury of between four and a half and five million dollars.

Under the language carried in section 14, we repeal the economy act provision and make the repeal retroactive which means that we are handing back, if you please, from four and a half to five million dollars, which might be saved to the taxpayers were section 14 not carried in this bill. I think it should go out, and I therefore move that it be stricken from the amendment.

The SPEAKER pro tempore. The Clerk will report the amendment of the gentleman from Alabama.

The Clerk read as follows:

Amendment offered by Mr. McDUFFIE: On page 10, beginning in line 7, strike out all of section 14 ending in line 12.

Mr. BYRNS. Mr. Speaker, gentlemen of the House know that when we go into conference with another body and it comes to agreeing with them, there may be some matters upon which they insist and upon which they have the right to be heard. However, regardless of that, we are now in the attitude of coming to an agreement upon this matter with the Senate, or at least I hope so.

The economy bill, to which the gentleman from Alabama [Mr. McDUFFIE] refers, did undertake to reduce the rate of interest to 4 per cent upon the matter of tax refunds, but the economy bill made one big mistake. It went back prior to July 1, 1932, and this caused endless confusion. The courts insisted they had the right to render, and did render, judgments for 6 per cent. The Comptroller General was in a state of uncertainty and proposed amendments which restored the 6 per cent prior to July 1, on the theory that the economy bill itself was violative of the Constitution in undertaking to affect judgments rendered prior to that time.

Mr. BEEDY. Will the gentleman yield for a brief question?

Mr. BYRNS. I have just a minute left. Here is the situation: When you owe the Government money—and I am saying this from the viewpoint of the other body—the Government charges you 6 per cent and collects 6 per cent.

Mr. McDUFFIE. You ought not to owe it.

Mr. BYRNS. The Government ought not to overassess and owe its taxpayers. It is as broad as it is long.

When you owe the Government money you have to pay 6 per cent, but when the Government turns around and pays you money that is due you, which, perhaps, it has held for several years, it only pays you 4 per cent. I say this is not fair, and the Government does not want to be in the position of being unfair to any single taxpayer within the broad confines of the United States.

Mr. Speaker, I ask for a vote.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired. All time has expired.

The question is on the amendment of the gentleman from Alabama.

The question was taken; and there were on a division (demanded by Mr. McDUFFIE and Mr. STAFFORD)—ayes 106, noes 92.

Mr. BYRNS. Mr. Speaker, I demand tellers.

Mr. STAFFORD. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

Mr. SIROVICH. Mr. Speaker, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. McDUFFIE and Mr. BYRNS.

The House again divided; and there were—ayes 126, noes 100.

Mr. SIROVICH. Mr. Speaker, I demand the yeas and nays.

Mr. STAFFORD. Mr. Speaker, I make the point that is not in order, because the House has already refused the yeas and nays.

The SPEAKER pro tempore. It is always in order to ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 234, nays 134, not voting 58, as follows:

[Roll No. 163]

YEAS—234

Allen	Ellzey	Lambertson	Romjue
Allgood	Englebright	Lambeth	Sanders, N. Y.
Almon	Erk	Lamneck	Sanders, Tex.
Amlie	Evans, Calif.	Lanham	Schafer
Andresen	Fishburne	Lankford, Ga.	Schneider
Andrew, Mass.	Frear	Lea	Seiberling
Arentz	Free	Leavitt	Selvig
Bachmann	French	Lonergan	Shallenberger
Bankhead	Fuller	Loofbourow	Shannon
Barbour	Fulmer	Lovette	Shott
Beck	Gavagan	Lozier	Shreve
Beedy	Gibson	McClintic, Okla.	Sinclair
Biddle	Gilbert	McClintock, Ohio	Snell
Black	Gilchrist	McCormack	Sparks
Bland	Gillen	McDuffie	Spence
Blanton	Goldsborough	McGugin	Stafford
Boehne	Granfield	McLeod	Stalker
Bohn	Green	Maas	Steagall
Boileau	Griffin	Magrady	Strong, Pa.
Bolton	Guyer	Maloney	Stull
Bowman	Hadley	Manlove	Sumners, Tex.
Brand, Ohio	Hall, Ill.	Mansfield	Swank
Briggs	Hall, N. Dak.	Mapes	Swanson
Britten	Hancock, N. Y.	Martin, Mass.	Swing
Buckbee	Hancock, N. C.	Michener	Tarver
Burtness	Hardy	Millard	Taylor, Colo.
Campbell, Iowa	Haugen	Milligan	Thomason
Carter, Calif	Hess	Mitchell	Thurston
Carter, Wyo.	Hill, Ala.	Mobley	Tierney
Castellow	Hill, Wash.	Montet	Timberlake
Chapman	Hoch	Moore, Ky.	Turpin
Chiperfield	Hogg, Ind.	Moore, Ohio	Underhill
Christopherson	Hogg, W. Va.	Morehead	Underwood
Clague	Holmes	Mouser	Vinson, Ga.
Cochran, Pa.	Hooper	Murphy	Vinson, Ky.
Collins	Hope	Nelson, Mo.	Warren
Condon	Horr	Nolan	Wason
Connolly	Huddleston	Norton, Nebr.	Watson
Cooper, Ohio	James	Oliver, Ala.	Weaver
Cox	Jeffers	Overton	Weeks
Coyle	Jenkins	Parker, Ga.	Welch
Crail	Johnson, Mo.	Parker, N. Y.	West
Cross	Johnson, Okla.	Parsons	White
Crowe	Johnson, S. Dak.	Patman	Whitley
Crowther	Johnson, Tex.	Patterson	Whittington
Culkin	Johnson, Wash.	Peavey	Williams, Mo.
Curry	Jones	Person	Williamson
Darrow	Kading	Pettengill	Wilson
Davis, Pa.	Kahn	Pratt, Harcourt J.	Withrow
De Priest	Kelly, Ill.	Pratt, Ruth	Wolcott
Dickinson	Kemp	Purnell	Wolfenden
Dies	Kennedy, N. Y.	Ramseyer	Wolverton
Dominick	Kerr	Ramspeck	Wood, Ga.
Douglass, Mass.	Ketcham	Rankin	Woodruff
Dowell	Kinzer	Ransley	Woodrum
Doxey	Kniffin	Rayburn	Yates
Drewry	Kopp	Rich	Yon
Eagle	Kvale	Robinson	
Eaton, Colo.	LaGuardia	Rogers, Mass.	

NAYS—134

Abernethy	Burdick	Crosser	Finley
Adkins	Byrns	Crump	Fish
Aldrich	Canfield	Cullen	Fitzpatrick
Andrews, N. Y.	Carden	Davenport	Flannagan
Arnold	Carley	Davis, Tenn.	Flood
Auf der Heide	Cavicchia	Delaney	Fulbright
Ayres	Celler	DeRouen	Gambrill
Bacharach	Chindblom	Disney	Garber
Bacon	Clancy	Doughton	Gasque
Barton	Clark, N. C.	Drane	Gifford
Bloom	Cochran, Mo.	Driver	Goss
Boylan	Cole, Iowa	Dyer	Greenwood
Browning	Cole, Md.	Eaton, N. J.	Griswold
Brunner	Collier	Eslick	Haines
Buchanan	Colton	Estep	Hartley
Bulwinkle	Connery	Evans, Mont.	Hastings
Burch	Cooper, Tenn.	Fiesinger	Holaday
Hollister	McReynolds	Prall	Stewart
Hopkins	McSwain	Ragon	Strong, Kans.
Howard	Major	Rainey	Sutphin
Hull, Morton D.	Martin, Oreg.	Reed, N. Y.	Sweeney
Keller	May	Reilly	Taber
Kelly, Pa.	Mead	Rogers, N. H.	Taylor, Tenn.
Kennedy, Md.	Miller	Rudd	Temple
Kleberg	Nelson, Me.	Sabath	Thatcher
Kunz	Niedringhaus	Sandlin	Tinkham
Lankford, Va.	Norton, N. J.	Seger	Treadway
Larrabee	O'Connor	Simmons	Wigglesworth
Lichtenwalner	Palmisano	Sirovich	Wingo
Lindsay	Parks	Smith, Va.	Wood, Ind.
Luce	Partridge	Smith, W. Va.	Wright
Ludlow	Pittenger	Snow	Wyant
McKeown	Polk	Somers, N. Y.	
McMillan	Pou	Stevenson	

NOT VOTING—58

Baldrige	Cooke	Hart	Nelson, Wis.
Beam	Corning	Hawley	Oliver, N. Y.
Boland	Dickstein	Hornor	Owen
Brand, Ga.	Dieterich	Houston, Del.	Perkins
Brumm	Douglas, Ariz.	Hull, William E.	Reid, Ill.
Busby	Doutrich	Igoe	Schuetz
Cable	Fernandez	Jacobsen	Smith, Idaho
Campbell, Pa.	Foss	Johnson, Ill.	Stokes
Cannon	Freeman	Knutson	Sullivan, N. Y.
Cartwright	Glover	Kurtz	Sullivan, Pa.
Cary	Golder	Larsen	Summers, Wash.
Chase	Gregory	Lehlbach	Swick
Chavez	Hall, Miss.	Lewis	Williams, Tex.
Christgau	Hare	McFadden	
Clarke, N. Y.	Harlan	Montague	

So the amendment of Mr. McDUFFIE was agreed to.

The Clerk announced the following pairs:

On the vote:

Mr. Cartwright (for) with Mr. Oliver of New York (against).

Until further notice:

Mr. Beam with Mr. Kurtz.
Mr. Gregory with Mr. Smith of Idaho.
Mr. Brand of Georgia with Mr. Knutson.
Mr. Glover with Mr. Christgau.
Mr. Hornor with Mr. Cooke.
Mr. Montague with Mr. Doutrich.
Mr. Jacobsen with Mr. Clarke of New York.
Mr. Lewis with Mr. Perkins.
Mr. Busby with Mr. Stokes.
Mrs. Owen with Mr. Golder.
Mr. Corning with Mr. Nelson of Wisconsin.
Mr. Boland with Mr. Baldrige.
Mr. Hall of Mississippi with Mr. Chase.
Mr. Hart with Mr. Campbell of Pennsylvania.
Mr. Igoe with Mr. Johnson of Illinois.
Mr. Williams of Texas with Mr. Sullivan of Pennsylvania.
Mr. Schuetz with Mr. Foss.
Mr. Hare with Mr. Brumm.
Mr. Sullivan of New York with Mr. Lehlbach.
Mr. Cannon with Mr. Cable.
Mr. Larsen with Mr. McFadden.
Mr. Cary with Mr. Reid of Illinois.
Mr. Dieterich with Mr. Swick.
Mr. Chavez with Mr. Houston of Delaware.
Mr. Douglas of Arizona with Mr. Freeman.
Mr. Fernandez with Mr. Hawley.
Mr. Dickstein with Mr. William E. Hull.
Mr. Harlan with Mr. Summers of Washington.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question recurs on the amendment of the gentleman from Tennessee [Mr. BYRNS] as amended.

The amendment was agreed to.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Clerk may correct the numbers to the sections.

The SPEAKER pro tempore. Without objection, it is so ordered. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 86 of the bill, line 3, strike out the figure "15" and insert "21."

Mr. BYRNS. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment 15 and agree with the following amendment:

The Clerk read as follows:

Mr. BYRNS moves that the House recede from its disagreement to the amendment of the Senate numbered 15 and agree to the same with the following amendment: "In lieu of the matter to be inserted by the Senate amendment insert 18."

The SPEAKER pro tempore. The question is on the motion of the gentleman from Tennessee.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 86, after line 12, insert the following:

"SEC. 22. (a) The Court of Claims of the United States is authorized, under such rules as it may prescribe, to impose a fee in an amount not in excess of $10, to be fixed by the court, for the filing of any petition in any case instituted after the enactment of this act, and for the hearing of any case before the court, a judge, or a commissioner thereof, pending at the time of the enactment of this act.

"(b) The court is authorized to charge and collect a fee of 10 cents a folio for preparing and certifying a transcript of the record for the purpose of appeal by the plaintiff and for furnishing certified copies of judgments or other documents in cases in said court: *Provided*, That not less than $5 shall be charged for each certified copy of findings of fact and opinion of the court to be filed in the Supreme Court of the United States.

"(c) The court is also authorized to charge and collect for each certified copy of its findings of fact and opinion a fee of 25 cents for 5 pages or less, 35 cents for those over 5 and not more than 10 pages, 45 cents for those over 10 and not more than 20 pages, and 50 cents for those of more than 20 pages.

"(d) The clerk of the Court of Claims shall account to the Attorney General for all such fees and shall deposit such fees to the credit of the Treasurer of the United States in the same manner as is provided in the case of collections by clerks of district courts, as provided by section 9 of the act entitled 'An act to fix the salaries of clerks of the United States district courts and to provide for their office expenses, and for other purposes,' approved February 26, 1919, as amended (U. S. C., title 28, sec. 567)."

Mr. BYRNS. Mr. Speaker, I move that the House recede from its disagreement and concur with the following amendment.

The Clerk read as follows:

Mr. BYRNS moves that the House recede from its disagreement to the amendment of the Senate No. 16, and agree to the same with the following amendments:

In line 1 of the matter proposed to be inserted by such amendment strike out the figures "22" and insert in lieu thereof the figures "19."

In lines 2, 8, and 16 of the matter proposed to be inserted by such amendment, after the word "authorized," insert in each instance the words "and directed."

And in line 10 of the matter proposed to be inserted by such amendment strike out the word "appeal" and insert in lieu thereof the following: "a writ of certiorari sought."

The SPEAKER pro tempore. The question is on the motion of the gentleman from Tennessee.

The question was taken, and the motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 17. Page 87, after line 18, add the following:

"TITLE III

"That when used in this title—

"(a) The term 'United States,' when used in a geographical sense, includes the United States and any place subject to the jurisdiction thereof;

"(b) The terms 'public use,' 'public building,' and 'public work' shall mean use by, public building of, and public work of the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, the Philippine Islands, American Samoa, the Canal Zone, and the Virgin Islands.

"SEC. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

"SEC. 3. (a) Every contract for the construction, alteration, or repair of any public building or public work in the United States growing out of an appropriation heretofore made or hereafter to be made shall contain a provision that in the performance of the work the contractor, subcontractors, material men, or suppliers shall use only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, except as provided in section 2: *Provided, however*, That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material, or supply, and a public record made of the findings which justified the exception.

"(b) If the head of a department, bureau, agency, or independent establishment which has made any contract containing the provision required by subsection (a) finds that in the performance of such contract there has been a failure to comply with such provisions, he shall make public his findings, including therein the name of the contractor obligated under such contract, and no other contract for the construction, alteration, or repair of any public building or public work in the United States or elsewhere shall be awarded to such contractor, subcontractors, material men, or suppliers with which such contractor is associated or affiliated within a period of three years after such finding is made public.

"SEC. 4. This title shall take effect on the date of its enactment, but shall not apply to any contract entered into prior to such effective date.

Mr. BYRNS. Mr. Speaker, I offer the following motion, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. BYRNS moves that the House recede from its disagreement to Senate amendment numbered 17 and agree to the same.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment numbered 18: Page 90, after line 7, add the following:

"SEC. 5. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application thereof to other persons or circumstances, shall not be affected thereby."

Mr. BYRNS. Mr. Speaker, I offer the following motion:

The Clerk read as follows:

Mr. BYRNS moves that the House recede from its disagreement to Senate amendment numbered 18 and agree therein.

The motion was agreed to.

A motion to reconsider the votes on the amendments to the bill H. R. 13520 was laid on the table.

DISTRICT OF COLUMBIA KIDNAPING BILL

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my own remarks on the bill, S. 4694, and to include therewith extracts from the committee reports on the bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. THATCHER. Mr. Speaker, on the 3d day of March, 1932, I introduced in the House H. R. 10089, a measure entitled "A bill to amend section 812 of the Code of Laws for the District of Columbia." The object involved was the enactment of adequate kidnaping legislation for the District of Columbia. On the 9th day of May, 1932, at my request the duplicate bill, S. 4694, was introduced in the Senate by Senator PATTERSON, of Missouri. A hearing on the measure was had before the Senate committee on June 17, 1932, and it was thereupon favorably reported by that committee. The bill passed the Senate on July 11, 1932.

As introduced in the House and Senate, and as reported by the Senate committee, the bill permitted the jury to affix the death penalty in extreme cases. In the Senate the death penalty was omitted, but for the offense of kidnaping, abducting, and so forth, and the holding for ransom or reward of any person of whatsoever age there was retained the penalty of imprisonment for life, or for such term as the court, in its discretion, may determine.

On January 25, 1933, I was able to secure at the hands of the House Committee on the District of Columbia a hearing on the bill, and as a result the bill in the form it passed the Senate, S. 4694, was approved by the committee and favorably reported. Thereupon the measure was called up in the House on District of Columbia day by our esteemed colleague, the able chairman of the committee, Mrs. MARY T. NORTON, Representative from New Jersey, and was passed by the unanimous vote of the House. On the 18th day of

February, 1933, the measure was signed by President Hoover and became a law.

Until this bill was enacted there was no law on the subject of kidnaping and holding within the District of Columbia, for ransom or reward, any person over 16 years of age. Only in a case when a person over 16 years of age was kidnaped in the District and carried out of it was an offense declared. There was provided in the old law fairly—though not fully—adequate penalties for kidnaping within the District of Columbia of any child under 16.

The old law (sec. 812) of the Code of Law for the District of Columbia reads thus:

Whoever unlawfully and forcibly or fraudulently carries off or decoys out of the District any person, or arrests or imprisons any person with the intention of having such person carried out of the District, shall be imprisoned for not less than one nor more than seven years or fined not exceeding $1,000, or both: *Provided*, That whoever leads, carries, or entices away a child under the age of 16 years, with the intent unlawfully to detain or conceal such child so led, taken, or enticed away, shall be imprisoned for not more than 20 years or fined not exceeding $1,000, or both.

The new law, embodied in House bill 10089 and Senate bill 4694, as it passed the Senate and House and as approved by the President, is as follows:

[Public, No. 362, 72d Cong.]

(S. 4694)

An act to amend section 812 of the Code of Law for the District of Columbia

Be it enacted, etc., That section 812 of the act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, as amended (D. C. Code, title 6, sec. 36), is amended to read as follows:

"SEC. 812. Whoever shall be guilty of, or of aiding or abetting in, seizing, confining, inveigling, enticing, decoying, kidnaping, abducting, concealing, or carrying away any individual, by any means whatsoever, and holding or detaining, or with the intent to hold or detain, such individual for ransom or reward, shall, upon conviction thereof, be punished by imprisonment for life or for such term as the court in its discretion may determine. This section shall be held to have been violated if either the seizing, confining, inveigling, enticing, decoying, kidnaping, abducting, concealing, carrying away, holding, or detaining occurs in the District of Columbia. If two or more individuals enter into any agreement or conspiracy to do any act or acts which would constitute a violation of the provisions of this section, and one or more of such individuals do any act to effect the object of such agreement or conspiracy, each such individual shall be deemed to have violated the provisions of this section."

