10689. By Mr. FRENCH: Petition of the Idaho State Legislature, urging the Congress of the United States to enact Senate 1197, a bill which provides that existing farm indebtedness shall be refinanced by the Government on the amortization plan; to the Committee on Banking and Currency.

10690. By Mr. GARBER: Petition of the Chamber of Commerce of Kansas City, Mo., urging enactment of the O'Connor bill or similar bill placing an excise tax on furs; to the Committee on Ways and Means.

10691. By Mr. GIBSON: Petition of Mrs. Mabel Davis, president Woman's Christian Temperance Union of Johnson, Vt., opposing all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

10692. By Mr. KVALE: Petition of Farmers' Cooperative Creamery, Hector, Minn., urging enactment of S. 5562; to the Committee on Banking and Currency.

10693. Also, petition of Gilbert W. Nordmann Chapter, No. 6, Disabled American Veterans, Duluth, Minn., opposing the Taber amendment; to the Committee on Appropriations.

10694. Also, petition of Minneapolis Central Labor Union, Minneapolis, Minn., urging enactment of S. 5562; to the Committee on Banking and Currency.

10695. Also, petition of Farmers' Cooperative Creamery, Hector, Minn., urging that Congress establish a fixed price on all farm products; to the Committee on Agriculture.

10696. Also, petition of Minnesota State Federation of Labor, urging enactment of S. 5263; to the Committee on Banking and Currency.

10697. Also, petition of 35 residents of Roseland, Minn., urging enactment of the stop-alien representation amendment; to the Committee on Immigration and Naturalization.

10698. Also, petition of United Spanish War Veterans, John G. McEwen Camp, No. 6, Duluth, Minn., protesting against enactment of Taber amendment to War Department appropriation bill; to the Committee on Appropriations.

10699. Also, petition of Veterans of Foreign Wars, Post No. 137, Duluth, Minn., protesting against enactment of Taber amendment to War Department appropriation bill; to the Committee on Appropriations.

10700. Also, petition of Kiwanis Club, Duluth, Minn., protesting against enactment of Taber amendment to War Department appropriation bill; to the Committee on Appropriations.

10701. Also, petition of Reno Lake Study Club, Glenwood, Minn., urging enactment of bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

10702. By Mr. MILLARD: Resolution adopted by the Council of the City of New Rochelle, N. Y., urging Congress to adopt House Joint Resolution 191 and Senate Joint Resolution 105; to the Commitee on the Post Office and Post Roads.

10703. By Mr. PARKER of Georgia: Resolution adopted by the board of directors of the Real Estate Taxpayers Association of Savannah, Ga., advocating measures to raise revenue; to the Committee on Ways and Means.

10704. By Mr. SWICK: Petition of City Council of Beaver Falls, Beaver County, Pa., urging the issuance of special series of stamps to honor the one hundred and fiftieth anniversary of the naturalization of Brig. Gen. Thaddeus Kosciuszko, a hero of the Revolutionary War, in honor of his service in the Continental Army for the cause of American independence; to the Committee on the Post Office and Post Roads.

10705. By Mr. SWING: Petition signed by 46 residents of Oakland, Calif., in behalf of the stop-alien representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

10706. By Mr. THOMASON: Petition of the Legislature of the State of Texas, protesting discontinuance of the air mail route from San Antonio to Big Spring, Tex.; to the Committee on the Post Office and Post Roads.

SENATE

MONDAY, FEBRUARY 27, 1933

(Legislative day of Saturday, February 25, 1933)

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

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar day Saturday, February 25, 1933.

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

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. FESS. I wish to announce that the senior Senator from West Virginia [Mr. HATFIELD] is absent on account of illness. I ask that this announcement may stand for the day.

Mr. NORRIS. I desire to announce that my colleague the junior Senator from Nebraska [Mr. HOWELL] is necessarily detained because of illness. I will let this announcement stand for the day.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the joint resolution (H. J. Res. 138) for the relief of the State of Idaho.

The message also announced that the House had passed a bill (H. R. 14769) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

H. R. 194. An act to amend section 6 of the national charter of the Great Council of the United States of the Improved Order of Red Men;

H. R. 2872. An act for the relief of the Dongji Investment Co. (Ltd.);

H. R. 3036. An act for the relief of Florence Mahoney;

H. R. 3607. An act for the relief of Dr. M. M. Brayshaw;

H. R. 3727. An act for the relief of Mary Elizabeth Fox;

H. R. 3905. An act for the relief of Maj. L. D. Worsham;

H. R. 7121. An act to repeal obsolete statutes and to improve the United States Code;

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

H. R. 7548. An act granting six months' pay to Ruth McCarn;

H. R. 8216. An act for the relief of the First National Bank of Junction City, Ark.;

H. R. 8800. An act for the relief of Laura J. Clarke;

H. R. 9336. An act for the relief of Emily Addison;

H. R. 9476. An act for the relief of the Merchants & Farmers Bank, Junction City, Ark.;

H. R. 10086. An act to amend the act of February 14, 1920, authorizing and directing the collection of fees for work done for the benefit of Indians;

H. R. 10641. An act to amend section 122 of the Judicial Code;

H. R. 11735. An act to permanently set aside certain lands in Utah as an addition to the Navajo Indian Reservation, and for other purposes;

H. R. 13655. An act to amend the act of May 10, 1928, entitled "An act to provide for the times and places for holding court for the eastern district of North Carolina" (45 Stat. 495);

H. R. 14392. An act to authorize the payment of taxes and assessments on family dwelling houses in the District of Columbia in quarterly installments, and for other purposes;

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 reconstruction 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. 14562. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes;

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.

FUNCTIONS OF FEDERAL OIL CONSERVATION BOARD (S. DOC. NO. 191)

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Federal Oil Conservation Board, transmitting, in response to the resolution (S. Res. 351) calling for reports from the heads of departments and independent establishments of the Government of their various functions (agreed to February 8, 1933), information relative to the Federal Oil Conservation Board, which was ordered to lie on the table and to be printed.

DISPOSITION OF USELESS PAPERS IN THE UNITED STATES GOVERNMENT PRINTING OFFICE

The VICE PRESIDENT laid before the Senate a letter from the Public Printer, transmitting, pursuant to law, a list of old and obsolete records on the files of the Government Printing Office which are not needed in the conduct of business and have no permanent value or historical interest, and asking for action looking to their disposition, which were referred to a Joint Select Committee on the Disposition of Useless Papers.

The VICE PRESIDENT appointed Mr. SHIPSTEAD and Mr. FLETCHER members of the committee on the part of the Senate.

CLAIMS AGAINST THE DISTRICT OF COLUMBIA (S. DOC. NO. 197)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation submitted by the Commissioners of the District of Columbia to pay claims which have been settled by them under the provisions of law, amounting to $415.26, and requiring an appropriation for their payment, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS (S. DOC. NO. 195)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a deficiency estimate of appropriation for the fiscal years 1929 and 1930 for the National Advisory Committee for Aeronautics, to pay a claim settled by the Comptroller General chargeable to an appropriation which is exhausted, amounting to $605.12, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S. DOC. NO. 201)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, lists of judgments rendered by the Court of Claims and requiring an appropriation for their payment, amounting to $38,504.85, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 198)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, schedules covering certain claims allowed by the General Accounting Office, as shown by certificates of settlement, etc., amounting to $30,658.32, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED AGAINST THE GOVERNMENT BY DISTRICT COURTS (S. DOC. NO. 200)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by United States district courts, as submitted by the Attorney General through the Secretary of the Treasury, amounting to $114,764.03, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENT RENDERED AGAINST THE GOVERNMENT BY DISTRICT COURT FOR THE MIDDLE DISTRICT OF ALABAMA (S. DOC. NO. 202)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, record of a judgment rendered against the Government by the United States District Court for the Middle District of Alabama, in a special case, as submitted by the Attorney General through the Secretary of the Treasury (under the War Department) amounting to $4,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

RELIEF TO RESIDENTS OF THE DISTRICT OF COLUMBIA (S. DOC. NO. 196)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation amounting to

$300,000, fiscal year 1933, for the purpose of furnishing relief to the residents of District of Columbia who are unemployed or otherwise in distress because of the existing emergency, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 199)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, estimates of appropriations submitted by the several executive departments to pay claims for damages to privately owned property, amounting to $1,652.84, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES FOR DEPARTMENT OF STATE (S. DOC. NO. 194)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, supplemental estimates of appropriations for the Department of State, fiscal year 1933, amounting to $30,055, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DEFICIENCY ESTIMATES FOR DEPARTMENT OF JUSTICE (S. DOC. NO. 193)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting deficiency estimates of appropriations for the Department of Justice, fiscal years 1931 and 1932, amounting to $1,947.55, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES FOR DEPARTMENT OF THE INTERIOR (S. DOC. NO. 192)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, estimates of appropriations for the Department of the Interior, fiscal year 1933 (under the Indian Office), amounting to $84,357, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 203)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, schedules of claims amounting to $90,323.01, allowed by the General Accounting Office as covered by certificates of settlement, etc., which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Agriculture and Forestry:

Senate Joint Memorial 2 (by Senators King, Headlee, and Wheeler)

Whereas there is a tremendous indebtedness in the form of farm mortgages against a large per cent of the farm lands of the United States, which mortgages are now held by Federal land banks, commercial banks, insurance companies, and individuals; and,

Whereas, by reason of the unparalleled depression now existing not only in State but in national and even in world affairs, resulting in a very large proportion of said mortgages as now existing being in default as to principal, interest, and taxes, by reason of the fact that the price of agricultural products has for years been below the cost of production, resulting in the inability of the farmers of the United States to meet the interest and/or principal payments; and

Whereas, unless immediate relief is given, thousands and hundreds of thousands of additional farmers will lose their farm homes and millions more will be forced into our cities and villages, thereby increasing the already too large an army of unemployed and precipitating a condition that threatens the very life of this Nation; and,

Whereas there is no adequate way of refinancing existing agricultural indebtedness, and the legislatures of many States have memorialized Congress to pass the Frazier bill (S. 1197) or some similar measure without delay, which proposed legislation provides that existing farm indebtedness shall be refinanced by the Government of the United States; and

Whereas, by said refinancing, not only will the farmers be spared their homes but there will be released frozen assets in the hands of banks, insurance companies, and individuals, and thereby funds made available for the refinancing of industry and other purposes: Now, therefore, be it

Resolved in the Senate of the Twenty-ninth General Assembly of the State of Colorado (the House of Representatives concurring therein), That we indorse and approve the enactment by the Federal Congress of any legislation along the lines of Frazier bill (S. 1197), or any other similar or improved bills providing for the refinancing of existing outstanding farm mortgages over a period of 50 years at a very low rate of interest not exceeding the borrowing ability of the Government, including interest and amortization, to be done through a central land bank by the issuance of Government bonds secured by said farm mortgages liberally appraised and by the issuance of currency against said bonds by the Federal reserve bank, so that the proper refinancing of present outstanding farm mortgages can be accomplished at the earliest moment possible. Be it further

Resolved, That the United States Senators and Members of the House of Representatives representing the State of Colorado in Congress are hereby earnestly requested and urged to exert their efforts to secure the passage of such legislation; be it further

Resolved, That engrossed copies of this memorial be sent to the President of the United States, the President of the Senate, and Speaker of the House of Representatives of the United States and to the Senators and Representatives of the State of Colorado in Congress.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was referred to the Committee on Banking and Currency:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of Senate Joint Resolution No. 14, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield this 23d day of February, A. D. 1933.

[SEAL.] EDWARD J. HUGHES,
Secretary of State.

Senate Joint Resolution 14

Whereas the continuous ruinous price levels of basic farm commodities have precipitated a crisis in the agricultural industry; and

Whereas the national welfare demands that some adjustment be made or relief furnished to enable owners of farms to retain equities in their property which on the basis of existing false market values will be wiped out at foreclosure sales; and

Whereas the Congress of the United States at its present session is devoting itself to formulating legislation that will serve to restore a reasonable parity between the prices of basic farm commodities and the production costs thereof, and pending the adjustment of such price and cost levels to a point where the agricultural industry is able to finance itself it is imperative that Congress provide means by which the farmers may retain and operate their farms: Now, therefore, be it

Resolved by the senate of the fifty-eighth general assembly (the house of representatives concurring herein), That the General Assembly of Illinois, in view of the existing emergency, respectfully importunes Congress at its present session to enact legislation to effectuate the following proposals and to appropriate such funds as may be necessary for that purpose:

1. Provide for the appointment of local conciliators to effect compositions and extension agreements between farm debtors and creditors and to provide funds for the financing of such compositions and extensions, and to stay foreclosure and other legal proceedings while conciliation negotiations are pending.

2. Provide financing for the extension of mortgages held by Federal land banks and joint-stock land banks, and to provide a means for the reduction of interest rates on such mortgages.

3. Provide additional funds for the Federal land-bank and loan-association systems to protect mortgagors in the liquidation of banks and to finance the making of new loans; and be it further

Resolved, That copies of this resolution be sent to the President of the United States, the President elect, the President of the Senate and Speaker of the House of Representatives of the present Congress, the Secretary of Agriculture, and to each Congressman and Senator from Illinois.

Adopted by the senate February 15, 1933.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

Concurred in by the house of representatives February 16, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CAREY,
Clerk of the House of Representatives.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of New Mexico, which was referred to the Committee on Banking and Currency:

House Joint Memorial 4 (introduced by Willis Ford)

A memorial to Congress to allow home owners to borrow directly from the Government upon a plan similar to the Federal land loan act

Whereas under present conditions all industries and all property owners are being encouraged, except the home owner, for whom little or no relief is being provided; and

Whereas because of such conditions, people, rather than attempt to have and own their homes, are turning away from the individual homes and living in apartments, hotels, tenements, and other rented property; and

Whereas it is essential to the public welfare and vital to our American civilization that the building and owning of individual homes be encouraged among our people. Now, therefore, be it

Resolved, That the Legislature of the State of New Mexico does hereby memorialize the Congress of the United States to pass such legislation as will allow the individual to borrow directly from the Government of the United States, through such agencies as may be established, for the purpose of building, buying, or improving the home, under a plan similar to that allowed farmers under the provisions of the Federal farm loan act; and be it further

Resolved, That a copy of this memorial be sent to our Senators and Representative in Congress and to presiding officers of both Houses of the United States Congress.

ALAN N. WHITE,
Speaker of the House of Representatives.

Attest:

GEORGE W. ARMIJO,
Chief Clerk of the House of Representatives.

TAYLOR E. JULIEN,
President of the Senate pro tempore.

Attest:

F. E. MCCULLOCH,
Chief Clerk of the Senate.

Approved by me this 21st day of February, 1933.

ARTHUR SELIGMAN, *Governor.*

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Ririe Grain Growers (Inc.), Ririe, Idaho, favoring the prompt passage of Senate bill 1197, known as the Frazier farm relief bill, and also the adoption of the farm-allotment plan or some other plan or measure of relief, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a telegram in the nature of a petition from the Brown Manufacturing Co., Houston, Tex., praying for the passage of 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 was ordered to lie on the table.

He also laid before the Senate resolutions adopted by the Common Council of the City of Whiting, Ind.; the Common Council of the City of Dearborn, Mich.; the Common Council of the City of Lakewood, Ohio; the Council of the City of New Rochelle, N. Y.; the Common Council of the City of Monessen, Pa.; the Council of the City of Charleston, S. C.; the Common Council of the City of Charleston, W. Va.; and the Board of Aldermen of the City of Beverly, Mass., favoring the passage of legislation authorizing the issuance of 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 of Thaddeus Kosciusko, which were referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate several petitions, a telegram in the nature of a petition from F. D. Edwards, of Abbeville, and four telegrams in the nature of petitions from citizens, 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.

He also laid before the Senate a letter from Lee Franklin, of Jennings, La., relative to the handling of unemployment-relief funds (supplied by the Reconstruction Finance Corporation) by the executive department of the State of Louisiana through the highway commission, and favoring an investigation thereof along with the investigation of the Louisiana senatorial election of 1932, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate letters in the nature of memorials from Z. B. Broussard, attorney at law, of Abbeville, and J. U. Frazier, deputy sheriff and member Democratic executive committee, of Farmerville; a telegram in the nature of a memorial from Dr. E. F. Salerno, of New Orleans; and also 13 telegrams in the nature of memorials from sundry other citizens, 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. REED presented a resolution adopted by the Council of the City of Monessen, Pa., praying for the passage of legislation authorizing the issuance of 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, 1873, of Thaddeus Kosciusko, which was referred to the Committee on Post Offices and Post Roads.

Mr. DILL presented the following joint memorial of the Legislature of the State of Washington, which was ordered to lie on the table:

House Joint Memorial 11, relating to Federal relief for George Charles Walther

To the honorable the Senate of the United States:

Your memorialists, the Senate and House of Representatives of the State of Washington in legislative session assembled, most respectfully present and petition your honorable body as follows:

Whereas George Charles Walther, a citizen of Portland, Oreg., was accidentally shot by a Federal prohibition enforcement officer in 1923 and received injuries which have made him a cripple for life; and

Whereas the said George Charles Walther was a law-abiding citizen, who had no part in the criminal activities which resulted in the raid, but was merely an innocent bystander; and

Whereas a bill has been introduced in the United States Congress, and has passed the House of Representatives, to provide the said George Charles Walther with a pension of $100 per month for life, and the said bill is now before the Senate of the United States of America: Now, therefore,

Your memorialists petition and memorialize the Senate of the United States of America, now in session in Washington, D. C., to take immediate action to approve the measure which will grant a pension of $100 per month for life to the said George Charles Walther, and thereby provide him with the means of livelihood of which he was deprived by the action of a Government agent.

Passed the house February 17, 1933.

GEO. F. YANTIS,
Speaker of the House.

Passed the senate February 18, 1933.

VICTOR A. MEYERS,
President of the Senate.

This is a true and correct copy as adopted by the Legislature of the State of Washington.

O. H. OLSON, *Chief Clerk.*

Mr. COPELAND presented a resolution adopted by the West Walworth (N. Y.) Dairymen's League Cooperative Association (Inc.), which was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, as follows:

Whereas it has been brought to the attention of West Walworth Dairymen's League Cooperative Association (Inc.), in meeting regularly assembled this 28th day of January, 1933, that consideration is being given to reduction of rural mail delivery service; and

Whereas West Walworth Dairymen's League Cooperative Association (Inc.), represented by the undersigned committee, are op-

posed to any reduction of such service which would mean a further decline in the standard of living of rural people: Be it

Resolved, That we urge you to use your influence to curb this or any legislation that will tend to further lower the standard of living of rural people.

WARNER D. ESLEY,
FRANK A. WELKER,
ARTHUR BRADLEY,
Committee.

WEST WALWORTH, N. Y., *February 16, 1933.*

BIMETALLISM, THE GOLD STANDARD, AND DEPRECIATED CURRENCIES

Mr. WHEELER presented a letter written by W. I. Wright, of Butte, Mont., which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

BUTTE, MONT., *February 18, 1933.*

To the CHICAGO JOURNAL OF COMMERCE:

Many articles have appeared, and are still appearing, in our magazines and financial papers that convincingly demonstrate how with the rest of the world off the gold standard the depreciated foreign currencies are playing havoc with our trade.

In the December 3 issue of the Saturday Evening Post an article by Samuel G. Blythe detailed how, by reason of depreciated currencies, foreign nations can import their wares and products and undersell us, and, conversely, although not brought out by Mr. Blythe, other writers show how the same set of facts prevent the exportation of our products in competition with the depreciated currencies of our competitors.

Incidentally, Mr. Blythe's article is refutation of the recent campaign argument that our troubles are the result of our tariff wall, for does he not prove that 60 per cent of these imported articles are tariff free?

The writer is amazed at the frankness with which it is admitted that the gold standard—or rather the lack of it among our neighbors—is working to our disadvantage. Such rank heresy would never have found its way into the columns of our financial journals in 1896.

The great difference, however, between now and 1896 is that we have become a creditor Nation; then it was to the financial interest of the great creditor nations, particularly England, to maintain the gold standard, while now, conditions being reversed, it is to their advantage to abandon it. In 1896 the great argument against bimetalism was that it would cheapen our money, and that we could or should not adopt or rather restore bimetallism without the consent of the rest of the world. Bryan's great plea was to restore the status quo of silver before its surreptitious demonetization in 1873, "without the aid or consent of any nation on earth." Our present plea seems to be, "we must maintain the gold standard despite the fact that the rest of the world has abandoned it."

Despite the fact that gold is at a terrific premium (evidenced both by "depreciated" currencies in relation to the gold standard and low commodity prices) and that this premium is leaving us high and dry, so far as exports are concerned, and at the same time open on every frontier to "depreciated-currency" imports, seemingly the only remedy open to our business men infected with the gold fetish is to try and induce the rest of the world to get back onto the gold wagon. Like the new recruit, they insist that every man in the company is out of step but your Uncle Sam, and many seem to be willing, and some even contend, that it is necessary to cancel foreign debts owed to our Government in a desperate effort to save the gold standard from utter collapse. They brag about our immense gold reserve and yet, despite the fact that we have the greater part of the world supply, if 10 per cent of our bank deposits were demanded in gold, it would exhaust the entire stock of gold in our reserve banks. If hoarders had demanded gold instead of currency last year, we would have been forced off the gold standard notwithstanding Senator GLASS, in what Governor Roosevelt called his "fine phillipic," practically called President Hoover a liar when the latter let the cat out of the bag as to how near we were to that predicament.

But, fortunately, the great majority of the people don't know what a gold coin looks like, and if you would try to pass a $10 or $20 gold piece on the ordinary business man, he'd shy away from it. Try it and see. Hence, the gold standard is like a deuce in the hole—its perfectly good so long as the bluff isn't called. An insolvent bank could run on indefinitely if depositors didn't call for their money.

But while there seems to be a propaganda to cancel debts owed to the Government the idea of canceling any debts owed by our Government seems to be overlooked, so let's try this:

To all who deem it necessary to economic rehabilitation to have those debts canceled; to those who believe cancellation will increase their own business or earning power, let's give them the chance to demonstrate it.

Our Government owes some $21,000,000,000 in different forms of securities, viz, bonds, Liberty issues, Treasury notes of varying dates of maturity, etc., principally held by interests advocating cancellation of foreign debts.

Let the Government Printing Office (or even give the job to the Journal of Commerce in exchange for a canceled bond) get out a printed form something like this:

----------, 1933.

SECRETARY OF THE TREASURY,
Washington, D. C.:

Inclosed find (1) ----------
---
amounting to $----------.

Please cancel the above security and credit the amount of principal and interest to (2) ----------
---
on the amount owed by it to the United States.

Yours truly,

----------.

Then let's work up a mass psychology for cancellation just as we did when we raised the money to give to those "furriners" by selling Liberty bonds. Organize corps of 4-minute speakers; get all the best singers and crooners, including Al Smith, the burden of whose song will be "Cancel, boys, cancel; cancel till it hurts!"

Use the radio (give Walter Lippman this job) to reach the few holders of bonds living "out in the sticks."

Get this campaign under way while there is plenty of help in the Government offices to take care of the expected deluge of bonds for cancellation, for under the new deal we expect there will be only a few Government employees left on the pay roll.

Let the speakers stress the point that unless we cancel some of our Liberty bonds Senator WHEELER will surely get his silver bill through Congress.

There's nothing to lose in this campaign, for every bond sent in for cancellation pleases everybody—the donor, the foreigner, the taxpayer, even the politician—for it will help balance the Budget without his help, and every bond canceled will strengthen the gold standard! Get busy.

Yours truly,

W. I. WRIGHT.

FINANCIAL SATURNALIA

Mr. WHEELER. Mr. President, I send to the desk an editorial from the St. Louis Star and Times entitled "Financial Saturnalia" and ask unanimous consent that the clerk read it. I want to say that it expresses my views, and I concur in it.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Is there objection to the unanimous-consent request of the Senator from Montana? The Chair hears none, and the editorial will be read.

The legislative clerk read as follows:

FINANCIAL SATURNALIA

Charles E. Mitchell's testimony before the Senate Banking Committee, supplemented by that of his associates, condemns the whole superstructure of American finance as concentrated in Wall Street. Mr. Mitchell, chairman of the board of the National City Bank of New York, should not be looked upon as an individual, revealing an individual record. He should be looked upon as the dominant type of American financial overlord. He is one of those upon whom the United States has relied for guidance, for ethical standards. He is one of the handful for whom our laws are written, by whom our institutions are molded. He is an owner of America.

What Mr. Mitchell has done others have done.

If he dodged his 1929 income tax by a fictitious loss of $2,800,000, others have evaded on billions.

If he unloaded $31,000,000 worth of worthless Cuban sugar loans made by his bank onto the stockholders of its investment affiliate, he merely adopted the standards of American superfinance.

If he pulled $3,400,000 in bonuses out of the profits of the National City Co. unknown to its stockholders, he did no more than follow the custom of those who have the power to pull bonuses.

If his company floated and sold to the public every sort of security for which there was a public demand, with the executives secretly taking 20 per cent of the excess profits, he was a true follower of the American code.

If the funds left by depositors for safe-keeping were used to play the stock market in gigantic pool operations, with short selling of the bank's own stock, the confession of error is but an aftermath of discovery.

If when the crash came $2,400,000 of bank funds were loaned to bank officers without interest and largely without security to protect their Wall Street speculations, and later were charged off or bailed out as a loss, it shocks nobody in Wall Street.

And if poor devils of bank clerks who contracted to buy bank stock on the installment plan are still being forced to pay $200 a share after the stock has lost 80 per cent of its market value, that, too, is part of the American picture.

Not Mr. Mitchell, not the National City Bank alone, could practice this sort of finance on a scale sufficient to land the United States in the ditch, but in combination with others they have done so. They built the speculative pyramid whose crash brought

[1] Describe here the nature of the security, whether Liberty bonds, etc., or attach a detailed list giving series and numbers.