Approved, February 18, 1933.

There is no more heinous crime than that of kidnaping, and it is frightfully prevalent in our country to-day. The laxity of law enforcement, of every character, in the Nation presents a peril of the first magnitude. I am one of those who believe that, however grave our economic problems may be, that which is presented by the wholesale and flagrant commission of crime throughout the length and breadth of the land is even greater. In fact, crime constitutes a very important cause of economic stress, and the cancerous growth of crime upon the social body is malignant in any case, and will prove deadly to our liberties if not checked. Under our high-powered civilization it is now easier to commit crime than ever before, and more easy for criminals in one or another way to escape punishment.

Kidnaping of men, women, and children by gangsters for ransom, for reward, as well as for other unlawful purposes is shockingly prevalent. The kidnaping of the Lindbergh baby was one of the most horrible crimes ever committed in the world's history, and the fact that its perpetrators have been able thus far to baffle all efforts to find them adds to that horror. Crimes of this character constitute a challenge to our civilization. The gangster and the racketeer must be destroyed or they will destroy not only our society but our civilization as well.

During this, the seventy-second, the Congress enacted a law dealing with the subject of kidnaping persons for ransom or reward, and the carrying of them across the line of any State, Territory, or the District of Columbia. See Senate bill 1525, which was approved and became a law on June 22, 1932. It provides as follows:

[Public, No. 189, 72d Cong.]

(S. 1525)

An act forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony

Be it enacted, etc., That whoever shall knowingly transport or cause to be transported, or aid or abet in transporting, in interstate or foreign commerce, any person who shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away by any means whatsoever and held for ransom or reward shall, upon conviction, be punished by imprisonment in the penitentiary for such term of years as the court, in its discretion, shall determine: *Provided*, That the term "interstate or foreign commerce" shall include transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country; or from a foreign country to any State, Territory, or the District of Columbia: *Provided further*, That if two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act and do any overt act toward carrying out such unlawful agreement, confederation, or conspiracy such person or persons shall be punished in like manner as hereinbefore provided by this act.

Approved, June 22, 1932.

The passage of this interstate bill and of this District of Columbia measure protect the kidnaping situation in the States, Territories, and the District of Columbia so far as the Federal law-enacting obligation may be concerned; but a law is only a blue print, and it is of no value unless enforced. Congress has thus performed its duty in the premises, and many States have enacted antikidnaping laws, with heavy penalties provided. A number of them—including my own, Kentucky—provide the death penalty as a maximum punishment. I believe that if there is any crime in the calendar which merits the forfeit of life on the part of the offender, it is that of kidnaping, especially so where women and children are the victims. Now let the courts, the juries, the officials, and the citizens of the Nation perform their duty. Let them perform their duty fully and fearlessly, not only with reference to crimes of the indicated character but as well as regards all other forms of crime. The value of adequate law observance and law enforcement is beyond all estimation, and without these our country can not long endure.

Under leave granted me, I now include the substantial portion of the House committee's report on this District of Columbia kidnaping bill. It will be noted that the House adopted the report of the Senate committee.

[Rept. No. 1997, 72d Cong., 2d sess.]

Mr. PALMISANO, from the Committee on the District of Columbia, submitted the following report (to accompany S. 4694):

The Committee on the District of Columbia, to whom was referred the bill (S. 4694) to amend section 812 of the Code of Law for the District of Columbia, having considered the same, reports favorably thereon and recommends that the bill do pass.

This measure passed the Senate July 11, 1932, and a copy of the Senate report thereon is hereto appended and made a part hereof.

[S. Rept. No. 846, 72d Cong., 1st sess.]

"The Committee on the District of Columbia, to whom was referred the bill (S. 4694) to amend section 812 of the Code of Law for the District of Columbia, having considered the same, reports favorably thereon and recommends that the bill do pass.

"PURPOSE OF THE BILL

"The bill contemplates a substantial revision of section 812 of the District Code, which deals with the crime of abduction and the penalties therefor, the present law being as follows:

"'Whoever unlawfully and forcibly or fraudulently carries off or decoys out of the District any person, or arrests or imprisons any person with the intention of having such person carried out of the District, shall be imprisoned for not less than one nor more than seven years, or fined not exceeding $1,000, or both: *Provided*, That whoever leads, carries, or entices away a child under the age of 16 years, with the intent unlawfully to detain or conceal such child so led, taken, or enticed away, shall be imprisoned for not more than 20 years or fined not exceeding $1,000, or both.'

"PRESENT LAW INADEQUATE

"The District Commissioners and the United States attorney deem this law inadequate.

"Except in the case of children, no penalty attaches to the abduction and holding for ransom of any person within the District of Columbia.

"At the committee's public hearing on this bill, the Hon. MAURICE H. THATCHER, Member of the House of Representatives and author of an identical bill, pointed out that the President or Members

of the Senate or House could be abducted and held within the District, and the kidnapers could not be prosecuted for any greater offense than, possibly, simple assault.

"PROVISIONS OF BILL

"The bill hereby reported closes this loophole in the statute. It presents a greatly improved section, and gives the court wide discretion as to the penalty to be imposed in case of conviction.

"Broadening the scope of the law to include holding for ransom or reward or for any other unlawful purpose, the bill fixes the penalty as 'imprisonment for life or for such term as the court in its discretion may determine; except that in any such case the jury may add to their verdict, if it be guilty, the words "with the death penalty," in which case the punishment shall be death by electrocution.'

"INDORSEMENTS

"The bill has the approval of the District Commissioners, the United States attorney, the Federation of Citizens' Associations, the District of Columbia Federation of Women's Clubs, and the Stanton Park Citizens' Association. The communications of the commissioners and interested organizations are appended hereto as part of this report."

WASHINGTON, *June 10, 1932.*

Hon. ARTHUR CAPPER,
Chairman Committee on the District of Columbia,
United States Senate, Washington, D. C.

SIR: The Commissioners of the District of Columbia have the honor to submit the following on Senate bill 4694, Seventy-second Congress, first session, entitled "A bill to amend section 812 of the Code of Law for the District of Columbia," which you referred to them for report as to the merits of the bill and the propriety of its passage.

The object of this bill is to amend section 812 of the Code of Law for the District of Columbia by increasing the penalty for kidnaping or otherwise unlawful detention of individuals. Any prosecutions under the present provisions of section 812 of the code, or as said section is proposed to be amended by this bill, would be instituted by the United States attorney for the District of Columbia. The commissioners, therefore, submitted the bill to Mr. Leo A. Rover, the United States attorney for the District of Columbia, who advises them as follows:

"Please be advised that I am in favor of the general provisions of these bills. The bills in question care for a defect which undoubtedly exists under the present wording of the law and make it an offense to unlawfully hold or detain for ranson, reward, or other unlawful purpose, in the District of Columbia, regardless of the age of the person so held.

"I am also in favor of the provisions of the bills whereby a fine might not be imposed as a punishment. I feel that the public more than ever realizes the heinousness of this offense and only the most severe punishments will act as a deterrent."

The commissioners concur in the opinion of the United States attorney that the legislation is advisable, and they recommend favorable action on the bill.

Very truly yours,

L. H. REICHELDERFER,
President Board of Commissioners.

FEDERATION OF CITIZENS' ASSOCIATIONS,
Washington, D. C., June 13, 1932.

Hon. ARTHUR CAPPER,
Chairman Committee on the District of Columbia,
United States Senate, Washington, D. C.

DEAR SENATOR CAPPER: At its last regular meeting the Federation of Citizens' Associations adopted a report of its committee on law and legislation regarding kidnaping penalties (S. 4694), copy of which is inclosed.

Very truly yours,

H. C. PHILLIPS, *Corresponding Secretary.*

"Your committee on law and legislation has had before it resolution of the Stanton Park Citizens' Association (R. 1033, L. and L. No. 39), indorsing H. R. 10089, to amend section 812 of the Code of Laws of the District.

"This measure was introduced in the House of Representatives by Congressman THATCHER, of Kentucky. A similar measure was introduced in the United States Senate (S. 4694) by Senator PATTERSON, of Missouri. Both bills were referred to the Committees on the District of Columbia of the respective Houses.

"The proposal changes the present law respecting the crime of kidnaping by making the penalties therefor more severe. The present law, section 812 of the code, provides that any person who carries off, etc., 'out of the District of Columbia,' any person, whereas the proposed amendment penalizes any person who seizes, confines, kidnaps, etc., 'with the intent to hold or detain such person for ransom or reward or for any other unlawful purpose.' The penalties enumerated in the present law are imprisonment of from one to seven years or a fine of not exceeding $1,000, or both, and for kidnaping a child under 16 years of age the penalty is imprisonment for not more than 20 years or a fine of $1,000, or both."

"The penalties provided in the proposed amendment are imprisonment for life, or for such term as the court may in its discretion determine, but there is also added a provision that 'the jury may add to their verdict the words "with the death penalty."' The language here proposed to be used is identical with the language of the present law pertaining to punishment for the crime of rape, for which crime the code authorizes a similar optional verdict by the jury.

"Your committee recommends an amendment to the present proposal inserting as an optional penalty to be imposed by the court a fine of not to exceed $5,000, or both the fine and imprisonment. This, it is believed, would give a wider discretion to the court in imposing sentence in cases where the so-called kidnaping or abduction was committed by the natural father or mother of a child, whose parents are divorced or are engaged in marital contentions or difficulties.

"With this amendment your committee recommends that the proposed bill be enacted into law.

"THOMAS E. LODGE, *Chairman.*"

DISTRICT OF COLUMBIA FEDERATION
OF WOMEN'S CLUBS,
Washington, D. C., April 28, 1932.

Hon. ARTHUR CAPPER,
Chairman Senate Committee on the District of Columbia.

DEAR SENATOR: The District of Columbia Federation of Women's Clubs advocates that legislation be enacted which will strengthen the Code of Law for the District of Columbia relating to kidnaping and indorses this principle of H. R. 10089, introduced by Mr. THATCHER, and S. 4694, introduced by Senator PATTERSON.

Yours respectfully,

EDITH L. PHELPS,
Chairman of Legislation.
(MRS. HORACE J. PHELPS.)

STANTON PARK CITIZENS' ASSOCIATION,
Washington, D. C., March 16, 1932.

CHAIRMAN OF DISTRICT OF COLUMBIA COMMITTEE,
Senate Office Building, Washington, D. C.

DEAR SIR: The Stanton Park Citizens' Association, at its regular meeting on Monday, March 14, 1932, unanimously indorsed the bill to amend section 812 of the Code of Law for the District of Columbia, in regard to kidnaping, etc.

Very truly yours,

MRS. L. H. BROWN, *Secretary.*

THE APPROPRIATION BILLS

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Speaker, I rise at this time to emphasize what I said earlier in the day, that there has not been a sufficient paring of the appropriations in the bills that have been reported and passed in this House and that are now pending in the Senate or in conference. Up to the present moment the only bill that has been adopted is the Interior Department appropriation bill, and the only saving in that bill is $200,000 below the Budget estimates. In the War Department appropriation bill we added $9,000,000 in the National Guard item alone above the Budget estimates, and the total in that bill will exceed the Budget estimate, and so it is with the other appropriation bills, and with the naval appropriation bill about to be considered. I call the attention of the House to the fact that the economies that have been attempted to be effected by the Committee on Appropriations will in no wise get within $50,000,000 below the Budget estimates. Then how is the Budget going to be balanced except by added taxation?

The Speaker of the House listened very attentively yesterday to one message from the President of the United States, and everyone must agree that every proposal which the President set forth in his message of yesterday should be adopted, and adopted at the earliest possible moment. The President emphasized the need of balancing the Budget. The Budget can not be balanced by the action of the Committee on Appropriations in bringing in bills which will not result in any curtailment of expenditures beyond $50,000,000 below the Budget estimates. The amendment delegating to the incoming President the power to consolidate activities will not save more than a few million dollars. And yet the Government will have a deficit for this fiscal year of approximately $2,000,000,000. The Government can not go on interminably issuing its notes of indebtedness to cover this growing deficit. Nor if industrial recovery is to be had, can the already overburdened taxpayer carry any much greater loads. The crying need of the hour is cutting governmental expenses to the bone, but I regret to find an utter want of accomplishment toward that end. Representative govern-

ment has failed to meet the test because of abject surrender to selfish cabals. I wish I could see some relief from these staggering appropriations, but there is little in the appropriation bills passed by this House.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, it is a little late for the gentleman from Wisconsin [Mr. STAFFORD] to speak of not cutting down appropriations.

Mr. COCHRAN of Missouri. Oh, he was only pinch-hitting.

Mr. BLANTON. He was pinch-hitting with no one on any of the bases, and after his side is retired.

Mr. STAFFORD. I am on the home plate.

Mr. BLANTON. Mr. Speaker, the other day I watched when the Barbour amendments adding millions were being passed, and if I remember correctly my friend from Wisconsin voted for them, did he not?

Mr. STAFFORD. He did not.

Mr. BLANTON. How many did the gentleman refuse to vote for?

Mr. STAFFORD. And the gentleman from Mississippi [Mr. COLLINS] will verify that I voted against all of them. [Applause and laughter and cries of "Hold that line."]

Mr. BLANTON. The Speaker is not going to take that out of my time. I want to say to my friend from New York [Mr. SNELL] that I thought he was a better minority leader than to permit one of his sheep to get away from home, because every other Republican bellwether here followed the gentleman from New York in supporting those Barbour amendments, and if he let the gentleman from Wisconsin get off the Republican reservation and not follow him, he ought to take steps to whip him back into party line.

Mr. STAFFORD. Oh, I have never been on the reservation.

Mr. BLANTON. Mr. Speaker, there is no better Republican leader in this House just now than BERT SNELL.

Mr. SNELL. I thank the gentleman.

Mr. BLANTON. And I want him to get his Republican steering committee to take hold of the gentleman from Wisconsin and bring him back into the Republican fold.

Mr. STAFFORD. But there are only 10 days left.

Mr. BLANTON. Because when the gentleman from New York [Mr. SNELL], with his Republican followers, supports the Barbour amendments it means Republican extravagance, and the gentleman from Wisconsin ought to go down the line for every piece of Republican spending that is offered on this floor, for then he would be in strict party regularity.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

STATE, JUSTICE, COMMERCE, AND LABOR DEPARTMENTS APPROPRIATION BILL, FISCAL YEAR 1934

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 14363) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor for the fiscal year ending June 30, 1934, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER appointed the following conferees: Mr. OLIVER of Alabama, Mr. GRIFFIN, Mr. CANNON, Mr. BLANTON, Mr. SHREVE, and Mr. TINKHAM.

CONGRESSIONAL DIRECTORY, SEVENTY-THIRD CONGRESS

Mr. STEVENSON. Mr. Speaker, I call up House Concurrent Resolution 50, which I send to the desk and ask to have read.

The Clerk read as follows:

House Concurrent Resolution 50

Resolved by the House of Representatives (the Senate concurring), That an edition of the Congressional Directory for the first session of the Seventy-third Congress be compiled, prepared, indexed, and published under the direction of the Joint Committee on Printing, as provided for in section 73 of the printing act approved January 12, 1895.

The resolution was agreed to.

MANUAL FOR THE HOUSE OF REPRESENTATIVES, SEVENTY-THIRD CONGRESS

Mr. STEVENSON. Mr. Speaker, I call up House Resolution 367, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 367

Resolved, That the Rules and Manual of the House of Representatives for the Seventy-third Congress be printed as a House document, and that 2,500 additional copies shall be printed and bound for the use of the House of Representatives, of which 700 copies shall be bound in leather with thumb index and delivered to the Parliamentarian of the House for distribution to officers and Members of Congress.

Mr. SNELL. As I understand it, it is proposed to print the new Manual immediately now at the close of this Congress?

Mr. STEVENSON. It will be printed as soon as it can be prepared by the Parliamentarian.

Mr. SNELL. If you should change the rules of the new Congress, of what value will it be?

Mr. STEVENSON. This is what has always been done. I take it it will be deferred until the rules are adopted.

Mr. BLANTON. That will give about one copy to each new Democratic Member.

The SPEAKER. Permit the Chair to make a statement. The Parliamentarian advises the Chair that this is the usual resolution and must be passed at this time in order that he may prepare the document so that it will be ready when the next Congress meets.

Mr. STAFFORD. As I understand, it intends to have the rules included as the new Congress shall adopt them?

Mr. STEVENSON. Yes, sir.

Mr. SNELL. Oh, that is a different thing.

Mr. STEVENSON. The only variation from the usual rule is that only 700 are to be bound in leather. The others are to be bound in buckram, and it saves the sum of $1,500.

The resolution was agreed to.

NAVY DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1934

Mr. AYRES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14724) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1934, and for other purposes.

Pending that, owing to the lateness of the hour, I suggest that we not fix any particular time for general debate for the balance of this afternoon, and I ask unanimous consent that we proceed without fixing a time, the time for general debate to be divided equally between the gentleman from Idaho [Mr. FRENCH] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. AYRES]?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14724), the Navy Department appropriation bill, with Mr. DOXEY in the chair.

The Clerk read the title of the bill.

Mr. AYRES. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. AYRES. Mr. Chairman, I yield myself such time as I may desire to finish my statement.

Mr. Chairman, ladies and gentlemen of the committee, before proceeding with an explanation of the principal fea-

tures of the bill we are presenting for your consideration, perhaps I should briefly touch upon the state of the Navy as regards matériel and personnel.

We will have during the succeeding fiscal year a bigger and a better Navy from the standpoint of ships than during the present fiscal year. That will be welcome news to you I am sure. There will be added to the fleet on varying dates during the next fiscal year 5 new 8-inch gun cruisers, 1 new aircraft carrier, 2 new fleet submarines, and 2 new destroyers. In addition two battleships will have undergone complete modernization and our air forces will have been expanded by the new rigid airship, the *Macon*, named after the home city of the distinguished chairman of the Naval Affairs Committee. Of course, it is true that as to the ships we have now, another year added to their age will have depreciated their effectiveness in an indeterminate degree, but I was not unmindful of that fact in making the assertion that our forces afloat will be stronger next year. The new units far outweigh the age factor as to the older units.

As to the older units, we have been providing annually sums adequate to keep them in a proper state of repair. It is true funds have not been sufficient to effect many desirable alterations in the interest of military efficiency, but I dare say ship for ship and age for age our older vessels are as good as any fighting craft in the world to-day.

In addition to the 10 new vessels which will be commissioned during the ensuing fiscal year, there will be under construction two 8-inch gun cruisers and 6 destroyers. The 6 destroyers will be completed during the fiscal year 1935, so that after June 30, 1935, there will be no vessels building save 1 cruiser, scheduled to be completed in January, 1936; 1 cruiser, which is to be commenced with money carried in this bill after next December 31; and 1 cruiser, which may not be commenced under the terms of the London treaty prior to January, 1935.

Under this bill there will be available next year for new-ship construction a total of $53,410,785. There will need to be appropriated approximately $78,700,000 after the next fiscal year to complete all vessels now building or authorized, omitting a transport and a Neff type of submarine, which there is no intention at this time to build. I bring these ship-construction matters to your attention because I think you should know that unless there be additional authorization we may look to new construction work's tapering off practically to nothing after the fiscal year 1935. That, of course, would be an unfortunate situation because it has been our aim to maintain an approximately even flow of new ship-construction work. To do otherwise would occasion the breaking up and dispersion of men skilled in such work that might be serious in time of emergency and costly from the standpoint of employing and training large numbers of new hands.

Turning to the personnel, the bill makes provision for 79,700 enlisted men. This number has not been changed since the fiscal year 1931. New vessels are being manned by reducing the complements of older vessels and by placing ships in rotating reserve. These are economy expedients. There is a limit, however, beyond which we may not go. The complement of a ship is its man-power requirements with all stations manned. Obviously reducing complements upon these highly technical floating mechanisms is not good preparedness policy and the need for most rigid economy is the only excuse for such a course. I think "excuse" is the proper word to use.

As to officers, I should say we are over supplied, particularly with line officers. Last year we passed a law authorizing the commissioning of the entire number of graduates from the Naval Academy in 1932, and the commissioning of at least 50 per cent of all graduates in subsequent years. The immediate effect was to increase the authorized number of 5,499 line officers to 5,933. Attrition will bring this number down somewhat before the coming June graduating class, of which it is estimated 217 will be commissioned in the line, 12 in the supply corps, and 30 in the Marine Corps. The latest estimate is that there will be 435 graduates. With the new admissions into the line, it is estimated that there will be an average of 5,871 line officers during the fiscal year 1934, or 372 in excess of the authorized number.

The Budget estimates for the Navy Department and the naval service call for a total of direct appropriations of $308,669,562, to be augmented by the diversion of funds from certain stores accounts to the extent of $6,750,000, making the total proposed for availability $315,419,562.

The current naval appropriation act carried:

Direct appropriations totaling	$317,583,591
Authorization to divert naval funds to the extent of	9,750,000
And reappropriations in definite amounts totaling	379,101
Or a total of	327,712,692

This would indicate a lesser amount estimated for 1934 by $12,293,130.

However, economy act savings this year are estimated at around $10,900,000 and then there will be a saving of $1,237,820 resulting from reduced rental and subsistence allowances put into effect after the current naval appropriation act has passed the Congress, so that, taking these factors into account, we find the amount available for the two years practically in agreement.

But when we analyze the estimates we find that while no more will be available there will be added expenses on account of new vessels's being commissioned, which will run maintenance charges up a million dollars or so, and a net increase on account of modernization of capital ships and new ship construction of $10,812,000.

Now, if it were possible to absorb that additional expense within a total comparable to the total of the 1933 appropriations, manifestly we were grossly extravagant last year. It simply is not possible, without doing violence to the Navy as a whole.

The Budget recognized this and now I shall relate how the Budget has proposed to finance these added demands.

Firstly, upon the assumption that Congress would enact legislation that would permit of the wages of unclassified employees in the navy yards being adjusted to conform with wages paid by private employers for comparable lines of work. This proposition contemplated an average cut in the wages or earnings of such employees of 30 per cent, in addition to the reduction occasioned by the furlough provision of the economy act, and, in anticipation of Congress's acceding to the plan, the naval estimates were reduced by the Budget a total of $13,514,872.

Secondly, to reduce the enlisted strength of the Marine Corps from 15,343 to 13,600, saving $1,359,639 thereby.

There are other reductions and increases owing to personnel changes and the proposal to restore active training for members of the Naval Reserve and reduce the number of drills from 48 to 24.

Now, as to the first proposition, I invite your attention to what we say in the report, commencing on page 2.

Speaking for myself, I am unalterably opposed to reducing at this time the pay of one class of employees more than another class, and I am not in favor of resorting to such a discriminatory course in order to find moneys needed to support the Navy.

Moreover, in view of the unusual employment situation now prevailing, which has forced industry, as we all well know, to disregard usual considerations in fixing wages, I do not see how a fair and equitable comparable adjustment may now be made.

On September 30, 1932, we had a total of 46,130 employees in the Navy Department and the naval service. Of this number 36,412 would be affected by wage-board action. To this number the Budget proposes the application of an average wage reduction of 39 per cent. Upon the remaining 9,718, or 21 per cent plus of the total, the reduction proposed is the equivalent of about 9 per cent.

There is another angle to this proposition. We have industrial and nonindustrial plants in the Navy. There are unclassified employees at both. If wage boards were permitted to function and found no reduction possible, or say a reduction of not more than 10 or 15 per cent on an average, in which would be the 9 per cent now taken off, the industrial plant, not having the money to pay present or approxi-

mately present wages, could and would curtail operations. The nonindustrial plant, as for example the Naval Academy, would not be able to function at all, unless it be that we have been allowing them one-third more people than they need to run the institution.

The question vexed the committee a great deal.

The House and Senate already have refused on the Treasury and Post Office Departments bill to impose a greater reduction upon the pay or earnings of employees whose wages normally are founded upon wages paid by private employers than upon other classes of employees. Adherence to that policy meant one of two things: Either to put several millions of dollars into the bill without a Budget estimate, or to require the Navy, within the reduced Budget, to pay existing wages, which would not be possible without doing incalculable harm.

In conformity, therefore, with the policy already enunciated by the House, we have endeavored to meet the problem as far as we could without exceeding the Budget by finding moneys within the estimates for objects not of an essential character or that were not justifiable, and by dipping into certain naval stores accounts and funds where the surplus appeared to be more than adequate for current needs.

By resort to this course we were able to effect a net reduction of $7,012,515, of which $3,712,515 represents actual reductions in the Budget estimates and $3,300,000 represents the substitution of drafts upon naval stores accounts and funds in lieu of direct appropriations.

Then, in addition to this amount of $7,012,515, we found that certain public works projects had not been undertaken out of the $10,000,000 provided in emergency relief and construction act. For such projects $2,498,000 had been set aside. We concluded to reappropriate that money for new ship construction, thus releasing a like amount of the direct appropriation included in the Budget for new ship construction.

By these two processes we got a total of $9,510,515, and that sum of money we have added to the appropriations reduced by the Budget in anticipation of a 30 per cent wage cut in exactly the same amounts by which such appropriations were reduced by the Budget, which takes care of all of the Budget cuts on account of the wage matter except the following:

Contingent, yards and docks	$20,142
Public works, yards and docks	50,000
Increase of the Navy:	
Construction and machinery	3,374,215
(65,785 has been restored under this head.)	
Armament, armament and ammunition	560,000
Total	4,004,357

With these exceptions the wage matter is completely taken care of and the bill we present is exactly in agreement with the Budget total of $308,669,562.

As to the exceptions, the first two items are of no consequence. The amounts under "Increase of the Navy" will mean that the work will not progress as rapidly as it would otherwise. However, I wish to emphasize that the amount that will be available for "Increase of the Navy" under this bill as presented, without the restoration of these amounts, will be greater than has been expended under that head during any of the past 10 years.

Now I wish to stress this fact also: That while the bill provides appropriations corresponding in total exactly with the Budget, there will be available for expenditure a larger amount than contemplated by the Budget, because of the proposal to use a larger amount by the $3,300,000 of naval stores accounts and funds, which I have previously mentioned, and by our proposal to continue the Marine Corps at its present authorized strength, to meet practically all of the added expense of so doing we are proposing to make available to the Marine Corps $1,291,389 of moneys to the credit of the clothing and small-stores fund. In other words, the total available for expenditure will exceed the Budget recommendations by $4,591,389.

If you will turn to page 4 of the report you will find an itemization of all additions we have made to the bill on account of the wage question, and commencing on page 6 of the report you will find an enumeration of the other money changes effected by the committee, except as to the Marine Corps, which I shall refer to later.

The second itemization speaks for itself. I shall refer to just a few of the items therein.

About the middle of page 6 you will see an item, "Welfare and recreation, to be paid out of the naval hospital fund, $300,000."

The subappropriation, "Welfare and recreation," practically all, directly or indirectly, is expended for providing moving-picture entertainment aboard ship. The amount of the appropriation is augmented by a portion of the profits on sales from ships' stores and ships' service stores. For the ensuing fiscal year, owing to the healthy condition of the naval hospital fund, the committee is recommending that the amount of this subappropriation be paid from such fund, which is estimated to show a larger balance at the end of the fiscal year 1934 than at the end of the present fiscal year—$1,702,742—even though in both fiscal years the fund will be charged with a total of $1,199,129 on account of hospital construction. This fund is made up very largely by monthly deductions from the pay of all officers and men. The committee's proposal gives a portion back in the way of providing recreation.

Farther down on the same page (5) you will seen an increase, on account of drills for the Naval Reserve, of $300,000. For the current fiscal year, at the instance of the department, no appropriation was provided for active-duty training for members of the seagoing branch of the Naval Reserve. The estimates for the present fiscal year were reduced by $682,812 by reason thereof.

The 1934 Budget proposes to restore active-duty training and includes $518,654 on that account, and partly to offset such expense $405,032 has been omitted on account of drills, the effect of which, the committee is advised, would be to reduce the number of drills from 48 to 24. This is in line with the Budget policy with respect to the National Guard. The House has indicated unmistakably its opposition to reducing below 48 the number of drills for the latter organization. There is no sound reason, so far as the committee is aware, for treating the two organizations differently. The committee has endeavored to meet the matter in this way:

The estimates include $37,156 for active-duty training for members of the Volunteer Reserve, seagoing branch, also $15,000 for defraying subsistence costs in connection with week-end cruises, which are in addition to the regular training cruises and are not obligatory. These are not essential expenses. The committee is not in sympathy, particularly when money is scarce, with expending funds on other than members of the Fleet Reserve class of the seagoing branch of the reserve. Therefore, from the additional amount needed ($405,032) to provide 48 drills, such proposed expenditures have been deducted and a further sum of $52,876 in addition, which it is believed can be saved in other directions out of contemplated expenditures on the seagoing branch through the practice or greater practice of rigid economy, the net result being that the appropriation proposed exceeds the Budget recommendation by $300,000, exclusive of $14,453 restored on account of wage reductions proposed by the Budget.

I might say that a number of the reductions we have made have the approval of the department. We called attention during the course of the hearings to certain subsistence items that seemed large, and the department's representatives agreed that they should be reduced. Likewise the amount for steaming has been reduced by $410,000 with the approval of the Chief of Naval Operations, who agreed to modify his operating force plan at the instance of the committee as a measure of economy.

You will find on page 7 of the report where we have added $39,669 to the estimates for the Naval Academy.

Following the increase in 1929 of the number of appointments to the Naval Academy from 3 to 4, 15 additional civilian instructors were provided for and employed. The Congress provided for return to the 3-appointment basis in the naval appropriation act for the fiscal year 1932, the first effects of which were felt in the class entering last June. In the bill of a year ago the committee proposed to drop 7 of these 15 additional instructors with the idea that the remaining 8 would be detached at the end of the present fiscal year. It was later decided not to require any separations, because it was too late for the instructors who were to be let out to engage with other educational institutions. As it became law the current appropriation act provided for their retention.

Since the beginning of the present fiscal year two civilian instructors have resigned and one will be retired on June 30, next. There will be 12 remaining of the 15 added, and none of these has been able to find other employment.

Rather than require their separation in such circumstances, the committee has made provision in the bill for their retention and has provided that no vacancies shall be filled until the number of instructors shall have been reduced below 49. There are 61 civilian instructors at the academy now. The 12 involved are listed on page 224 of the hearings.

Now as to the Marine Corps:

The estimates for the Marine Corps call for a total of $20,106,145 contrasted with a direct appropriation of $21,914,839 and a reappropriation of $229,101 for the current fiscal year, or a difference in available funds, actual and proposed, of $2,037,795.

Of this difference $1,359,639 is entirely because of the Budget proposal to reduce the enlisted strength of the Marine Corps from the present-year number of 15,343 to 13,600. The remainder generally may be charged to estimated savings under the economy act and the proposal to reduce wages of unclassified employees by an average of 30 per cent.

The officer personnel upon which the estimates are based is listed on page 520 of the hearings. The distribution of the enlisted force as of December 15, 1932, and as proposed upon the basis of 13,600 men is shown in the tables on pages 509–511 of the hearings.

The primary mission of the Marine Corps is to provide forces to assist the fleet in the seizure and initial defense of advanced bases. By referring to the subdivision of the table on page 510 of the hearings captioned "Marine Corps activities in the United States," under the Budget proposal it will be seen that there would be left at the east and west coast bases 575 and 336 men, respectively, in which numbers, of course, is the permanent station maintenance force. Within these numbers the Navy would need to find trained bodies of men for advanced based activities. The numbers speak for themselves.

The attention of the House is invited to the hearings touching this proposal (pp. 502–519); also, to the printed hearings (No. 787) conducted upon the matter by the House Committee on Naval Affairs.

The committee is not willing to recommend at this time that the Marine Corps be reduced below its present appropriated-for enlisted strength of 15,343, and it has added to the bill, by way of a draft upon the clothing and small-stores fund, the amount necessary to avoid any reduction. [Applause.]

It has made a number of minor changes in the estimates in other respects, resulting in a net reduction of $68,248, discounting the additions made, totaling $243,106, because of refusal to concur in the proposition to reduce wages an average of 30 per cent. These reductions have been applied towards the increases necessary in other directions to provide for the maintenance of the present enlisted strength, so that the net amount drafted of the clothing and small-stores fund is $1,291,389, instead of $1,359,639, which is the entire cost of the restoration.

An itemization of the money changes resulting in the net reduction of $68,248 appears on page 19 of the report.

To provide the additional amount necessary to maintain the enlisted strength of the corps at its present figure the committee had two courses open to it without adding to the total of the bill: (1) To reappropriate unobligated prior-year balances, and (2) to draft cash to the credit of naval stores accounts. The former would have unquestionably added to Treasury withdrawals; the latter takes money from a revolving fund which otherwise could be expended in the production or purchase of stores without action by Congress.

After all, we are more interested in the end rather than in the mechanics of bringing it about.

Now, I shall turn to the several limitations we have included in the bill, which are set out on pages 23 and 24 of the report.

The first proposition is intended to prevent the Bureau of Navigation from withdrawing funds provided for aviation reserve activities to help out in finding additional moneys for drilling reservists of the seagoing branch.

The next is self-explanatory. It makes the same provisions carried in the War Department bill as to National Guard men and members of the Organized Reserves applicable to members of the Naval and Marine Corps Reserve forces.

The fourth proposition I call to your particular attention. There we are proposing to make the maximum extra amount that an officer might receive as flying pay $1,420. As drawn, this provision is intended to include all flying personnel of the Army, Navy, Marine Corps, and Coast Guard.

By consulting the tables on pages 9 and 10 of the report you will see the rates now being paid.

One thousand four hundred and twenty dollars is the average rate now paid to officers in the grade of lieutenant in the Navy, a grade comparable to that of captain in the Army and Marine Corps. This proposal is not made primarily in the interest of economy. It is proposed because, in the judgment of the committee, there are no tenable grounds for paying flying pay to officers in the higher grades at rates in excess of those paid to the junior officers, among whom very largely are those who daily are assuming all the risks attendant upon practice in drilling and training in the art of war-time maneuvers and tactics. It is among such junior officers—quoting from the committee's report of a year ago—

> that the principal hazards lie, and not in the group which does straightaway flying, or, as to another group—to use the language of the Chief of the Bureau of Navigation in the hearings of a year ago—who draw flying pay for "being carried around in a plane under ideal conditions, with selected pilots, selected weather, and selected planes."

The committee has yet to hear a plausible argument for paying extra pay for flying, up to as high as $4,000 per annum, to a rear admiral or major general when our real pilots, particularly in the Navy, are getting $1,420 per annum and less.

The action proposed permits of a reduction of $168,760 in the Navy estimates and $13,239 in the Marine Corps estimates. It should permit of a saving to the Army appropriation of approximately $205,000.

Turning to the next provision, which relates to retired officers, the current appropriation act provides for active-duty pay and allowances for not more than four officers on the retired list. These four are the last four named in the matter at the top of page 114 of the hearings. The effect of the provision has made necessary the employment on occasion of active officers for retirement-board duty and for staff selection-board duty, in the former case at extra cost on account of transportation, and in the latter case necessitating in one instance the appointment of a board composed exclusively of line officers.

The provision is designed to correct that situation, and in addition provides the means for tendering to Admiral Pratt an opportunity to continue on active duty in his permanent grade of rear admiral. I think I may say that this officer has saved the country millions of dollars since he has been in his present office of Chief of Naval Operations by initiating and resorting to measures, solely for economical reasons, that would enable the Navy to function with a reasonable degree of efficiency at the lowest possible cost.

He has shown an unusual regard for the Public Treasury. The committee would like to see him retained in some position of administrative responsibility. By reason of having knowledge of naval and world affairs, his advice would be sought and respected, even though he reverted to the grade of rear admiral. Of course we do not know whether Admiral Pratt would wish or could be persuaded to continue on active duty. We simply are presenting the opportunity.

The next provision relates to the pay of aides.

Officers of the Navy detailed as aides to rear admirals of the upper half are entitled to an increase of pay at the rate of $200 per annum; to rear admirals of the lower half, at the rate of $150 per annum. This accords with law governing the pay of aides in the Army and Marine Corps.

The War Department appropriation bill for the fiscal year 1934 makes no provision for the pay of aides during the ensuing fiscal year, and the committee has included this provision suspending such payments to officers so detailed in the Navy. The Marine Corps will be governed by the provision in the War Department appropriation act.

This action permits of a reduction of $5,000 from the Navy estimates and $1,900 from the Marine Corps estimates.

Then we come to the provision directed against the employment of enlisted men as servants in the residences or quarters of officers on shore.

It has been the practice for many years to detail enlisted men rated as stewards, cooks, and mess attendants to the residences or quarters of commanding officers of the more important shore activities. A list of such details appear on pages 296 and 297 of the hearings.