[2] Insert here the government preferred—England, France, Italy, etc.—giving first, second, and third choice.

business down. That is the least they did. The real indictment is that their ethics, their leadership, their vision has been so warped and sordid that in three years of national travail it has offered the country nothing—absolutely nothing—toward recovery.

The financial morals revealed by Mr. Mitchell's testimony, broadened into the general economic life of America, have given us the doctrine that dividends are more sacred than a living wage, that the cost of deflation must be heaped on the weakest, that no concerted action in behalf of all shall restrict the profits of those at the top, and that wealth confers no obligation upon its holder to serve the country.

There is the weakness of America—wealth without responsibility, wealth without duty, wealth without a heartbeat.

Since that is the situation, let us accept it. But how? Shall we, in Christian humility, turn the other pocket to Mr. Mitchell? Or shall we resort to the Mosaic law, an eye for an eye, a tooth for a tooth, an income-tax penalty for an income-tax evasion?

Senator WALSH, who is to be Attorney General in the Roosevelt Cabinet, has his first job cut out for him. It is to find the point, if he can, where chicancery within the banking law ended and criminality began. In a more personal field, Mr. WALSH's job is to collect an income tax on $2,800,000 from Charles E. Mitchell, and then do the same with thousands of others who have created our Treasury deficit by slippery systems of establishing fictitious losses.

Mr. Mitchell, during the 1929 panic, set up a loss of $2,800,000 by selling 18,300 shares of bank stock to a relative. Then he bought it back. He suffered no loss whatever. Is the income-tax law to be turned upside down by any such jugglery as that? With a $2,000,000,000 deficit in the Treasury are we going to allow the wealthiest people in America to go tax free by the device of selling securities to relatives and then buying them back?

First soak the public and get the dough; then hang on and dodge the Government. That is the motto not merely of Mr. Mitchell, the eminent banker, but of the entire financial dictatorship set up over the economic life of America by the Wall Street oligarchy.

The holders of such a doctrine recognize no restraint except force. If they were capable of regeneration from within, three such years as the Nation has gone through would have taught them humility. It has taught them nothing.

We talk of imitating the British or Canadian banking system to get rid of bank failures. What would branch banking do for this country with the National City Bank of New York at the head of one of the systems? It is not the British and Canadian bank system, but British and Canadian banking ethics, that prevent failures in England and Canada. We need to remold American banks and American business, but far more than that we need to remold American bankers and business men.

Capitalism, it is said every day and on every hand, is on trial for its life. It is being tried, in the last analysis, in a court of morals. If it is doomed to destruction, the doom is being pronounced from within. If it is to be saved, it can be saved only by recognizing that power is not a license to prey but a call to responsibility.

Laws, and the white light of publicity, may drive the money changers out of the temple. Only in spiritual exaltation can they be replaced to the country's good.

REPORTS OF COMMITTEES

Mr. BINGHAM, from the Committee on Appropriations, to which was referred the bill (H. R. 14643) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, reported it with amendments and submitted a report (No. 1318) thereon.

Mr. GOLDSBOROUGH, from the Committee on Naval Affairs, to which was referred the bill (H. R. 2907) for the relief of Walter Sam Young, reported it with an amendment and submitted a report (No. 1320) thereon.

PRESCRIPTION OF MEDICINAL LIQUORS

Mr. BLAINE. From the Committee on the Judiciary I report back favorably with amendments the bill (H. R. 14395) relating to the prescribing of medicinal liquors, and I submit a report (No. 1317) thereon.

While I am directed by the Judiciary Committee to report the bill with amendments, I reserve the right to resist the adoption of the amendments.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The report will be placed on the calendar.

BRIDGE ACROSS LITTLE RIVER, ARK.

Mr. VANDENBERG. Mr. President, I ask unanimous consent, from the Committee on Commerce, to report a routine bridge bill, which ought to be passed immediately if there is to be action in the House of Representatives at the present session.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the report will be received.

Mr. VANDENBERG. From the Committee on Commerce I report favorably with an amendment the bill (S. 5571) to extend the times for commencing and completing the reconstruction of a railroad bridge across Little River, in the State of Arkansas, at or near Morris Ferry, by the Texarkana & Fort Smith Railway Co., and I submit a report (No. 1319) thereon. I ask for the immediate consideration of the bill.

There being no objection, the Senate proceeded to consider the bill. The amendment of the Committee on Commerce was, in line 9, after the word "from," to strike out "the date of approval hereof" and to insert in lieu thereof "June 23, 1933," so as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the reconstruction of a bridge across the Little River at or near Morris Ferry, Ark., authorized to be reconstructed, maintained, and operated by the Texarkana & Fort Smith Railway Co., its successors and assigns, by an act of Congress, approved June 23, 1930, are hereby extended one and three years, respectively, from June 23, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CELEBRATION OF THE FOUNDING OF ROANOKE COLONY

Mr. FESS. Mr. President, from the Committee on the Library I desire to report favorably without amendment Senate Joint Resolution 241, to enable the United States Roanoke Colony Commission to carry out and give effect to certain plans for the comprehensive observance of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America.

I ask for the immediate consideration of the joint resolution.

Mr. LA FOLLETTE. Let the resolution be reported.

Mr. ROBINSON of Arkansas. Mr. President, I can make a statement respecting the joint resolution which I think will serve the purpose of the Senator from Wisconsin.

A joint commission of the two Houses was appointed to make arrangements for the celebration of the establishment of the first English colony in America and the birth of the first white child born in America. That was at Roanoke Island, State of North Carolina. The historical incidents connected with the establishment of the first English colony are very interesting, but I will not go into them now.

The commission met, visited the scene of the colony, and made its report, recommending the appropriation of $50,000 for the appropriate celebration of the anniversary of the establishment of the first English colony at Roanoke Island. The joint resolution authorizes the appropriation of that amount of money.

The joint resolution is unanimously recommended by the Committee on the Library, and should be passed during the present session, in order to enable the commission to go forward with the preparations.

I ask unanimous consent for the present consideration of the joint resolution.

Mr. McNARY. Mr. President, does it carry an appropriation?

Mr. ROBINSON of Arkansas. No; but it authorizes an appropriation, as I have stated.

The PRESIDING OFFICER. Is there objection to the consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the six commissioners of the United States Roanoke Colony Commission (hereinafter referred to as the commission) appointed pursuant to House Concurrent Resolution 26, passed June 27, 1932, shall continue to serve as commissioners whether or not they will be Members of the Congress. Any vacancy occurring in the membership of such commission may be

filled in the same manner as the original appointment was made under such concurrent resolution.

SEC. 2. The commission, in order to provide for the proper celebration in 1934 of the three hundred and fiftieth anniversary of the landing on Roanoke Island, N. C., of the first English-speaking colonists to settle in America, is authorized and directed to—

(a) Prepare, print, and distribute to public libraries, public schools, universities, and colleges, material containing such historical data as the commission may deem necessary to acquaint the public with the nature and significance of the celebration;

(b) To conduct a nation-wide campaign of educational activities in the form of suitable celebrations, and especially of essay, declamatory, and oratorical contests in the public schools, with appropriate programs of celebrations in connection therewith and to encourage and promote local celebrations in all towns, cities, and villages throughout the United States;

(c) Provide for appropriate ceremonies on the site of Fort Raleigh which marks the spot where the first colonists landed on Roanoke Island, July 4, 1584, and that suitable markers shall be dedicated in order that the public may have an opportunity to learn through this means the deep historic significance of the place and the occasion;

(d) If the commission deems it advisable, invite the participation of other nations in the celebration, and arrange for such participation with the government of such nations;

(e) Accept contributions of money and material for expenditure or use in the various activities of the commission; and

(f) Do all things it deems necessary and appropriate to carry out the plans prepared by such commission under House Concurrent Resolution 26, passed June 27, 1932.

SEC. 3. The commission is authorized to employ and fix the compensation of, without regard to the civil service laws and the classification act of 1923, as amended, a director, an executive secretary, and such assistants as may be needed for stenographic, clerical, and expert service within the appropriation authorized by this joint resolution.

SEC. 4. In carrying out the provisions of this joint resolution the commission is authorized to procure advice and assistance from any governmental agency, including the services of technical and other personnel in the executive departments and independent establishments, and to procure advice and assistance from and to cooperate with individuals and agencies, public or private.

SEC. 5. The President of the United States is authorized to invite, by proclamation, the governments and people of the several States, Territories, the District of Columbia, and possessions of the United States to participate and cooperate in commemorating, throughout the year 1934, the founding of the first English settlement in America.

SEC. 6. The commission is authorized to rent suitable offices in the District of Columbia. The commissioners and employees of the commission shall be allowed actual traveling, subsistence, and other expenses incurred in the discharge of their duties.

SEC. 7. There is authorized to be appropriated the sum of $50,000, to be available until expended, to cover all expenses of the commission in connection with the celebration, including compensation for personal services, traveling expenses, furniture and equipment, supplies, printing and binding, and rent of offices in the District of Columbia, notwithstanding the provisions of any other act relating to the expenditure of public moneys. All expenses of the commission shall be paid by the disbursing officer of the commission upon vouchers approved by the chairman, or such person as may be designated by him to approve vouchers: *Provided*, That nothing contained in this section shall be construed to waive the submission of accounts and vouchers to the General Accounting Office for audit.

BILLS INTRODUCED

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

By Mr. McNARY:

A bill (S. 5694) for the relief of Withycombe Post, No. 11, American Legion, Corvallis, Oreg.; to the Committee on Claims.

By Mr. WAGNER:

A bill (S. 5695) to provide compensation for disability or death resulting from injury to employees in interstate commerce, and for other purposes; to the Committee on Interstate Commerce.

HOUSE BILL REFERRED

The bill (H. R. 14769) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

INVESTIGATION OF CAMPAIGN EXPENDITURES—LIMIT OF COST

Mr. CAREY submitted the following resolution (S. Res. 374), which was referred to the Special Committee to Investigate Campaign Expenditures of the various presidential, vice presidential, and senatorial candidates in 1932:

Resolved, That the limit of expenditures under Senate Resolution No. 174, Seventy-second Congress, agreed to July 11, 1932, as continued in force by Senate Resolution No. 324, Seventy-second Congress, agreed to January 13, 1933, is hereby increased by $25,000, and the committee acting pursuant to the authority contained in such resolutions is authorized to employ counsel at a rate of compensation not in excess of such rate as may be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT (S. DOC. NO. 190)

Mr. SMOOT submitted the following report, which was ordered to lie on the table and to be printed:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to 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, 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 amendment numbered 4.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, 8, and 10, and agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$780,000, of which $280,000 shall be available for the completion of the public-utilities investigations undertaken pursuant to Senate Resolution No. 83, Seventieth Congress"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$800,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,003,159,779"; and the Senate agree to the same.

REED SMOOT,
FREDERICK HALE,
HENRY W. KEYES,
CARTER GLASS,
ROYAL S. COPELAND,
Managers on the part of the Senate.

C. A. WOODRUM,
JOHN J. BOYLAN,
JOHN W. SUMMERS,
Managers on the part of the House.

RELIEF OF THE STATE OF IDAHO

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the joint resolution (H. J. Res. 138) for the relief of the State of Idaho.

Mr. REED. Mr. President, last June, to a small bill for the relief of the State of Idaho, the Senate added an amendment providing for the repair of a steam plant at Carlisle Barracks, Pa. Subsequent to that action a relief bill was passed which contained the Carlisle Barracks item. Consequently, it becomes unnecessary and unwise to pass it a second time. Therefore, I move that the Senate recede from its amendments.

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

The motion was agreed to.

BRIDGE ACROSS THE RIO GRANDE, TEX.

The PRESIDING OFFICER (Mr. DICKINSON in the chair) laid before the Senate the amendment of the House to the

bill (S. 5445) to extend the time for the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex., which was to amend the title so as to read: "An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex."

Mr. CONNALLY. I move that the Senate concur in the amendment of the House to the title of the bill.

The motion was agreed to.

WHY EUROPEANS GET DISTORTED PICTURE OF UNITED STATES

Mr. JOHNSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Chicago Sunday Tribune of January 8, 1933, entitled "Why Europeans Get Distorted Picture of United States." It is a most interesting demonstration of the propaganda that is utilized in foreign countries by certain agencies to the detriment of the best interests of the United States.

The VICE PRESIDENT. Without objection, leave is granted.

The article is as follows:

[From the Chicago Sunday Tribune, January 8, 1933]

WHY EUROPEANS GET DISTORTED PICTURE OF UNITED STATES—NEWS PROPAGANDA CHAIN IS REVEALED

By Edmond Taylor

PARIS, December 28 (by mail).—A striking example of how American news with a distorted propaganda angle is disseminated throughout Europe from London through interlocking news-trading agreements between the British news agency, Reuter's, and the various official continental agencies appears in the French press to-day.

Virtually every large newspaper, both morning and afternoon, in this country has given prominent position to a short news item on the new American Budget, revealing that "43 per cent of the projected Government expenses will be used for military purposes."

NONMILITARY COSTS

Study of the figures given in the French news dispatch reveals that the 43 per cent for military purposes includes such nonmilitary expenses as bonuses, pensions, upkeep of veterans' hospitals, and the like, although the dispatch carefully refrains from saying this. It simply mentions the sum of $628,517,319—the combined War and Navy budgets—for "military upkeep and development," and omits to say that the rest of the 43 per cent—$869,885,000—is entirely for the Veterans' Administration.

The article as presented is a striking bit of propaganda, calculated to make even a well-informed European reader believe that his own military expenses are far less than those of the United States, and that Uncle Sam as a leading exponent of disarmament is the world's champion hypocrite. Needless to say, debt revision is subtly introduced into the picture.

But that is every-day stuff. The kick this time is less in the nature of the propaganda than in the manner of its distribution.

DOCTOR UP DISPATCH

The news dispatch cited above has had several metamorphoses in the French press. It first appears in morning papers—notably the Matin—as a 2-paragraph item, with the credit line of the Havas agency and a Washington date line. This, according to newspaper practice all over the world, means that the message was sent direct from the Washington bureau of the official Havas agency to Paris, and published in the papers which subscribe to this service. But wait and see!

In the afternoon papers the same item appeared with new trimmings. This time it appeared under a London date line and quoted an editorial on the subject in this morning's London Daily Express which brings out the appropriate edifying comments the Havas correspondent did not have space to make.

The semiofficial Temps was one of the many afternoon papers to run the Daily Express story, and it published it on the front page—usually devoted to the most important political developments—under the head "The Respective Armaments of England and the United States." Then followed a condensed translation of the Daily Express editorial, entitled "The Mote and the Beam."

(It is recalled that the Daily Express recently ran a campaign charging distortion of English news in the American papers.)

COMPARES MILITARY COSTS

The Express article compared the American military expenses, finding that Great Britain spends only 13¼ per cent of its budget on national defense, while America spends 43 per cent. [Obviously the British figures do not include veterans' expenses.] It pointed out America's more favorable strategic position and its compactness as against the far-flung British Empire.

It wound up with a sly dig at President Hoover's policy of linking disarmament with debt revision. All this was translated in the French messages.

These messages, while not credited, are unmistakably from the Havas Bureau in London, as they are worded identically in different newspapers. Thus the French reader is not only treated to a shining example of "Uncle Shylock's" hypocrisy but likewise gets it contrasted with the noble and misunderstood position of John Bull.

HOW NEWS IS TREATED

But the most interesting feature of the case is not in the vinegary editorial propaganda of the Daily Express being reproduced in France but in the modest and seemingly objective little news dispatch which ran in the earlier editions.

In the same edition of the Daily Express with the famous editorial was a news dispatch from the Washington Reuter Bureau, on which it was based. In order to compare this with the similar dispatch sent by Havas, supposedly from Washington, a literal translation of the French message follows:

"Forty-three per cent of the expenses which the Government of the United States expects to make [literally foresees] for the fiscal year of 1934 will be used for military purposes; the Budget of $4,248,169,731 drawn up by President Hoover includes, as a matter of fact, an expenditure of $1,628,517,319 for military upkeep and development.

"The largest expense for the rest of the Budget is devoted to the public debt, which absorbs 33 per cent."

From this translation it can be seen that with the exception of the third paragraph of the British message, removed from the French one for lack of space, the two messages are identical. The French one is merely a smoothed-out translation of the other. It did not come at all from the Washington bureau of Havas. It came from the Havas London bureau and was a direct translation of the message Reuter received from its own [British] correspondent in Washington, although the item was presented in France as coming directly from a French correspondent in America.

The reason for this is that Reuter and Havas exchange news, just as Reuter exchanges with all official European agencies and with the Associated Press. Since Havas' budget is limited, while Reuter maintains a big bureau in America, it is cheaper for the Havas correspondent in London to translate and send routine items from America—and sometimes items that aren't routine—over a leased wire to Paris than for the Havas correspondent to send the news direct.

GETS FLAVORED DISPATCH

Often this is frankly indicated by putting the dispatch under a London date line and quoting Reuter.

As Havas has a news monopoly in France—the smaller and likewise subsidized Radio agency is not a competitor—the arms propaganda story above went all throughout France and into French colonies. Doubtless it went all over Europe as well, for Reuter also trades with the Stefani in Italy, Wolf in Germany, and other agencies.

There is much more than a mere exchange of news, however. Incredible as it may seem, Reuter has close financial connections with Havas. In fact, Havas is considered by many to be a subsidiary of Reuter despite the fact that the French Government heavily subsidizes Havas and uses it as the official medium of French governmental propaganda.

Why the French Government should allow the British foreign office to place its propaganda in a French official agency is a mystery.

Havas is more than an agency. It is a great newspaper trust, involving advertising and news services, distribution and actual publication. It is run as a commercial venture and receives a subsidy from the Government to handle the Government's publicity "account" along with other interests. Unless French interests are compromised, the Government need not object to Havas running a little British propaganda along with French.

A PROPAGANDA CHAIN

Thus a highly interesting propaganda chain is established with London as its center. Reuter, a British concern under the influence of Downing Street, feeds American news to Havas, official distributor of all news in France. Havas feeds the French papers. And just as Reuter has financial as well as news connections with Havas, so Havas not only serves French papers but actually controls or participates in the financial control of a number of them—notably the Matin and the Intransigeant.

That is the explanation of why cock-eyed pictures of America and legends like "Uncle Shylock" spring up "spontaneously" in the European mind.

EXAMPLE OF HOW EUROPE DISTORTS UNITED STATES NEWS

Dispatches appearing in London and Paris newspapers concerning the American Budget and military expenses indicate manner in which propaganda chain of European news agencies operates.

No. 1 is a photostatic copy of editorial appearing in the London Express.

No. 2 is a story the Paris Journal published under a London date line, quoting the London Express.

No. 3 is a Havas (French) news agency dispatch purporting to come from Washington, D. C., but which came from the Havas London bureau instead.

No. 4 is the dispatch carried by the London Express from the Washington bureau of Reuter's agency (British).

No. 5 is the London Express story as it appeared in the Paris Temps.

No. 6 is an article in the Paris Liberté under a London date line which also refers to the London Express editorial.

(1)

THE MOTE—AND THE BEAM

The estimates for America's next Budget were issued in Washington yesterday.

The total sum, in British values, is approximately £850,000,000.

The total sum of the last British budget was £766,000,000.

The Americans propose to spend on their fighting services £325,000,000.

Britain is proposing to spend on her fighting services £105,000,000.

America's nearest neighbor of a comparable power with herself is 3,000 miles away from her.

Britain's nearest neighbor of a comparable power with herself is within gun range of her.

America is a single unit of territory.

Britain's Empire is a chain of territories stretching round the world.

America can grow all the food she needs and provide herself with almost all the raw materials.

Britain imports seven-eighths of her food and depends upon the outer world, including her own distant possessions, for most of her raw materials.

The Americans spend 43 per cent of their Budget on insuring their national defense.

Britain spends 13¼ per cent.

When we asked for a remission of a debt incurred in our common defense against our mutual enemy, the Americans were advised against it by their leaders in these terms: "If America lets Britain off any of the debt she owes, the British people will go and spend it on armaments."

(2)

LES DÉPENSES MILITAIRES DES ÉTATS-UNIS

LONDRES, 28 décembre.—Dans un article intitulé "La Paille et la Poutre," le Daily Express établit une comparaison entre le budget de la Grande-Bretagne et celui des Etats-Unis et fait ressortir que si l'Angleterre consacre 13¼ pour cent de ses dépenses totales aux besoins de sa défense nationale, les Etats-Unis consacrent à ce même chapitre 43 pour cent de leurs recettes fiscales.

En devises britanniques, dit le Daily Express, les évaluations budgétaires publiées hier à Washington représentent 850,000,000 de livres, tandis que le dernier budget de l'Angleterre se montait à 766,000,000 de livres. Or, le budget américain prévoit une dépense de 325,000,000 de livres pour l'armée et la marine alors que la Grande-Bretagne ne consacre que 105,000,000 à sa défense.

Et cependant, observe le Daily Express, le voisin le plus proche des Etats-Unis se trouve à 3,000 milles. L'Amérique forme un bloc compact; elle peut produire tous les produits alimentaires qui lui sont nécessaires ainsi que toutes les matières premières dont elle a besoin.

(3)

LE PROJET DE BUDGET DES ÉTATS-UNIS—43% DES DÉPENSES SONT AFFECTÉES À LA DÉFENSE NATIONALE

WASHINGTON, 27 décembre (Dép. Havas).—Quarante-trois pour cent des dépenses que le gouvernement des Etats-Unis prévoit pour l'année fiscale de 1934 seront affectées à des buts militaires: le budget de $4,248,169,731, établi par le président Hoover, comprend en effet un débours de un milliard $628,517,319 pour l'entretien et le développement de l'armée.

La plus forte dépense du reste du budget est consacrée à la dette publique qui absorbe 33%.

(4)

UNITED STATES WAR BUDGET—£325,000,000 FOR ARMY, NAVY, AND AIR FORCE

WASHINGTON, Tuesday, December 27.—Out of the £850,000,000 which the United States Government expects to spend in the next fiscal year, 43 per cent will be used for military purposes.

The Budget which President Hoover has drawn up includes an expenditure of £325,000,000 for military upkeep and development.

This sum provides for the general national defense, £105,000,000; military construction, £442,000; aircraft construction, £3,000,000; naval construction, £8,600,000, besides other sums.

For the rest of the Budget the next largest expense is 33 per cent for the public debt. (Reuter.)

(5)

LES ARMEMENTS RESPECTIFS DE L'ANGLETERRE ET DES ÉTATS-UNIS

Dans un article intitulé "La paille et la poutre," le Daily Express établit aujourd'hui une comparaison entre le budget de la Grande-Bretagne et celui des Etats-Unis, et fait ressortir que si l'Angleterre consacre 13¼ pour cent de ses dépenses totales aux besoins de sa défense nationale, les Etats-Unis consacrent à ce même objet 43 pour cent de leurs recettes fiscales.

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Et, cependant, le voisin le plus proche des Etats-Unis se trouve à 3,000 milles. L'Amérique forme un bloc compact; elle peut produire tous les produits alimentaires qui lui sont nécessaires, ainsi que toutes les matières premières dont elle a besoin. Au contraire, la Grande-Bretagne a des voisins très proches; elle a à defendre ses voies de communication afin d'assurer son ravitaillement et son approvisionnement en matières brutes.

(6)

LE BUDGET AMÉRICAIN ET LE DÉSARMEMENT

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Et cependant, observe le Daily Express, le voisin le plus proche des Etats-Unis se trouve à 3,000 milles. L'Amérique forme un bloc compact; elle peut produire tous les produits alimentaires qui lui sont nécessaires, ainsi que toutes les matières premières dont elle a besoin.

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Pourtant, conclut ce journal, quand nous demandons aux Etats-Unis d'annuler une dette contractée pour notre défense commune contre un ennemi commun, les chefs américains s'insurgent contre une telle requête sous pretexte que "si l'Amérique diminuait la dette britannique, le peuple anglais consacrerait les sommes dont il bénéficierait à ses armements."

LINCOLN, THE HARMONIZER

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered over the radio by an eminent lawyer of my city, Emanuel Hertz, on the 12th of February on Lincoln, the Harmonizer.

To venture at this day upon pointing to a new phase of the Emancipator is to court condemnation from those who pose as the ultimate judges of what may be uttered without their consent. They have held undisputed sway so long, with no one to expose their methods, that few outside of their limited circle are safe from censure. They decidedly favor the debunker; Washington has been the victim of one, Lincoln of another, Beecher of a third, and so we might go on. It is to be regretted that Washington has found no one to expose these unmerited assaults. It is different with Lincoln. When in the course of the years some one attempted such work—men and women who saw and heard Lincoln—unceremoniously anathematized the offender and hurled the facts at him and drove him from the platform when he was attempting to do his sinister work in the open. When these boll-weevil critics make one of their unwarranted attacks Lincoln students generally come to the rescue and state the facts or offer in evidence a document, or speech, or letter, which disposes of the author and the charge. These faultfinders never examine either the old or the new evidence upon which the true estimate of Lincoln as a man or as a lawyer or as a statesman is to be made. They see Lincoln through Lamon's estimate, which he never believed but which was written for him by Lincoln's enemy. They quote Rhodes, the historian of a period, who touches upon some high spots in Lincoln's Presidency, but who never made a thorough study of Lincoln. But not one of these has done more than look at the surface of the events in which he played his part. They especially love to vilify anyone who dares to praise Lincoln. But what else can one do who is honest in his appraisals? Little do they know that the greatest men of the last 75 years, the world over, spoke in highest praise of Lincoln's accomplishments in law, in statecraft, in literature, in debate, and in forensic achievement.