While it may be argued that officers occupying such positions should provide their own servants, and that view certainly can not be controverted with respect to many of the details indicated in the list mentioned, it is questionable whether or not officers occupying such positions as the Chief of Naval Operations and the Superintendent of the Naval Academy, whose positions make necessary a considerable amount of official entertaining, should be required to defray the expense of servants the need for whom is occasioned solely by the official status of the incumbents of such positions. If this need be recognized as an appropriate expense to the Government in the two instances cited, perhaps the better way to handle the situation would be through a special allowance for the employment of civilian servants.

With the pressure for more enlisted men for duty on shipboard and the ever-present need for rigid economy, the committee has taken the position that the present practice can not be longer, or at least at this time, justified, and this provision is designed to stop the practice. The committee is advised by letter from the Budget officer of the War Department, Major General Coleman, dated February 14, 1933, "that no enlisted men of the Army are detailed in the capacity of servants in the residences or quarters of officers of the Army."

The servant matter is followed by a limitation on the use of moneys in maintaining mess-gear allowances in the residences or quarters of officers on shore.

Another ancient naval practice has been to supply table linen, table silver, dishes, and glassware to the residences or quarters on shore of officers of flag rank in certain details. A list of the allowances and of the official stations ashore of the officers benefiting by such allowances appears on pages 329–332 of the hearings.

Like in the case of servants, necessary official entertaining makes necessary the possession of a greater quantity of such articles than ordinarily would be the case, but because of the need for rigid economy the committee is unwilling to recommend an appropriation even for maintaining the existing allowances, and has included this provision designed to stop the supply or replacement of articles such as enumerated in the list above referred to.

The committee is advised that maintenance expenditures on account of such equipment only averages about $2,000 per annum.

In conclusion, Mr. Chairman, I wish to say that I regret, I am sure as much as any one here, the fact that this bill is not below the amount recommended in the Budget. However, in my judgment, we can ill afford to accede to proposals, advanced as measures of economy, that would lessen the present degree of our military preparedness. We have bended every effort to avoid doing so. There is not a man among you, I am confident, who would have had us do otherwise.

We all appreciate the need and value of the naval arm and of the vital necessity to maintain it in the highest state of preparedness that our finances will afford. In these times of financial stress, with a man of Admiral Pratt's caliber charting the course, supported by a loyal organization, by collaboration with the committees of Congress we may have an efficient and effective sea force at the lowest possible cost. That, I should say, is the end we all seek.

I thank you. [Applause.]

Mr. BRIGGS. Will the gentleman yield?

Mr. AYRES. I prefer not to. I promised that the committee would rise at 5 o'clock, and it is exactly 5 o'clock.

Mr. FRENCH. Mr. Chairman, I yield 25 minutes to the gentleman from Iowa [Mr. CAMPBELL].

Mr. CAMPBELL of Iowa. Mr. Chairman, I am going to take this opportunity of presenting my views in regard to several national questions.

Perhaps at no time in the history of our country has this Congress been confronted with more serious questions than involve us at this time. Let me repeat that which has been repeated on the floor of this House many times—we stand today the richest country in all the world, yet close to 10,000,000 men are crying for work that they may not be the objects of charity; thousands upon thousands are losing their homes by virtue of the depression; in my district, where the fertility is almost like the Garden of Eden, distress and destitution prevail; the more they produce the less they receive. We starve in the land of plenty. The farmer can no longer buy, the factories can no longer run, the working man can no longer work. A link is gone in that chain which binds the cycle of employment and prosperity.

To us, who sit here as representatives of the people, is assigned the task of finding the remedy to this social evil.

Mr. Chairman, I beg leave to present to this House a picture of the conditions in this country, and one that surrounds my own home. In years gone by the sturdy pioneers changed the prairies into productive fields and fine homes, and a contented, God-fearing people. To-day, as I stated before, thousands are losing those homes; discontentment has been evidenced by strikes and blockades. The little country banker, who ministered in a financial way to those who believed in development and progress, has largely passed out of the picture—his life's work in ruin and his depositors bankrupt, all by reason of the fact that that great farming community, which is the lifeblood of the Nation, is no longer able to buy more than the bare necessities of life. He no longer can pay his taxes and his interest by reason of the price that they receive for the products which he sells.

I have here with me several charts which I think will more vividly portray, the past as well as the present, the reason for the conditions that exist at this time.

My first chart is a general chart showing since the beginning of this country that relationship of those products which the farmer sells and those which he buys. Here, beginning with the year 1801 until the year 1860, or at the beginning of the Civil War, at no time were the prices for farm products equal to those of other commodities. After the Civil War we continued on the same plane until 1909, when, as the chart shows, farm commodities were on a par with all others. This continued during the sharp ascent occasioned by the war. Now, many of you do not understand why all farmers did not get rich during that period, but if he will turn his eyes again to this chart he will find that, as the farmers' prices rose in value, those things which he bought rose on the same high level. Then came the

break following the war. In the year 1921 the farm prices again fell far below the prices for the commodities he bought. At the present time the differential between all commodities and the farmers' prices is the greatest ratio by far since the Civil War. This chart sets out those facts, and you and I know that the farmer can never recover until there is a proper balance all along the line. It is with that object in mind that I present some of our problems as well as some of our remedies.

For years the platform of both parties have promised equality as between agriculture and industry, but to-day we must go further than ever before. The prices of our products are so low that even if industrial prices should be brought down to a parity with ours it would mean ruination for all. The general commodities prices must, by some method, be brought far above their present level. The general object seems to be to bring them back to at least the 1926 level.

Many bills have been presented to Congress. The McNary-Haugen bill, with the equalization fee; the farm bill, without the equalization fee, which is now a law; and the allotment plan, which provides for a stabilization of prices and a general reduction of the acreage. The later plan seems to be the one which will be enacted at the next Congress, of which I shall not be a Member. I understand that there is a concerted effort to place under this plan only two commodities—wheat and cotton. It will therefore have little effect upon my district, which is largely corn, hogs, and cattle.

Ladies and gentlemen of the committee, I believe we have come to a time when emergency legislation is needed. You may call it radical or revolutionary, but if there is power in Congress to declare such an emergency and to set prices upon that part of the products of the farm that are consumed within the borders of our own country it ought to be done. In every bill which involves this matter there is always the cry of constitutionality. This is the objection to the Clair plan and many others. If this is true, then the Constitution ought to be amended, and I offered in this Congress a resolution for such an amendment.

The allotment plan will within itself never bring us out of our difficulties. It is true that the buying power of the farmer must be increased in order to put the laboring man to work, but I do not believe that the allotment plan is broad enough to bring this about.

In making careful study over a period of some four years I have come to the conclusion that this great question is involved around our medium of exchange. What is money but the evidence of value? For example, I sell my cattle for a given price, only to use that medium of exchange for the purpose of exchanging those cattle for clothing, food, in the payment of taxes, interest, and such. If that medium of exchange is at a high value, then the commodity price is low, but that exchange is not evidenced alone by gold and silver, Federal reserve notes, and money of all kinds, but ten times more is evidenced by checks, accounts, bills of lading, and all that paper which acts in the capacity of a circulating medium. To-day by virtue of frozen credits, bank disasters, and lack of confidence that medium of exchange, outside of money, has depreciated almost 40 per cent. Why, there is only a total of $5,705,000,000 of money in circulation, yet the money deposited in banks, as represented by the statements, amounts to over $50,000,000,000. When times are flourishing and credit is extended we really need less money than in times like these. I do not have the time to make an extensive speech on the money question, but practically half of our circulating currency are Federal reserve notes. Under date of December 31, 1932, or at the beginning of this year, there was in circulation $2,715,712,000 of this character of money. This money is backed by 100 per cent of collateral in the form of notes and bonds, together with gold reserves. In my Federal reserve district of Chicago I call attention to the fact that every one of these notes are not only backed by 100 per cent of paper security but over $100 of gold for every $100 issued. The exact figures are as follows: Federal reserve notes in actual circulation, Chicago district, $705,563,000, and the amount of gold held exclusively against these notes is $720,957,000.

If ever there should be a cry of fiat money, take out a Federal reserve note issued in favor of the bank in Chicago and say this note is backed not only by 100 per cent of gold but more than 100 per cent of gold, and in addition thereto 100 per cent of good collateral. This seems to me a farce, even in a gold-standard country, and I will call your attention to the fact that while we were on the gold standard, of which some boast so much, that on October 29, 1920, the Federal reserve notes in circulation were $3,351,303,000, and those notes were backed by 100 per cent of collateral in the form chiefly of customers' notes and only $1,581,943,000 in gold; this included the 35 per cent reserve against deposits. The facts are that the actual gold as against the Federal reserve notes was only $1,175,118,000, and yet did you or I refuse at that time to accept the Federal reserve note on the ground that it was not adequately backed by gold?

The Federal reserve law provides that the minimum amount of gold necessary is only 40 per cent. This being true, the Federal Reserve Bank of Chicago could issue over two and a half times as much circulating medium as is now in circulation, provided the Federal reserve bank purchased Government securities, or discounted notes and collateral from customer banks. Due to the manner of the issuance of Federal reserve notes the time could come when every Federal reserve note would be backed by over 200 per cent of gold. Due to the failure of all the older banks in my county over a million dollars of currency has been taken out of circulation since 1924. The facts are that at the present time the amount of Federal reserve notes issued through the rediscounting of the notes of member banks is the smallest since the creation of the Federal reserve system.

I find, too, that we have in circulation United States Treasury notes, or the old greenbacks issued in 1862 and 1863, amounting to the sum of $346,681,016, which are protected by a gold reserve of less than 50 cents on the dollar, or $156,039,088, and yet when you cash your check at some bank and they count out to you over the counter the money as represented by that check, you take it as it is presented to you regardless of its character and you feel that it is all good, sound money.

Our country, among the very few in the world, is supposed to be on what is termed the "gold standard," under the theory that all of our money is backed with gold. Many of those who hold to the theory of the gold standard class all moneys not backed by gold as fiat money, or in the slang phrase, rubber money. If this theory is right, then in 1920, on October 29, we had in circulation in the form of Federal reserve notes over $1,800,000,000 of fiat money, and we had in circulation of United States Treasury notes, or old greenbacks, $190,000,000 of rubber money.

It seems to me that every day our money climbs higher and higher and our commodities go lower and lower. I realize the question of inflation is a delicate one. It has been tried not only in this country but in practically every country in the world, at some time. It has had its success and its failures. In Germany it had no limit; it ran away with itself and created disaster. In France it appears to be a success—the old franc was worth 19 cents in our money; during the inflation period it fell to almost 2 cents, and to-day is stabilized, backed by gold, at 0.0392. Practically all of the countries, with the exception of France and the United States, have gone off of the gold standard. Gold became too high as compared with commodity prices. These countries had but one thing to do and that was the inflation of the currency. The United States stands practically alone like the Rock of Gibraltar, while the banks are failing by the thousands and the great majority of the people are becoming bankrupt.

Two theories have been backed to a great extent by the Members of Congress. One theory, as advocated through a bill introduced by Congressman BURTNESS, of North Dakota, is for the revaluation of gold by changing the number of grains of gold in a dollar to a lesser amount. The other theory is by issuance of sufficient currency that you create

either a better credit structure or inflate the currency. Both are for the sole purpose of cheapening the value of the dollar and thereby raising commodity prices, and under both theories by far the great majority of those who advocate either one, it is felt that in order to curb excessive inflation, which is just as disastrous as an excessive deflation, that when the general commodity prices reach the level of 1926 the inflation process should stop, and if it rises above the general commodity price of that year deflation should prevail. This is the theory of the stabilization of currency, or what is termed the "honest dollar."

There is still another theory of bringing silver into the picture and to increase our circulating medium by virtue of its coinage. We find there are a great many people, including some economists, who maintain there is only one safe standard of money and that is gold and silver or specie. The others who are for inflation believe that such money should be issued, backed by the credit and good will of the United States Government, until the present money should be so cheapened, as I have said before, to raise the commodity prices.

It was upon this theory that many of us voted for the soldiers' bonus. The idea being that the issuance of new money into the country, and being as widely distributed as it would be under this source, would bring about an inflation which would have the desired result. The idea being that, in issuing the currency, if need be the same currency could be retired in the same manner in which the certificates are to be retired, by building up each year a reserve fund to pay the same. I call attention to the fact that in my own district the amount of new money that would have gone into circulation, by counties, is as follows:

Buena Vista	$351,872.95
Cherokee	353,192.45
Clay	303,616.95
Dickinson	207,010.70
Ida	224,937.05
Lyon	288,273.05
Monona	343,315.05
O'Brien	347,009.65
Osceola	191,930.70
Plymouth	455,397.15
Sac	332,532.85
Sioux	505,293.10
Woodbury	1,916,460.65
Total	5,820,842.30

However, if the great majority of this Congress, or the next Congress, do not favor the payment of the adjusted-compensation certificates in this form, I believe that there should be created new money for the purpose of balancing our Budget, or in the payment of our national indebtedness.

There is one question which always presents itself in the minds of those who study the money question, and that is the contractual obligations of those contracts which are payable in dollars represented by gold of the weight and fineness as at the present time. I beg leave, with the consent of Congressman BURTNESS, to insert in these remarks his brief on this question in his speech which you will find in the CONGRESSIONAL RECORD under date of February 9, 1933. It would seem to me Congress having the sole right to coin money and to regulate the value thereof that that right could not be abrogated through personal contracts; however, in order to cover this phase I have introduced in this Congress a bill providing that all contracts payable in money can be paid in the legal tender of the United States. It is so formed that it would be impossible to make effective a contract payable solely in dollars of gold of a certain weight and fineness.

In studying the financial history of the United States we find that at one time in the thirties Congress changed the number of grains of gold in the dollar apparently to a good effect by lessening the number. No country in the world has tried stabilized inflation, which many of us maintain is the only kind which can bring about good results.

We sit here, under what we term the old order of things, saying to ourselves that depressions have always come and gone, thinking that by some miracle the present order can be changed, and that without a different policy prosperity will come back as the morning sun appears over the horizon each 24 hours, but, Mr. Chairman, like the South Dakota homesteader in the early days who looked vainly in the sky for the dark clouds while his crops burned under the heat of the midday sun, looked and looked, but looked in vain. It is true that the rain always came, but many, many times it came too late. We sit here quibbling over minor matters, hindered by party politics, fiddling around. History tells of another fiddler—they called him Nero—he fiddled and fiddled until his great city fell. I know the mental caliber of this Congress. It is not that the brains of the country are not here. It is timidity and fear, that fear which keeps them from reaching out into untried fields, although they believe that something must be done.

This depression is not of the same character as those of the past. The world is crumbling under an avalanche of debts, debts which can never be paid on the present value of our dollar. They bring despair and discontent. State legislatures are enacting moratoriums, loan companies are stopping foreclosures, banks are extending their paper, the Government is loaning more money. All this is simply putting off the fatal day.

I am a firm believer in the principles on which this Government is based. Individual opportunity propagates development. The results of genius and hard work should act to the financial remuneration of those who possess these qualities, and this can only be derived in a country like ours.

I am leaving this Congress after four years of service. It matters little whose name appears on the congressional roll, but it will mean much to me and to you, as a humble citizen, the nature and character of the men who represent us. It is easy to serve here and follow the old beaten trail, like the sheep which follow the bellwether, but what we need to-day in this Congress are women and men who will study these vital questions, enact needed legislation into laws, be fearless regardless of censure, and serve intelligently, honestly, and faithfully.

This is, no doubt, the last speech that I will make to this Congress; and let me close in saying that I know the great Middle West. My ancestors, my father, my brothers, and myself have all been tillers of the soil. Food is the basis of the continuation of human life; but this great civilization has not been developed by the production of food alone. We are all tied in the scheme of evolution and progress. What is good for a great body of citizens is good for all. I appeal to you men of the East to look to us as representing over 30,000,000 people. It is only by viewing the Nation as a whole that we can accomplish results, work together, and pull together, regardless of party politics and sectional differences, and I will leave you with faith and hope that our country will stand, as it always has stood, for the protection of the rights of every class of our citizens, regardless of his occupation or creed, always maintaining that of all rights human rights come first. I thank you.

Mr. AYRES. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DOXEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 14724, had come to no resolution thereon.

ECONOMY CONDITIONS

Mr. JONES. Mr. Speaker, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. JOHN W. FLANNAGAN, of Virginia, to the New England Tobacco Growers' Association on a recent date.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The address is as follows:

Mr. Chairman and members of the New England Tobacco Growers' Association, there was a day when a Virginia rebel would have felt more or less embarrassment talking to a Connecticut Yankee. That day, thank God, has passed. During the intervening days and years many things have transpired to wipe out sectional feeling and bring us back to the point from whence

we started, when on July 4, 1776, your Sherman, Huntington, Williams, and Walcott, and my Jefferson, Wythe, Lee, Harrison, Nelson, and Braxton, as the chosen representatives of our respective people, acting in the common interest of all, affixed their signatures to a certain declaration that will hold our people together as long as that declaration lives, and my friends, despite the trying period we are going through to-day I am persuaded that that declaration is immortal.

In times of prosperity and plenty we may drift apart in our effort to secure for our respective sections advantages in the way of tariffs, freight rates, trade, and commerce. I hold no brief against a people who fight to secure the advantage for their own section; rather I glory in their activity and in their ingenuity.

But in times of distress, such as exist to-day, and such as existed when we were first cemented together in our common effort to obtain our liberties, we have the faculty of getting together and working in the interest of all, and as long as we retain this spirit, handed down to us from our patriotic sires, America is safe.

May we all foster and nurture this spirit to-day. Our salvation depends upon keeping it alive.

It is in this spirit that I come to you to-day to discuss the pending congressional farm legislation with particular reference to tobacco.

Before approaching the subject may I be permitted to first remind you of the fact that we are facing the greatest crisis that we have faced since the winter of 1777. We won in 1777 because we cooperated and worked together. Neither gold nor silver but cooperation and team work made us the victor in 1777. That cooperation and that team work came from the faith our fathers had in our Republic that was then in the borning and that higher faith that permeated their breasts that God in His own time and in His own way would correct abuses and right wrongs. And to-day in our present crisis we need, more than anything else, to renew, to strengthen the faith of our people in our Government, the faith of our people in Him who holds the destiny of our Republic in the hollow of His hand.

It takes faith, real faith, to carry on to-day. With millions out of employment, with hunger abroad in the land, with many shivering for lack of clothing and fuel, with foreclosure sales being daily held in every town, hamlet, and countryside, with the bankruptcy courts working overtime, with farm products selling below the cost of production, with business stagnated, and uncertainty and anxiety inmates of every home, it takes a stout heart imbued with the faith of our fathers, trusting and believing that some day the burden will be lifted and we will again be permitted to enjoy the fullness of our land, to carry on.