The list of these commentators begins with John Hay, to whom Lincoln was the greatest figure since Christ, and Victor Hugo, and ends with Elihu Root and Calvin Coolidge. In between appear the names of Garfield, Roosevelt, and Woodrow Wilson, together with Beaconsfield, John Bright, Lloyd George, Viscount Curzon, Lyman Abbott, Horace Greeley, John D. Long, Charles Evans Hughes, Frank S. Black, Henry Ward Beecher, Robert G. Ingersoll, Henry Watterson, Edwin Markham, Walt Whitman, Ralph Waldo Emerson, William Cullen Bryant, and James Russell Lowell, and hundreds of others—the ablest of governors, Senators, leaders in Congress, educators, journalists, and preachers of all denominations who knew Lincoln. And what about the avalanche of testimony from his Vice Presidents, the members of his great Cabinet, the members of the judiciary of his day, his fellow lawyers, his generals, his private secretaries?

This is what Emerson says, in part:

"His mind mastered the problem of the day; and, as the problem grew, so did his comprehension of it. Rarely was a man so fitted for the event. In the midst of fears and jealousies, in the babel of counsels and parties, this man wrought incessantly with all his might and all his honesty, laboring to find what the people wanted, and how to obtain that."

Here is part of the tribute of Bishop Charles H. Fowler, of the Methodist Church:

"Lincoln had the faith of Abraham, the leadership of Moses, the courage of Leonidas, the contentment of Cincinnatus, the statesmanship of Pericles, the massive intellectual force of St. Paul, the political sagacity of Richelieu, the integrity of Cromwell, and the patriotism of Washington."

Horace Greeley, a great editor in his day, says:

"He was not a born king of men, ruling by the resistless might of his natural superiority, but a child of the people, who made himself a great persuader, therefore a leader, by dint of firm resolve, and patient effort, and dogged perseverance."

Charles A. Dana, of the New York Sun, who saw much of Lincoln, says:

"He was the least faulty in his conclusions of any man that I have ever known. He never stepped too soon, and he never stepped too late."

Bishop Newman says:

"Here is one more honored than any other man while living, more revered when dying, and destined to be loved to the last syllable of recorded time."

Frank S. Black, so much like Lincoln, says:

"How long the names of men will last no human foresight can discover, but I believe that even against the havoc and confusion in which so many names go down, the fame of Lincoln will stand as immovable and as long as the pyramids against the rustle of Egyptian winds."

These sentiments, these appraisals of genuine and unbiased observers, and hundreds of similar ones are available, the army of debunkers have never seen, and have never heard. Their utterances, therefore, are valueless because the truth is not in them. And so we will, after this lengthy but necessary introduction, proceed to discuss Lincoln as a harmonizer, as a force of spreading good will not only among all the sections of the country but also among the different religious denominations as they existed in his day.

To the Methodists in convention assembled in Baltimore he writes—

"Nobly sustained as the Government has been by all the churches, I would utter nothing which might, in the least, appear invidious against any. Yet, without this, it may fairly be said that the Methodist Episcopal Church, not less devoted than the rest, is, by the greater number, the most important of all. It is no fault in others that the Methodist Church sends more soldiers to the field, more nurses to the hospital, and more prayers to Heaven than any. God bless the Methodist Church—bless all the churches—and blessed be God, who, in this, our great trial, giveth us the churches."

To the Catholic sisters in three different States he extended a protecting strong arm, guarding their property, assisting and helping them in their great work of charity on the battlefield, and consulting freely and frequently with the leader of the Catholic hierarchy. He was very much at home in pew 89 in Plymouth Church, where Beecher spoke and pleaded for universal freedom. He quotes the sentiments of Theodore Parker and prays with bishop, Catholic priest, or rabbi, as he was at one with all, Rupert Hughes to the contrary notwithstanding; his conclusion that Lincoln, as well as Washington, had no religion and quoted religious formulæ for political purposes is unwarranted and without the slightest foundation. "By the help of an All-Wise Providence, I shall endeavor to do my duty, and I shall expect the continuance of your prayers for a right solution of our national difficulties and the restoration of our country to peace and prosperity," or "Take all of this Book," speaking of the Bible, "upon reason what you can and the balance on faith, and you will live and die a happier man," were not spoken for political effect.

Lincoln is at his best when he rights a great wrong, and equally sound and just in the setting forth of his reasons in each case. Whether it be the setting aside of Stanton's order to dismiss a patriotic soldier in the Army or when he vacates a harsh and unjust order made by Grant and denounces the idea of condemning a whole people for the sins of a few or when he protests against the maltreatment of Faris-El-Hakin, an agent in the employ of the American Missionary Society in Egypt, in those days when the victim of persecution was almost inaccessible, yet in all these cases Lincoln is heard and heeded in his efforts for a better understanding among the adherents of the different religions. To those who are acquainted with his words and his deeds the religiosity of the man is so apparent that anyone who cares to examine the facts must become convinced; even the perversely blind must hear and understand.

Way back in 1858, when the outlook was as dismal as it ever was in this sad man's life, he finds comfort in the following thought:

"I have never professed an indifference to the honors of official station; and were I to do so now I should only make myself ridiculous. Yet I have never failed—do not now fail—to remember that in the Republican cause there is a higher aim than that of mere office. I have not allowed myself to forget that the abolition of the slave trade by Great Britain was agitated a hundred years before it was a final success; that the measure had its open fire-eating opponents, its stealthy 'don't care' opponents, its dollar-and-cent opponents, its inferior-race opponents, its Negro equality opponents, and its religion and good-order opponents; that all these opponents got offices and their adversaries got none. But I have also remembered that though they blazed like tallow candles for a century, at last they flickered in the socket, died out, stank in the dark for a brief season, and were remembered no more—even by the smell. Schoolboys know that Wilberforce and Granville Sharpe helped that cause forward, but who can now name a single man who labored to retard it? Remembering these things, I can not but regard it as possible that the higher object of this contest may not be completely attained within the term of my natural life; but I can not doubt either that it will come in due time. Even in this view I am proud, in my passing speck of time, to contribute an humble mite to that glorious consummation which my own poor eyes may not last to see."

How keen his disappointment at his repeated failures must have been, we have but to read one statement which just came to light:

"Twenty-two years ago Judge Douglas and I first became acquainted. We were both young then, he a trifle younger than I. Even then we were both ambitious; I, perhaps, quite as much so as he. With me the race of ambition has been a failure, a flat failure; with him it has been one of splendid success. His name fills the Nation and is not unknown even in foreign lands. I affect no contempt for the high eminence he has reached. So reached, that the oppressed of my species might have shared with me in the elevation, I would rather stand on that eminence than wear the richest crown that ever pressed a monarch's brow."

His courage and fearlessness fitted him for his task.

"Slavery is wrong," he said in a speech at Cincinnati, in the free State of Ohio but in the immediate neighborhood of the slave State of Kentucky and to a mixed audience from both States. He was hissed for the words, and continued:

"Your hisses will not blow down the walls of justice. Slavery is wrong; the denial of that truth has brought on the angry conflict of brother with brother; it has kindled the fires of civil war in houses; it has raised the portents that overhang the future of our Nation. And be you sure that no compromise, no political arrangement with slavery, will ever last which does not deal with it as a great wrong."

But he has now suffered his last defeat at the hands of Douglas. He captivates the Nation from the stage of Cooper Institute, where he announced that all men must be free and equal before the law or our land of promise could not endure. He is nominated and elected to the Presidency. He bids his neighbors farewell and journeys to Washington and starts on the road to fame.

And then came his great first inaugural address—an appeal for a better understanding among all sections and all classes.

And then the Emancipation Proclamation, which made all men free, and upon that deed he invoked the considerate judgment of mankind and the gracious favor of Almighty God—and the chains of 4,000,000 slaves fell broken on that day.

And finally the benediction upon the great deliverance of his people—the second inaugural—the humble litany of a contrite heart.

Toward the end of his Presidency—the epic of America, yet to be appropriately told in poetry and song—when the giant was weary and tired and his features bore the signs of triumph in humility through suffering, his whole life passed before him as in a dream; he reflected in retrospect upon that life—though not long in years, yet crowded with epoch-making adventures as were few others—and concluded that his main life motif was to plant a rose where a thistle grew; and those days were well spent when he had pardoned an unfortunate, comforted a widow, protected an orphan, freed a race, and cemented the broken and warring fragments into a perpetual Union—the last great hope of the millions of the common people, whom he loved and for whom he offered up the final, the supreme sacrifice—the most precious life of the nineteenth century.

Lincoln the harmonizer indeed! Of what other man in public life in any country may it be justly said what is admitted by the universal chorus of the leaders of the people everywhere? Dr. Sun Yat Sen carried back to China the Gettysburg address, and the Manchu dynasty crumbled. "Thanks to Lincoln," says Prof. William Hung, "we have in China the beginnings of a republic." The voice in the wilderness on the estate of Yasnaya Polyana, Tolstoy, groups him with the Nazarene. We find him enshrined in the workingman's hut on the Volga and in the chancellors' study in the University of Jerusalem. The leader of 20,000 trade-unionists in India pays tribute to Lincoln, and says: "It was he who inspired me to take up the work for my people." Czechoslovakia was founded and is governed by a worthy disciple of Lincoln. Italy has taken Lincoln to her heart, and he is the hero of young Italy. France inscribed a medal to Lincoln, "Dedicated by the French democracy to Lincoln, honest man, who reestablished the Union, saved the Republic without veiling the Statue of Liberty." From the days of Emilio Castelar to President Zamora, of the new Republic of Spain, the same adoration as expressed by the former is put into practice by the latter. England claims him as her own among her famous sons facing Westminster Abbey. Germany's gifted sons, beginning with Carl Schurz and Doctor Canisius and Governor Koerner, have planted the seed of Lincoln's ideals in their own country. South America and South Africa as well were swept by the spirit of the Emancipator. And so the Great Harmonizer wins the hearts of all the races of the world, and will continue to win them in all future ages. By the time 2,000 years have elapsed the giant figure may become to the world a symbol of the divine, and to our own coming generations he will for all time remain America's symbol of immortality.

BETTER BUSINESS BUREAU OF NEW YORK CITY AND INVESTIGATION OF BETTER BUSINESS BUREAUS AND NEW YORK STOCK EXCHANGE

Mr. BROOKHART. Mr. President, I ask leave to have published in the RECORD three pamphlets entitled "The Growth of the Better Business Bureau of New York City," "A Protective Institution and its Origin," and "Before the

Banking and Currency Committee of the United States Senate, in re Investigation of the Better Business Bureaus and New York Stock Exchanges."

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

THE GROWTH OF THE BETTER BUSINESS BUREAU OF NEW YORK CITY

By James C. Auchincloss

This is certainly a great honor. I can not express my appreciation of this invitation to speak to you men of business. I realize my limitations and I hope you will bear with me and not expect too much. I wish I could do my subject justice, because it is a work you are all interested in and because it concerns business generally.

When I first became connected with the Better Business Bureau of New York City, little did I realize that it would play such a part in the business life of our city. The scope of its work has grown enormously, and I believe soundly, and the results have justified the efforts expended in its development. This growth and this effectiveness could not have been possible without the support and encouragement of the business men of the city. This desire on their part to drive the rascal and crook out of their business has indeed been an inspiration to those of us who have had a voluntary connection with this work. And we have received further inspiration in the devotion and the unselfish attitude of the staff of employees who have given always their best without thought of reward or favor. The rewards of this work are theirs, and they richly deserve them.

A FACT-FINDING ORGANIZATION

I would like to sketch briefly the life of the Better Business Bureau of New York to you. While it has been in existence for only a few years, its history is full of romance and entertainment as well as hard work, disappointments, and problems. These problems are not all solved yet. Indeed, I like to think of the Better Business Bureau of New York as only just started in its work. We have worked slowly to build a foundation, and now want to raise a superstructure which will embrace all fields of legitimate business.

As you doubtless know, the Better Business Bureau of New York is a fact-finding organization. It does not give opinions, but is ready to give facts to the public about business organizations or business men. It serves newspapers and banks and brokers, real-estate firms and merchants, and any member of the public. It endeavors to protect the public by pointing out to advertisers extravagant and impossible claims, and thereby build up good will and confidence. It has a shopping service which reports to stores the inaccurate description of articles for sale, and incidentally gives a report to the store on the general aptitude of the sales person with whom it comes in contact. Its policy in seeking correction is to take up any criticism direct with the management, and it does not abandon persuasive measures except as a last resort. In the course of its work there have accumulated in its files thousands of names of individuals and corporations, and frequently facts sought by responsible people or organizations are readily obtainable therefrom. It cooperates in the fullest degree with the public authorities, and I am happy to state that it has enjoyed the greatest cooperation from public officers, such as the attorney general of the State of New York and the United States district attorney. And the bureau is not organized for profit. None of its officers or directors receives a cent for his services in any form, shape, or manner.

And this is how it all started in New York: About eight years ago some of us down in the financial district decided that the crooks in the securities business were bringing disrepute to that business, and something should be done to clean up the situation. It was also clear that a great deal of the public's money was being secured by the stock swindler and get-rick-quick rascal, and if this money could be turned into legitimate channels it would not only accrue to the benefit of our business but also to the general prosperity of the country. Mr. David F. Houston, then president of the Bell Telephone Securities Co. (Inc.), now president of the Mutual Life Insurance Co.; Mr. Lewis E. Pierson, then president of the Irving Trust Co., now chairman of its board; Mr. James Gilbert White, partner of J. G. White & Co.; Mr. J. J. Pulleyn, president of the Emigrant Industrial Savings Bank, and others, met and discussed the situation and studied the better business bureau movements already actively established in other cities. The better business bureaus were then under the control and sponsorship of the advertising federation; now they are quite independent organizations.

IN FIFTY-TWO CITIES

There are 52 bureaus organized in the United States and Canada, operating in 25 different States, Provinces, and the District of Columbia. While each bureau is quite independent and a separate organization, yet the bureaus exchange information and cooperate with each other in every way possible.

It was arranged to establish a better-business bureau in New York, and Mr. H. J. Kenner, the first better-business bureau manager in the country, was secured from Minneapolis to start things going. The value of Mr. Kenner's leadership can not be overestimated. Without his courage, his wisdom and his patient, constructive effort, the bureau would have surely gone on the rocks in its first year. Funds were hard to secure. It was something new to New York, and had to prove its worth. We citizens of this town are a hard-boiled lot, and want to be shown before digging down into our pockets to support something new. And then again many business men were skeptical as to just how such an organization would affect their business. The clouds were thick and the gloom was deep, but Mr. Kenner stuck to it and at great personal sacrifice led us through the darkness into the light. Why, for months he and his lieutenants kept the thing alive without receiving a cent of salary! He proved beyond the question of a doubt that the better-business bureau idea was a practical one and with proper and adequate support could be made effective. The board of governors of the New York Stock Exchange were impressed and proved their faith in the work by appropriating $100,000 to put the bureau on its feet and give it a chance to demonstrate its worth to the business world. Out of this appropriation actually $64,000 was paid by the exchange to the bureau. No secret has ever been made about this, and the exchange views with pride the part it was permitted to play in this work. A committee of bankers and brokers was then established, made up of such men as Mr. Gates McGarragh, then president of the Mechanics & Metals Bank, now president of the Bank of International Settlements; Mr. Thomas W. Lamont of J. P. Morgan & Co.; the late Seymour Cromwell, president of the Stock Exchange; Mr. Clarence Dillon, of Dillon, Read & Co.; Mr. Mortimer Schiff of Kuhn, Loeb & Co.; Mr. A. A. Tilney, then president of the Bankers' Trust Co., and others. Under the auspices of this committee, funds were solicited from the banks, trust companies, brokers, and banking houses in this city. That was the start of the Better Business Bureau of New York, and ever since that time the activities of the investment or financial department of the bureau have been financed by subscriptions from the banks and brokerage houses in this city. Our budget for that department is about $70,000. We have paid all our bills and do not owe a cent. And, furthermore, we pay no commissions to anyone to collect money.

MERCHANTS COOPERATE

A few years after the establishment of the financial department, the merchandise department was organized. The work of this department, under the guidance of specially trained executives, deals mainly with the problems of merchants and the retail stores in the city. The bureau endeavors to aid these merchants by eliminating inaccurate advertising and unfair business tactics, and on many occasions the work of the bureau and the stand it has taken in certain situations has been supported and indorsed by the Federal Trade Commission.

The bureau tries to be fair and plays no favorites or politics. If there is cause to criticize the actions of our subscribers we do not hesitate to do so. This is always done in a friendly spirit, without malice, and frank discussion of the matter is invited. From time to time the bureau issues bulletins on various matters. Without question the bulletins have proved most effective in correcting a mistake that might have otherwise gone unheeded, resulting in a continuation of misrepresentation at the expense of the public. Generally when an inaccuracy is pointed out to a merchant a correction follows, and the bureau is thanked therefor, but on a few occasions some of our subscribers have withdrawn from the bureau. This is a pity, because we want to be an aid to the merchants in building up public trust and good will. This is difficult when merchants refuse to cooperate in the elimination of false advertising matter and inaccurate statements concerning the merchandise they offer for sale. I am happy to say, however, that the majority of the larger merchants in the city support the bureau and indorse its work. This is true also of the newspapers, who rely on us to a degree and are generous not only in their financial support but also in their news columns.

It is inevitable in the activities of the bureau that sometimes someone sets up a howl and claims all sorts of unrighteous actions on the part of the bureau. On every one of these occasions that has come to my attention, the howler has had an ax to grind or some dirty linen to conceal. We have been sued on more than one occasion, and never yet have we lost a suit.

If time would permit, I could tell you of many cases where the bureau has been active in preventing fraud and even in recovering losses for the victim.

THOUSANDS OF CASES

The day's work in the bureau's office brings all sorts of humanity in review. Widows, preachers, shysters, swindlers, business men—all sorts in all walks of life daily come to our attention. We try to help the worthy and make it hard for the crooks in every way possible. The monthly average of cases handled is 3,158, or 125 cases a day. We have a small staff, 18 in the financial and 18 in the merchandise section—36 in all. They work hard all day, and sometimes well into the night, at very moderate pay and no overtime. They are devoted to their work, and their loyalty is a great source of pride and inspiration.

In times like these, when we have experienced such depression and unsettlement in business, there is always present a great deal of discontent—a sort of feeling of dissatisfaction with the powers that be—and that dissatisfaction is reflected in the public's attitude toward organizations that are trying to maintain an even balance and do something constructive for the body politic.

Perhaps in the face of discouragement and hard times this is quite a natural feeling, but it puts those who have to bear the brunt of the criticism to a test as to their real character and the soundness of their efforts. In the midst of such a state of affairs it would indeed be unusual if the better-business bureau did not receive its share of criticism. As a matter of fact, if it were not criticized, it would tend to prove that the organization was of

such an impotent character that it did not merit attention. The bureau has its critics, and the criticism comes from sources which are logical and to be expected. The rascal whose record and reputation is anything but savory, acting under the guise of a constructionist, has the opportunity to raise his objections and cry out that the bureau, through its relentless war waged against people of his type, will not permit him to make an honest living.

INCREASED VIGILANCE NECESSARY

The bureau to-day is being put to a greater test than ever before to aid in preventing the activities of the swindler and safeguard the public in their investments. In these times some stock promoters or business organizations who under normal conditions may follow practices free from suspicion in their business dealings, are more apt to be tempted by expediency, and lapse into practices which may be questionable, to say the least. The public mind, after the serious stock losses which have been suffered in the past year, is ready to listen to the glib arguments of the high-pressure salesman who paints a picture of return to prosperity by a rapid short cut to fortune. We are only too ready to recoup our losses, and the adroit stock swindler capitalizes that human weakness.

And in this city more than any other place in the United States the crooked stock promoter congregates and plies his trade. Thanks to the scrupulous care taken by the newspapers in accepting advertising, thanks to the past activities of the Assistant Attorney General, Mr. Watson Washburn, and the vigilance of Mr. Charles H. Tuttle when he was the United States attorney for the southern district of New York, these people have had a hard time of it. But this is no time to relax our vigilance or our efforts. If we are to drive out and keep out these people, if we are to protect the fair name of our business reputation, we must set an example to the rest of the country and let it be known that the business men of this city stand for honesty and fair dealing.

The bureau couldn't exist without the cooperation of such honored and honorable bodies as this. You have done the bureau a great honor in having me here with you to-day. In the name of the bureau, I thank you most sincerely.

A PROTECTIVE INSTITUTION AND ITS ORIGIN

By E. H. H. Simmons

I

It is a very genuine pleasure for me to be present at this ninth annual meeting of the Better Business Bureau of New York City. Nine years is not a very long time, yet within that brief period the bureau has established a most impressive record of accomplishment in behalf of the American investing public. A common effort to suppress security swindling is no longer merely a pious wish or a temporary movement. Through the creation and growth of the better-business bureau, it has been crystallized into a permanent institution, without which the security business of to-day could not be conducted upon its present plane. It only remains for those of us who, like myself, have long watched the gratifying progress which the bureau has made, to congratulate its officers and administrators upon the courage and untiring energy which they have shown in the fight against fraud, and to lend such aid as we can in continuing, and if possible, intensifying this admirable work.

II

Since, as I have said, the bureau has become an established and indispensable institution in American business, it is interesting to recall the circumstances of its origin. The bureau was created in the troubled years which followed the conclusion of the great war. The vast Liberty loans had suddenly created millions of new security investors. But at the same time the shortages developed under war conditions led to a tremendous speculation in commodities and securities and a new crop of security promoters. American finance, as well as American business, had not completed the necessary transformation from war-time conditions to those of peace. Bucketshops were not the furtive back-alley things they have since become, but in some cases were imposing concerns, which brazenly challenged the legitimate stockholder. The newly created class of small American security investors was, of course, directly menaced by these conditions. Thus, in addition to the unavoidable risks inherent in business, which at that time were naturally great, the inexperienced investor, with his small holdings of Liberty bonds, had also to avoid the often plausible and deceptive allurements of the fake security promoter and the bucketshop keeper.

The potential dangers of this situation were clearly realized in the stock exchange as early as December, 1918—only a month after the armistice. (On January 3, 1919, the law committee of the New York Stock Exchange discussed the matter, and adopted a resolution calling for a publicity campaign by the exchange to warn the public against stock swindlers.) At the same time, Mr. H. G. S. Noble, then president of the New York Stock Exchange, addressed a letter to prominent representatives of various institutions in the financial district, directing their attention to the existing danger of security frauds, and calling a meeting at the Chamber of Commerce of the State of New York to discuss the defensive and preventive measures against them. At this meeting, held February 17, 1919, a standing committee was appointed which developed into the Business Men's Anti-Stock Swindling League, under the chairmanship of the late Myron T. Herrick. The efforts of this committee were directed mainly toward education in the interest of sound investment and the avoidance of fradulent securities.

In effectively fighting the security swindler, sole dependence can not be placed upon purely educational methods, essential though they always are and will be. It is not enough to warn the intended victims—action must also be taken against the swindlers themselves. So the Business Men's Anti-Stock Swindling League discovered. In addition, the bear market of 1919–1921 introduced into the situation the dangerous factor of the bucketshop operations—a species of fraud which can only be checked by an expert and militant organization. In the 14 months' period which began August 23, 1921, there occurred a vast bucketshop debacle attended by the collapse of 166 so-called brokerage firms. If swindling on this tremendous scale was to be prevented in the future, it seemed obvious that new and more direct measures must be taken. Meanwhile, the problem of preserving the benefits of their customer-ownership campaigns became a matter of serious concern to several large American business corporations, and especially to the American Telephone & Telegraph Co. In consequence there followed an effort to organize more definitely against security swindling.

A series of conversations between Messrs. D. F. Houston, president of the Bell Telephone Securities Co., and R. T. H. Halsey and J. R. Westerfield, of the New York Stock Exchange staff, were followed by a number of dinner conferences given by Mr. Halsey to representatives of the institutions most deeply concerned with the virulent stage of the swindling evil which had developed. These dinner meetings, which eventually included the national vigilance committee of the Associated Advertising Clubs of the World, culminated on May 1, 1922, in a dinner given by Mr. Halsey at the University Club, attended by leading bankers, newspaper editors, and stock exchange members. At this meeting Mr. Seymour L. Cromwell, then president of the New York Stock Exchange, pledged the necessary funds from the exchange to underwrite the formation of the Better Business Bureau of New York City and its running expenses for the first year for a sum not to exceed $100,000. This pledge was later formally ratified by the exchange and the bureau was incorporated.

The first officers of the bureau were: David F. Houston, president; H. J. Kenner, managing secretary; Stanley J. Quinn, treasurer.

The first advisory council members were: David F. Houston, chairman, president Bell Telephone Securities Co. (Inc.); R. T. H. Halsey, Tefft, Halsey & Co.; Lewis E. Pierson, chairman of board, Irving Bank-Columbia Trust Co.; John J. Pulleyn, president Emigrant Industrial Savings Bank; Gates W. McGarrah, chairman of board, The Mechanics & Metals National Bank; John H. Puelicher, president Marshall & Ilsley Bank, Milwaukee, Wis.; George W. Hodges, Remick, Hodges & Co.; Herbert S. Houston, publisher Our World; James Gilbert White, president J. G. White & Co. (Inc.); William H. Barr, president National Founders Association; H. D. Robbins, president H. D. Robbins & Co.; Russell R. Whitman, publisher New York Commercial; Julius H. Barnes, Barnes-Ames Co.; A. C. Pearson, treasurer United Publishers Corporation; Henry R. Hayes, vice president, Stone & Webster (Inc.).

It was, then, only after several false starts and many time-consuming conferences that the better business bureau was finally established. Yet, looking back upon what we may call the prenatal period of its existence, it seems apparent that this early period of trial and error in discovering effective fraud-fighting methods, gave the bureau itself much valuable experience at its very start, and enlisted in its behalf a support from many quarters which has been essential to its steady and successful growth. It also enabled the better business bureau, in its work of fraud fighting, to represent the whole financial community rather than any single institution. Much ado has sometimes been made over the fact that the New York Stock Exchange has been all along a strong moral and financial supporter of the bureau. There has never been any secret about this situation, and actually it reflects credit both upon the bureau and upon the exchange. But even the slightest knowledge concerning the organization and work of the bureau should at once indicate how truly representative of the whole financial and business community the bureau is and always has been, and how completely in the actual interests of the American public its activities have consistently been.