Our Government is only as strong as the faith of our people in our institutions. I can not, I will not, think that our people have lost faith in our Republic. I believe that in this crisis, as in the ones we have met and conquered in the past, that the American people will keep the faith and work and cooperate together, and if we do victory again will be our reward.

THE FARM PROBLEM

There are many causes contributing to the present condition of the farmer. If an indictment were drawn setting forth the contributing causes, some of the charges would be against the farmers themselves. They are not wholly without fault. They are, to some degree at least, the contributors to their own ruin. I say this, not in derogation of the farmers, because I realize the same charge can be made against all classes, but in an effort to bring home to them the true situation. The main contributing cause that can be laid at the door of the farmer himself, is his unwise borrowing of money and the foolish manner in which he spent much of it. During our days of prosperity the farmer, like the rest of us, borrowed and spent money in a reckless and extravagant manner, and to-day, like many of us, he is paying the price of his own folly. Money was easy to obtain, and the farmers, many of them, were talked into mortgaging their farms by high-powered representatives of the joint-stock and Federal land banks, the insurance companies, the banks and other financial institutions. When the money was obtained instead of using it for essential farm purposes, a great percentage of it was used for what, during my boyhood days on the farm, would have been considered luxuries. As a result, when the farmers awoke from their financial debauch, they discovered that they had very little, if anything, to show in the way of real assets for the money they had borrowed.

But there are other contributing causes over which the farmers had no control and for which they are not responsible; and it is these causes that are largely responsible for their present condition, because if the price level of farm products had remained even at their pre-war level the farmer, in spite of his own mistakes, could have pulled through. These causes have from year to year gradually reduced the income of the farmer—actually bled him white—and eventually brought him to his present sad estate.

Let me briefly enumerate some of them:

(1) Discriminatory freight rates

In normal times farm products comprise 11 per cent of the total volume of freight, yet such products pay 19.8 per cent of the total freight revenues.

Moreover, rebates or reductions in rates are allowed on many manufactured articles when consigned for shipment abroad. As an example—and I could give many—on farm implements shipped from Chicago to New Orleans for domestic use—to be used by the American farmer—the freight rate is 85 cents per hundred, but when shipped for export—to be sold to the foreign farmer—the rate comes down to 41½ cents per hundred. Yet, on the other hand, all farm products, whether destined for domestic or foreign consumption, carry the full freight rate.

(2) Discriminatory tariff schedules

The tariff protects industry but does not, and can not as long as the American farmer produces a surplus, protect the farmer. The result is this: The farmer sells practically everything he raises on a free, world market and buys on a protected market.

(3) A costly marketing system

There is something radically wrong with our marketing system. It costs as much, if not more, to-day to market cattle, hogs, wheat, and other farm products than it did when the farmers were receiving a fair and honest price for their products.

(4) High land taxes

Land taxes are all out of line. In many cases the farmers are not making enough to keep their taxes paid. Farm taxes—can you believe it—have increased 266 per cent during the past 20 years.

(5) High interest rates on loans

The interest rate the farmers are paying is entirely too high. They are, in my opinion, paying the highest interest rate of any class in America. Again, our Government is a party to the crime, because the rate in many instances is criminal. The Federal land bank and the intermediate-credit banks are charging the farmers full interest, and yet the same Government has loaned millions of dollars of the tax payers' money to the large steamship companies at a rate of interest as low as one-fourth of 1 per cent.

(6) A medium of exchange that does not correctly measure values

The value of the American dollar does not correctly measure the value of farm products. For instance, measured in farm products, the American dollar is worth over twice what it was only a few years ago.

Let me give you a bird's-eye picture of the deplorable conditions these causes have led to:

Of the 6,288,648 farms in the United States, 2,911,644 are mortgaged.

The present value of farm lands in the United States is $50,000,000,000, against which there are mortgage liens amounting to practically $10,000,000,000.

The value of farm lands has dropped from $79,000,000,000 in 1919 to $50,000,000,000 in 1932.

Farm taxes have increased 266 per cent during the past 20 years.

The gross income of the farmers has dropped from $11,950,000,000 in 1929 to $5,240,000,000 in 1932, which is far below the amount needed to pay running expenses, installments, interest, and taxes.

Based on pre-war prices—that is, the average commodity price between 1909 and 1914—the farmer to-day is getting 61 per cent less for what he sells and paying 6 per cent more for what he buys.

And when you stop and consider that the farmer's dollar to-day, measured in crop values—and that is all he has with which to pay—is worth less than 50 cents, you begin to realize the hopelessness of the situation unless emergency measures that will bring relief are quickly enacted.

This is indeed a sad picture and unless something is done a hopeless picture. The farmers realize their own mistakes and are anxious to correct them, but are helpless unless the other contributing causes are corrected.

These contributing causes can not be corrected overnight, and for this reason some emergency measure is necessary.

The farmers can not wait on the correction of the contributing causes I have enumerated which, when made, will put back into honest operation the law of supply and demand. They need present help—not help at some time in the future—but now. An emergency exists. The patient has passed the soothing-sirup stage. He needs a hypodermic; and I, for one, in order to revive him and keep him alive until the correction of the contributing causes will permit the law of supply and demand to operate honestly, am willing to administer the needle. We have talked and wrangled long enough. The time for action has arrived.

The real farm problem in America to-day is to make the farmer's dollar, measured in crop values, worth 100 cents.

ALLOTMENT PLAN

The emergency that exists is the father of the allotment plan. This plan was brought forward to take care of the emergency—to keep the farmers alive until we can work out sound farm legislation that will insure permanent recovery.

The object of the bill, simply stated, is to give the farmer a fair and honest exchange price for the products of the soil; and when this is done—when you increase the purchasing power of the farmer; when you give him an honest dollar—you improve our whole economic structure.

It has been found out that during the period running from 1909 to 1914 the prices of farm (except tobacco) and industrial products were more nearly on a parity. The committee adopted the 1909–1914 period, known as the pre-war period, as the base period, and the bill attempts to bring the price of farm commodities up to the average farm commodities brought during said period. During that period the farmer's dollar was worth practically as much as the dollar of the industrialist. The farmer during that period had an honest dollar that would pay a dollar's

worth of debts or purchase a dollar's worth of goods, wares, and merchandise.

What is the situation to-day?

Take, for instance, the four basic commodities included in the allotment plan bill as reported out by the committee—and the same condition prevails as to other farm products—wheat, cotton, hogs, and tobacco, and, measured in terms of these commodities, what do we find the value of the farmer's dollar to be?

The farmer's dollar to-day, measured in wheat, is only worth around 36 cents.

The farmer's dollar to-day measured in cotton, is only worth around 47 cents.

The farmer's dollar to-day, measured in hogs, is only worth around 42 cents.

The farmer's dollar to-day, measured in terms of tobacco, is only worth around 75 cents.

And we further find that the farmers are paying 6 per cent more to-day for what they purchase than they did during the period from 1909 to 1914.

Now, the purpose of the allotment plan is simply to restore the prices of agricultural products to their proper relative position with respect to the prices of other commodities—to give to the products of the soil the same purchasing power they enjoyed during the years 1909 to 1914, and thus place their purchasing power on an equal footing with the purchasing power of other commodities. When we do this we simply restore the parity, or equality, that should always be maintained between agricultural prices and the prices of other commodities.

No effort is made in the bill to boost the prices of farm commodities to the injury of other commodities. The only effort is to lift the prices of farm commodities to a fair position with respect to other commodities.

HOW THE PLAN OPERATES

Now, I know you want to know how the plan will work. As already stated, during the period from 1909 to 1914 (known as the pre-war period) the parity of equality between farm commodities and other commodities was, with the exception of tobacco, fair and just. During this period the price of tobacco was abnormally low, and for this reason, as to tobacco, we adopted the period from 1909 to 1918. The bill provides that the first processor or manufacturer of the commodities set out in the bill shall pay a fee or adjustment charge thereon equal to the difference between the market price and the average price throughout the basic periods I have mentioned. This insures the growers of wheat, cotton, and hogs for 1933 the average price these commodities sold for between 1909 and 1914, and the growers of tobacco the average price tobacco sold for between 1909 and 1918. The fee is levied against the processor or manufacturer in the form of a tax, and the producer, when he sells his wheat, cotton, hogs, or tobacco, is issued an adjustment certificate equal to the amount of the fee on the commodity he sells. The certificates are redeemable at the United States Treasury, one half in 30 days and the balance in 6 months, and are made negotiable so the farmers can use them immediately. The fee collected by the processor or manufacturer is paid into the Treasury of the United States to redeem the certificates.

The bill contains two limitations:

(1) While the plan is voluntary, the farmer before he obtains the benefits provided for must be able to show that he has reduced his acreage 20 per cent. The burden is placed upon the farmer to show that he has complied with the requirement of the act by reducing his acreage. This provision was inserted in order to control, if possible, our surpluses.

(2) The fee or adjustment charge is only paid upon that part of the crop that is domestically consumed. The idea is that the farmers are only entitled to the parity price on that part of their production which is consumed domestically. The farmer's share of this production is called his allotment; hence the name, allotment plan.

The price levels to be maintained under the bill on the domestic consumption of the commodities named in the bill, after the initial period, are as follows:

	Cents
Cotton, per pound	12
Wheat, per bushel	93
Hogs, per pound	6

I will give the price level of tobacco a little later on.

The prices for the intial period, that is until the new harvesting or marketing season, are as follows:

	Cents
Cotton, per pound	9
Wheat, per bushel	75
Hogs, per pound	5

The domestic consumption of the commodities named in the bill are approximately—

	Per cent
Cotton	40
Wheat	70
Hogs	94
Tobacco	50

In order to clarify the matter, let me give you a concrete illustration as to how the plan will work. Take cotton for instance. The domestic consumption of cotton is around 40 per cent, hence the farmer would be entitled to the adjustment charge on 40 per cent of his crop. During the base period, that is from 1909 to 1914, the average price of cotton was 12 cents per pound, hence the farmer is entitled to 12 cents per pound for 40 per cent of his crop. The balance of the crop, 60 per cent, would be sold on the open market at the world market price. If, therefore, the price of cotton this year is 5 cents, then the farmer would be entitled, in addition to the 5 cents, to an adjustment charge of 7 cents on 40 per cent of his crop. The balance of the crop, which would be 60 per cent, would be sold on the market at 5 cents per pound. Of course, if the price of cotton should go up or down the adjustment charge would correspondingly go up or down. On 4-cent cotton the adjustment charge would be 8 cents; on 8-cent cotton, 4 cents, etc.

To further illustrate, let us take two farmers who raise 10,000 pounds each of cotton, one of whom complies with the law and the other does not. Cotton, we will assume, is worth 5 cents per pound on the open market.

The farmer who complies with the law would receive for his cotton—

4,000 pounds of cotton, at 12 cents per pound	$480
6,000 pounds of cotton, at 5 cents per pound	300
	780

The farmer who failed to comply with the law would receive for his cotton—10,000 pounds of cotton, at 5 cents per pound—$500.

A difference of $280 in favor of the farmer who came in under the plan.

The plan works the same way as to other commodities.

WHY ONLY FOUR COMMODITIES?

This question naturally arises: If the plan is a good one, why limit it to wheat, cotton, hogs, and tobacco?

If you will give careful thought to the plan, the answer is apparent.

These four commodities were selected in order to test the plan out, because they meet certain fundamental tests, namely:

(1) That the commodity be one that has a controlling effect upon the price of other commodities. If the price level of wheat is raised, there will be a corresponding raise in the price level of other grains, etc. With the exception of tobacco, all commodities included in the bill meet this test.

(2) That the commodity be one which normally has an exportable surplus, and hence its domestic price is influenced by the world price. All commodities included in the bill meet this test. Such commodities need protection, because they come in competition with like foreign commodities and can not be protected by a tariff.

(3) That the commodity be one which is processed or manufactured. All commodities mentioned in the bill meet this test. It would be cumbersome, if not impossible, to collect a tax or adjustment charge upon a commodity that is not processed or manufactured.

While tobacco does not meet the first test, namely, that it has a controlling effect upon other commodities, it was thought wise to include it because the tobacco grower, in selling his tobacco, is at the mercy of two or three large tobacco manufacturers and manifestly needs protection in selling his tobacco.

PERIOD OF DURATION

The bill is purely an emergency measure and only extends for one year unless extended for an additional year by presidential proclamation.

TOBACCO UNDER PLAN

The census of 1930 shows that there were approximately 433,000 tobacco raisers in the United States, who produced approximately 1,400,000,000 pounds of tobacco, of which we consumed approximately one half and exported the other half. It may be of interest to note that the Internal Revenue Department reported the revenue from tobacco for the same year to be $442,824,000.

According to the figures of the Department of Agriculture, the average price the growers received for tobacco during what is known as the pre-war period, that is from 1909 to 1914, was 10.4 cents per pound. According to the same figures, the average price of tobacco on November 15, 1932, was 8.9 cents per pound.

We thought that while the 1909–1914 period was fair as to wheat, cotton, and hogs, that it was unfair as to tobacco, as tobacco during that period was abnormally low, and for this reason, as to tobacco, we adopted the period from 1909 to 1918 as the basic period, which will considerably increase the general average over the 1909–1914 average.

I have secured from the Department of Agriculture all available tobacco prices during the period 1909–1918. The department did not, as to some of the types, begin to keep separate figures until after 1918, as prior to that year many of the types were combined. The department recognizes 28 different types of tobacco, the 1909–1918 average on such types as I have been able to secure the yearly prices on, being as follows:

Type	Section where raised	1909–1918 average price
11a	Virginia	17 cents.
11b	North Carolina	
12. Flue cured	South Carolina	
13	Georgia	
14	Florida	
21. Fire cured	Virginia	9.94 cents.
22. Fire cured	Kentucky	10.48 cents.
23	do	9.39 cents.
24	Tennessee	

Type	Section where raised	1909-1918 average price
31. Burley (air cured)	Kentucky, Tennessee, Virginia, West Virginia, Ohio, Indiana, Missouri, Arkansas	14.49 cents.
32. Air cured	Maryland	12.33 cents.
35. One sucker (air cured)	Kentucky	8.65 cents.
36. Green River (air cured)	Indiana	Prices prior to 1918 not available.
37. Virginia (sun cured)	Virginia	11.99 cents.
41. Seed leaf	Pennsylvania	10.97 cents.
42. Gebhardt 43. Zimmer or Spanish 44. Dutch	Ohio	11.66 cents.
45. Sun cured	Georgia, Florida	Prices prior to 1918 not available.
51. Connecticut Valley broad leaf	Connecticut, Massachusetts	Prices not available—combined with other types prior to 1918.
52. Connecticut Havana seed	Connecticut	Combined with other types prior to 1918.
53. New York and Pennsylvania Havana.	New York, Pennsylvania	11.69 cents.
54. Southern Wisconsin	Wisconsin	11.52 cents.
55. Northern Wisconsin	Wisconsin, Minnesota	Do.
61. Connecticut Valley shade	Connecticut, Massachusetts	Prices prior to 1918 not available.
62. Georgia and Florida shade grown	Georgia, Florida	Do.

Section 22 of the bill recognizes the different types and grades of tobacco and gives the Secretary of Agriculture the right to treat and consider the different grades and types as separate commodities. This provision was necessary, in order to protect the tobacco growers, as the different types and grades, of course, bring different prices.

Tobacco, in my opinion, is better adapted to the allotment plan than any other commodity. In the first place the Government is already collecting a revenue tax on tobacco, and it would entail very little additional expense, if any, to collect the adjustment fee or tax. In the second place the adjustment charge would, in all probability, be absorbed by the manufacturer. They could certainly afford to do this considering the relatively small proportion the original cost of tobacco bears to the price the finished product brings. And then, too, tobacco can not be classed as a necessity. It is a luxury, and hence the argument can not be advanced that the bill, as to tobacco, would increase the price of one of the necessities of life.

ANSWER TO OBJECTIONS TO THE BILL

Nothing has ever been accomplished without first overcoming obstacles. No legislation, however meritorious it may be, was ever enacted into law without meeting and subduing the objections to it. There are objections raised to this bill, some honest; others, in my opinion, advanced for purely selfish reasons. Permit me to briefly answer some of the objections.

(1) The objection is made that the bill will levy a tax upon the necessities of life in the form of a consumers or sales tax. This is a catchy argument, especially at this time, when millions at present prices are unable to purchase food and clothing.

Who advanced this argument? Did the labor organizations? No. Labor is not opposing the plan. The argument was advanced by special interest and, I am afraid, for selfish reasons. The first I heard of the argument was when the representative of the Millers National Federation appeared before the committee and, as strange as it may sound, objected to the bill because it was unfair to the farmers and consumers. When I examined him I told him frankly that I did not believe his love for either the farmers or the consumers brought him before the committee, but rather his interest in the milling business. And when I asked him if he appeared when the Hawley-Smoot tariff bill was up for consideration and plead the cause of the farmers and consumers, he had to admit that he did not.

Is a bill that has for its object the giving the farmer a square deal—giving him a reasonable profit over and above the cost of production—to be defeated by branding it a sales tax? No. I know, and you know, that neither the laboring people, the consumers, nor any one else who wants to do the right thing, expect the American farmers to feed the American people at their own expense—by losing money every year they produce the food necessary to feed the American people.

But we do have a sales tax in this country, and it is being administered not to put money into a depleted Federal Treasury, but into the coffers of the very interests who oppose this bill under the guise that it is a sales or consumers tax. We have a tariff tax that to-day is collecting tribute off of the farmer and laboring man, for the purpose of taking care of the very ones who oppose this legislation. Special interests seem to think that it is all right to have a sales tax in the interest of industry, and all wrong to have such a tax in favor of the farmer.

Be not deluded into thinking this a sales tax. A sales tax is levied to raise revenue to balance the Government Budget. This adjustment charge is being advocated to balance the farmer's budget, and God knows it needs balancing.

But who should pay this tax? There's the rub. When you find out the answer you will know why special interests oppose the bill. Before I answer this question let me give you a few figures.

The pre-war price of wheat to the farmer was around $1, and at that time the price of flour ranged from $4.36 to $5.10 per barrel. In 1932 the price of wheat to the farmer was between 30 and 40 cents and the price of flour ranged from $3.61 to $4.40 per barrel. In other words when the price of wheat fell off 62 per cent the price of flour only fell off 15 to 20 per cent.

Well, who should pay the tax or adjustment charge on flour?

In 1929 when the farmers were averaging 9.86 cents for hogs, the retail price of hog meat to the consumer in New York City averaged 15.42 cents. In 1932 the farmers averaged 3.41 cents for hogs, and the retail price of hog meat to the consumer in New York City averaged 10 cents. In other words when the price of hogs to the farmer fell off 65 per cent the price of hog meat to the consumer only fell off 33 per cent.

Well, who should pay the tax or adjustment charge on hogs?