III

Once organized, the better business bureau lost no time in getting to work. By the end of even the first year of its existence, it had under the capable and expert guidance of Mr. Kenner attained an enviable record of useful work thoroughly and vigorously done. Through the cooperation of industrial organizations many thousands of educational pamphlets dealing with fraudulent stock promotions were placed in the hands of the public. Publicity concerning proven swindles was spread in the news columns of the press. Metropolitan newspapers gladly cooperated with the bureau in refusing the use of their advertising columns to doubtful promotions or shady characters. In addition, many investigations of doubtful promotions were conducted, and frequently the results were laid before the appropriate governmental officials—especially, of course, before the Post Office Department of the Federal Government, the attorney general of the State of New York, or the district attorney of New York. Time and again the ability of the bureau to nip frauds in the bud, before they had time to do very serious damage, was demonstrated. The results of the early work by the bureau were attested by Deputy Attorney General Wilbur W. Chambers, in a telegram to the bureau dated December 27, 1923, which read as follows:

"Have placed great dependence upon the better-business bureau for assistance in obtaining evidence relative to fraudulent securities cases. I have found its work of great value, its representatives reliable and very efficient, and its information trustworthy.

The subsequent history and achievements of the better-business bureau are too generally known to require recital by me. In the mercantile as well as in the financial field its work has gone steadily on, with results at once gratifying to its sponsors and very beneficial to the investing and consuming public. The bureau has surmounted the initial difficulties which inevitably face any such cooperative organization. It has made a real and permanent place for itself in the mechanism of American business. It is no longer a mere project but an actuality with a definite record of accomplishment. It deserves the hearty support of the entire business community, not only for what it hopes to do but for what it has already done.

IV

It is naturally in extensive speculative booms, when public optimism and also public credulity are at their height, that the greatest opportunities for swindling are afforded to the seller of fraudulent securities. Nevertheless, we all must recognize times of depression have their characteristic swindles, too. Strangely enough, it is often the investor who has already lost a large proportion of his money who is most reckless with his remaining funds, because he wishes by a lucky stroke to recoup his losses. But even if it is generally harder to sell either legitimate or illegitimate securities during a period of declining prices, at such times there is apt to reappear that other menace to sound finance—the bucket shop. It has, I think, been generally true in the past that bucket shops can flourish only when prices are constantly falling, since the bucket-shop keeper is, so to speak, regularly short of his customer's long stock. Certainly it was during 1920 and 1921 that the last extensive outbreak of bucketing occurred. It is also true that losses through security swindles are felt more severely in a depression than during a boom. Obviously the need for safeguarding the American security investor in all possible ways increases in proportion as his surplus funds diminish. In times of depression, no less than in times of prosperity, security frauds will be attempted and eternal vigilance must be the price of suppressing them. We need the bureau now as much or more than we needed it in 1928 and 1929.

The bureau is to be congratulated for pursuing its useful work so steadily and so intelligently during these recent trying months. It has countered the remarkable agility and completely realistic resourcefulness of security swindlers with methods equally flexible and equally without illusion. This is particularly gratifying, for it is during periods when public opinion is uncertain and bewildered concerning security values, that the security swindler is apt to reap his evil harvest.

V

Undoubtedly there has been entirely too much public hysteria recently, not only concerning stock prices but also concerning the outlook of business itself. Frequently the same persons who so loudly proclaimed a new era of unlimited prosperity two or three years ago are now equally convinced that the end of civilization is at hand, and that while time still remains we had better sell the whole country back to the Indians for what it will bring. The fight against security frauds as well as many other necessary corrective processes in American business itself would be considerably simplified if there were less of this sort of thing. For, after all, depressions are scarcely a new experience for this country. Even our own generation has managed to survive several of them. In fact, anyone who ever attended a Sunday school must have heard of Joseph's experience with the seven fat and seven lean years in ancient Egypt, and should realize that civilization has ever since that remote time been undergoing booms and depressions of one sort or another. None of us, of course, like depressions, and few, if any, of us, I think, were able to foresee the coming of this one. But now that it is here we should, after all, be able to recognize it as a quite unpleasant but by no means new or unfamiliar experience, from which we have survived in the past, and from which we will once again emerge in due course.

Unfortunately, however, credulity is not destroyed by depressions. With many people, disillusionment is only too apt to produce an intense and unreasonable craving for easy cures and magical remedies. The quest for wealth no less than for health has its medicine men, and in times of trouble occurs their greatest chance to attract attention. Few of these promoters of economic nostrums are actually frauds. Almost always they sincerely believe in their quite worthless remedies. And yet the energy wasted in pursuing, and sometimes in trying, such false cures, like the funds wasted through the activities of stock swindlers, is only too apt to deepen and intensify the depression.

The basic reasons for booms and depressions are only too inadequately understood, either by the public or the experts. Yet this fact need not unduly astonish us, for very few of the really important things in life are thoroughly understood by any of us. The truth about business cycles seems to be that they result from a very complicated series of stresses and strains which are more or less inevitable in civilized society. Just as what geologists call a "fault" will sometimes produce earthquakes and landslides, so in the economic world the equilibrium of business will occasionally be upset and disaster temporarily will ensue. Nevertheless, painful though panics and depressions may be, they are really curative processes, and herald the advent of firmer foundations upon which to create future periods of prosperity.

The reestablishment of equilibrium in the economic world, and the repair of damages wrought by unsettlement, however, are bound to take time if the work is to be lasting. But it is in these zero hours of industry and finance that future victory and triumph are being organized. Such periods of trial may injure faint hearts and shallow beliefs. But they also call forth from the great rank and file of our people those ancient and invaluable human qualities of courage, persistence, and faith which in the past have created everything of genuine value in the world.

OUR BUSINESS STANDARD

Brief and argument by Clark G. Hardeman

One hundred thousand dollars was raised 10 years ago (June, 1922) by the investment banker members of Wall Street, who in collaboration with members of the New York Stock Exchange, expected to use, and did use, the money for the purpose of putting over even a more gigantic control of our money and our industries and a more complete control and domination of our labor, and this banker-broker scheme of 1922 is slowly but surely seeping through to the public, through the facts that have been developed by this honorable committee of the United States Senate and the further facts that are ready to be laid before that committee under sworn evidence.

The billions of dollars of foreign bonds floated in the United States by these Wall Street bankers since 1922 and now estmated as being worth around 30 cents to nothing on the dollar—bonds that these bankers bought at 90 cents and unloaded on us for 100 cents on the dollar—is but the one side of the story and represents the bankers' big profiteering on their joint scheme of 1922 with the stock exchange members when these two big financial agencies raised the $100,000 jack pot of 1922 and bought the better-business-bureau system, which system otherwise would have been their (the bankers and brokers) nemesis through a nation-wide distribution of data that would have prevented the exploitation of the wealth of the people of the United States, rather than what the better-business-bureau system has been since that time, to wit, a mere puppet of these brokers and bankers.

THE BETTER-BUSINESS BUREAUS

You, automatically, may want to know something about these better-business bureaus and the necessity of these agencies being purchased body and soul by these bankers and brokers before they started on their pilgrimage of plunder of the then your wealth and mine, which wealth has now, in 1932, vanished into thin air or is laying dormant in the vaults of our financial wizards, the money barons of Wall Street, thus preventing industry from opening up and thereby making beggars of the labor of this great country.

First, let me call your specific attention to the fact that these financial wizards always carry with them the dictum that we ordinary citizens are not intelligent enough—plain dumb may be a better word—to see the real truth in any financial proposition, and, being plain dumb, we are the prize suckers of any continent, and hence any agency that otherwise would give fair warning to us must be placed where they could not talk; the almighty dollar seals many a tongue and that $100,000 Wall Street money sealed the tongue of the better-business bureaus in so far as the bond and stock racket of these bankers and brokers were concerned.

The better-business-bureau system is the child of the vigilance committees of the advertising clubs of the world. "Truth in advertising" was not only their slogan but was, in fact, the policy of these original vigilance committees for some 10 or more years of their early life. At the beginning of their existence—about 1912—and for a number of years, these vigilance committees performed nobly and well, and the public soon learned to rely upon statements given out by them and any advertisement approved by them, and the public naturally began to believe in advertising copy and to rely upon these agencies for truth. The public confidence being won by these advertising men, and none but advertisers and advertising medias were eligible to membership in those early days, the better-business bureau fell heir to one of the richest inheritances—confidence of the public—when the name of these vigilance committees was changed to read better-business bureaus. For several years after the change to that high-sounding title, better-business bureau, these bureaus functioned along the lines originally outlined and justly earned the reputation of honesty and truthfulness these bureaus had in 1922.

NEW YORK STOCK EXCHANGE BECOMES THE PATRON SAINT OF THE BETTER-BUSINESS BUREAU

On January 3, 1919, only a month or so after the armistice, the law committee of the New York Stock Exchange discussed the fact that American finance, as well as American business, had not completed the necessary transformation from war-time conditions to those of peace, and H. G. S. Noble, then president of the stock exchange, addressed a letter to prominent representatives of various institutions in the financial district, calling a meeting of the Chamber of Commerce of New York State, which was held February 17, 1919, and resulted in a standing committee being appointed whose efforts were directed mainly toward education in the interest of sound investments and the avoidance of fraudulent securities. (You know what that education costs you.)

You will better appreciate the significance of all that has followed if I quote from an address by E. H. H. Simmons, formerly president of the New York Stock Exchange, at an annual meeting of the better-business bureau on May 5, 1931, and in which

address he reviewed what took place between January and June, 1922. Mr. Simmons said:

"A series of conversations between Messrs. D. F. Houston, president of the Bell Telephone Securities Co., and R. T. H. Halsey and J. R. Westerfield, of the New York Stock Exchange staff, were followed by a number of dinner conferences given by Mr. Halsey to representatives of the institutions most deeply concerned with the virulent stage of the swindling evil which had developed. These dinner meetings, which eventually included the national vigilance committee of the Associated Advertising Clubs of the World, culminated on May 1, 1922, in a dinner given by Mr. Halsey at the University Club, attended by leading bankers, newspaper editors, and stock exchange members. At this meeting Mr. Seymour L. Cromwell, then president of the New York Stock Exchange, pledged the necessary funds from the exchange to underwrite the formation of the Better Business Bureau of New York City and its running expenses for the first year, for a sum not to exceed $100,000. This pledge was later formally ratified by the exchange, and the bureau was incorporated."

To-day you will find that James C. Auchincloss, a governor of the New York Stock Exchange and an active worker in organizing and raising the money for the better-business bureau, is the present president of the Better Business Bureau of New York City and that H. J. Kenner, formerly the eastern representative of the vigilance committee of the Advertising Clubs of the World, is the secretary and general manager of the same bureau.

You recall, no doubt, the evidence before this committee concerning Halsey, Stuart & Co. and their recent indictment for fraud in the sale of the Wardman bonds.

1921–1931

The condition of the United States in 1921 can not be better portrayed than was done by Mr. Herbert Claiborne Pell in the December, 1932, issue of Plain Talk. Mr. Pell said:

"In 1921, the Harding administration, hat in hand turned the United States Government over to the business interests. At that time we were the richest country in the world. There was a higher standard of living for all of our citizens; our manufacturing power was greater than that of any other nation in the history of the world.

"Measured either absolutely or per capita, no State had ever approached the United States in economic wealth. Our position in the world, relative to other nations, had never been exceeded since the days of the Roman Empire.

"There was not a nation among our former allies or among our former enemies which did not look to us for inspiration, for guidance, and for assistance. We were the most courted, the most popular, and the most important country in the world.

Since 1921 what has happened? You know how many millions the Wall Street bankers extracted from us through foreign bond sales. You also have a vague idea of the millions the Wall Street brokers extracted from us through their inflated stock sales.

Do you know that with the aid of the better-business bureaus—bought by them in 1922 for $100,000—these bankers and brokers obtained, either by the passage of or an amendment to the blue sky laws in some forty-odd States, exemptions that prevent their prosecution for obtaining money under false pretense or fraud? Well, here is the exemption taken from section 7726, Missouri securities act, word for word:

"Securities exempt from provisions of this chapter: Except as hereinafter provided, the provisions of this chapter shall not apply to any security which is within any of the following classes of securities:

"* * * (b) Any security issued or guaranteed by any foreign government with which the United States is at the time of the sale or offer of sale thereof maintaining diplomatic relations, or by any State, Province, or political subdivision thereof having the power of taxation or assessment, which security is recognized at the time it is offered for sale in this State as a valid obligation by such foreign government or by such State, Province, or political subdivision thereof issuing the same.

"* * * (f) Securities which at the time of the sale thereof are issued and fully listed upon duly organized stock exchanges to be approved by the commissioner, and securities senior to any security so listed or represented by subscription rights which have been so listed upon any of such exchanges, and evidences of indebtedness guaranteed by any company the common capital stock of which is so listed upon any of such exchanges."

These exemptions permitted all of those foreign bonds (now mostly worthless) and all of those inflated stocks to be sold to you by these bankers and brokers without fear of prosecution.

The puppet of Wall Street—better-business bureau—exposed not a single one of these gigantic swindles which to-day, in 1932, causes 12,000,000 honest citizens to be walking our streets begging for a crust of bread, but on the other hand these better-business bureaus gave impetus to the fleecing of the public by changing their slogan "Truth in advertising" to read "Before you invest—Investigate"—"See your banker or broker or the better-business bureau"—"Buy only listed stocks."

The importance of this slogan change to the bankers and to these brokers who raised and paid the better-business bureau the $100,000 in 1922 and who have annually contributed large sums to these bureaus for their same selfish purposes will be more readily understood if you read a statement issued by the St. Louis bureau in July, 1928, which is as follows:

"HALF MILLION INQUIRIES RECEIVED BY BUREAUS IN YEAR

"The vast influence of the national and more than 45 local better-business bureaus can be realized from figures just compiled which show that during the past year more than half a million inquiries on financial and merchandise subjects have been received by the various component parts of the bureau movement. How many millions of dollars have been saved naturally can not be computed. The St. Louis bureau has been handling about 1,100 inquiries per month. The bureaus have all urged the public to follow the "Before you invest—investigate" slogan. Evidently the public is following the advice."

And from the same source the following instructions:

"The investor was urged to remember that only a small proportion of financial institutions were questionable; that the way to differentiate was to get facts from a reliable source, such as a bank, an investment dealer, etc.—mentioning as an alternate source of information the Better Business Bureau of St. Louis.

These half million prospective investors in 1928 were directed by these bureaus to go and see their banker or broker, and you readily appreciate the fact that Mr. Broker, protected by the blue-sky exemption, put these half million suckers on their own books with their inflated "listed" stocks. Millions and millions of our dollars were thus diverted from the development of our legitimate industries into a mere gambling den where only the sucker would lose.

Small wonder it is that you see such men as Henry R. Hays, vice president of Stone-Webster & Blodgett (Inc.), and former president of the Investment Bankers Association, saying:

"The better-business bureau is a necessity to economic and social progress. * * * We have a common cause and I am proud to say that in a small way I am allied with you men who are the marine corps of the business world."

Or that you hear Mr. E. H. H. Simmons, former president of the New York Stock Exchange, saying in 1931:

"A common effort to suppress security swindling is no longer merely a pious wish of a temporary movement. Through the creation and growth of the better-business bureau, it has been crystallized into a permanent institution, without which the security business of to-day could not be conducted upon its present plane."

Or as was said by a prominent State official, Deputy Attorney General Wilbur W. Chambers:

"Have placed great dependence upon the better-business bureau for assistance in obtaining evidence relative to fraudulent securities cases. I have found its work of great value, its representatives reliable and very efficient, and its information trustworthy."

Most certainly these bureaus can cite you to many minor fraudulent schemes that they have exposed and I pat them on their back for these limited good deeds just as I give Capone full credit for maintaining his "free soup" kitchen. Credit, however, for one or more good deeds does not justify either Capone or the bureaus in maintaining their rackets.

THE BUREAU RACKET

Having so thoroughly and completely secured control of the investment dollars of our country, it was only the use of common intelligence for these financiers of Wall Street to divert their racket into every line of business activity. Bleeding the public through the sale of almost valueless foreign bonds and inflated stocks is directly tied by these bankers, brokers, and better-business bureaus to their attempt to dominate and control private industry, prevent the development of our natural resources and in a large measure act as a deterrent for speedy return of normal business.

I will outline the evidence supporting the charges that the better-business-bureau system—the puppet of the stock exchange and investment bankers—is the twentieth century star racket.

In a statement made by a former attorney general of New York on January 23, 1926, before the bar association of New York City, this gentleman, Mr. Ottinger, showed that the bureaus obtained two highly prized benefits as a result of their, the bureau's, preparing their own cases for the attorney general's office that the bureau wanted prosecuted, instead of the attorney general's office doing that work for which he and his own office force were paid.

It helped the bureaus to build up a record of performance, and obtain favorable newspaper publicity. And it helped the bureaus in their prosecution of some business industry who would refuse to donate protection money to it, and prevented the prosecution of those who did contribute to it.

On June 25, 1932, Mr. Frank J. Meehan, an assistant attorney general of New York, frankly admitted to me that his office had to permit the work of preparing cases to be left with the better-business bureau for the reason that his office did not have sufficient money to make the investigations, and it naturally follows that the preparation of a case was entirely discretionary with the bureau and if this is so, it is readily apparent how great a weapon a bureau has to carry on its racket and force donations to its money chest. It will make interesting evidence if Mr. Meehan will appear and show from the records of his office the number of bureau contributors prosecuted.

A typical example of better-business bureau prosecution of a company who had for years refused to pay cash tribute to the bureau racket was seen in St. Louis in October, 1932, when George S. Langland, merchandise manager of the St. Louis bureau, caused the arrest of H. S. Goldberg and W. A. Leopold of the Lincoln home furnishers.

This concern being unable to get a favorable new lease from its landlord, and having been hard hit by the present depression, decided to close its doors. Large display advertisements were given the daily papers of St. Louis on September 8, 1932, stating among other things, the following:

"Sale starts Friday promptly at 9 a. m. 'Rain or shine.' Our entire stock of newest 1932 quality furniture, radios, stoves, rugs,

lamps, electric refrigerators, etc., will be sold. We must vacate by midnight, September 30."

All goods that had not been disposed of on September 30 were being removed on October 1, and the removal continued without stopping until everything had been taken from their premises and were stored pending a sale in bulk.

The Better Business Bureau promptly grabbed at a straw and began prosecution for false advertising—the store had advertised it would vacate September 30. The store did not vacate until a week later, hence the bureau claimed the advertised statement was false, as shown by the following headline from the Better Business Bureau Bulletin of October 10, 1932, to wit:

"Going out of business" sale of Lincoln home furnishers widely advertised to terminate on September 30 continues into October. Newspapers and radio stations refuse advertising. State advertising law violated. Warrants charging fraudulent advertising issued at direction of Prosecuting Attorney Harry P. Rosecan."

What a glorious (?) chance for the Better Business Bureau to get revenge for the previous refusal of these men to contribute to their racket.

Messrs. Goldberg and Leopold appeared ready for trial on November 25, 1932, before Hon. Edward E. Butler, judge, Court of Criminal Correction of the city of St. Louis, and were promptly found not guilty immediately the Better Business Bureau closed its prosecuting evidence. Remarks of the court, as quoted in the St. Louis Post-Dispatch of the same date, contain these pertinent statements:

"At the conclusion of testimony by witnesses for the Better Business Bureau, including its merchandising manager, George S. Langland, Judge Butler told Langland he thought the Better Business Bureau was 'going a little too far' in bringing these charges. Neither Goldberg nor Leopold was called to the stand. * * *

"When Langland and other witnesses admitted the company had actually gone out of business October 11, Judge Butler said, 'I think these charges are an outrage. These people may not have been able to get out by September 30. If that is the kind of thing the Better Business Bureau is doing, it doesn't look good to me."

From such a condition as above stated, and the same condition applies in other cities policed by these bureaus, you can see how these bureaus have usurped the functions of our governmental agencies, how they force their way into our stores, factories, offices, and other industries and search and seize matter that is directly contrary to our Constitution, and search and seizure can not be done by our duly elected or appointed authorities without a warrant.

I quote from a statement by Mr. E. C. Reigel, of New York, which is a part of the evidence he has furnished the Banking and Currency Committee, as follows:

"In this brazen attempt of Wall Street to subvert government, the Government itself has offered no resistance. The defense of constitutional government has been made entirely by private citizens contributing to this effort. Formal charges and appeal to Government authorities has been of no avail. Not until the Senate investigating committee interested itself has there been one ear that would listen to the friends and upbuilders of civil government."

Mr. Reigel has supplied this committee with hundreds of pages of facts and I refer to them as fully supporting our position on this point. These facts are too voluminous to be quoted and a repetition is entirely unnecessary.

The exercise of regulatory or police power is an exclusive prerogative of government and when a better-business bureau attempts to take over these agencies of our Government it is an offense to society that transcends all evils which they profess to regulate.

When these bureaus usurp these powers for their own predatory purposes it leaves them without any moral quality of justification.

Permitting private agencies to function as quasi-governmental agencies is contrary to the Constitution and is an opening wedge that may well lead to more serious breaches of and disrespect for our Bill of Rights.

There is no justification for privateers, racketeers, or clans to enter the business of governmental regulations and the almighty dollar has not yet reached the place where it, or its controlled agency, is superior to the Constitution of these United States.

In 1925 the battery manufacturers, aided and abetted by the National Better Business Bureau, to whom these battery manufacturers were paying regular tribute, opened its war guns on the battery solution manufacturers. The following quotation is from a circular issued by the National Battery Manufacturing Association headquarters, 17 West Forty-second Street, New York City:

"MARCH 8, 1926.

["Confidential Bulletin Vol. 1, No. 56]

"The following communication has been received from the National Better Business Bureau and will probably be of interest to you. Therefore, I am sending it out in bulletin form for your information and check.

"BATTERY SOLUTION ADVERTISERS

"Since February 11, 1925, we understand that the 26 concerns hereinafter named, who formerly advertised and sold battery solutions of one type or another, have gone out of business, or out of the battery-solution business. Should information as to renewed activities on the part of any of them come to your attention, you are requested to communicate promptly with us."

How much money was paid by these members of the National Battery Manufacturing Association to the national and local better-business bureaus to kill off this competition?

PAF MANUFACTURING CO., GREENVILLE, ILL.

These self-proclaimed police powers are not always successful in killing competition for their contributors as was evident by the unsuccessful efforts of the better-business bureau to ruin the spark-plug business of the Paf Manufacturing Co. Attempt was made to prevent all national advertising of this spark-plug company by the National Better Business Bureau and when it failed in that effort it went before the Federal Trade Commission and had that august body issue one of its famous "show cause" orders why the commission should not enter a "Cease and desist order" and prevent the use of the mail to Paf Manufacturing Co. Mr. Greffoz, president of the Paf Manufacturing Co., licked these bureaus mercilessly before the Federal Trade Commission, who gave him a clean bill of health, and he is ready to produce his evidence before the Senate investigating committee. Incidentally, this company has been turning out some 70,000 spark plugs a week this year.

How much money was paid to these bureaus to try to kill that business?

FIRESTONE TIRE & RUBBER CO.

The Firestone Tire & Rubber Co. and Sears, Roebuck & Co., who are known to all of us, were both members of and heavy contributors of cash to the national and local better-business bureaus and I am advised that Sears' donations exceeded Firestone by many thousands of dollars annually.

It is small wonder that when Sears attempted to have the advertising copy of Firestone refused by all advertising media, the better-business bureau did nothing about it, especially since Firestone had some specific charges to make about the false advertising of Sears, Roebuck.

I quote from a Firestone bulletin issued in September, 1931:

"Not content with grossly misrepresenting facts in its retail tire advertising; not content with twisting and distorting the meaning of the code of ethics promulgated by the National Better Business Bureau for guidance of all tire manufacturers, distributors, and advertisers; not content with constant and persistent resort to sales and advertising tactics palpably disparaging to competition and misleading to the consuming public, Chicago's big catalogue and cut-price house, Sears, Roebuck & Co., now has gone farther and has actually been caught in the act of selling its tires fraudulently and under direct misrepresentation and false pretenses. * * * We caught Sears, Roebuck with the goods on them. We bought a Sears, Roebuck tire under the false misrepresentation of that company's employees. We purchased a 29 by 5.50 Sears, Roebuck Super Allstate tire for $13.35 upon the direct and repeated representations of Sears, Roebuck employees that said tire contained 7-ply construction with seven full plies extending from bead to bead, when in reality Sears, Roebuck & Co. does not have a tire of 7-ply construction in its whole bag of tricks. * * * And Edward L. Greene, manager of the National Better Business Bureau doesn't do a thing about it except condone the Sears, Roebuck offenses through lack of action, yet he turns right around to use Sears, Roebuck as a nice fat ambush from behind which to do his shooting at legitimate tire manufacturers. It looks to us as if Chicago's big catalogue and cut-price houses have finally gotten Greene bluffed, or coaxed, around to the point where he and the National Better Business Bureau, instead of serving all business impartially, have now become the tool of special interests. * * * We have in our possession the tire we bought from Sears, Roebuck in Camden. We have photographs of the cross section Sears, Roebuck said was 7 ply and the same as the tire they sold us (which was a 6-ply casing). We have the receipt for that tire. All this evidence is at Mr. Greene's disposal. We'll make sworn statements for him. We'll help him run the matter down. Here's a chance for him to push a real prosecution. How about it, Mr. Greene—are you game?"

Mr. Greene, general manager of the National Better Business Bureau, was not game. He failed and refused to do anything about it for he had too much money coming to his bureau from Sears, Roebuck & Co.

Mr. Reigel in his brief Predatory Practices of the Better Business Bureau, already on file with the Senate committee, cites the following cases which I believe warrant a repetition.

AMERICAN CIGAR CO.

"This corporation was a member of the National Better Business Bureau but withdrew when criticized by the bureau. It was attacked on two advertising campaigns, that of Lucky Strike cigarette and Cremo cigar.

"The Lucky Strike campaign roused the ire of candy and other sweets vendors and even Senator SMOOT took an active interest in the Senate and before the Federal Trade Commission in denouncing the campaign 'Reach for a Lucky Instead of a Sweet.' The interests offended by the campaign were so many and powerful that the bureau was induced to act even against a member and after the withdrawal of the tobacco company, it was, of course, no loss to put out late bulletins on the Cremo Cigar spit campaign, at the behest of its tobacco subscribers alone.

"Both campaigns were reported to the Federal Trade Commission by the National Better Business Bureau and the commission in its dutiful way cited the tobacco company but neither case came to a hearing until the company had run the campaigns their allotted period and were ready to drop them, and attorneys

readily entered into stipulation to discontinue the offensive phrases.

"The interesting phase of these bureau attacks was the demonstration that it is absolutely impotent against a larger advertiser. It could only bellow and plead but no harm was done because the advertising appropriation of this advertiser is so large that no medium would strike it out no matter what the bureau said. A member of the bureau expressing the hopelessness of the attack said, 'We are like a yellow dog yelping at their heels.'

"Edward L. Greene, general manager of the National Better Business Bureau, confessed that mercenary motives rather than professed ethics are the secret of the bureau movement and that the bureaus are able only to stop the advertising of smaller advertisers when he said: 'The advertising appropriations of the American Tobacco Co. have perverted the judgment and character of the advertising industry. Advertising executives should ask themselves the question:

"Could an advertiser with a nominal appropriation have published the objectionable advertising incorporated in the 'Reach for a Lucky Instead of a Sweet' and the present 'spit-tip' Cremo cigar advertising, as carried on by the American Tobacco Co. and its subsidiaries, and placed by Lord, Thomas & Logan?

"Following the specific bulletins the bureau put out a general denunciation entitled 'Advertising Practices' of the American Tobacco Co. cataloguing its various sins which undoubtedly would have been left unmentioned if the tobacco company had not become too successful and too offensive to other bureau members.

"After remarking the biased and distorted nature of the bureau's bulletin, an evil quite common to these alleged investigators, the American Tobacco Co. states in its answer to the Federal Trade Commission as follows:

"'The National Better Business Bureau is a self-constituted body and its name is self-chosen. The evidence which the bureau published in its bulletin, when examined, shows that its conclusions were based upon an obviously inadequate investigation which, though inadequate, was at least sufficient to prove that the bureau's criticism of the American Cigar Co.'s advertising was unwarranted and that the risk described in Cremo advertising did exist. Having made an inadequate investigation, the bureau failed to take proper cognizance of the evidence which it had collected, and based its unwarranted inferences upon a misinterpretation of such evidence.

"'The American Cigar Co. is neither a member of nor a contributor to the National Better Business Bureau, although certain of its competitors are members and contributors. The American Cigar Co. holds definite views with regard to the part which the National Better Business Bureau has played in this controversy within the cigar-making industry, and as to the manner in which it has been used—or perhaps abused—the quasi-authoritative standing which it possesses because of its self-selected name and the good work which it does along certain lines. We will not assert those views here, as we realize that this is not the forum for their assertion.'

BULOVA WATCH CO.

"This watchmaker was attacked by the National Better Business Bureau on the ground of 'questionable claims.' We do not know to what extent advertising was refused by advertising media as a result, but the concern must have felt itself hurt, for in a conference at the bureau's offices an earwitness reports Mr. A. Bulova as saying:

"'We will spend a million dollars and I'll add an additional million from my personal fortune to wreck the bureau.'

"None of the offenses charged to the company are serious, but the widespread mailing of the bulletins which we have been informed was arranged for by the competitors no doubt hurt it considerably in the trade.

"In one of our bulletins, widely circulated and remaining unchallenged, we stated:

"'Knowing that the National Better Business Bureau is too pinched financially to pay out of its budget for sending out 25,000 bulletins to jewelers attacking on the flimsiest pretext a nonmember watchmaker, we consult the secret membership roll to see who in the line is in the racket, and we find Elgin, Gruen, Hamilton, Wadsworth, and Illinois, and we have no doubt that one or several of these paid for the dirty work.'

"Under 'frauds protected' we touch upon the practices of one of the above-mentioned bureau subscribers.

OLIVE STREET TERRACE REALTY CO.

"This case is interesting in that the subject was attacked for doing the identical thing that two competitors who were bureau members also did.

"When the General Electric Co. announced plans to build a large plant to employ a large number of persons on the fringe of the corporate limits of the city of St. Louis this subdivider and two others bought land in the vicinity of the proposed plant and offered parcels for sale on the prospect of the natural increment that would follow the execution of the General Electric Co.'s plans. The above company was fortunate in securing property closer to the proposed plant than that of the two competitors, and this fact, together with a possibly more successful sale, may have excited the jealousy of the competitors, who invoked the services of their bureau, which by bulletins and private communication raised doubts as to the value of the subject's offering and in general did what it could to spoil prospects.

"While no actual misstatements or false representations were alleged, the innuendo might have been employed with equal force to the two bureau member competitors and, therefore, we regard this as an ideal case to illustrate the fact that bureau processes are nothing but covert competitive warfare whereby the competitor hires the bureau as a publicity gunman because he himself fears to do the shooting.

R. H. MACY & CO.

"This large department store, doing more than double the amount of business of that of any other New York store has been the object of jealousy on the part of its competitors for many years. According to gossip, the New York Bureau for the first two years of its existence was purely an agent of the financial interests sought to align the department and specialty stores with it, as 'window dressing' to obscure its primary purpose of serving Wall Street. Col. Michael Friedsam, president of B. Altman & Co., was appealed to as leader of the movement and according to this gossip, the argument was used that if all the stores came in, including Macys, they would, by some device of 'ethical standards' induce Macys to abandon their very effective slogan '6 per cent less than elsewhere.' Whether or not the movement was based upon such a conspiracy we do not know, but that it resulted in a conspiracy the facts prove. Macy's joined the bureaus with all the rest of the stores."

In due course, the bureau manager began writing to Macy's urging the abandonment of the slogan without success. We quote from his letter of December 19, 1925:

"We believe we should now make formal request of R. H. Macy & Co. that the statements 'Lowest in the city prices' and '6 per cent less than elsewhere' be eliminated in your future advertising on the grounds that such statements are by no means universally true and, therefore, are misleading to the public and unfair to your competitors."

Under the direction of Altman's merchandise manager, the bureau then began a secret survey to prove that Macy's did not undersell everybody, on everything. Two hundred and forty-four articles were shopped and the bureau's "survey" showed that on none of the articles were Macy's lower and on some they were higher. This was presented to Macy's, who by this time were convinced that the bureau was getting ready to either stigmatize them by dismissal or continue the controversy to work up sentiment against them. They resigned April 21, 1926. Whether or not their advertising claim is true, of course, no one knows but that a large part of the public believes it there is no doubt and that is what hurts. As usual, ethics has nothing whatever to do with the matter but, of course, it is the invariable justification for the attack. The following from our publication, the Nation's Consumer, widely circulated, we believe, states the case correctly:

"Macy's are the most successful liars in the retail advertising field. This peeves the other stores. Not that they object to Macy's lying, because they all take a try at it themselves in a more or less blundering way. It's the abuse of the privilege they object to, especially if it's done with a certain masterful éclat that the amateur can not command. Macy's hit upon one of the cutest and trickiest lies ever synthesized in bonehead logic. This is the formula: Since money costs 6 per cent per annum, a charge store must get 6 per cent more than a cash store and hence Macy's can sell 6 per cent under their competitors. Of course, the antidote for a lie is the truth, but since Macy's competitors have none of this antidote, it's a walk-away for the store of the shifty."

Upon the occasion of Macy's resignation, its president, Percy Straus, stated:

"By the very nature of its employment, this bureau will always be incompetently managed; the small salaries that it can afford will attract only men who can have no conception of large business organizations. Surely, sometimes such management, in its ignorance, will level captious criticism against some well-meaning business that will result in a series of well-founded suits that might endanger the personal fortunes of all of its officers and all of its directors and all of its contributors."

This case in the local field, as the American Cigar Co.'s in the national field, demonstrates that the bureau is absolutely unable to discipline a big concern. The newspapers did not report the bureau's survey and did not make any effort to get Macy's to change their copy, and the bureau, we found, did not even dare to ask the newspapers to do so. Macy's are the largest advertisers in the local field, and American Tobacco Co. are the largest in the national field.

The merchants in the conspiracy found that in a big job like this they could not remain obscured and expect the bureau of itself to influence the papers, so after several years of stewing they came out in the open last year and brought direct pressure to bear upon the newspapers with threats of discontinuing their advertising. This forced the newspapers to take notice of "truth in advertising," and Macy's have been compelled to alter their underselling claims but have not yet satisfied their competitors, and the newspapers are still working on Macy's to further satisfy the conspiracy and secure complete "public protection."

RALADAM AGAINST FEDERAL TRADE COMMISSION

This, so far as we know, is the only case wherein the extralegal processes of the better-business bureau in its relation with publishers and the Federal Trade Commission has been brought to judicial determination. After reciting the peculiar relationship between the bureau and the commission, the petition states:

"PAR. 22. Respondent and said National Better Business Bureau incited and brought about the inclusion, in the respective bulletins aforesaid, of the respective statements just above quoted from the said bulletins, respectively, with the intent and purpose of thereby further threatening and intimidating publishers of newspapers throughout the United States, and so inducing them to

yield more compliantly and completely to the exercise of the censorship powers conferred upon said National Better Business Bureau by the resolution aforesaid, and frightening said publishers into declining to publish advertisements relating to petitioner's said Marmola prescription tablets. * * *

"PAR. 35. The boycott of petitioner as an advertiser by publishers throughout the United States has become substantially complete, due to the efforts of respondent and said National Better Business Bureau, the said local better-business bureaus, acting under and in furtherance of the aforesaid unlawful agreement, combination, and conspiracy in restraint of trade, and the aforesaid resolution. On September 30, 1929, Messrs. Woodward & Kelly, representing the respective publishers of the following newspapers, in soliciting and seeking to obtain advertisements for publication in said newspapers, respectively, to wit: The Chicago Daily News, the Cleveland Plain Dealer, the New York Herald Tribune, the Philadelphia Inquirer, and the Richmond Times-Dispatch, wrote to petitioner's said advertising agent, Kling-Gibson Co., aforesaid, a letter, as follows:

"'Re Raladam Co. For some time I have been trying to get my papers to give these people the benefit of any doubt. However, I have not been successful, as all of the local better-business bureaus have done their work in scaring the papers from accepting this business. Therefore, much as I hate to do it, I will have to return your very kind contract. The Cleveland Plain Dealer returned this contract to you on September 24, saying they would not accept it. I have had correspondence with them since then, but have been unable to get them to accept it. P. S.—Just received a letter from Mr. E. I. Bacon, of the Philadelphia Inquirer, as follows:'

"Will you be good enough to advise Kling-Gibson that there is nothing further we can add to what we have already told them in reference to the Marmola account? We do not believe it advisable to insert this advertisement until the matter has been finally disposed of by the Federal Trade Commission."

The court, in deciding favorably for the petitioner, aptly states the conspiracy in rendering his opinion which we quote, in part:

"The record here shows, without dispute or by implication which would hardly be denied, that the American Medical Association is engaged in a campaign against those proprietary remedies, which it believes ought to be used by the public either not at all or only under supervision. It has a bureau for that and other purposes, and the bureau employs a director. When it is thought that a particular advertisement should be stopped this director takes the matter up with the commission and with the association of better-business bureaus, which are scattered over the country. Thereupon, the commission, if it approves, files a complaint and eventually, if it is convinced of the truth of its complaint, makes the order to desist and refrain. The better-business bureaus explain to their local newspapers and to the general periodicals that it would be wise to refuse this advertising. The chairman of the commission, in public addresses and in correspondence, advises the newspapers that they will be subject to prosecution by the commission as defendants, to be joined with the advertisers, if they do not desist from such publications; and the newspapers may suspect that if they do not comply with the advice of the better-business bureaus, their general advertising patronage from the membership of these bureaus will fall off. It appears that these methods of influence, carried on in this case before this cross suit for enforcement was commenced and while it has been pending, have destroyed a large part of petitioner's business through refusals to accept this advertisement, and only the injunction of this court is needed to make the elimination complete."

The commission appealed the decision of the circuit court to the United States Supreme Court, which affirmed the lower court (51 Sup. Ct. Rept. 587), thus ending the commission's cease-and-desist order. The petitioner cited many instances of refusal to accept advertising due to intimidation of the publishers by the better-business-bureau commission threat.

"The Raladam Co.'s losses may well have exceeded $1,000,000 as they advise us that their legal expenses alone exceeded $150,000. This illustrates how the Better Business Bureau system may punish without trial or conviction and how impossible it is for a small concern to combat it."

HOWELL AND GRAVES

This company has exploited Muscle Shoals real estate on the prospect of increased values when the Government nitrate and power plant is either put into operation or leased by the Government. It was selling lots successfully in 1922 when the New York Better Business Bureau came into being. We have information that at that time the National Better Business Bureau had begun to cover this enterprise but that the manager of the newborn New York bureau asked that he be permitted to take the case as a means of putting his bureau on the map. The following are the moves in the attack by the bureau:

1. Got the attorney general after them. He found nothing wrong.

2. Got the district attorney after them. He also failed.

3. Got the police department to put in two detectives as salesmen. They found nothing.

4. Made a complaint to the Post Office Department which the company heard of and met immediately by taking a full statement direct to Washington as they feared the New York office, known to be closely connected by the New York bureau.

5. Brought action for false advertising. Case dismissed for lack of evidence.

6. Sent an "investigator" to Muscle Shoals to await a rain and photograph some undrained water to prove that property was not dry. Published a bulletin showing such photographs and also pointed out that "brick road" shown on the maps of the company was not even paved, not explaining, however, that "Brick Road" was not named by the company but was an old road so-called because it led to the town of Brick and that no one had represented it as paved.

The attack gained wide newspaper publicity and the bulletins were furnished to all savings banks where they were and still are used effectively to dissuade depositors from withdrawing money for investment in this property.

UNION DEPOSIT CO.

We quote in part a letter written to five directors of the Denver Better Business Bureau. It will be noted that this company was a charter member of the bureau, but later entered into an activity that is proscribed by the New York Stock Exchange, namely, dealing in investment trusts:

"For the past two years we have devoted our entire time to the development and sale of an investment trust sponsored by the Union Deposit Co. The Union Investment Trust, as our security is known, was developed along the most approved conservative lines. Its portfolio consists of the stocks and bonds of 80 of the most prominent corporations comprising the leadership in industry, commerce, and finance.

"Before the Harriman National Bank & Trust Co. of the City of New York, and the Metropolitan Trust Co., of Los Angeles, accepted our trusteeship, they made a rigid investigation of our organization, and of the investment trust which we proposed sponsoring. The trust indentures in both cases were drawn by the attorneys of those banks.

"We have been advised by many of the various State commissions, including those in Massachusetts, Kansas, California, and Texas, that in the two and one-half to five years in which we have been operating in those States, there is not a single record of complaint filed against this company or any of its sales representatives. This in contrast to many hundreds of complaints that have been filed against scores of other companies in a more or less competitive line of business.

"Duns, Bradstreets, and Moody Investors Service, and our banking connection in Denver, the American National Bank, always report most favorably upon our company.

"'We believe that this mass of facts fully justifies us in asserting that we are worthy of the full and hearty support and cooperation of the better-business bureau, which, I am sorry to say, we have never secured. Almost from the very first we began to receive information of unfavorable reports issued by the Denver Better Business Bureau, and through the local bureau, by other better-business bureaus in the communities in which we were operating. Where misstatements of facts were made, we endeavored to furnish the better-business bureau with correct information, going so far as to send, first, an officer of our company to the offices of the better-business bureau, to thoroughly acquaint them with the operations of our business, and later, our auditor, Allen Redeker, certified public accountant, called upon the better-business bureau and went over the trust indenture with the Harriman National Bank & Trust Co. and other information in detail, in order that they might be fully acquainted with the security which we were selling.

"'From the very first there has existed a very evident antagonism on the part of the officers of the better-business bureau toward this organization. During the time that Mr. Berlin Boyd was the manager of the bureau, he lost no opportunity in furthering the interests of the building and loan association with which we came in direct competition during the years that we were selling our first-mortgage bond securities. I believe it is a very significant fact that Mr. Boyd is now associated with the Silver State Building & Loan Association.

"'No effort has ever been made on the part of the better business bureau to learn the facts. They have deliberately and consistently refused to recognize the facts when presented to them. Frankly, I very much doubt whether the clerks of the better-business bureau have sufficient intelligence to digest the information contained in our trust indenture. The fact that the indenture was drawn by one of the best-known firms of attorneys in the city of New York, accepted by a financial institution as trustee, larger than any financial institution in Denver, and approved by the experts employed by various State commissions under which we operate, should certainly carry more weight than the opinion of a clerk earning a salary of a few hundred dollars per month from a better-business bureau.

"'The thing that hurts, perhaps more than any other, is the fact that on the letterhead of the Better Business Bureau the name of yourself and 10 or 11 others of our most prominent business men appear. This is equivalent, in the mind of the public generally, to a letter over your own signature, and creates far greater harm than such a letter would were it written merely over the signature of an employee of the better-business bureau.'

THE ARTLOOM CORPORATION

"This case is of special interest as showing the failure of legal remedies against a threatened action by the better-business bureaus.

"The Artloom Corporation found itself the victim of the 'trade-practice process,' and the Federal Trade Commission, at the instigation of the better-business bureau, examined its publicity and issued a cease-and-desist order against the use of the word

'Wilton,' which did not conform to the use prescribed in the trade practice conference definition.

"Knowing the force of such a decision in the hands of the better business bureau in prejudicing the trade and in causing publishers to refuse advertising, the Artloom Corporation sought to enjoin the National Better Business Bureau in the United States District Court, Southern District of New York, for bulletining this cease and desist order.

"The court denied the injunction on the ground that it would restrain freedom of speech, a very logical decision, since counsel for the petitioners did not bring out the peculiar significance of a better business bureau bulletin, and that it, in fact, implies denial of freedom of speech, because the subject is denied the freedom of the press thereby.

"Prior to the issuance of the Federal Trade Commission cease and desist order the Artloom Corporation had a taste of what the better business bureau system could do in restraining its business in the merchandising and advertising field merely on the claim of violation of the 'rules' of the trade practice conference, of which it was not a part, and, of course, it tried to foil the threatened thrust with the weapon of a cease and desist order, but failed because the courts do not understand the bureau system and its 'self-policing' methods.

RECEIVER'S REPORT

"A letter addressed by us to a Kansas City corporation reached the receiver of the corporation, which was then in bankruptcy. Under pledge of secrecy the receiver wrote us:

"'Investigation of the records of the company hint at an arrangement whereby unjustifiably favorable reports were put out on behalf of the company from the Kansas City Better Business Bureau. I have noticed several checks of unusually large amounts which seem to have been paid to representatives of the Kansas City Better Business Bureau. Mr. —— was president of the company and manager at the time of these transactions, and while he, no doubt, profited thereby, it is very likely that he looked upon these payments as blackmail and would be interested in helping in the program you are putting on. I suggest that you write him a letter and determine what his attitude might be.'

BOSSHARDT STEEL CORPORATION

"This corporation established a plant for the production of steel castings by an improved German process and were undertaking to interest capital. For no special reason the local better-business bureau began a whisper campaign which the company did not pay much attention to until a prospective investor from another city, contemplating an investment of $50,000, did not keep his appointment to call. Upon calling him next day on long-distance phone, he stated that he had gone to Canton but had first got in touch with the better business bureau and was frightened off.

"The president and general manger stated to us that he at one time and another officer at another time were approached in the lobby of a local hotel and told that for $500 the bureau would lay off.

INSTITUTE FOR PUBLIC SERVICE

"The above institution and its director, William H. Allen, were the real objectives in a sham attack upon a mining enterprise in which Mr. Allen is interested. We quote his statement, in part:

"'I write on this letterhead because it was the character built up in this work that the better-business bureau lent itself to besmirching. It was this work which made the attack on me 'good advertising' for the attackers. At the same time the business interest I represent was injured to the limit of false charges and insinuations to injure.

"Until August, 1930, I knew of the better-business bureau only as a name which implied disinterested public service and honest, careful investigation. Then out of a clear sky, with no warning, I found myself blazoned on every front page of New York newspapers and in telegraphic dispatches throughout the country, as well as cabled dispatches to Europe, as a 'civic worker' then before the grand jury for a mine swindle.

"The story's plausibility was drawn from an alleged investigation by the better-business bureau because of alleged complaints of first one woman and later by a second woman and a man."

Then follows a lengthy recitation of the facts, showing that the whole story and prosecution were pure fiction and that there was not even a spontaneous complaint. By the appearance of the story in the papers, Mr Allen was enabled to nip the synthetic prosecution in the bud by having it dismissed by the grand jury. The following paragraph shows how absolutely unfair are so-called "investigations" by the better-business bureau.

"Although our mine office and books are in the same building and on the same floor, less than 50 steps from the better-business bureau, it paid no visit to us, did not telephone us, did not write us, sent no reporter and no agent of the district attorney to us, apparently advised the complainant without suggesting that she come to us, write, or telephone us.

"After the case was dismissed here, the better-business bureau wrote inquiries out in the neighborhood of the mine, with what other motive except to excite suspicion and do injury it is hard to comprehend, for, so far as the answers to the questions could have possible validity, the result could have been accomplished by consulting our files."

"Mr. Allen concludes: I am writing this fully with less feeling than the facts justify, because we weathered the storm and look forward to a productive season. As a citizen, however, I feel that such methods are just as safe as keeping rattlesnakes for pets."

UNITED PLUMBING CO.

We have repeatedly observed the failure of lawyers to press litigation against the better-business bureaus and have remarked that it is the intimidation of counsel rather than favorable judicial determination that has made the bureau almost universally victorious in legal issues. The following statement of Attorney Horace B. Neff shows what an attorney is obliged to go through with if he undertakes to fight:

"On Feb. 7, 1927, the better-business bureau printed an article in which they declared that the United Plumbing Co. was insolvent and that the company was in the hands of a Cleveland credit association for liquidation. This was absolutely false; it was another company not connected with the United Plumbing Co. which was being liquidated. Within a few days following the publication of this libel, the president of the plumbing company was called into the Union Trust Bank and told by Vice President Harold that he would have to withdraw his account as he had been attacked by the better-business bureau. Klein, on behalf of his company, sued the better-business bureau for $300,000 for libel. That action was filed in February, 1927.

"The other banks refused to accept his account on the ground that he had been attacked by the better-business bureau, saying that they would be criticized by the bureau if they accepted his company's account; and his business was destroyed. The runners of the bureau went to his customers and threatened them that they would get the same dose if they continued to do business with the United Plumbing Co.

"The three newspapers of Cleveland, to wit, The Cleveland Press, the Cleveland News, and The Cleveland Plain Dealer, have agreed not to publish any libel suits against the better-business bureau. And, in addition, the combination of the banks, the better-business bureau, and the newspapers hold the judges of our local courts in the hollow of their hands, and the judges realize that to refuse to carry out the command of these organizations will deprive them of their bread and butter.

"Although I made every possible effort to bring the cases to trial, I found it impossible; the judges ran away from it. They violated every one of their rules of procedure regarding continuances. I believe that on one pretext or another that the cases have been passed, postponed, and continued over a hundred times.

"I cited in the two fellows who are doing their legal work, James C. Lind and Charles Arter, for contempt of court. They were both flagrantly guilty. The trial was before a judge named Frank Phillips. He whitewashed these two fellows and gave me a scathing lecture for having brought them in on charges. He had to protect his bread and butter.

"I then looked up the criminal statutes and found that the better-business bureaus were all guilty of criminal libel, and had Asa Shiverick, Dale Brown, and several others arrested. The penalty for this crime is two years in the penitentiary, with a fine of $1,000.

"On the day following their arrest, I was called up by the Hon. James C. Lind and threatened that unless I dismissed the warrants that he would have me disbarred by the Cleveland Bar Association. I was also advised by several other attorneys that they would get me by fair means or foul if I went ahead with the trial, but I disregarded their warnings. Lind also threatened the justice before whom the criminal cases were pending that he would have the county prosecutor kick him out of town if he did not dismiss the actions.

"I went to the prosecutor's office and demanded the right to go before the grand jury for an indictment and was refused. He is also at the mercy of this combination of banks, newspapers, and big business men. The justice was absolutely terrified, and I abandoned the prosecutions after he had made a decision in their favor in the trial of the first case.

"In order to prevent the civil case from coming to trial they got hold of a judge by the name of Eastman, a judge of the children's courts, and a judge of the court of insolvency. The United Plumbing Co. had been obliged to make an assignment for the benefit of creditors and one Gerald E. Doyle was named assignee. Eastman was the judge. The judge framed Doyle to deny his signature; at least the petition which I understood he signed disappeared, and he later swore that he had never signed it. He said he would rather resign as assignee than to sue the better-business bureau, and Lind and Arter then filed a defense setting up that my case should fail because it should have been brought in the name of Doyle, assignee.

"The better-business bureau then broke into feverish activity to get rid of me. They got the Cleveland Bar Association to prefer charges against me. The three leading newspapers have completely boycotted me and will not publish anything for me. The Cleveland Bar Association is run like the Government by the lawyers who represent big business. The bar association procured a judge named Carl V. Weygandt to railroad me out of my law practice. He was so energetic about it and his services were so satisfactory to them that they advanced him from a judge of the court of common pleas to a judge of the court of appeals. He cited me in for contempt; he refused to hear any of my witnesses; he refused to sign the record of my case so as to prevent me from getting an appeal. He took the witness stand and committed perjury against me."