In 1925 when the cotton growers were averaging 22 cents per pound for cotton the average price of cotton goods was approximately 15 cents. In 1931 when the cotton grower averaged 6 cents for his cotton the average price of the same cotton goods was approximately 8 cents. In other words when the price of cotton to the farmer fell off 70 per cent, the price of cotton goods only fell off 44 per cent.

Well, who should pay the tax or adjustment charge on cotton?

In 1929 when the tobacco growers were averaging 21.8 cents per pound for Burley tobacco that goes into cigarettes, a package of cigarettes retailed for 15 cents. In 1931 when the same tobacco growers averaged 8.7 cents for the same tobacco the same package of cigarettes sold for 15 cents. In other words when the price of tobacco to the tobacco grower fell off about 60 per cent there was no reduction in the price of cigarettes.

Well, who should pay the tax or adjustment fee on tobacco?

I think you now know the answer. And knowing the answer I think you know why special interests oppose the bill.

(2) Then there are those who oppose the bill because they claim it is class legislation.

Well, if this is class legislation then the tariff is class legislation.

If this is class legislation, then the regulation of freight rates and public-utility rates is class legislation. In the regulation of freight and public-utility rates the theory is to give a fair return on invested capital, while the practice is to give a fair return on not only invested but watered capital. The farmer is only asking a fair return on invested capital. Yet there are those who seem to think that it is all right to give railroads and public utilities a fair return on invested and watered capital and all wrong to give the farmer a fair return on invested capital.

But this bill can not be considered under any view as class legislation. The purposes of the bill are so manifestly in the interest of the public good that it is hard to conceive of anyone advancing the argument that it is class legislation. I am persuaded that those who entertain such a view do not have a true conception of this legislation and do not appreciate the effect the depleted condition of the farmer has upon our whole economic structure.

All wealth comes from the soil and will ever remain in the soil. And wealth is the spring from whence flows prosperity. I lay it down as an axiom that we can not have true prosperity in this country, or any other country, as long as the tillers of the soil labor only to become more involved, and that is exactly what is going on in this country to-day. The road to our financial recovery leads from the farmer's door.

Just a few simple statements will, I think, conclusively show the disastrous effect the destruction of the purchasing power of the farmer has upon our whole economic structure.

The 1930 census shows that 44 per cent of our population is living on farms or in small rural communities of less than 2,500 population. Hence when you destroy the purchasing power of the farmer you practically destroy 44 per cent of the purchasing power of our people.

Let me give you a few examples of what this means.

In 1929, 42 per cent of all automobiles were in rural communities. It means, therefore, that practically 42 per cent of the automobile industry has been paralyzed. It also means that when you restore the purchasing power of the farmer you will put back to work 42 per cent of the laborers in automobile factories.

Take the farm-implement business. It has been practically destroyed since the purchasing power of the farmer has been destroyed. Restore the purchasing power of the farmer and you restore to employment the thousands who formerly worked for farm-implement companies.

It is useless to multiply illustrations. It is apparent that the restoration of the purchasing power of the farmer is far-reaching in its effect. Our leading economists say that the passage of this bill would put over 6,000,000 idle men to work.

No; this is not class legislation, but legislation that will help all classes.

(3) Then there are those who claim that the passage of the allotment plan will mean the setting up of another bureau. Well, let me say this, if it does, it will be the first bureau ever set up in this country that was not financed out of the Federal Treasury. If it sets up another bureau, the farmers will pay the bill.

Under the terms of the bill 2½ per cent of the tax or adjustment charge collected will be used to take care of the administrative costs, and this should certainly be a sufficient amount. At present it is only costing the Federal Government three-fourths of 1 per cent to collect the manufacturing excise taxes now imposed.

Those in position to know do not think it would take very many additional governmental employees to collect the tax and administer the law. But, whatever the amount, not one single penny will come out of the Federal Treasury.

(4) Lastly, there are those who preach that the passage of the bill would reduce the consumption of the commodities therein set out. Well, if it does, the person who would be vitally affected would be the farmer, and yet the farmer is asking that the bill be passed.

Those who advance this argument entirely overlook the fact that the passage of the bill, by increasing the purchasing power of the farmer, will put millions to work, revive business, and aid materially our whole economic structure. When this is done the general purchasing power of our people will be greatly increased and they will naturally consume more.

The bill should increase rather than decrease consumption. Give the American people something to buy food with and they will buy it, because most of them are getting lank and lean, and can, if given a chance, for a while at least, consume more than they formerly could.

CONCLUSION

I am not unmindful of the fact that there is some justification for terming the legislation under consideration radical. The legislation, however, in my opinion, is justified because of the emergency we are facing to-day. I am not advocating this legislation as a permanent policy. I know that as a permanent policy we can not employ artificial means to raise the price levels of farm products. I am advocating this measure as a temporary stimulant to revive a very sick patient, hoping that before the effect of the stimulant dies we will be able to work out remedial measures that will bring permanent relief.

In conclusion, may I express the hope that the day is not far distant when the farmers of America, no longer burdened with high tax rates, unjust interest charges, discriminatory freight and tariff rates, and an unfair marketing system, may, by honest toil, be permitted to produce products of the soil that, translated into dollars, are worth 100 cents. They ask nothing more. They will be satisfied with nothing less.

RAISING THE TARIFF THROUGH THE BACK DOOR

Mr. AMLIE. Mr. Speaker, I ask unanimous consent to extend my remarks.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. AMLIE. Mr. Speaker, the so-called Crowther bill is one of the many measures introduced at the present session of Congress which has for its objective the equalization of the tariff duties by compensating for depreciation of foreign currencies. It is the claim of the proponents of this type of legislation that if such tariff schedules as we may adopt are to be made effective it is necessary to provide against any reduction in such tariffs by raising these tariffs against those countries operating on a depreciated-currency basis to the extent of such depreciation. They contend that such adjustment is an essential expedient and must be resorted to unless we are to have our markets flooded by cheap foreign goods and our working men as a consequence thrown out of employment.

Let us analyze these arguments. In the first place it is difficult to see how the claim can be made that we are suffering from a flood of importation when our imports last year amounted to $1,322,665,000 as against total imports of $2,090,633,000 for 1931 and as against a further average of importations in excess of $4,000,000,000 a year for the six years prior to 1931.

The following figures regarding total exports and imports for the past eight years, as put out by the United States Bureau of Foreign and Domestic Commerce, are in themselves the most conclusive refutation of this argument.

United States exports and imports

[United States Bureau of Foreign and Domestic Commerce]

Calendar year	Total exports from United States (1,000 dollars)	Total general imports into United States (1,000 dollars)	Excess of exports (1,000 dollars)
1925	4,909,848	4,226,589	863,258
1926	4,808,660	4,430,888	377,772
1927	4,865,375	4,184,742	680,633
1928	5,128,356	4,091,444	1,036,912
1929	5,240,995	4,399,361	841,634
1930	3,843,181	3,060,908	782,273
1931	2,424,289	2,090,635	333,654
1932	1,617,877	1,322,665	295,212

United States exports and imports—Continued

Calendar year	Per cent of total foreign trade		Index 1925=100	
	Exports	Imports	Exports	Imports
1925	53.7	46.3	100.0	100.8
1926	52.0	48.0	97.9	104.0
1927	53.8	46.2	99.1	99.0
1928	55.6	44.4	104.4	96.8
1929	54.4	45.6	106.7	104.1
1930	55.7	44.3	78.3	72.4
1931	53.7	46.3	49.4	49.5
1932	55.0	45.0	33.0	31.3

Not only was there a reduction in the total volume of imports in 1932 as against 1931 amounting to about 33 per cent but there was also a decrease in the volume of imports during this same period of approximately 20 per cent.

In the second place, if the argument made by the proponents of this measure is well taken, then we should naturally expect to see a smaller decrease in imports from those countries that have gone on a depreciated currency basis than from those countries that maintained their currencies.

The following, however, are the facts as presented by the United States Tariff Commission:

Quantitative change in imports of major commodities

(Ratio of the imports, January-September, 1932, to the imports January–September, 1931, taken as 100 (weighted average))

	Total	Free	Dutiable
Articles coming chiefly from depreciated-currency countries	79	79	78
Articles coming chiefly from gold-standard countries	88	110	78
Articles of which a large proportion comes from both classes of countries	79	64	88

It will be seen from the foregoing table that on the basis of volume of imports, in 1932 the total volume of goods coming from depreciated currency countries amounted to only 79 per cent of the total amount of imports from those countries in 1931. That is to say there had been no increase of importations from those countries as a result of the depreciation of their currencies which took place in the latter part of 1931. But on the other hand there had been an actual decrease amounting to 21 per cent by volume. On articles coming chiefly from gold-standard countries there was imported in 1932 approximately 88 per cent of the volume of goods that was imported in 1931. That is to say a decrease of imports of 12 per cent from countries on a gold standard as against a decrease of 21 per cent from countries on a depreciated-currency basis. It will be seen, therefore, that the premises upon which the supporters of the Crowther bill base their case are wholly nonexistent.

TRADE ADVANTAGES DUE TO DEPRECIATION OF CURRENCY ARE ILLUSORY

Not only are these premises nonexistent in fact, but it will further appear from a careful analysis of the subject that there is no particular reason why a depreciation of currency on the part of a nation should result in any permanent advantage insofar as scaling our tariff walls is concerned.

To begin with the tendency will be in any nation operating with a depreciated currency, for labor and other operating costs to advance in terms of dollars to the extent of the depreciation that has taken place. While there may be a temporary advantage insofar as raw materials on hand are concerned, this advantage will very quickly be lost when the manufacturer has to go out in the world market and purchase additional raw materials with which to continue his manufacturing processes. While it is true that the depreciating of a nation's currency might facilitate the writing down of capitalization and the burden of accumulated debts, it does not follow that this is the only means by which this objective may be accomplished.

At the present time in the United States we are in the midst of a process of deflation wherein our self-constituted "sound economists" hope to accomplish the same result without abandoning the gold standard. The chairman of

the Tariff Commission has well illustrated this point before the committee by quoting the statement of the finance minister of Holland, who was asked by the representative body of that country as to what were the advantages of depreciated currency or of Holland's going off the gold standard. This Finance Minister said that—

> They are partly illusory and partly temporary, and those that are not temporary are illusory and those that are not illusory are temporary.

It is obvious why this should be so. After all, there is no reason why we should not find just as stiff competition from countries on a gold standard as from those that have been forced to abandon the gold standard. The price for which people in a country are willing to produce goods is dependent upon the economic pressure to which they are subjected. In fact they might very readily be subjected to greater pressure in a gold-standard country than in one that had gone off the gold standard.

This is well illustrated by the fact that imports in 1932 as against 1931 had dropped 21 per cent in countries that are off the gold standard as against only 12 per cent from those countries that are still on the gold standard.

A specific example of this fact is given by Chairman Robert L. O'Brien, of the United States Tariff Commission, in his testimony before the Ways and Means Committee on February 2, 1933. He stated that Czechoslovakia and Japan are running neck and neck in the matter of the price of rubber footwear being imported into this country. Japan is off the gold standard while Czechoslovakia is on.

The Crowther bill would place an additional tariff of nearly 50 per cent on articles from England, a country which recently made its interest payments on its war debt to this country; while on the other hand it would levy no additional duty on France, a country that recently defaulted on its interest payments to this country. It would be a means of taking a direct slap at some of the nations whose friendship is most vital and valuable to the people of the United States. And all this in the name of an argument that is demonstrably unsound in every respect.

THE REAL PURPOSE OF THE CROWTHER BILL

At the present time imports into the United States may be defined as free imports which are not subject to duty of any kind, and dutiable imports against which there may be levied either a specific duty or an ad valorem duty. Under the Smoot-Hawley tariff law the average tariff on dutiable imports will amount to approximately 45 per cent. The average duty on both dutiable and nondutiable goods will amount to approximately 17 per cent on the basis of total imports of both classes of goods during the year 1932.

Had the provisions of the Crowther bill been in force and effect, then the average duty upon dutiable and nondutiable goods for the year 1932 would have been in excess of 40 per cent. From this it will be seen that the enactment of the Crowther bill or any of the other measures aimed at the making of adjustments against depreciated foreign currencies would have resulted in the increase of our present tariff rates by more than 100 per cent. This is the real purpose of the Crowther bill although its proponents sought to put it across under the smoke screen of making adjustments against depreciated foreign currencies.

In the same way it will be remembered that the Republicans in 1930 raised the Fordney-McCumber rates, which averaged 28.22 per cent ad valorem, to 45 per cent ad valorem under the Smoot-Hawley bill, all in the guise of aiding the farmer. These two illustrations are perfectly typical of the manner in which our tariffs have been raised from time to time at the behest of the industrial interests of the country.

At no time have the groups sponsoring these tariff raids been frank with the American people. They have always conducted their campaigns for higher tariffs under the pretense of aiding the laboring man or some other downtrodden group. Their motives have always seemingly been altruistic in purpose. In fact so confusing has the whole thing become that the average American to-day is able to see only his interest as a producer of goods. His interest as a consumer of goods he senses but vaguely. While his interest as a citizen of the United States who will either prosper or suffer, dependent upon the general welfare of the country as a whole, he does not sense at all.

The fact that the whole thing is merely a method by which one section of the country may be exploited for numerically superior sections of the country is quite beyond the grasp of the average citizen. In fact of late years it would appear that only a minority of the citizens of the sections so exploited are able to comprehend the workings of the process.

The same thing may be said of a majority of the Representatives in Congress who support these various moves looking toward a further increase of our protective tariffs. They believe that by raising the tariffs they will be able to exclude foreign goods and in that way keep employed the industrial workers in their respective industries. They do not look at the question beyond the probable immediate effect within their industries, and from a political standpoint it is quite essential that they should not do so. For woe unto that Representative who begins to understand the obvious physical fact that there can not be exportations of American-made goods unless there be an equal importation of foreign-made goods and that one must balance the other. And woe particularly unto that Representative who begins to think in terms of the welfare of the Nation rather than about the temporary welfare of his own constituents gained as a result of logrolling with the Representatives of other constituents for the purpose of exploiting the constituents of still other Representatives. While these Representatives may not fully understand the consequences of their acts, it is nevertheless the law of the pack that governs, and nature in the raw is seldom mild.

HISTORICAL DEVELOPMENT OF OUR TARIFF POLICY

Our first tariff act was enacted in 1789 and provided for an average ad valorem tariff of 8½ per cent. It was recognized as a necessary piece of legislation in order to raise needed revenue for the operation of the Federal Government. In 1791 appeared Alexander Hamilton's report on manufactures, which set forth in detail the arguments in favor of developing American industries. It was recognized that such assistance would be at the expense of agriculture. But for the purpose of securing a strong union, Hamilton and his friend defended such a course as economically sound and desirable.

For a period of 25 years thereafter 24 different tariff acts were passed. They sought in the main to raise needed revenues, but they also contained various temporary experiments for the purpose of stimulating American industry.

During the War of 1812 and for three years thereafter importations from England virtually ceased. This gave to American industries a tremendous impetus. Following the cessation of the war the American markets were flooded with European goods, and our manufacturing industries were seriously threatened. Because of the emergency which existed, the tariffs were greatly increased through the cooperation of all sections of the United States. It was not made a sectional issue for that reason, although the relative advantages of free trade and protection were very fully discussed.

By 1824 the appetite of the industrialists through eating had grown tremendously. In that year a bill providing for substantial increases in the tariff was sponsored by Henry Clay. As would be expected, he did not discuss the justice or equity of having one section of the country exploit a numerically inferior section. He rather urged the raising of tariffs "as an American system." His efforts were opposed by Daniel Webster, who was then a Member of the House of Representatives, who said:

> With me it is a fundamental axiom, it is interwoven with all my opinions, that the great interests of the country are united and inseparable; that agriculture, commerce, and manufactures will prosper together or languish together; and that all legislation is dangerous which proposes to benefit one of these without looking to consequences which may fall on the others.

But despite this noble statement of principle, Mr. Webster began to feel the importunities of his constituents. After all he was only a public servant dependent upon the support of his constituents for his political success, and if they demanded that he join with others in the exploitation of numerically inferior sections of the country, then their will be done, not his.

Later on he voted for the tariff act of 1828, commonly known as the black tariff and the tariff of abominations. Under its provisions the ad valorem rates on dutiable imports amounted to 49 per cent and on free and dutiable goods together to more than 45 per cent ad valorem.

As a result of this exploitation of the agricultural South, the Legislature of South Carolina called a State convention in 1832 and adopted the "ordinance of nullification." So great was the opposition throughout the Southern States that it became necessary to adopt the compromise tariff act of 1833 which called for a gradual reduction of all duties exceeding 20 per cent. As a result of this act by 1840 the average tariff on dutiable goods had been brought down to 30 per cent and on free and dutiable goods together to 15 per cent. With the depression of 1837–1842 the tariffs were again increased for the purpose of providing needed revenue. By 1846 there had been a marked improvement in financial conditions and as a result of Democratic success at the polls the Walker tariff was adopted which greatly reduced the general tariff schedules. In 1857 the tariff was again reduced, until the average rate on dutiable goods was approximately 20 per cent and on free and dutiable approximately 16 per cent. These rates were the lowest in the history of the country since 1812.

These reductions were secured only as a result of bitter political campaigns in which other issues finally captured the public imagination. It is, however, generally recognized by historians, even in the higher institutions of learning in the North, that it was this economic exploitation of one part of the country by another part of the country that was the principal cause of the Civil War.

During the course of the Civil War it became necessary to raise tariff rates for the purpose of securing needed revenue. From 1865 to 1870 the tariff on dutiable goods averaged 48 per cent and nearly 44 per cent on free and dutiable goods. By 1872 the country was again nearing the crest of a wave of prosperity. The Government's receipts were excessive, and rates were reduced to 39 per cent on dutiable and 28 per cent on free and dutiable. From 1876 to 1883 the average rate was 43 per cent on dutiable and 30 per cent on free and dutiable. From 1884 to 1890 the rates were 45 per cent on dutiable and 30 per cent on free and dutiable. In 1890 the so-called McKinley tariff was adopted. In the next three fiscal years 1892 to 1894 the average rates proved to be 49 per cent on dutiable articles and 22 per cent on free and dutiable articles.

From 1894 to 1897 under the Wilson-Gorman Act the rates were 41 per cent and 21 per cent respectively. Under the Dingley Tariff Act of 1897 the average rate on dutiable goods went as high as 52 per cent, the highest in the history of the country, while on free and dutiable goods it went to 30 per cent.

The average tariff rate between 1897 and 1909 amounted to 46 per cent on dutiable and 26 per cent on free and dutiable goods. Under the Payne-Aldrich Act of 1909 effective until 1913, the tariff on dutiable goods was reduced by 2.3 per cent and on free and dutiable goods by 4 per cent.