JAMES P. SULLIVAN

"This correspondent has been subjected to attack under the anti 'twister' campaign inspired by the insurance contributors of the bureaus. Recently, Calvin Coolidge, as an insurance-company

official took the liberty to attack the 'twister' over the radio and as a result was sued by a man from St. Louis and promptly settled for $2,500. Mr. Sullivan states the case so intelligently that we quote:

"'Replying to your letter of August 26, I really have nothing definite against the better-business bureau. I believe that the aims and purposes of its founders were good and for the general benefit of the community; but, like many other good things, the bureau has, I believe, allowed itself and its activities to be prostituted to the purposes of self-seekers whose business often is a worse bane than those which the bureau was originated to combat.

"'There is an idea which has been built up in the mind of the public over the past 25 or 30 years by the selfish life-insurance interests of this country to the general effect that a man who takes out new insurance at his present age and then surrenders an old policy and recovers his cash equity is by that entire transaction a financial loser. The mathematical and actuarial realities regarding that transaction are that in the hands of a qualified expert who operates honestly the whole process can be gone through by any man with a financial profit to himself. The parties who lose by the transaction are the companies and the agents who are drawing renewal commissions on the old policy.

"'About 3 years ago I got into a controversy with the general agents of about 20 companies and with 3 home companies, all located in St. Louis, where I was operating as general agent of the Lincoln National Life Insurance Co. My opponents maintained that I was what is known as a "twister" in life insurance. I was merely telling the public the truth as I have stated it in the above second paragraph. In so telling the truth and proving it, I, of course, was writing a large line of new insurance in St. Louis on a more up-to-date and advantageous form of policy than any of my opponents were selling. They first tried to put me out of business by inducing the insurance commissioner of Missouri to cancel my license to sell insurance on the ground that I was "twisting" their policies. The insurance commissioner told them that he could do nothing unless they could prove that I was misrepresenting. They then tried to get evidence along that line and failed.

"'Then one of those general agents conceived the brilliant idea of having the whole crowd join the better-business bureau. Of course, the idea was that, with 20 of them going in, there would be considerable money added to the income of the St. Louis Better Business Bureau and it could, therefore, take some of its time to attend to my business. As soon as I found out, which was very shortly, that the bureau was looking into my affairs I served notice on them that my practices were an open book and that they had better be careful as I expected to hold them to a strict accounting for anything they might do or say or print. They then suggested a conference. I and two of my men went over to see them. The manager, I think his name was Reiff and I think he was Jewish, was plainly prejudiced against me. He had to admit that my practices were entirely honest, but gave it as his opinion that I should not be allowed to operate, as, if I continued, so he said, I would pull down all the life insurance companies in the country. My answer was, of course, that if the truth alone were so very injurious to the life-insurance companies, then they must exist on a foundation of falsehood. I repeated my warning that I would sue the bureau, its officers, directors, and members on the least sign that they were interfering with my business.

"'So far as I was ever able to ascertain they heeded the warning, I know that verbally and surreptitiously they did what they could against me and to earn the fees which the self-seeking agent was paying them, but though I tried hard I was never able to get enough on them to base a suit. The $25,000 damages which I was awarded for libel was against one of those general agents, the very one who conceived the idea of their all joining the better-business bureau.

"'From the above you can see that there is probably not anything I can do to help you in your present campaign. You have my sympathy; and if there is or should later be anything I can give you or do for you to help the cause along, I will gladly do it. I say this because, while I believe that the aims and purposes as stated by the founders of the bureau are good and desirable, they will not work out in actual practice because of the frailties of human nature when given an opportunity to exercise secret power and authority. As they operate in practice I feel that the bureaus are absolutely against the American idea and in opposition to the bill of rights as contained in the Constitution of this country.'"

I would like to now quote an Associated Press article which appeared in the St. Louis Globe-Democrat:

"SWINDLING STOCK SALESMAN ASSAILED

"R. P. Clayberger, president of the National Better Business Bureau, to-day issued a warning against the modern high-pressure stock salesman who is making alarming inroads on the credulity of investors holding high-grade but inactive or nondividend-paying stock.'

"Mr. Clayberger said that during the past week the bureau had discovered that legitimate stock taken from investors by the 'switch method' has been cleared through 'certain out-of-town brokerage houses by accomplices of the swindlers who pass themselves off as the original investors.'"

This is a sample of the booster copy given out to the press to aid the better-business bureaus and on the face of the article you immediately say "Fine—splendid work, etc.," but what is behind this boost for the bureaus?

Let me call your attention to the fact that if a stock was "switched" that in every case the assignment of the stock certificate had to be indorsed over by the original owner and that there is absolutely no need for the assignees to pass themselves off "as the original investors." That if there was no transfer of the stock certificate then there must have been a forgery. It is palpable on the face of the article to be nothing but better-business bureau propaganda. Even if such statement was based on facts it probably involves a few dollars while some big swindle, such as the Insull affair, is getting ready, with the aid of the better-business bureau, to drag the public into their net on some other big swindle.

Incidentally, how much money did Insull and his companies pay over to these bureaus? The records will show these facts in due course.

UNIVERSAL RESEARCH CO.

"This corporation publishes books and educational courses which are sold by the direct agent method. Their local representative was arrested in Lima, Ohio, on some trumped-up charge by the local better-business bureau, and when the president visited the city he was arrested on the charge of insulting a woman investigator of the bureau whom he had never met. He states that the bureau representative who appeared in the prosecution wore badges. Both cases were dismissed, but the publicity had the desired effect.

NATIONAL AUTOMOBILE ASSOCIATION OF NEBRASKA

"To understand the difficulties of independent automobile associations, it is essential to know that the American Automobile Association is a member of the National Better Business Bureau and it has a chain of local automobile associations affiliated with it, which in turn belong to local bureaus. This makes a national set-up to monopolize the automobile service of the country by most vicious methods. Another influence of bias is the fact that Theodore W. Noyes, of the Washington Star, is president of both the American Automobile Association and the Associated Press. We quote the following statement by Paul I. Manhart, acting secretary and attorney of the above association as typical:

"The National Automobile Association of Nebraska, incorporated on or about April 21, 1929, opened up main offices in Omaha, Nebr., and from the very start have been harassed and persecuted in the courts and press, mainly sponsored by the American Automobile Association, with its various irresponsible local agencies working through the better-business bureau and chamber of commerce in some localities. Inclosed find newspaper clippings, letters, and pamphlets published by the American Automobile Association, who have time and again and still do work through local officials. When we could get in court or find anyone responsible enough, we have invariably been exonerated. Mr. R. E. Brenner was forced to discontinue business, as well as Mr. Bart Milatzo, president and secretary, respectively, and our assets have been severely strained and we have been almost annihilated because of the unfair use of the mails and press to malign and libel us. The American Automobile Association seems to be of no financial responsibility locally, and we can find no one upon whom to fix liability. We hope to continue our business on what we can salvage on our membership, but we live in constant fear of adverse publicity promoted by the better-business bureau and the American Automobile Association. We have had our business and contract approved and passed on by the courts and competent attorneys, but we can not withstand such a vicious persecution such as above referred to, as our membership is built upon public confidence as a service association. Please preserve original evidence inclosed. We will appear to testify on any prosecutions or give further information on request."

The method used by these better-business bureaus in extracting money from those whom you see support them and who are the loudest in their praise and from those against whom they start attacks and suddenly desist is varied to meet the circumstances.

You will in some instances, such as the $100,000 raised by the bankers and brokers, see that these contributions are voluntarily raised and given these bureaus, or as was done by the Industrial Lenders Association in May, 1928, after a series of conferences between agents of the industrial lenders and agents of the St. Louis bureau, when more than $2,500 was pledged them.

Or you will find that, as was done in the case of the Olive Street Terrace Realty Co., that after the bureau had utterly failed in its effort to blackjack that concern, suggestions coming to the person attacked by "supposed" friends that he join and donate to these bureaus and everything would be O. K.

Only in rare instances will you find where a bureau agent went to and directly demanded a contribution, with a threat of reprisal upon failure to donate, as was done by Daniel J. Sparr of the Denver Better Business Bureau to Samuel J. Albert, whom Sparr and his bureau later caused to be arrested for false representations in the sale of a 15-cent pair of men's garters. Albert was arrested after he refused to contribute $200 to the Denver Better Business Bureau.

But suffice it for me to say that whether you donate or do not donate is the true measure upon which attacks are daily being made against legitimate business industries, and all done under the cloak of powers illegally assumed and which are contrary to all written law.

There are so many other cases of like import as those already cited that I hardly feel it necessary to give a detailed statement of each. Only the names and methods used against the victim would be different, the facts in the main pointing direct to one purpose and that purpose being either to kill off competition for one who is paying the bureaus, or to force that business interest to come into

the folds of these bureaus and pay a regular tribute in money to their money chest. I will, however, before I finish, set forth a list of names that are either victims, would-be victims, or who have evidence that would substantiate the evidence of those about whom I have talked.

I could, for instance, cite the conspiracy case evolved between the Rocky Mountain Motorist, the American Automobile Association agency in Colorado, and the Better Business Bureau of Denver against the National Automobile Association of Denver which resulted in the raiding of the National Auto office and the arrest of the officers of that corporation; the steps that followed which gave that business to the bureau and its agencies and the facts that developed when the Denver Better Business Bureau demanded a 50-50 split of the spoils.

I could cite the facts about the attempt of a bureau to organize the dyeing and cleaning industry for the purpose of eliminating competition and raising prices and for which the bureau was to receive $1,500, and the threat they used on prospective members to "make it so disagreeable for other cleaners that they would be glad to join."

I could cite the facts about Henry C. Thayer, president of the Better Business Bureau of Philadelphia, and his Standard Supply & Equipment Co., involving the promotion of some $3,000,000; of Thayer's company, West & Co., which originated the stock issue of Bornot & Co., in a $2,000,000 swindle. Certainly he was exempted from prosecution under the blue-sky laws for the stocks were "listed."

I could take you on to Pittsburgh and let you hear first hand from the publishers of the National Labor Journal, the oldest labor paper published in the United States, established in 1872, where you would learn of the exposures that Journal has unearthed regarding Hampton Beeson and his Pittsburg Better Business Bureau.

We would then go to Cincinnati and learn from the Procter & Gamble Co. the facts concerning the attack by the National Better Business Bureau of that company's advertisement "Be Fair to Your Stomach—Use Crisco."

I could then carry you to Chicago, where you would learn of the facts concerning Elmer F. Wieboldt, president of the Chicago Better Business Bureau, and of his being found guilty in the Federal court for a $40,000 tax, commissioner bribe, and the inaction of his fellow bureau members, who did not even ask for his resignation.

We would then drop down to St. Louis, and you could see the evidence pertaining to the money raised by the Missouri Industrial Lenders Association under a resolution of May 10, 1928, to be given to the St. Louis Better Business Bureau in order that the St. Louis Bureau start a campaign against the Salary Account Buyers of St. Louis, which money the bureau received and started out to earn by carrying out the mandate of these industrial lenders, and which incidentally resulted in those conspirators having to pay $20,000 in order to settle a case out of court.

And then I would ask your attention to the article of Hon. F. H. LaGuardia, Congressman from New York, which was read into the Congressional Record (p. 289, December 10, 1932) and you would then appreciate who these industrial lenders really are, and why it is essential for their continuance in business to financially support these better-business bureaus and have these bureaus, in turn, support their 42 per cent racket.

And then as Congressman LaGuardia says (p. 291):

"How the small-loan racket, extracting 42 per cent interest from the sweat and worry of a poverty-stricken people, obtained a listing on the New York Stock Exchange is an interesting bit of public information which Richard Whitney, president of the institution, owes the country."

And it may be well right here to further quote Congressman LaGuardia, whose statements have been made from evidence before a House committee, of which he was chairman:

"When the time comes to purge the stock exchange I hope those who have the job in hand will drive this loan-mongering crew not back to the curb but to the gutter, where they belong. * * * It is a public outrage that men and institutions who claim respectable standing in the business community should lend themselves to fostering a racket which stands unchallenged as the most notorious example of human greed."

Yes, those angels of the mercy (?), those public protectors (?), those usurpers of our governmental powers, self-styled and proclaimed better-business bureaus, not only lend themselves to fostering the racket of 42 per cent interest, but they take that blood money from this racket to foster and promote their own better-business bureau racket, and the better-business bureau racket started in 1922 when James C. Auchincloss, R. T. H. Halsey, and other stock-exchange members underwrote the first $100,000 for the first year expenses.

You are now fairly familiar with how these bureaus function in attacking our various industries that do not pay cash tribute to them, and I have grazed the surface about those frauds and industries that pay them tribute for self-protection, such as the New York Stock Exchange, Investment Bankers Association, and the 42 per cent loan companies, but I have not yet reached bottom in the evidence against the better-business bureau racket.

Those cases I have mentioned merely skim the surface, and you will find from the evidence in the cases I will merely give by name that the ire of the better-business bureau was raised against these people from similar conditions which I have already discussed. The names of these companies or individuals, are: Eastern Rabbitry, route 1, New Freedom, Pa.; Anchor Coal Co., 4237 Park Avenue, St. Louis, Mo.; Fidelity Cash Procuring and Debt Adjustment Service, 317 Insurance Building, Washington, D. C.; The Whirldry Corporation, New Haven, Conn.; Thrift Acres, 738 Fourteenth Street, Denver, Colo.; Petone Products Co., 406 Market Street, St. Louis, Mo.; White Sewing Machine Co., Cleveland, Ohio; Toledo Business University, Toledo, Ohio; Bristol Cleaners (Inc.), 301 Park Building, Cleveland, Ohio; Adams, Meldrum & Anderson, Buffalo, N. Y.; Pioneer Reserve Corporation, 503 D. S. Morgan Building, Buffalo, N. Y.; Republic Sales Co., 6038 Delmar Boulevard, St. Louis, Mo.; R. G. Pearson, 3811 Shaw Boulevard, St. Louis, Mo.; Florence Lead & Silver Mines (Inc), Chamber of Commerce Building, Boston, Mass.; Trescott Griffin & Co., 201 Devonshire Street, Boston, Mass.; William R. Griffin, Lowell, Mass.; Washington Business Bureau, Fourteenth Street and New York Avenue NW., Washington, D. C.; J. P. Collins, 100 Sumner Street, Boston, Mass.; National Beauty Syndicate, 127 North Dearborn Street, Chicago, Ill.; The Alladin Co., Bay City, Mich.; The Apple-Cole Co., Transportation Building, Detroit, Mich.; N. O. Shively & Co., 32 West Randolph Street, Chicago, Ill.; May & Malone, 37 South Wabash Avenue, Chicago, Ill.; P. A. Stark Piano Co., 228 South Wabash Avenue, Chicago, Ill.; Dr. J. W. Williams, 25 East Jackson Boulevard, Chicago, Ill.; North American Investment Bankers, Investment Building, Washington; London Option, Denver, Colo.; J. L. Foreman, 211 Enterprise Building, Denver, Colo.; Stauffer Petroleum Corporation, 627 Perrine Building, Denver, Colo.; National Finance Corporation, Finance Building, Kansas City, Mo.; Midland Finance Corporation, Waldheim Building, Kansas City, Mo.; National Delivery Association, 1317 New York Avenue, Washington; Dr. E. M. Perdue, Thirty-first and Main Streets, Kansas City; John David, 521 Fifth Avenue, New York City; Pioneer Automobile Service Co., 4917 Delmar Boulevard, St. Louis; Universal Automobile Service Association, 520 North Grand Avenue, St. Louis; Specialty Syndicate, 550 Prospect Avenue, Hartford, Conn.; R. A. McArthur, 734 Exchange Building, Oklahoma, City.

Let us now enter another field and review some of the crooked business that these bureaus protect.

FRAUDS PROTECTED BY BETTER BUSINESS BUREAU

Let me quote from the Milwaukee Journal, issue of October 5, 1930, covering the Wieboldt case previously mentioned:

"BRIBER—BUT NO CHASTE IS LOST—WIEBOLDT IS HEAD OF CHICAGO BETTER BUSINESS BUREAU

"With public attention centered on the spectacular doings of the Capones and Morans with their shootings and bombings, the really remarkable aspect of the Chicago menace to good government is largely lost sight of. It is the attitude of the big business men, the men with 'honest money' toward dishonesty when it appears within their own circle.

"In Chicago the 'secret six' is now practically forgotten and another military gentleman, Col. A. A. Sprague, heads another committee of some sort that is going to do all that the other promised.

"But one thing no committee from the big business association attempts is to clean its own house. This is demonstrated in the case of Elmer F. Wieboldt, who with his brother, Harry Wieboldt, are millionaire owners of Wieboldt (Inc.), operators of four large department stores.

"Elmer F. Wieboldt is president of the Chicago Better Business Bureau, whose business it is to hunt down crooks in business; but both he and his brother on the witness stand in Federal court admitted paying bribes amounting to some $40,000 to an agent of Eugene Oliver, a tax commissioner, for the purpose of having their taxes reduced. Elmer admitted signing one check, and also that he had discussed the whole affair with his brother and knew of the arrangements.

"This admission in court occurred in the early summer—and Mr. Weiboldt is still president of the Chicago Better Business Bureau. This bureau was organized through the Chicago Association of Commerce and, although now operated separately, is still 'under its wing,' and the supporters largely belong to both organizations.

"This reporter sought Saturday to ascertain the attitude of officials of the great business organization in respect to Mr. Wieboldt's bribery and his continued head of an organization to run down crooks. Colonel Randolph was not at his office and could not be reached at his home, but Joseph R. Noel, millionaire president of the Noel State Bank, former president of the Chicago Association of Commerce, treasurer, director, and member of the executive committee of the Better Business Bureau, was interviewed.

"ONE OF OUR FINEST

"'Why do you attack Mr. Wieboldt?' Mr. Noel demanded. 'He is one of our finest young business men. Why don't you look up the records of the Better Business Bureau?'

"'I have looked up the court records and found where he admitted bribing an official to reduce his taxes,' replied the reporter. 'What I would like to know is whether your organization has taken any action in the matter. I am told he is still your president.'

"'Yes; he is still president,' said Noel. 'About that court matter, I really don't know anything. You hear so much, you know. No; I know of no action to demand Mr. Wieboldt's resignation. I don't know whether it would be right. He is a fine man.'

"'But he admitted participating in the bribery of an official.'

"'Well, you mustn't always blame a man for things you don't know all about. We don't know all of the circumstances. Some-

times a man is placed in a position where he can't help himself. But what interest is this of yours? Are you part of that New York organization that is attacking the better-business bureaus?'

"WHAT TO DO ABOUT IT

"'I have never heard of any such attack,' Mr. Noel was told. "'My interest is simply that of any Wisconsin citizen who, told that he is a part of "Chicagoland," likes to get better acquainted with his rulers. One can't help but believe that the top of Chicago is a bit rotten, too.'

"'It is,' admitted Mr. Noel, 'but there are some things that can't be helped. And what can you, an outsider, do about it?'

"'Let's admit,' Mr. Noel was answered, 'that my efforts resemble those of a gnat gnawing at the hide of an elephant and that they'll never be felt. But with the gangdom and big business of Chicago beginning to claim us as their own, one feels that Wisconsin citizens ought to know as much about you as possible.'

"'Well, I guess you are right,' said Mr. Noel, who really is a pleasant gentleman on all subjects but that of Mr. Wieboldt and his bribery and the failure of 'big business' to do anything about it.

"MAYBE CAPONE IS PIKER

"So Mr. Wieboldt goes on—and so does the man he and his brother bribed, Mr. Oliver, the tax commissioner. The State of Illinois has never preferred charges of any sort against the Wieboldts for bribing the tax commissioner. The Government was interested only in false tax returns and so had no interest."

When the president of the Tulsa Better Business Bureau demanded that the manager of the bureau go further than merely wink his eye at his frauds and take an active part in promoting them, an issue arose with the result that the manager had to get out and the president continued. To investigate the frauds of officers of better business bureaus alone, without touching the activities of the members, would be a slumming expedition in itself.

Senator BLAINE, a member of this investigating committee, will readily recall his report for the Committee on the District of Columbia, dated February 17, 1931, wherein he condemned the practices of certain financial houses. I quote from Senator BLAINE's report, as follows:

"Detailed investigation by the subcommittee has developed the fact that within the past six or seven years there have been issued in or sold from the District of Columbia so-called securities, largely consisting of mortgage bonds or notes, in an amount approximately $100,000,000, a very considerable proportion of which are of very dubious value, and in some cases utterly worthless.

"One of the issues was that involving the sale of bonds, debentures, etc., on so-called Wardman hotel and apartment properties in Washington, D. C. Four members of the Investment Bankers Association of America, namely, Halsey, Stuart & Co. (Inc.); Hambleton & Co.; A. B. Leach & Co. (Inc.); and Rogers Caldwell & Co. (Inc.); together with William R. Compton & Co., sponsored and participated in the public offering throughout the country of what they designated in their circular to be '$11,000,000 first and refunding mortgage 6¼ per cent serial gold bonds,' of the Wardman Real Estate Properties (Inc.). Even the printed description of this issue of bonds was $16,000,000 and the security back of the bond issue was not a first mortgage on all of the property of the issuing corporation, but a second and possibly third mortgage as to some of the properties involved.

"Nevertheless, the investment bankers named, sponsored and sold widely, securities greatly in excess of the full value of the properties, as shown by assessment records; and in their circular described the bond issue as representing only 55 per cent of the valuation of the properties.

"The result of this issue to investors has been disastrous for the Wardman bonds that were sold by the sponsors of the issue in 1928 for $100 are admitted by the Halsey, Stuart & Co. to have practically no market value at this time. They are being offered for sale by investors and brokers at as low as $38 and $45 for $100 bonds.

"Incidentally, it is to be noted that one of the sponsors of the issue, Halsey Stuart & Co., broadcasts over the radio investment advice by an employee designated as 'Old Counselor.' The same firm advertises widely in women's magazines, and states that:

"'Twenty per cent of the customers of Halsey, Stuart & Co. are women—some administering their husband's estates—others making their own way in the world—still others, careful housewives, managing the family finances.'

"It should be noted that this company was advised of the hearings held by the subcommittee, in advance thereof, and given an opportunity to appear and be heard, which was not availed of.

"The second security issue of large amount to which the subcommittee gave particular attention was that sponsored and sold in 1928 by Halsey, Stuart & Co. (Inc.) and the American Bond & Mortgage Co. (Inc.), both members of the Investment Bankers Association of America, consisting of bonds of the Mayflower Hotel Co., Washington, D. C.

"It was proved at the hearing held by the subcommittee that the actual amounts paid for building the hotel (exclusive of land and furnishing) were $3,861,742.17. The assessment at full value, including land, building, equipment, and furnishings, based in part on sworn tax return, was a total for the hotel property complete of $5,232,120, less than half the lowest 'valuation' given in the Investment Bankers' circular. Against this valuation of $5,232,120 bonds amounting to $9,900,000 were issued. The first mortgage $100 bonds less than three years after their issue are publicly quoted at $65, while the second mortgage $100 bonds are quoted at $25."

May I ask if you recognize the name "Halsey"? Do you recall that R. T. H. Halsey was the gentleman who held those many dinner conferences in New York which eventually let to the formation of the Better Business Bureau of New York City and the $100,000 donation from the bankers and brokers to defray the first year expenses of the bureau?

Do you recall the failure and the cause of failure of William R. Compton?

Do you recall the failure and high-financing methods of Rogers Caldwell Co. and the number of banks that went down with him?

Each of these were paying their cash tribute to the better-business bureau, and you can not find from any better business bureau before or since the huge failures a line of criticism or one word of warning to the public about the crookedness they were carrying on—money had sealed the tongues of these bureaus.

"BANK OF UNITED STATES"

The "Bank of United States," a name to conjure with, just as the name "better-business bureau" tricks us, defaulted to 400,000 depositors, and even after the conviction of the officers of that bank and every other fact connected with their high financing and crookedness was blazoned forth by the press, not one word did you see about the bank being a large cash contributor to the money box of the better-business bureau and not one word of warning of impending disaster emanated from a better business bureau.

The failures of Prince & Whitely, Pinchon & Co., Pogue, Pond & Vivian, Riley & Brook, Meyer Keysely Bank, West & Co., Lorenzo E. Anderson, F. H. Smith & Co., Harry Wardman, Swartzell, Rheem & Hensey Co., Miller & Co., C. V. Bobb, Guibord White & Co., F. E. Kingston & Co., Partos Realty Corporation, Woody & Co., Curtis & Sanger, Schuyler, Chadwick & Burnham, Palmer & Co., J. A. W. Inglehart & Co., Throckmorton & Co., J. M. Byrne & Co., Kuntze Bros., Mandesville, Brools & Chaffee, Forshay & Co., and Mark C. Steinberg & Co., involved the loss of hundreds of millions of dollars to investors; money that was taken from the development of our legitimate business industries, and put in the pockets of these high financing better-business bureau contributors and not one word of warning was issued against any of them by these bureaus.

You recall the slogan of S. W. Straus Co., reading "45 years without a loss to an investor" and if you go a bit deeper you will see that this company indorsed the better-business bureau in the following words:

"We believe the bureau movement is entitled to the support of all advertisers."

Paraphrased, this indorsement means "You boost me and I'll boost you," and following such thought it is small wonder that S. W. Straus & Co. was able to take many millions from our investors without a word of warning to the public from the better-business bureau; facts that they must have had if we believe the attorney general of New York, who admits having received "thousands of complaints against S. W. Straus & Co."

Geo. L. Miller & Co., with losses of millions of dollars to investors in their real estate bond sales, prevented the Better Business Bureau of New York City from circularizing an adverse report on Miller & Co. by giving a large cash subscription to the National Better Business Bureau.

BOSTON BETTER BUSINESS BUREAU

May I now quote from page 11 of the brief of Mr. E. C. Reigel on Frauds protected by the better-business bureau? Mr. Reigel says:

"By permission we present part of a letter written to us under date of September 14, 1931, by William H. McMasters, Cambridge, Mass.

"Thank you for your letter of September 2, regarding the Boston Better Business Bureau, so-called.

"My attacks upon the methods of this group of high-hat racketeers came as a result of their persistent defense of the United Founders Corporation and American Founders which two groups of investment trusts have milked the American public out of something like $250,000,000 in the last few years. Although still listed on the New York curb, they are practically bankrupt. I have written to Attorney General Bennett of New York and advised him to investigate them but he probably has other cases ahead that interfere. (Author's note: The other cases ahead that interfere are probably B. B. B. cases against nonmembers.)

"John Richardson, of Ropes, Gray, Boyden & Perkins, our biggest law firm, is president and counsel of the Boston Better Business Bureau, and also acts as counsel for the United Founders. They offered me $5,000 to quit my attacks, but I went right ahead with them—filing a bill in the Massachusetts Legislature to investigate them. The bill was killed in committee, as it meant a public hearing at which I would have gone the limit. It was at another hearing that I assailed the bureau and showed its connection with the United Founders outfit. At that hearing the manager came up with the intention of doing a job on me, but quit cold after my address to the committee. You see, I have done so much newspaper work on a big scale that I can not be thrown off like some of the others who go after them. I wrote the Ponzi expose for the Boston Post, the biggest story that ever appeared in a Boston paper. Then I did a job on the Albany

baseball pool for the Herald a few years ago, putting that crew of bandits into Atlanta, via the Federal courts.

"The bureau threatened to send out a story on me, personally, but I went over to their office and demanded a look at it. This was granted. I then told them that they could send it out at their peril. That I would see every director in their list and present the matter to the district attorney and if he did not act I would take it into the grand jury room personally.

"I have no personal grudge against them; but when I am engaged in slamming a band of highwaymen like the United Founders gang of investment thieves, I think it is just too bad to have a bureau that is supposed to represent only honest banking threaten me with all sorts of reprisals if I persist in exposing crooked banking methods.

"Here is the situation: The United Founders is the biggest investment trust ever put out in Massachusetts, if not the country. They robbed the people right and left. With unlimited money they engaged John Richardson, among other lawyers, to represent them. Being tied up with Harris, Forbes Co., now merged with Chase National, Richardson, as president of the better-business bureau, naturally played to help out his clients. As I was the only one who was attacking the Founders and explaining their methods and letting the light in on their personnel, the bureau tried to stop me. But in my case they quit. What will happen to the Founders is a question; their money is running out, their stocks are all dropping, their foreign holdings are a total loss. Their expenses are eating their heart out, and they are not getting hold of any new money. The racket is hot."

The following statement is from J. Edward Donahue, of Boston, under date of May 18, 1931, as related by Mr. Reigel:

"The National City Co. sold in this State approximately two million to two million and one-half dollars' worth of the convertible participating preferred stock and common stock of the Oliver Farm Equipment Co. that was not qualified to be sold. The prior preferred stock was qualified but the two former issues were not.

"Sales have been made in Rhode Island, New Hampshire, and, I believe, Ohio, and the convertible participating preferred stock as well as the common were not qualified to be sold in any of these States.

"The parties damaged in this State made a tender to the National City Co. of their stock and demanded back their money. This tender was made by the attorney representing them, Joseph B. Jacobs, 45 Milk Street, Boston, Mass.

"The National City Co. employed Ropes, Gray, Boyden & Perkins as counsel here in Boston and Shearman & Sterling, of 79 Wall Street, the attorneys for the National City Co. of New York. B. Loring Young, a member of the firm of Ropes, Gray, Boyden & Perkins, was former speaker of the house here in Massachusetts and is very closely connected with those that administer the working of the blue sky law in this State. In fact, the National City crowd state that there was nothing that could be done; it was all fixed at the statehouse.

"The attorney, Joseph B. Jacobs, as well as myself, did go to the statehouse here in Boston to the department of public utilities that has charge of the operation of the blue sky laws. They were hostile to us; did not want to receive the complaint; advised us to go to the attorney general's office—anywhere to get rid of us.

"Knowing something of the connection in politics between the attorney general's office and B. Loring Young, it was decided it would be better to go into criminal session of the municipal court here in Boston and apply for a warrant for the National City Co.

"Two weeks ago to-day the National City Co.'s counsel were notified that an application would be made for a warrant on Wednesday morning before Judge Donovan, and they could be present.

"This matter was brought before Judge Donovan, and it went to trial immediately on the facts—this was on Wednesday. B. Loring Young requested that the court give him until Friday to present his evidence, as he had to bring witnesses from New York. Wells, vice president of the National City Co. of New York, who was former vice president of the National City Co. of Boston, came over as well as Mr. Shepard of the law firm of Shearman & Sterling.

"When Young came into court Friday he stated he had no defense—it was merely an oversight and wanted to be allowed to plead nolo, informing the court that if he found them guilty they would probably lose their license, the place would be closed up, and 40 people would be thrown out of work. The court stated that if he wanted to plead nolo he would have to hear the evidence. After hearing the evidence he refused to allow them to plead nolo, found them guilty, and announced he would make disposition the following Monday morning, which he did—found them guilty on all 12 counts presented and fined them $5,000.

"In the statehouse here in Boston, the National City Co. filed papers by Wells, vice president, under oath dated March 6, 1929, that no convertible participating stock or common stock was to be sold to the public; yet, on the witness stand, he stated he knew two days previous to the signing of this document that the issues were to be sold to the public. What a lacing this fellow Wells got from Judge Donovan; one I don't think he will forget in a minute. He is guilty of perjury.

"As for the Better Business Bureau of Boston, it is a joke. It is a little detective agency operated by boys who do not know the difference between black and white, their policy being to harass the little fellow all they can, stir up publicity to divert attention away from those that contribute and operate the bureau's policy. The president of the Boston Better Business Bureau is a Mr. Richardson, a member of the law firm of Ropes, Gray, Boyden, & Perkins: still, his associate in the same law firm will defend and uphold such tactics by the National City, their principles being buried under the dollar sign.

"The Better Business Bureau's activities in so far as the big fellow is concerned, wink their eye, and some of the shady transactions their members have been in is a shame to the community. Alaska Gold and Carson Hill Mining, both listed on the stock exchange, caused losses of millions to security buyers. As best I can figure out, the National City Co. in some of their issues here have trimmed the public to the tune of $30,000,000.

"The common stock of the Oliver Farm Equipment Co. cost the National City Co. $10 or less per share. It was sold here at 44⅞ up."

One of this brigand's telegraphic "flashes" to salesmen in the early part of 1929 when in spite of the then, as now, existing farm depression, it was inflating the Oliver stock, reads as follows:

"We are adding the convertible participating stock to our list immediately at $67 per share until 10 o'clock to-morrow morning, New York time. To the extent of the number of shares we will allot your office in wire to follow shortly. Premiums 15 cents per share."

The stock is now quoted (September 21, 1932) at $2. I quote from Mr. Reigel still further—

"The Henry L. Doherty Co. controls Cities Service Co., which in turn controls a number of gas and oil companies, pipe-line companies, and utilities. It is one of the largest stock-selling concerns in the country, its list of stockholders being over 400,000, second only to the American Telegraph & Telephone. Doherty is one of the pillars of the better-business bureau. He, in fact, financed the first attack by the bureau against independent oil operators. He operates a crafty stock-selling scheme, whereby he defers delivery of the stock certificates a long time after payment, thus making it easier for him to maintain a fictitious market on the New York Curb. By high-pressure selling he manages to keep sales far above the backwash of sales on the curb, which he is obliged to absorb. Everybody 'in the know' understands the game and it is, of course, a matter of full knowledge to the better-business bureau. We quote a letter sent to the National Better Business Bureau as early as December, 1930, by C. D. Neff, of Shreveport, La., and by him reproduced and circularized:

"'In regard to Cities Service, Standard Statistics' reports reveal that the earnings of Cities Service, after providing for dividends and interest on the underlying securities, if a reasonable deduction is made for depreciation, taxes, and insurance, does not provide the cash necessary to pay cash dividends on the common stock reported to be outstanding. This was based on the old rate of dividends, and the new rate would naturally create a greater differential.'

"The I. T. I. O., a subsidiary of Cities Service, in its operation at Oklahoma City has pursued operating policies not founded upon sound economics or good oil-field practice, evidently the desire being to create the spectacular and get large newspaper notices over the country so that they could boost the sale of Cities Service common stock.

"It is damn foolishness in a field where it costs $60,000 to $70,000 per well to drill wells, and their proration will not permit but about 200 barrels of oil to be moved for a company owning a solid block of leases throughout the entire field to drill anything but offset wells. Yet the I. T. I. O., a Cities Service subsidiary, has drilled hundreds of unnecessary wells and has spent millions of dollars unnecessarily in the Oklahoma City field to provide spectacular wells that Cities Service might boost the sale of its common stock.

"This is not a new move for Henry L. Doherty. At Eldorado, Kans., during that boom, while oil was selling for $2.50 per barrel, when the Empire controlled thousands of acres solid, it was equally mismanaged, and, I am informed, millions of dollars were wasted in creating spectacular newspaper reports.

"The payment of monthly dividends by a giant concern supposed to be possessed of $1,000,000,000 in assets, is rank foolishness, and creates a financial drain that in the course of a year's time amounts to practically as much cash as is paid out in dividends. If Cities Service's assets were as great as they claim them to be, it would not be necessary for Henry L. Doherty to carry on continuously a stock-selling campaign, paying large sales commissions and spending millions of dollars in printed matter. If his common stock is earning 6 per cent, and his assets are as he claims them to be, he could borrow all of the money he wants at 3 or 4 per cent.

"The contract under which Henry L. Doherty Co. sold Cities Service stock during 1929 provided that regardless of whether a man paid for his stock in full or not he was not to get delivery for a period of 10 months. The stock salesmen selling Cities Service made sales upon the representations that Cities Service stock was to go to $100 per share, so I am informed. They appealed to the avaricious instincts inherent in all men, and made their sales on a basis where the purchaser thought he could at any time sell his stock on the market and take a profit; but that little 'joker' of no delivery for 10 months was written in the contract. Hence, Henry L. Doherty Co. was able to wash and manipulate the market of Cities Service up to $68 per share, or more, when a fair book value on the common stock, as given to me by several statistical bureaus and the stock and bond department of several banks, was less than $10 per share.

"If such a system of stock-selling does not constitute a conspiracy to defraud, if it is not a misuse of the mails, then in the name of the Lord you better get busy and ask the President to pardon several hundred Texas oil promoters who were convicted and sent to the penitentiary on much less evidence.

"I know of one instance where one party inherited a few thousand dollars and collected a little life-insurance money and almost simultaneously with the receipt of the life-insurance check, a Cities Service salesman arrived and the old 'gag,' as explained above, was put across, and this party bought a large block of stock and was swindled out of every dollar of her patrimony.

"Tear up your questionnaire forms, take down the signs on your doors and admit that you are a failure and that you do not conscientiously perform the functions that you represent you do, if you are unwilling to do battle for right and expose the crookedness and piracy that exists among the issues listed on the big board.

"You and your associates are the 'sacred cows' that give the financial milk that keeps your damnable bureau in operation, when you have destroyed the independent merchant, when you have destroyed the independent oil producers and refiners, and have ravished the farmers, what other fields will you find then to conquer by false propaganda and sanctimonious hypocrisy?

"A more recent public statement is the following taken from the Oklahoma City Oil Journal, November 14, 1931:

"FACES BANKRUPTCY

"I. T. I. O. and the Cities Service, which is a corporation within a corporation, all being controlled by the firm of Doherty & Co., New York City, is the biggest stock-selling swindle ever foisted upon the American investing public.

"At the time oil was discovered in the Oklahoma City field both the Cities Service and the I. T. I. O., with a total capitalization of about a billion dollars, were on the eve of having a bankruptcy proceedings filed against them. Discovery of the city gusher field is all that saved the entire firm from going onto the financial rocks.

"Being backed by the cleverest stock-selling swindlers, the Cities Service et al., immediately launched a 'paper' boom on the New York stock market, sending Cities Service stock up to as high as $69 per share. Cities Service has been offered at $6 recently, but has gone begging at $3 per share in weeks past.

"SWINDLING WORKING GIRLS

"In nearly every big city of the country the Doherty firm renewed its stock-selling activities, working especially to secure stenographers, bookkeepers, and other working girls and young men to invest their small savings on the installment plan. Large forces of high-powered salesmen have been used in different States, carrying out the organized plan to get money.

"In Oklahoma City the entire floor of a big office building has been used by the Cities Service and I. T. I. O. security sales department.

"Of all the get-rich-quick promotions conducted through publicity stunts, the Cities Service and I. T. I. O. organizations put over the biggest money-raising campaign of any in history during recent years.

"WILD MARY SUDIK STUNT

"Estimates have been made by financiers that more than $5,000,000 was collected on the stock market through a fake publicity boom when the 'Wild Mary' Sudik gusher was 'broken' loose by the I. T. I. O. The gusher ran 'wild' for several days and nights, sending oil for miles over the surrounding territory. When the State officials, however, threatened to name a receiver to take charge of the 'Wild Mary' for the purpose of shutting down the oil and gas waste it took the I. T. I. O. field workers only a few hours to harness the well.

"No well in the Oklahoma City field secured as much free newspaper publicity as the 'Wild Mary' Sudik. No stock selling firm in history of oil secured as much 'sucker' money as the Cities Service-I. T. I. O. combination of swindlers.

"BETTER BUSINESS BUREAU INVOLVED

"Oklahoma City's better-business bureau, which has waged war on smaller operators in the city field, gave full and complete indorsement of the stock-selling methods of the Cities Service and I. T. I. O. This organization, which has preyed upon many legitimate firms that refused to donate blood money, even carried the advertisements of the Doherty firms, recommending the investments to all persons who had money to invest in Oklahoma City oil operations.

"Doherty has paid the bureaus well for his 'public protection.' Our information is that his first subscription to the campaign against independent oil concerns was $60,000; that he later helped the national bureau out of a hole by paying $50,000 borrowed from the banks; that he pays an annual subscription to the national bureau of $7,500, besides his subscription to various locals. He never deals in small figures, either in buying or selling."

It would require days to enumerate each and every one of the frauds perpetrated by better-business bureau members and to elucidate the facts concerning each case, and I have made no attempt to do more than summarize the facts in the cases cited—in fact, I have merely skimmed the surface in showing the subversion of business by these bureaus and how, through its usurpation of governmental authority, the small independent industrialist has been either blackmailed or made to feel the fangs of this country's greatest racket.

For every fraud dollar obtained from the public by a nonmember of the better-business bureau and exposed by a better-business bureau the public has been defrauded by more than a thousand dollars by bureau members, and the bureau chirped not a word.

To illustrate, let me cite the St. Louis Better Business Bureau and its activity in the sale of stock and bonds by brokers. Young Bros., a nonmember of the St. Louis bureau but a member of the Kansas City bureau, was given a merry ride by the St. Louis bureau, while Kansas City did nothing to thwart the Youngs. We credit the St. Louis bureau for bringing the Young Bros. manipulation to a head and preventing them from fleecing the public of more thousands; but what about the failure of the St. Louis bureau to take action in the Steinberg case, in the Rogers Caldwell's manipulations, in Lorenzo E. Anderson & Co., in W. R. Compton's, in Augustine & Co., and other companies who were contributing so handsomely to the St. Louis bureau?

Thousands were saved the public in the exposure of Young Bros., a nonmember of the St. Louis bureau, while millions were lost by the public through Steinberg's, Caldwell's, Anderson's, Compton's, and Augustine's stock and bond manipulations, protected by their St. Louis bureau with not a word of warning, and the St. Louis bureau had many complaints lodged against each.

POSTAL SERVICE SUBVERSION BY BETTER-BUSINESS BUREAUS

Ex-post-office inspectors, no matter why they are no longer in the service of the Government, find a ready haven for jobs with a better-business bureau.

Former United States Senator Jim Reed, of Missouri, so I am advised, was mainly instrumental in developing facts that caused W. C. Rosenbaum, ex-post-office inspector, to "voluntarily" resign at St. Louis, and we hear of him next as an important official of the Better Business Bureau of St. Louis in 1928, attempting to appear as counsel in cases where he claimed to be acting for a client who had never laid eyes on him before; and it is only a short time later that we learn that Rosenbaum is impersonating a Government officer by posing as "Post Office Inspector W. C. Rosenbaum."

Postmaster General Brown was given a photostatic copy of a letter from the man before whom he had posed as a post-office inspector, and was asked to investigate; * * * the charges were pigeonholed.

There is a bureau unit in St. Louis and also in Detroit each a separate and distinct legal entity unto itself. Each unit publishes a monthly propaganda sheet. The name of the Detroit bureau paper being called the Factfinder, which is mailed at Detroit at regular postage rates. The name of the St. Louis paper is called Bulletin and is mailed, under a permit from the Post Office Department as second-class mail matter, which we all know is much cheaper than third class, or regular postage rates.

In July, 1932, in order to save postage and in direct violation of the act of Congress, March 3, 1879, embodied in section 394, Postal Laws and Regulations; and the provisions of section 422 Postal Laws and Regulations, the St. Louis Better Business Bureau, mailed as second-class matter under its second-class permit, copies of the June, 1932, Factfinder issued by the Detroit Better Business Bureau to several thousand subscribers and nonsubscribers of the St. Louis Better Business Bureau.

Complaint was duly lodged with the United States district attorney and the post-office inspector and subsequently found its way to the desk of Hon. F. A. Tilton, Third Assistant Postmaster General, whose letters to me shows a studied fear of even mentioning the name better-business bureau, much less of importance than the action such a violation demanded from our duly constituted law-enforcement officers. I quote the last letters that passed between me and Mr. Tilton:

MR. TILTON'S LETTER OF SEPTEMBER 14, 1932

"Receipt is acknowledged of your letter of the 2d instant, in further regard to the publication mentioned therein.

"As stated in the letter from this office to you of the 20th ultimo, the irregularities mentioned in your letter of August 10, concerning the publication are being given proper attention. The instructions to the postmaster in regard to the matter are for his official use. It is contrary to the practice of the department to go into matters pertaining to a publisher's business with other than the publishers themselves."

MY ANSWER TO MR. TILTON DATED SEPTEMBER 19, 1932

"Your letter of September 14, your file C. D. No. 22558, with reference to the complaint filed by the writer with you and the United States attorney at St. Louis against the Better Business Bureau of St. Louis for violation of the second-class mail privilege in mailing as a supplement to the Bulletin of the St. Louis bureau the Factfinder, published by the Better Business Bureau of Detroit.

"Your letter is entirely unsatisfactory and shows a studied effort of your department to protect this violator of our postal laws; your letter going so far as being actually afraid to put their name down in black and white and only refer to this better-business bureau as 'the publication,' which, in itself, conveys the thought that there is some tie-up between the bureaus and your department as has been openly charged and filed with the Investigating Committee of the Senate Banking and Currency Committee.

"You state that 'it is contrary to the practice' of your department to go into matter pertaining to a publisher's business, and I direct your attention to the specific fact that a violation of the law, whether statute law or postal regulations, is not the business of the publication, but the business of those of us citizens who constitute the Government of this country. Such a theory on

your part may be a dogma of your department, but it is not in conformity with the Constitution of this country.

"Having personally filed the complaint, with supporting evidence, in this case against the Better Business Bureau of St. Louis, and as a citizen of this country entitled to know what action the department has taken in complaints filed with it, I now respectfully insist that you advise me what action, if any, has been taken in the matter."

MR. TILTON'S REPLY DATED SEPTEMBER 26, 1932

"Receipt is acknowledged of your letter of the 19th instant in further regard to the publication mentioned therein.

"There is nothing before the department to sustain your allegation that the circulation of the publication does not conform to the requirements of the law.

"Matters pertaining to the postage on mailings of a publisher or other person are taken up with the mailer and, as you have been advised, it is contrary to the practice of the department to go into matters pertaining to a mailer's business with others than the mailers themselves."

Only one conclusion can be logically drawn from the above-cited letters, and that conclusion is that violations by a better-business bureau of our postal regulations is not a matter of prosecution or publicity due to the subversion of the Post Office Department by these better-business bureaus, who make it a practice to hire ex-post-office inspectors.

A citation directed to the Postmaster General's office and ordering the production of the hundreds of complaints that have been lodged against these various better business bureaus and which have been pigeon-holed by these postal officials, will unearth a sordid story unequaled in the pages of history.

And these officials, you will recall, have to be supplied at Government's expense, with new and especially built Lincolns, so their silk hats will have ample space, which is to them, more important than the enforcement of the postal regulations.

LEGALITY OF BETTER-BUSINESS-BUREAU ACTS AND THE LIABILITY OF THEIR OFFICERS AND MEMBERS

All better-business bureaus obtain charters as educational institutions for the purpose of camouflaging the real reason for existence; and none of them have any capital stock, for the reason that there would be something tangible for any injured person to recoup damages resulting from illegal acts of these various better business-bureau units.

Not being chartered under the ordinary commercial business statutes, which require capital stock and tangible assets, an officer and a member of these better-business bureaus can not claim the same legal protection that a stockholder in a domestic corporation could claim for the illegal acts of officers and directors of such domestic corporation.

It is well settled that where corporate form is used by individuals for the purpose of evading the law—and, I may add, for the purpose of libeling, blackmailing, eliminating competition, and defeating justice, as is done daily by these better-business bureaus—that our courts will not permit these frauds and wrongs to go unpunished. One of our leading cases is aptly stated in the case of First National Bank of Chicago *v.* Trevein (50 Ohio St. 316), as follows:

"Where the corporate form is used by individuals for the purpose of evading the law or for the perpetration of fraud, the courts will not permit the legal entity to be interposed so as to defeat justice."

Or as was clearly stated in the Donovan *v.* Furtell case (216 Ill. 629, 75 N. E. Rep. 334):

"A corporation is often organized to act as a cloak for frauds. Such cases as these are becoming common and the courts are becoming more inclined to ignore the corporate existence when necessary in order to circumvent the fraud."

And our Supreme Court supports this contention fully in the case of McCaskill & Co. *v.* United States (216 U. S. 504), in these words:

"A growing tendency is therefore exhibited in the courts to look beyond the corporate form to the purpose of it and to the officers who are identified with that purpose."

It is my pleasure now to discuss these better-business bureau corporations from a legal standpoint, and I expect to show that they are strictly limited in their power and that the only power they have is that power specifically granted to them under their charter, i. e., the power to adopt by-laws and regulations governing their own members and to enforce those powers against their own members alone, and that they are without one single vestige of power to control or regulate the conduct of any person not a member of a bureau unit; I expect to show that the very nature of their legal existence is but a cloak to cover up its frauds and wrongdoings and that each officer, agent, and member is individually liable for the torts committed by the corporate entity through the neglect of the members and officers to properly supervise the activities of their corporate agents.

POWERS OF CORPORATION

The charter of a corporation, read in connection with the general laws applicable to it, is the measure of the powers of the corporation, and the general doctrine in this country is that the powers of a corporation organized under legislative statutes are such, and such only, as those statutes confer. It remains that a charter containing specific powers implies the exclusion of all others. Authority for these statements can be found in Thomas *v.* Railway Co. (101 U. S. 71); State *v.* Lincoln Trust Co. (144 Mo. 562).

The rule is thus stated in another case as follows:

"A corporation is a mere operation of law, and has only such powers as are expressly granted by the State or are necessary to carry into effect the powers expressly granted." (Weyeth Hdw. Co. *v.* James Spencer Bateman, in 15 Utah 110; 47 Pacific 604.)

See also Booker *v.* Mayvill R. R. (119 Ky. 137); Baltimore, etc., R. R. *v.* United Elec. Co. (92 Md. 138); First Natl. Bank *v.* American Natl. Bank (173 Mo. 193); Sturdevant *v.* Farmers & Merchants Bank (69 Nebr. 220); Louisville Termls. *v.* Lellyet (114 Tenn. 368).

An enumeration of powers as granted by implication excludes all others not necessary or proper to carry those enumerations into effect. (Case *v.* Kelly, 133 U. S. 21.)

Elliott on Private Corporation, fifth edition, page 88, section 93, says:

"The exercise by a private corporation of franchises or privileges not conferred by law may lead to forfeiture of charter." (New Orleans, etc., *v.* Louisiana, 185 U. S. 336; State *v.* Delmar Jockey Club, 200 Mo. 34.)

And the same authority, on page 134, section 131, says:

"Power in a legal sense signifies legal competence, capacity, or right. A corporation created by the sovereign power for particular purposes has such powers only as the State grants it. Unlike a natural person, it does not possess those general powers which are common to all."

In order that a corporation may enjoy and derive power by implication, it must appear that such power is necessary to the enjoyment of the specially granted power, without which the latter would to a substantial degree fail. People *v.* Chicago Trust Co. (130 Ill. 268); Franklin County *v.* Lewiston (68 Me. 43); Herrick *v.* Humphrey Hdwe. Co. (73 Nebr. 809).

"A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law. Being a mere creature of law it possesses only those properties which the charter of its creation confers upon it, either expressly or as incidental in its very existence." Trustees of Dartmouth College *v.* Woodward (1819) (17 U. S. 518–636).

"If, for instance, the invisible, intangible essence of the air which we term 'a corporation' can level mountains, fill up valleys, lay down iron tracks, and run railroad cars on them, it can intend to do, is, and can act the reis as well viciously as virtuously." New York Central Railroad *v.* United States (1909) (212 U. S. 481–493).

It follows from the above citations that since better-business bureaus usually provide in their charters the power only to promote and maintain fair and truthful advertising, that the usurpation by it of any power or pretended authority to regulate the conduct of any business, to cause the arrest of any violator of the law, or to otherwise assume the function of our civil and criminal courts, however justified that may be from a supposed "public-welfare" interest, is entirely without their charter rights and is proper ground for quo warranto proceedings to oust it from the State.