This law, however, because of legislative deadlocks from 1911 to 1913 remained substantially unaltered. In the latter year under President Wilson, the tariff was reduced so that in the first eight months of the new law the ad valorem rate on dutiable goods proved to be 36 per cent, about 4 per cent less than in the preceding year, and the rate on free and dutiable goods together amounted to about 14 per cent, or about 3 per cent less than in the preceding year. During the war period, however, commerce was so disturbed that comparisons are not possible.

The changes in tariff rates since that time are generally familiar and have been referred to heretofore in these remarks. With this picture of the tariff history of the United States in mind, let us analyze the manner in which the agricultural sections of the United States have been affected by our long American policy of a high protective tariff.

PRICE OF EXPORTABLE SURPLUS FIXES PRICE OF WHOLE CROP

It is a matter of elementary knowledge that when a surplus is raised of any crop which has to be sold in the markets of the world, the price paid for that surplus fixes the price paid for the crop as a whole. No knowledge in the field of economics is more elementary, and still it would be no exaggeration to state that a great majority of the protectionist Members of Congress either are not possessed of this elementary knowledge or at least wholly fail to see or understand its practical application in the everyday economic life of the Nation.

I prefer to believe that this is true, rather than that these same gentlemen, knowing the situation, would be willing to be party to any program which deliberately sought the exploitation of one part of the country at the expense of another. This belief on my part is not due entirely to a charitable feeling for my protectionist colleagues but is also based in part upon the understanding of this situation evinced by their speeches that I have heard them give upon the floor of this House.

The spectacle of legislators enacting legislation and discussing their reasons pro and con for such legislation apparently oblivious of this elementary economic principle is without parallel in the physical sciences. It would be like a group of engineers unable to add or subtract designing plans for the construction of a suspension bridge. The spectacle of the United States Government spending several million dollars to construct a perpetual-motion plant at Vincennes, Ind., could not be more ludicrous.

The hearing on the Crowther bill before the Ways and Means Committee runs true to form. They seek to secure an increase in tariff rates at this time in the same manner that increases in tariff rates have been secured heretofore. A group of manufacturers from different fields have appeared before the committee and stated that they can not compete successfully with foreign competitors; that it will be necessary, therefore, to secure an increase in tariff rates in order that it will be possible for them to compete and maintain an American standard of wages. Behind it all runs the naïve assumption that it is possible in this way to put every group in the same relative position of advantage that is enjoyed by every other group.

If this ideal situation were ever attained, then we should have every group standing in the same relation to every other group that would be the case if we had free trade. Obviously this is the last thing that the industrialists desire. They know that certain groups can be protected by a high protective tariff, while other groups can not. In other words, a tariff is effective and beneficial to one group to the extent that it is discriminatory, and any tariff is effective only to the extent that it is discriminatory.

But the protectionist Members feel grieved at such unorthodoxy coming from a Republican. For why should anyone be so unkind as to question their beneficence? Do they not stand at all times ready to hear anyone who questions the tariff rates? In other words, Come unto us all ye that are heavy laden, and we will raise the tariffs on the articles that you produce sufficiently to make up for the cost of production here and abroad.

Let us proceed to see if this theory works out in this manner for goods that are on an export basis. The classical illustration in the United States would be the cotton crop. The exploitation of the cotton-raising sections of the United States for the benefit of the industrial sections is one of the major threads that run through our history of the last 120 years. It is a matter, however, with which others are much better qualified to deal than I am.

I will, therefore, take for the purpose of my illustration the case of wheat and attempt to trace this process of exploitation through from beginning to end. I will take the case of wheat for the reason that I am thoroughly familiar

with this phase of our history of sectional exploitation through first-hand knowledge. I was born and raised on a wheat farm in North Dakota, and still have on my hands the management of this farm. I have furthermore analyzed in detail the effect of a high protective tariff on wheat. (CONGRESSIONAL RECORD, January 11, 1932.) At that time I received a press release from that great economist, Mr. Arthur M. Hyde, Secretary of the United States Department of Agriculture, wherein he pointed out the tremendous advantages that had accrued to the American wheat farmer as the result of a 42-cent tariff on wheat.

After showing in detail that there was no advantage and that there could be no advantage to the American wheat farmer through a high protective tariff save for that small percentage of the wheat crop high in protein, I charged the Secretary of Agriculture with being a deliberate falsifier and political propagandist. My charge, though given wide publicity at the time, has not been answered. It can not be answered.

THE EXPLOITATION OF THE WHEAT FARMER BY A HIGH PROTECTIVE TARIFF POSSIBLE WHEN THE UNITED STATES WAS A DEBTOR NATION

In order to explain this to those gentlemen who may not be familiar with the situation I want to trace this process historically through the last 70 years.

In so far as the wheat raisers are concerned, it is necessary to go back to the first Republican National Convention held in Chicago in 1860, the convention at which Lincoln was nominated. At that time the farmers of the East and mid-West were anxious to secure free western land into which they might migrate. They were anxious for the passage of a homestead law whereby they might secure this land in return for moving West and making their homes upon it. This, however, was not possible in the face of the opposition of the industrial East, which held the balance of power. They did not propose to permit the pioneers to come into possession of this land without acquiring some benefit for themselves. In the first place, the frontier was in competition with their industrial plants for labor. If a laboring man was not paid as much for his work in the factories as he could earn by going West and taking up a homestead, he would naturally make a change. To make the frontier available to the laboring man and then to be forced to compete with the frontier for labor was something that the industrialists did not propose to do. They, therefore, demanded a protective-tariff policy for industry in exchange for their consent to the enactment of the homestead law, not because they owned this western land but because they held the balance of power and were able to dictate terms.

It will be seen, therefore, that the western land was really not given to the settlers, as they supposed when they received a patent from the United States Government. The homesteaders merely secured a lease upon this land whereby they became croppers. They received a part of the proceeds, while the balance of the proceeds went to the industrial East. This was accomplished by compelling these people to spend the money that they secured through selling their produce in a world market and using it to pay enhanced prices for goods purchased in a protected market. At first this arrangement was not so onerous. The tariff was lower. We were a debtor Nation. We were able to sell our crops abroad at a good price, because fortunately our European creditors realized that if they were ever to be paid for the money they had lent to the industrialists of this country they would have to accept payment in goods. They did not erect tariff walls against the importation of these goods. On top of this the fertility of the soil had not been mined.

But the situation to-day is completely changed. The fertility of the soil is gone. It has been mined out, and the price for which it was sold in the markets of Europe has been donated to the upbuilding of the industrial East. During this period of exploitation our agricultural products were our principal exports. In fact, they were almost our sole exports. During this period our industrialists borrowed heavily from the older nations of Europe in order to build our railroads and industrial plants. These loans were repaid through the sale of our agricultural surplus abroad.

The importance of our export of agricultural products is well illustrated in the panic of 1896. During that year it looked as though we would not be able to pay our obligations maturing abroad. It looked as though we would be compelled to abandon the gold standard. Commodity prices fell until August of 1896, when it became apparent that there would be a world shortage in the production of wheat. We were able to export our surplus of wheat to sell same in the markets of Europe for a good price, material obligations, and the gold standard was saved. The issue of 16 to 1 became a dead issue and has remained so until recently. This incident is alluded to because of the mistaken ideas regarding this period of our history that were expressed on the floor of this House three or four days ago, during the discussion of House Resolution 8557.

But despite this fact the lot of the wheat farmer was not so bad. Many of them had come from countries where they were able to eke out the barest margin of subsistence. The fertility of the soil to which they were given a patent by the United States Government was well-nigh inexhaustible. The price that they received for their grain in the markets of Europe enabled them to live comfortably even though they were compelled to donate a major part of their profit to the industrial sections of the country. This sectional exploitation might have gone on much longer had we remained a debtor nation, particularly so long as our creditors were willing to have us sell our agriculture in their markets without erecting tariff barriers against us.

Following the World War we ceased to be a debtor nation and have now had thrust upon us a position of world primacy, as a result of the investment abroad of approximately eleven or twelve billion dollars owing by foreign governments to the Government of the United States, and approximately fifteen or sixteen billion dollars more due and owing by foreign governments and citizens to the citizens of the United States.

It is indeed encouraging to note that after 70 years of exploitation of the wheat farmer there are at this day to be found in Congress Representatives from some of these Western States who are beginning to appreciate the process whereby they have been exploited. I refer to the testimony of Mr. McGUGIN, of Kansas, before the Ways and Means Committee on the 20th of January, 1933:

> Let me say to you, my friend from New York [Mr. CROWTHER], you have nurtured at the nipple of American agriculture for 60 years, but that cow is dry and you will nurture there no more until you feed her.

That it should have taken so long before any of the Representatives from the wheat-raising sections should have discovered the means and method by which they have been exploited is the strongest commentary on the general lack of understanding of economic matters which obtains among the rank and file of the common people.

At some future date when we shall have entered upon an era of functional control of our economic system, and our industries and natural resources shall be managed for the benefit of the people of the country as a whole, it is almost certain that the academicians of that day will be at a complete loss for any adequate explanation of the fact that certain sections of the United States were represented for a period of more than half a century by men who, judging from their legislative records, apparently conspired to betray the economic interests of the sections that they represented. Undoubtedly anthropologists of that day will seek to disinter the bones of some of these Representatives in the belief that an examination of their skulls will shed some light upon this unexplainable phase of the Nation's economic history.

CONTINUED EXPLOITATION OF AGRICULTURE NO LONGER POSSIBLE SINCE THE UNITED STATES HAS BECOME A GREAT CREDITOR NATION

As heretofore stated we have between eleven and twelve billion dollars owing by foreign governments to the Government of the United States. We have between fifteen and sixteen billion dollars of money due and owing by

foreign governments and their citizens to the citizens of the United States. It is our dealing with this situation that has rendered completely prostrate the agricultural sections of the United States that have been the subject of systematic exploitation for a hundred years. As long as this country was a debtor Nation, a high protective-tariff policy had some justification from a national standpoint. It helped this country maintain a favorable balance of trade and in that way meet its contractual obligations abroad. Of course it made the exploited sections bear the brunt of the payment of these obligations, but at least the country as a whole received some benefit therefrom, and the industrial sections in particular.

Moreover, it was possible for the United States to pay these obligations because the financial policies of our creditor countries were dictated by men old and wise in matters of international finance. They knew that they could only be paid through the importation of American goods, and they also knew that if they erected barriers against the importation of these goods it would probably result in compelling the people of the United States to default on their obligations.

Let us now examine our own policies, since we have become the great creditor Nation of the world. Instead of recognizing that our foreign investments can only be paid in goods or services, we have set out to maintain a favorable balance of trade at all times. In short, we have been able to maintain a favorable balance of trade amounting to more than $500,000,000 a year since we became a great creditor Nation. Whereas if we were to have permitted our foreign debtors to merely pay interest on their loans and keep these obligations alive, it would have necessitated a balance of trade against us amounting from $500,000,000 to $750,000,000 a year, not to mention the repayment of any part of the principal. But when the question is asked of the protectionist Members of Congress as to how they expect foreign nations to repay these obligations unless they be permitted to pay in goods or services, they answer with the utmost hauteur that it must be understood that international trade by its nature is triangular, and that these loans may be repaid by the extension of credit.

It is incredible that grown men should even believe this to be an answer. It is, of course, true that we need not buy goods from England to pay for goods sold to England. England may sell to France and we may buy from France, but ultimately the transaction will have to show up in our balance of trade. And if we maintain a favorable balance of trade at all times, clearly these debts can never be repaid. To say that our excess in foreign exports as shown in a favorable balance of trade can be paid for by the transfer of credit is merely to say that there is no use in paying back any money borrowed as long as one is able to borrow additional sums. Clearly neither this Government nor its bankers nor its investors will go on extending credit to foreign nations when it becomes apparent that we are going to follow a policy whereby these loans in all probability can never be repaid.

As time has gone on it has become increasingly difficult to maintain a favorable balance of trade, but the mercantilists of this country who are in control of its Government believe that in spite of our position as a creditor nation we can maintain a favorable balance of trade at all times if we only raise the tariff walls high enough.

Let us examine the effect of this policy upon our foreign debtors who have contractual obligations to meet here. As we raise our tariff walls constantly higher it becomes necessary for these debtors to pile a constantly increasing quantity of goods against our tariff walls in order to get a certain number of units into this country. These debtors will naturally exert every effort to meet their contractual obligations. They do not desire to default. As a consequence they will manufacture more and more cheaply in order to meet their obligations here. It is not a matter of choice as far as they are concerned. It is a matter of stern business necessity. It is because we are forcing them into a position where they will be obliged to default that the people of these debtor countries are beginning to hate us.

And still upon the floor of Congress I have heard numerous representatives of the industrial East denounce European nations for dumping their goods upon our markets. Can not these gentlemen understand that by the very nature of things our debtors must dump their goods upon our markets no matter how small a price they may bring, if they are to meet their contractual obligations here? Can not these gentlemen understand that capitalism by its very nature rests upon the sanctity of contract, upon the necessity of meeting contractual obligations, no matter how onerous they may be? Can not these gentlemen understand that with our high tariff walls we are forcing our creditors to either do this or else default upon their contractual obligations?

Because of the large amount of debts payable in gold owing by the governments of other countries and their citizens to the Government of the United States and to its citizens, we can, if we insist upon following a high protective tariff policy, drive the commodity prices of the world down to the vanishing point, providing repudiation of these debts does not first take place, which of course it must. This is not a matter that should be difficult of comprehension. It is a process that is wholly within the realm of elementary physics. The whole proposition can be fully stated in Newton's third law of motion, that "to every force action there is an equal, opposite, and direct reaction."

There is nothing new or revolutionary about this statement. It is a matter that has been fully realized by every informed economist in the country since we became a creditor nation, barring, of course, a few special pleaders. In 1926 Senator Oscar W. Underwood, who was perhaps the country's foremost authority on the tariff in the field of politics, declared that—

> Unless the excessive Fordney-McCumber rates are revised downward to reasonable competitive figures, the American people can have no right to expect European nations to pay their war debts. There must be revision of the rates downward or this country and the world will face distress and disaster. We can not go on lending money to European nations to permit them to buy our goods. We have reached the crest of the wave in those loans. There must be an end to them; and in place of a flow of American money to Europe in the form of loans there must be a circulation of goods and services between the United States and the European debtors. For purely selfish reasons the United States should be interested in the prosperity of Europe. We must exchange goods with the European nations if they are to get rid of their crushing money debts.

This statement of Senator Underwood, made seven years ago, stands out to-day as a remarkable piece of prophecy. And still what he said was fully understood at that time by every informed economist in the land. The only remarkable thing about it is the fact that there should have been a man in politics capable of seeing and understanding the situation.

In other words, to use the illustration of Samuel Johnson, "People willingly go miles to see a dog walk on his hind legs, not because he walks as well as a man, but because he is able to walk at all."

THE TARIFF NOW A 2-EDGED SWORD AGAINST AGRICULTURE ON AN EXPORT BASIS

In the preceding paragraphs I have pointed out that because of the large contractual obligations payable here in gold we can, by the simple expedient of raising our tariff, force the commodity prices of the world down to almost any given level. To a Nation, however, whose agricultural output and industrial output are geared up to a foreign export basis, the effect is immediately felt at home, first in those agricultural crops and industries that are on an export basis, and later on by all industry, whether on an export basis or not. As a result, the cotton farmer to-day receives only 36.6 per cent as much for his cotton as he did in 1926. During the past two years the wheat farmers have been selling wheat for 25 cents a bushel that it has cost them three times that sum to raise. The wheat farmer to-day receives only 48.9 per cent as much for his wheat crop as he did in 1913, while bread in Chicago sells for 151.8 per cent as much as it did in 1913. He receives for his cowhides only

22.8 per cent as much as he did in 1913, while on the other hand he pays 200.4 per cent as much for harnesses and 197.1 per cent as much for shoes as he did in 1913. The reason why the wheat and cotton farmers receive such low prices for their crops is due to the fact that they are on an export basis, and the price paid is the price which they will bring in a world commodity market forced down by our high protective tariff policies.

It will be seen therefore why our wheat farmer or cotton farmer or tobacco farmer and our corn and hog farmer has been brought to complete and total ruination. He is compelled to receive for his products a price fixed in the depreciated commodity markets of the world. What he receives he is not permitted to spend in the cheap commodity markets of the world, but he is forced to spend it in the highly protected markets of the United States.

But, after all, this is no longer a matter of prime importance except and in so far as it is important that the fine minds of the industrialists of the Nation should be able to see and comprehend why a policy of sectional exploitation worked at a time when one section was capable of being exploited but why it can not work when that section has gotten past the possibility of exploitation.

The industrialists of the country are like a blind man driving the old gray mare—agriculture. In days gone by they found that they could speed up the rate at which they were going by simply applying the lash to the mare, and usually the speed at which they went was in proportion to the severity with which the lash was applied. But now the old gray mare is sick—sick nigh unto death. Even if the lash were applied with fourfold fury, it would not start things moving again. The old gray mare can go no farther. It might even be advisable to increase the heavy tariff rates fourfold on dutiable and nondutiable goods if only to show the high-tariff proponents that further exploitation is impossible. But it would do no good, for the industrialists of the land are blind.

But when the plight of the farmer is presented to the industrialists of the country they demand to know why the wheat and cotton farmers do not restrict their production to the demands of the local market in the same way that has been done by the industrialists. The answer is of course obvious, for the individual farmer is helpless. His individual salvation lies in the field of efficiency, although it may have become perfectly apparent that what may be a means of salvation for him as an individual, if practiced universally, will be the ruination of the group.

Besides it comes with ill grace from the industrialists to charge the wheat farmer with having overexpanded the production of wheat. They should bear in mind the fact that the success of the economic system which they have built and maintained has been possible only through the exploitation of the wheat farmer and the cotton farmer for the past 70 or 100 years. And, moreover, the extent and success of their exploitation have been immediately dependent upon the extent to which these farmers were able to expand their farming activities.

A year ago I am told that 47,000 people in the State of North Dakota were dependent upon the Red Cross for the barest necessities of life. When it has been proposed to relieve some of this distress by taxing the wealth of the country, I have heard two Representatives of two great industrial States protest against having their wealth taxed for the purpose of feeding the paupers of other States. They can not see, or else they ignore the fact, that it is the exploitation of these sections in years past that has built the industrial wealth of the country. To leave them now without help would be like turning a horse that has outlived its usefulness into a bleak pasture in the middle of winter to die. Any farmer who did do this would be promptly arrested by the humane authorities.

BREAKDOWN OF GOVERNMENTAL POLICY

It is a rather singular thing that the American people are apparently unable to see that if we are to export American-made goods to foreign countries we must expect to permit those countries to pay for these goods by the importation into the United States of their manufactured goods. While it is possible to convince the American people that their markets are being flooded by the importation of foreign goods, even though the figures show that in the last eight years there has been a decrease from four and a half billion dollars a year to one and one-third billion dollars a year, on the other hand, however, is a factor that is genuinely serious. Where our exports in 1925 amounted to approximately $5,000,000,000, our exports last year amounted to only $1,617,000,000. The American people can understand the significance of the importation of cheap foreign goods, but they do not understand that to a country whose industries are geared up to an export basis there is something far more serious that can be dumped upon our shores than cheap foreign goods, and that is a total inability of these countries to buy. Dumping their cheap foreign goods may compel our workingmen to work for reduced wages. But dumping their inability to purchase upon us causes millions of our working men to walk the streets looking for jobs.

But perhaps it is unfair to criticize the American people when they are being constantly misled by politicians, newspapers, and industrialists who are seeking their own special advantage at the expense of the rest of the country.

But it becomes more difficult to understand how the Government of the United States, engaging the best counsel that can be procured, will embark upon a policy that is contradictory and self-destructive. I refer now to the policy of this Government during the past 12 years. After the Republican Party went into power 12 years ago the international bankers demanded the cooperation of the Government in helping them unload on the American investors huge quantities of foreign securities. The part played by the Government of the United States is well set forth in the Annual Report of the Department of Commerce for 1928, found on page 135:

> A record-breaking volume of foreign stocks and bonds was offered to the American investing public last year. This partly explains the increased use made of the store of information on the finances of foreign governments and corporations that is on file in the bureau. American underwriters of foreign securities are now turning to the finance and investment division in constantly growing numbers for data to guide them in foreign commitments.

It will be noticed, therefore, that President Hoover, as Secretary of Commerce in 1928, took credit for helping the international bankers unload these securities upon an American investing public.

After he became President the industrialists of Pennsylvania and the East came to him and demanded their pay. They wanted increased tariffs. And as a result the Fordney-McCumber schedules of 28.22 per cent, were raised to approximately 45 per cent under the Smoot-Hawley law. It is rather significant that at this time more than 1,000 leading American economists filed a protest with the President of the United States setting forth the fact that an increase in tariffs could only result in world-wide disaster. That there must be a reduction in tariffs if a general world breakdown was to be avoided. But despite these facts the Smoot-Hawley bill was enacted into law.

This transaction is truly portentious. In the first place, the Government of the United States is apparently unable to resist the demands of organized corporate wealth.

Had either of the two immediate predecessors of our present President been in office, the situation might have been overlooked, for it is conceivable that they might not have understood the circumstances and have signed the Smoot-Hawley tariff bill without understanding its real import. This, however, can not be said of our present President, who is a man of ability and conversant with international affairs.

At the very time, however, that it becomes evident that the Government can not maintain a consistent governmental policy as against the demands of great corporate wealth, it also becomes equally apparent that the great interlocking combinations of corporate wealth, which controls the economic life of the Nation, are also apparently unable to maintain any unified and consistent policy.

In the present instance we see the great bankers unloading upon the American people billions of dollars of foreign securities which can never be paid if we are to embark upon a high protective-tariff policy and then we see the Government embarking on a tariff policy, the result of which will inevitably be to wipe out approximately $25,000,000,000 of American capital invested abroad. This is equal to half of the value of our agricultural land of the United States. Such an amount of capital can not be wiped out without having the repercussion felt throughout our whole economic structure.

As President Hoover signed the Smoot-Hawley tariff law, there must have come to his mind the words of Madame de Pompadour, mistress of Louis XV, "Après nous le déluge"—after us the deluge.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SUMMERS of Washington (at the request of Mr. JOHNSON of Washington), indefinitely, on account of illness.

To Mr. GLOVER, indefinitely, on account of illness.

To Mr. LEWIS, for to-day, on account of illness.

INVESTIGATION OF CERTAIN PUBLIC-UTILITY CORPORATIONS

Mr. RAYBURN. Mr. Speaker, I send to the desk House Joint Resolution 572, to provide for further investigation of certain public-utility corporations engaged in interstate commerce and ask unanimous consent for its present consideration.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the title of the House joint resolution.

Mr. STAFFORD. Mr. Speaker, as I understand from the prior statement of the gentleman from Texas the amount provided by this resolution will conclude the investigation which has been going on now for two years or more.

Mr. RAYBURN. Yes.

Mr. STAFFORD. And is exigent because the gentleman wishes to have this work continued during the interim between the adjournment of this Congress and the convening of the special session.

Mr. RAYBURN. Yes.

Mr. SNELL. This is a continuance of an investigation that was authorized some time ago.

Mr. RAYBURN. Yes. It is needed to complete the investigation, and it is the hope that it will be completed in less than 10 months.

There being no objection, the Clerk read the House joint resolution, as follows:

Resolved, etc., That for the purpose of obtaining information necessary as a basis for legislation, those members of the Committee on Interstate and Foreign Commerce of the Seventy-second Congress who are Members elect to the Seventy-third Congress, or a majority of them, after March 4, 1933, and until the organization of the Committee on Interstate and Foreign Commerce of the House of the Seventy-third Congress are authorized, as a committee, by subcommittee or otherwise, to continue the investigation begun under authority of H. Res. 59 of the Seventy-second Congress.

SEC. 2. For such purposes the committee is authorized to select a chairman, and the committee, or any subcommittee thereof, is authorized to sit and act at such times and places in the District of Columbia or elsewhere, 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, and oaths or affirmations may be administered by any member of the committee.

SEC. 3. Subpœnas shall be issued under the signature of the chairman and shall be served by any person designated by him. The provisions of sections 102, 103, and 104 of the Revised Statutes (U. S. C., title 2, secs. 192, 193, and 194) shall be applicable with respect to any person summoned as a witness under the authority of this resolution in the same manner as such provisions are applicable with respect to any person summoned as a witness in the case of an inquiry before a committee of the House of Representatives.

SEC. 4. The expenses of the committee, not to exceed $50,000, shall be paid out of the contingent fund of the House upon vouchers signed by the chairman and approved by the Committee on Accounts.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed; and a motion to reconsider laid on the table.

HOUR OF MEETING TO-MORROW

Mr. AYRES. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet to-morrow at 11 o'clock.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, may I inquire whether to-morrow is going to be given over largely to general debate on the Navy bill?

Mr. AYRES. I may say to the gentleman from Wisconsin that I expect practically the entire day will be consumed in general debate.

Mr. SNELL. I am quite sure general debate will occupy the entire day, for we have a great many requests for time.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 5122. An act to provide for the purchase and sale of cotton under the supervision of the Secretary of Agriculture; to the Committee on Agriculture.

S. 5125. An act to amend the emergency relief and construction act of 1932; to the Committee on Banking and Currency.

SENATE BILLS AND JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled bills and joint resolutions of the Senate of the following titles:

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages;

S. 4589. An act to authorize the Secretary of the Interior to make payment of part of the expenses incurred in securing improvements in drainage project of drainage district No. 1, Richardson County, Nebr., and for other purposes;

S. 4756. An act to authorize the Veterans' Administration or other Federal agencies to turn over to superintendents of the Indian Service amounts due Indians who are under legal disability, or to estates of such deceased Indians;

S. 5339. An act to authorize the Secretary of War to convey certain properties to the county of Arlington, State of Virginia, in order to connect Lee Boulevard with the Arlington Memorial Bridge, and for other purposes;

S. 5370. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

S. 5588. An act authorizing the acceptance of title to sites for public-building projects subject to the reservation of ore and mineral rights;

S. 5659. An act authorizing the State of Georgia to construct, maintain, and operate a toll bridge across the Savannah River at or near Lincolnton, Ga.;

S. J. Res. 237. Joint resolution authorizing the erection in the Department of State Building of a memorial to the American diplomatic and consular officers who, while on active duty, lost their lives under heroic or tragic circumstances; and

S. J. Res. 243. Joint resolution authorizing the President of the United States to extend a welcome to the Pan American Medical Association, which holds its convention in the United States in March, 1933.

ADJOURNMENT

Mr. AYRES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p. m.), in accordance with the order previously adopted, the House adjourned until to-morrow, February 22, 1933, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. COLLIER: Committee on Ways and Means. H. R. 14532. A bill to amend section 604 of the revenue act of

1932, relating to the tax on furs; without amendment (Rept. No. 2076). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the War Department (Rept. No. 2077). Ordered to be printed.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Labor Department (Rept. No. 2078). Ordered to be printed.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Post Office Department (Rept. No. 2079). Ordered to be printed.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Department of Commerce (Rept. No. 2080). Ordered to be printed.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Administration of Veterans' Affairs (Rept. No. 2081). Ordered to be printed.

Mr. GILBERT: Committee on the Library. House Concurrent Resolution 23. A concurrent resolution authorizing the acceptance by the United States of a bust of Johann Wolfgang von Goethe; with amendment (Rept. No. 2083). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEVENSON: Committee on Printing. House Concurrent Resolution 50. A concurrent resolution to authorize the printing of the first edition of the Congressional Directory of the first session of the Seventy-third Congress (Rept. No. 2084). Ordered to be printed.

Mr. STEVENSON: Committee on Printing. House Resolution 367. Resolution authorizing the printing of the Rules and Manual of the House of Representatives for the Seventy-third Congress (Rept. No. 2085). Ordered to be printed.

Mr. SIROVICH: Committee on Patents. H. R. 14727. A bill to provide protection for textiles and other designs; with amendment (Rept. No. 2086). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. A report pursuant to House Resolution 226, a resolution authorizing an investigation of the expenditures of the Post Office Department; without amendment (Rept. No. 2087). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CHAVEZ: Committee on World War Veterans' Legislation. S. 4818. An act to authorize the transfer of certain lands in Bernalillo County, N. Mex., to the city of Albuquerque, N. Mex.; without amendment (Rept. No. 2082). 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 Missouri: A bill (H. R. 14740) proposing a 25 per cent reduction in the salaries of Members of the House of Representatives, Senators, Delegates, and Resident Commissioners; to the Committee on Expenditures in the Executive Departments.

By Mr. JEFFERS: A bill (H. R. 14741) to provide sick leave for certain civilian employees of the United States Government; to the Committee on the Civil Service.

By Mr. SINCLAIR: A bill (H. R. 14742) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement; to the Committee on Indian Affairs.

By Mr. STALKER: A bill (H. R. 14743) to provide for the acquisition, improvement, equipment, management, operation, maintenance, and disposition of a civil air field and any appurtenances, inclusive of repairs, lighting and communication systems, and all structures of any kind deemed necessary and useful in connection therewith; to the Committee on the District of Columbia.

By Mr. MILLIGAN: A bill (H. R. 14744) authorizing loans by the Reconstruction Finance Corporation to aid in refinancing obligations of drainage districts, levee districts, irrigation districts, and similar districts, and for other purposes; to the Committee on Banking and Currency.

By Mr. BYRNS: A bill (H. R. 14745) relating to the tenure of congressional members of the George Washington Bicentennial Commission; to the Committee on Rules.

By Mr. JONES: A bill (H. R. 14746) to create in the Department of Agriculture a division of agricultural loans, and for other purposes; to the Committee on Agriculture.

By Mr. STEAGALL: Resolution (H. Res. 392) for the consideration of H. R. 14689, a bill to provide for the postponement of the payment of installments due on loans made by the Federal land banks, and for other purposes; to the Committee on Rules.

By Mr. DICKSTEIN: Joint resolution (H. J. Res. 606) to provide for an investigation into the alleged activities of anarchists and to authorize a joint congressional committee to conduct such investigation; to the Committee on Rules.

By Mr. RAMSEYER: Joint resolution (H. J. Res. 608) proposing an amendment to the Constitution of the United States; to the Committee on Election of President, Vice President, and Representatives in Congress.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CANFIELD: A bill (H. R. 14747) granting a pension to Zack Pool; to the Committee on Invalid Pensions.

By Mr. GOSS: A bill (H. R. 14748) for the relief of Horace M. Case; to the Committee on Naval Affairs.

By Mr. UNDERWOOD: A bill (H. R. 14749) granting an increase of pension to Mary M. Devol; to the Committee on Invalid Pensions.

By Mr. WOOD of Indiana: A bill (H. R. 14750) granting an increase of pension to Frances Conley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14751) granting an increase of pension to Alice Upp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14752) granting an increase of pension to Hannah M. Puntenney; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14753) granting an increase of pension to Esther J. Cornell; to the Committee on Invalid Pensions.

By Mr. GREEN: Joint resolution (H. J. Res. 607) to convey the thanks of Congress to Mrs. W. F. Cross for the prompt, heroic, and vigilant services rendered by her in protecting the life of President-elect Franklin D. Roosevelt, and to award a gold medal of honor therefor; to the Committee on Coinage, Weights, and Measures.

PETITIONS, ETC.

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

10582. By Mr. BRUMM: Resolution adopted by the Robert Woodbury Post, No. 67, Department of Pennsylvania, American Legion, and submitted for the earnest and sympathetic consideration of the Congress of the United States; to the Committee on Ways and Means.

10583. By Mr. EVANS of Montana: Senate joint memorial of Montana's Twenty-third Legislative Assembly, memorializing the Congress of the United States for a grant of land for the use and benefit of the Northern Montana Agricultural and Manual Training School; to the Committee on the Public Lands.

10584. Also, Senate Joint Memorial No. 4, Montana's Twenty-third Legislative Assembly, memorializing the Congress of the United States for a more lenient settlement of the 1932 Federal seed loans; to the Committee on Agriculture.

10585. Also, Senate Joint Memorial No. 2, Montana's Twenty-third Legislative Assembly, urging the prompt enactment of legislation for the rehabilitation of the farm industry through the adoption of some form of the domestic allotment plan, the refinancing of farm mortgages, and such other measures as may be found necessary to place the farm industry upon approximately the same footing as other great industries of the United States; to the Committee on Agriculture.

10586. By Mr. HOOPER: Petition of citizens of Augusta, Mich., urging favorable action on the stop-alien-representation amendment; to the Committee on Immigration and Naturalization.

10587. By Mr. LAMNECK: Petition of the Woman's Home Missionary Society of Broad Street Methodist Episcopal Church, Columbus, Ohio, petitioning Congress to establish a Federal motion-picture commission and to enact Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

10588. Also, petition of the Columbus Motion Picture Council, Columbus, Ohio, urging the establishment of a Federal motion-picture commission and the early enactment of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

10589. By Mr. LEAVITT: Memorial of the Montana State Legislature, memorializing the Congress of the United States for a more lenient settlement of the 1932 Federal seed loans; to the Committee on Agriculture.

10590. Also, petition of the Montana State Legislature to the Congress of the United States, urging the prompt enactment of legislation for the rehabilitation of the farm industry through the adoption of some form of the domestic allotment plan, the refinancing of farm mortgages, and such other measures as may be found necessary to place the farm industry on approximately the same footing as other great industries of the United States; to the Committee on Agriculture.

10591. Also, petition of the Montana State Legislature, memorializing the Congress of the United States for a grant of land for the use and benefit of the Northern Montana Agricultural and Manual Training School; to the Committee on the Public Lands.

10592. By Mr. LINDSAY: Petition of Valdemar A. Miller, fourth appointed member of the Colonial Council of St. Thomas and St. John, Virgin Islands, urging that the administration of the islands be returned to the Navy Department; to the Committee on Insular Affairs.

10593. Also, petition of central planning and estimating section committee of the United States navy yard at New York, urging support of the Lankford provision in the appropriate section of the Navy supply bill; to the Committee on Appropriations.

10594. By Mr. MILLARD: Resolution adopted by the board of trustees of the village of Pleasantville, N. Y., protesting against the tax on State and municipality utilities; to the Committee on Ways and Means.

10595. By Mr. SMITH of West Virginia: Resolution of the Charleston Clearing House Association, of Charleston, W. Va., pertaining to the rate of interest on postal savings; to the Committee on the Post Office and Post Roads.

10596. Also, resolution of the Charleston Clearing House Association, Charleston, W. Va., opposing certain sections of Senate bill 4412, bearing the title "Banking act of 1933"; to the Committee on Banking and Currency.

10597. By Mr. STALKER: Petition of D. R. Morgan, secretary of Munger Class of Hedding Methodist Episcopal Church, Elmira, N. Y., and 70 members, opposing the return of beer and the repeal of the eighteenth amendment; to the Committee on Ways and Means.

10598. By Mr. TARVER: Petition of Cobb County Post, No. 2681, Veterans of Foreign Wars, of Marietta, Ga., urging inflation of the currency and the payment of adjusted-compensation certificates; to the Committee on Ways and Means.

10599. By Mr. YATES: Petition of Millie Thomas, 30 North Seventh Avenue; Dr. V. E. Boyd, 120 North Oak Park Avenue; Ethel Lund, 3117 North Lotus Avenue; and other citizens of Maywood, Ill., urging passage of the Sparks-Capper amendment, House Joint Resolution 97; to the Committee on the Judiciary.

SENATE

WEDNESDAY, FEBRUARY 22, 1933

(Legislative day of Tuesday, February 21, 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 VICE PRESIDENT. The clerk will call the roll.

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

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

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present. Under the general order of the Senate the Senator from Illinois [Mr. GLENN] will now read Washington's Farewell Address.

READING OF WASHINGTON'S FAREWELL ADDRESS

Mr. GLENN read the address, as follows:

To the people of the United States.

FRIENDS AND FELLOW-CITIZENS: The period for a new election of a Citizen to administer the Executive Government of the United States, being not far distant, and the time actually arrived, when your thoughts must be employed in designating the person, who is to be clothed with that important trust, it appears to me proper, especially as it may conduce to a more distinct expression of the public voice, that I should now apprise you of the resolution I have formed, to decline being considered among the number of those, out of whom a choice is to be made.

I beg you, at the same time, to do me the justice to be assured, that this resolution has not been taken, without a strict regard to all the considerations appertaining to the relation, which binds a dutiful citizen to his country—and that, in withdrawing the tender of service which silence in my situation might imply, I am influenced by no diminution of zeal for your future interest, no deficiency of grateful respect for your past kindness; but act under and supported by a full conviction that the step is compatible with both.

The acceptance of, and continuance hitherto in, the office to which your suffrages have twice called me, have been a uniform sacrifice of inclination to the opinion of duty, and to a deference for what appeared to be your desire. I constantly hoped, that it would have been much earlier in my power, consistently with motives, which I was not at liberty to disregard, to return to that retirement, from which I had been reluctantly drawn. The strength of my inclination to do this, previous to the last election, had even led to the preparation of an address to declare it to you; but mature reflection on the then perplexed and critical posture of our affairs with foreign Nations, and the unanimous advice of persons entitled to my confidence, impelled me to abandon the idea.