That any ultra vires (beyond charter) acts of the corporation impose liabilities upon the directors for losses ensuing from such acts the following cases attest: Red Bud Realty Co. *v.* South (1902) (153 Ark. 380, 405); Hill *v.* Murphy (1922) (212 Mass. 1, 2); Greenfield Sav. Bk. *v.* Abercrombie (1912) (211 Mass. 252, 258); Gilbert *v.* Finch (1903, N. Y.) (173 N. Y. 455); Holmes *v.* Crane (1922) (191 App. Div. N. Y. 820; affirmed, 232 N. Y. 571).

Directors ultra vires acts may be used as evidence of negligence. Stone *v.* Rottman (1904) (183 Mo. 552, 573, 582).

Directors are liable for the torts of the corporation, permitted by the directors' negligence, to be committed. Frontier Mill *v.* Roy White (1914) (25 Idaho 478, 490, 491); Cameron *v.* K. C. Com. Co. (1899) (22 Mont. 312, 318, 319).

Where there is knowledge, approval ratification, or a general conspiracy, each participating director is liable, even though he did not personally engage in the transaction. Myerhoff *v.* Turslar (1912) (175 Ill. App. 29, 42–43); Edwards *v.* Finance Co. (1929) (196 N. C. 452, 463); Downey *v.* Finucane (1912) (205 N. Y. 251, 260).

POWERS AND LIABILITIES OF DIRECTORS

The powers of a board of directors are, in an important sense, original and undelegated. They are derivative only in the sense of being received from the State in the act of incorporation. (Burrill *v.* Nahant Bank (1840), 43 Mass. 163–167; Hoyt *v.* Thomson's Executor (1859), 19 N. Y. 207–216; Manson *v.* Curtis (1918), 223 N. Y. 313–322; Leavitt *v.* Oxford & G. S. M. Co. (1883), 3 Utah 265–271.)

The affairs of a corporation are in the hands of its board of directors; the board consists of individuals, each of whom is "part of an elected body of officers constituting the executive agents of the corporation." (Manson *v.* Curtis (1918), 223 N. Y. 313–322, supra.)

The difference in nomenclature, i. e., trustees of charitable and educational institutions and directors of business enterprises, is not supported by either factual or legal differentiation. (Matter of Mount Sinai Hospital (1929), 250 N. Y. 103–107.)

Where the board of directors commits acts in violation of its duties, participating members are jointly and severally liable for their misdeeds. (Fisher *v.* Parr (1901), 92 Md. 245–273; Corey *v.* Independent Ice Co. (1907), 226 Mass. 391–393; German *v.* American Coffee Co. *v.* Diehl (N. Y. 1914), 86 Misc. 547; Fell *v.* Pitts, Appellant (1919), 263 Pa. 314–320; Sigwald *v.* City Bank (1909), 82 S. C. 382–387; Great M. & M. Co. *v.* Harris Estate (1901), Ill. Fed. 38–44.)

And this is so without regard to the degree of dereliction of which each director may be guilty. (Asphalt Const. Co. *v.* Bouker (N. Y. 1914), 150 App. Div. 691–694; Cooper *v.* Hill (1899), 94 Fed. 582–587, 588.)

It has been said that wrongdoing directors are joint tort feasors. (Braswell *v.* Morrow (1928), 195 N. S. 127, 130.)

Directors must use the same degree of care that is properly employed by an ordinary prudent business man under the same or similar circumstances in his own business. (Stone *v.* Rottman (1904), 183 Mo. 552–572; Besseliew *v.* Brown (1918), 177 N. C. 65, 67.)

Upon accepting a directorship the director gives an implied promise that he will attend to his duties with that degree of care which the situation demands and that he has a competent knowledge of the nature of their functions. (Dunn Admr. *v.* Kyle Executor etc. (1878), 77 Ky. 134, 140; Hun *v.* Carey (1880), 82 N. Y. 65–73; Warren *v.* Robinson (1899), 19 Utah 289, 303.)

A director's inattention to his duties is not excused by the fact that he receives no compensation for his work. (Bank *v.* Hill (1896), 148 Mo. 380–392; Williams *v.* McKay (1885), 40 N. J. Eq. 189–195; Michelson *v.* Pierce (1900), 107 Wis. 85–87; Virginia Carolina Chem. Co. *v.* Ehrich (1916), 230 Fed. 1005–1006.)

A director is not obliged to assume office in the first place, and he has an unqualified right to resign at any time, and his continuance as a director is evidence of the fact that he is willing to serve without compensation and clearly it would be unfair to permit him to avoid liability created by his own neglect of self-imposed duties where that neglect has caused damage to others.

A director is chargeable not only with knowledge actually acquired by him in the course of his work, but a director is presumed to know everything concerning the corporation that he might have learned by exercising reasonable care and diligence and the making of proper inquiry consistent with the performance of his official functions. He may not urge ignorance of facts that he should have known as a defense to an action against him. (Marksberry *v.* First Natl. Bank (1922), 194 Ky. 401–411; Allen *v.* Neale (1909), 134 Ky. 690–697; Fisher *v.* Parr (1901), 92 Md. 245–271; Stone *v.* Rottman, supra (1904), 183 Mo. 552–573; McClure *v.* Wilson (1902), 70 App. Div. (N. Y.) 149; Williams *v.* Brady (1915), 221 Fed. 118.)

A director is bound and presumed to know any event of unusual importance, either at the time or soon thereafter. (Savings Bank *v.* Wulfekikler (1877), 19 Kans. 60, 64.)

A director can not blindly shut his eyes to what is transpiring about him and shelter himself behind the claim of ignorance. As a director he was chargeable with such knowledge as he gained or as he might have learned by the exercise of reasonable care. (McClure *v.* Wilson (1902), 70 App. (N. Y.) 149–153.)

The common-law liability for negligence is not excluded by statutory liabilities. (Great Western M. & M. Co. *v.* Harris Estate (1901), 11 Fed. 38, 42.)

It is no defense for a director to such an action that he acted in good faith. (Anthony *v.* Jeffries (1916), 172 N. C. 378, 380.)

The duty of a director is to direct. He can not sit idly by and leave the affairs of the corporation to others and later seek to avoid liability upon the ground of lack of knowledge. (McClure *v.* Wilson (N. Y. 1902), 70 App. Div. 149; Besseliew *v.* Brown (1919), 177 N. C. 65, 68, 69; Bowerman *v.* Hamerr (1919), 250 U. S. 503–513.)

The position of director is not to be regarded as a nominal honor, permitting the choosing of a director for the mere use of his name. (Virginia-Carolina Chem. Co. *v.* Ehrich (1916), 230 Fed. 1005–1006.)

Gross inattention to the affairs of the corporation is in and of itself actual negligence. (Cameron *v.* K. C. Com. Mo. (1899), 22 Mont. 312; McCormick *v.* King (1917), 241 Fed. 737–745; Bowerman *v.* Hammer (1919), 250 U. S. 504.)

Delegation of authority to others by the board does not relieve the board of the duty of proper supervision, and the possibility of inconvenience is something that the individual director should have considered before accepting office. (Densimore *v.* Jackson (1928), 242 Mich. 192.)

Failure on the part of a director to attend meetings and give attention to the matters there considered is to be regarded as actionable negligence. (Becker *v.* Billings (1920), 220 Ill. App. 342.)

Directors are not excused from liability because they committed their duties to an executive committee, for if they saw fit to rely on the executive committee it was their own reliance and at their own risk, they may delegate the work but not the responsibility. Kanavaugh *v.* Commonwealth T. Co. (1909) (118 N. Y. Sup. 758–767).

Compare Barnes *v.* Andrews (1924) (298 Fed. 614–615); Rankin *v.* Cooper (1907) (149 Fed. 1010–1016).

Mere reliance upon the statement of an officer is not the exercise of proper diligence. Barnes *v.* Andrews (1924) (298 Fed. 614–615).

Directors are, in general, liable for all damages that are the natural and proximate result of their negligence. Bloom *v.* National L. & Sav. Co. (1897) (152 N. Y. 114–120, 121).

Where a director knowingly permits a violation of a statutory or charter provision of the corporation, he is liable. Bailey *v.* O'Neal (1909) (92 Ark. 327, 334); Brannin etc. v. Loving etc. (1884) (82 Ky. 370–375); Percy *v.* Millaudon (La. 1929) (8 Martin (N. S.) 68, 79, 80); Witters *v.* Soules (1887) (31 Fed. 1–3).

He is liable where he knows of and consents to the commission of an improper act. Reid *v.* Robinson (1923) (64 Calif. App. 46, 57); Halpin *v.* Mutual Brewing Co. (N. Y. App. 1897) (20 App. Div. 583–589).

A director is liable for negligent supervision of the acts of the officers and agents of the corporation. Ford *v.* Taylor (1928) (176 Ark. 843–852); Lippitt *v.* Ashley (1915) (176 Conn. 457–464); Horn *v.* Silver Mining Co. (1889) (42 Minn. 196–199); Williams *v.* McKay (1885) (40 N. Y. Eq. 189–196); Warren *v.* Robinson (1889) (19 Utah 289, 298, 299); Va. Caro. Chem. Co. *v.* Ehrich (1916) (230 Fed. 1005–1006).

A director is liable, in general, for failing to prevent illegal acts of the officers and agents of the corporation where the exercise of reasonable diligence would have resulted in such prevention. Frontier Mill *v.* Roy White Co. (1914) (25 Idaho 478–490); Paper Products *v.* Ignition Co. (1926) (236 Mich. 90–98); Paine *v.* Barnum (N. Y. 1880) (59 Hwo. Pr. 303–371); Warner *v.* Penoyer (1898) (91 Fed. 587, 593), (an executive case).

The fault is particularly gross negligence where directors have granted officers full control of the business and practically created the opportunity for improper acts. Bank of Des Arc *v.* Moody (1913) 110 Ark. 39, 41; Wart *v.* McKee (1910) 95 Ark. 124, 129 Baxter *v.* Coughlin (1897) 70 Minn. 1, 5; Braswell *v.* Morrow (1928) 195 N. C. 127, 130; Gores *v.* Day (1898) 99 Wis. 278, 279–280.

Directors are under a duty to investigate suspicious rumors; Bates *v.* Dressner (1915), 229 Fed. 772, 797.

Compare—Warner *v.* Pennoyer (1898) 91 Fed. 587–593.

Directors are under a duty to remove the officer upon notice of his improper acts. Bloom *v.* United Bene. Sav. Co. (N. Y. 1884) 81 Hun. 120; Northern Cod Fish Co. *v.* Siberg (1917) 96 Wash. 126, 132.

"FIGUREHEAD" DIRECTORS

Figurehead directors are chiefly elected that their names will give credit to the corporation but who take no really active part in its affairs.

They are held responsible for neglect of duty; that they are directors only in a nominal sense will often be of importance in determining the real character of acts performed under cover of their names. Martin *v.* Webb, 110 U. S. 7, 3 Sup. Ct. 428; Old Dominion *v.* Lewiston, 210 U. S. 206, 28 Sup. Ct. 634; Bowerman *v.* Hammer, 250 U. S. 250, 39 Sup. Ct. 49; Crosicana Natl. Bk. *v.* Johnson, 251 U. S. 68, 40 S. P. 82; McEwen *v.* Kelley, 140 Ga. 720, 79 S. E. 777; Stone *v.* Rottman, 183 Mo. 552, 82 S. W. 76.

LIABILITY OF MEMBERS

That the better-business bureaus individually and collectively acting as the Affiliated Better Business Bureaus (Inc.) are conspiracies in restraint of trade and in violation of the Sherman and Clayton Acts and the antitrust acts of many States is now fully supported by evidence and all that is now necessary is that the administration stimulate their interest to effect conviction of all members. The most forceful analogy of this is the "Danbury hatters' case" because it was carried to the United States Supreme Court and hence is affirmed by our highest authority.

A $240,000 JUDGMENT

I am going to suggest that you get the full record of the Danbury Hatters' case, from its beginning in 1903 to its ending in 1915, when the $240,000 judgment in favor of D. E. Loewe & Co. against Martin Lawlor and 250 others, as individual members of the Hatters' Union was affirmed by the Supreme Court of the United States (235 U. S. 522).

The necessary facts to be stated for your benefit about that case are these: The suit was instituted, not against the Hatters' Union as an organization, but against Martin Lawlor and 250 other individual members who paid dues to the organization. On demurrer to the complaint, a writ of error was taken to the Federal circuit court of appeals, which in turn certified to the United States Supreme Court the question, "Whether such a case, if proven, would come under the clause of the Sherman Antitrust Act?" The unanimous decision of the court, delivered by Chief Justice Fuller, February 3, 1908, held that such cases came under the statute as conspiracies in restraint of trade (208 U. S. 274). The suit was then tried in the United States circuit court and lasted from August 26 to October 11, the verdict awarding plaintiff Loewe $80,000, which, when trebled, as provided under the Sherman Antitrust Act, amounted to $240,000. An appeal to the United States Circuit Court of Appeals, Second District, was taken and the judgment of the lower court affirmed (209 Fed. 721). It was then taken to the United States Supreme Court, which also affirmed the judgment (235 U. S. 522).

The Hon. Walter G. Merritt, of counsel for Loewe, made these points:

"When a man joins an organization and pays dues to it he is bound by its constitution * * * they are responsible * * * even though under the constitution (of the organization) their officers were forbidden to do anything but lawful acts * * * they were paying their dues and they could be and were informed as to what was going on, for their officers published journals monthly * * * telling what they had done, although they say they were campaign documents."

Stop and study those words. They fit these better-business bureaus like a glove, even to the publication of their bulletins, which informs all members of what is being done by the corporate entity.

And Judge Merritt continued—

"You may not like me; you need not speak to me. You may not like my store; you need not trade in it. You may not like my factory; you need not work in it. But you shall not organize

men against me to ruin my business. I have a right to conduct that business and you have no right to destroy it.

"Men have certain rights of life, liberty, reputation, property, and business. You can take my life; that is murder. You may say evil things about me; that is slander. You can put me in a room and chain me there; that deprives me of my liberty. And when you organize men against my business, that is boycott. To do these things is not only to turn against the laws of this country, but to turn against the eternal laws and the laws of Moses."

OUR CONSTITUTIONAL RIGHTS

When our forefathers fled from England to escape from political and religious tyranny, from Charles and James; to escape the persecution and the restrictions which were imposed upon individual liberty by combinations, and by threats of one kind and another, they came to this country and subsequently adopted the Constitution of these United States for a Government of the people, by the people, and for the people; and there has been no interruption of that governmental authority. It does not make any difference whether a man is rich or poor, whether he is classed as a capitalist or as an employee, we are all equal before the law, and you can not put any construction upon our Constitution that will grant it in one case and withhold it in another; no such construction on it that will give the so-called better-business bureau the right to obtain money from so-called "membership dues" and use that money to exterminate, control, or regulate a business that may be in competition with its contributing members, for that is a heritage no corporation can have; it is the police power of our Government, and can not be conveyed to private enterprises.

I say that these unlawful acts of the bureaus come directly under the Sherman antitrust law and that it flagrantly violates these laws and our Constitution in its daily activities and that the decision of the United States Supreme Court means what it says in the Danbury Hatters' case. Every contributor to the bureau is liable to the same extent as were the contributors of the Hatters' Union to Loewe, and it is a matter of history that this $240,000 judgment was collected by attachments on property and on the bank accounts of those defendants who contributed, and that these attachments extended from the New England States to California.

CONCLUSION

May I now call the attention of you gentlemen of the Banking and Currency Committee to the history of the United States, and why we have grown from a Nation of about 4,000,000 to a Nation of 125,000,000 people.

On July 4, 1776, the Declaration of Independence was signed by John Hancock and the 55 representatives of the then 13 States, and you gentlemen will recall the words of wisdom so strongly stated in the major portion of the second paragraph, reading as follows:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive to these ends, it is the right of the people to alter or to abolish it and to institute new government, laying its foundation on such principles and organizing its powers in such form as to them shall seem most likely to effect their safety and happiness. Prudence, indeed, will dictate that governments long established should not be changed for light and transient causes, and accordingly all experience hath shown that mankind are more disposed to suffer while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute despotism it is their right, it is their duty, to throw off such government and to provide new guards for their future security."

Our Constitution was subsequently drafted, ratified by the States, and went into effective operation on the first Wednesday (4th day) of March, 1789, and section 9, article 1, contains the sentence:

"No preference shall be given by any regulation of commerce."

The fourth amendment of the Constitution says:

"The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized."

The fifth amendment reads, in part, as follows:

"No person shall be * * * deprived of life, liberty, or property without due process of law."

Section 1, Article XIV, says:

"All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

Resting upon the foundation of these constitutional guaranties our Nation began to grow in wealth and power surpassing that of any other country of the world. No other nation has ever been blessed by kind Providence as we have been prior to the present era. Our natural resources were developed and our industries hummed, our output of worldly goods increased to such volume that the very magnitude of it surpassed that of England, who had ruled the oceans for years. We successfully hurdled every war and we came out of each with honor and glory. We emerged finally as the largest creditor nation of the world, and no doubt that this condition is the direct cause of the licentious, lustful, and hitherto unrestrained scheme and racket that has been conducted by the bankers and brokers of Wall Street, aided and abetted by their paid servant and puppet—the better-business bureau system.

Prior to the unholy alliance made by these bankers, brokers, and better-business bureaus in 1922 our prosperity increased by leaps and bounds hardly to be depicted by mere words only. We were a Nation living, as a whole, on a plane never before enjoyed by any nation under the sun.

The subversion of our Government began in June, 1922, when the bankers and brokers of Wall Street raised for, and paid to, the better-business bureau their first $100,000 jack pot.

Since that historic period the bankers have fleeced us unmercifully in the sale to us of foreign bonds of varied and dubious value, the brokers of Wall Street with their New York Stock Exchange have drained from us the remaining wealth of our country, and the two together now have that wealth locked in vaults while our industries remain idle for lack of capital, and labor is prevented from earning a living by the sweat of their brow.

The whelp of these bankers and brokers, self-styled under a conjured name—better-business bureau—have ursurped the police powers of our Nation, while they themselves are criminal violators of each and every one of our constitutional guaranties which I have just quoted.

These better-business bureaus are and have been attempting to dictate a preference in the regulation of commerce, in direct violation of section 9, Article I, through the illegal act of forcing industry to contribute to their racket or else suffer the humiliation of being publicly branded as crooks and the commerce of these nonmember industries to be directed into the lap of bureau contributors.

These better-business bureaus violate the "search and seizure" immunities guaranteed us under the fourth article of our Constitution each and every time they invade any industry or business and forcibly take possession of or demand possession of any letter, contract, book, or other property of that industry or business of any citizen without a warrant such as prescribed in this section of our Constitution. It is but a step from such procedure when these bureau snoopers will be bodily kicked out, and a citizen has that right to resist by any force necessary, until we reach a stage of civil insurrection.

The guaranties of the equal protection of our laws as enumerated by the Declaration of Independence and by the fourteenth amendment of our Constitution are but a scrap of paper to these parasites of business; and life, liberty, and property are words of no importance, since a better-business bureau, as presently conducted, is the law and Constitution unto itself; and with a strangle hold on our duly appointed and elected officials we will be helpless without proper protection which this honorable committee will safeguard to our citizens by proper recommendations to the Congress and our law-enforcement officials.

I would like to quote the words of wisdom that fell from the lips of the late and lamented Theodore Roosevelt in June of 1912:

"It is the eternal struggle between two principles—right and wrong. They are the two principles that have stood face to face from the beginning of time. The one is the common right of humanity, the other the divine right of kings. It is the same principle in whatever shape it envelops itself. It is the same spirit that says 'You toil and work and earn bread, and I will eat it.' No matter in what shape it comes, whether from the mouth of a king who bestrides the people of his own nation and who lives from the fruit of their labor, or from one race of men as an apology for enslaving another race, it is the same tyrannical principle.

"Were Lincoln alive to-day, he would add that it is also the same principle which is now at stake when we fight on behalf of the many against the oppressor in modern industry, whether the abuse of special privilege be by a man whose wealth is great or little, whether by the multimillionaire owner of railways and mines and factories who forgets his duties to those who earn his bread while earning their own, or by the owner of a foul sweatshop who coins dollars from the excessive and underpaid labor of haggard women.

"We who stand for the cause of progress are fighting to make this country a better place to live in for those who have been harshly treated by fate; and if we succeed, it will also be a better place for those who are well off.

"None of us can really prosper permanently if masses of our fellows are debased and degraded, if they are ground down and forced to live starved and sordid lives, so that their souls are crippled like their bodies and the fine edge of their every feeling is blunted.

"We stand for the cause of the uplift of humanity and the betterment of mankind. We are pledged to eternal war against wrong, whether by the few or the many, by a plutocracy or by a mob. We believe that this country will not be a permanently good place for any of us to live in, unless we make it a reasonably good place for all of us to live in."

Gentlemen, you can not sit idly by and permit the desecration of our constitutional rights by these usurpers of our governmental agencies if you heed the words of that great man, Theodore Roose-

velt; and it must be born in the Roosevelt blood for that family to fight so earnestly and seriously for the rights of life, liberty, and property as we will see by the following pertinent comment of our next President, the Hon. Franklin D. Roosevelt, in his following statement:

"One hoax was the unnecessary organization of many unnecessary promotions in every part of the country. Some so-called 'private banking houses' and even some public banks brought about consolidations for the sole purpose of selling watered stock. * * * Many billions of dollars were spent by the public for handsomely engraved certificates representing but little else but a pathetic hope of wealth * * * another looting scheme of these 'private banking houses' was in foreign loans * * * these bankers sent their agents to scour two continents for borrowers. The bankers demanded and got exorbitant commissions and interest rates * * * the foreign 'investment' business became so general that even the best financial minds lost perspective; even supposedly reputable investment bankers cooperated with foreign interests to make suckers of American investors.

"The National Government did not take the trouble to analyze the state and facts at its disposal. Our own Treasury Department and even our own Federal Reserve Board itself took not one single step to discourage the mounting orgy of speculation—until it was too late. Our present administration can not plead ignorance.

"The Government must protect its citizens against financial buccaneering. No Federal administration can prevent individuals from being suckers, but our Government has the right as well as the positive duty to dissect, for the benefit of the public, every new form of financial action."

I earnestly beseech that you gentlemen of the Banking and Currency Committee listen to the call of these two great Roosevelts; that you dissect, for the benefit of your constituents, for the benefit of all of our Nation, for the benefit of your own selves, this new form of financial racketeering which is being fostered on this great country by these agencies draped in sheep's clothing and parading as public benefactors for the sole purpose of crucifying business while furthering their own racket.

I respectfully submit the case of the people against these financial buccaneers to the best dictates of your own conscience.

POSTPONEMENT OF MORTGAGE FORECLOSURES

The Senate resumed the consideration of the bill (S. 5639) providing for loans or advances by the Reconstruction Finance Corporation for the purpose of securing the postponement of the foreclosure of certain mortgages for a period of two years, and for other purposes.

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

Mr. WALSH of Massachusetts. Mr. President, in connection with the pending bill I should like to have printed in the RECORD a letter from E. H. Thomson, president of the Federal Land Bank of Springfield, Mass., giving very useful information as to the situation of farm-mortgage loans in Massachusetts.

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

FEDERAL LAND BANK OF SPRINGFIELD, MASS.,
February 13, 1933.

Mr. L. B. BOSTON,
Director Division of Reclamation, Soil Survey, and Fairs, Department of Agriculture, State House, Boston, Mass.

DEAR MR. BOSTON: Your favor of February 10 with reference to the farm-mortgage situation in Massachusetts is at hand.

I am pleased to furnish such information as would appear to have a bearing on the subject. From the last census we find there are 25,598 farms in the Commonwealth of Massachusetts. Of those operated by owners, 52.4 per cent report mortgage debt. The average amount of the mortgage debt per farm is $3,089, and represents approximately 36 per cent of the value of the real estate. The average rate of interest paid by farmers on these mortgages is 6.14 per cent. The percentage representing mortgage debt is a little higher than in some of the other New England States. I do not know the reason for this.

The Federal Land Bank of Springfield, which was organized in 1917, and which operates through the medium of national farm-loan associations, has made 2,341 loans in Massachusetts, in the amount of $7,037,505, from organization to January 31, 1933. The average size of these loans is $3,000 and the average rate which the farmers pay is 5.46 per cent.

These loans are all made on a long-term payment plan whereby a small sum is paid on the principal twice a year, together with interest on the unpaid balance. In other words, effort is made to fit the mortgage to the farm business in such a way that payments can be easily made. As long as a farmer keeps up his installments and his taxes and operates the farm in a reasonably good manner, his loan can not be called. This has been a very great factor this past year, when so many local savings banks and trust companies have felt the shrinkage in deposits and have been compelled to call for payment of mortgages.

For the year 1932 the Federal Land Bank of Springfield made new mortgage loans in the Commonwealth of Massachusetts in the sum of $445,500 to 125 farmers. All applications have been accepted and approved where the farmer offered reasonable security and could demonstrate good management and integrity of purpose.

I think I can safely say that the farm-mortgage problem is relatively not acute in the Commonwealth of Massachusetts. The experience of the Federal Land Bank of Springfield with its mortgage loans in Massachusetts has been favorable. The total losses of every description suffered on $7,037,505 for the entire 15-year period is $6,170.19, or slightly less than nine-hundredths of 1 per cent of the amount loaned. This very favorable showing is due to the stability of Massachusetts agriculture and to the financial integrity of its farm owners.

At the present time with the ruinously low prices for certain farm products, obviously some farmers must be given extension of time in which to meet their payments. It is the policy of this bank to consider each case individually and to work with the farmer in a constructive and sympathetic manner. I can say with confidence that no loan has been foreclosed where the farmer had the slightest chance of working out of his difficulties and where he was making an honest effort to succeed.

In a few instances the farms have been abandoned, the buildings have become badly dilapidated, or the farmer so hopelessly involved with other debts that foreclosure was necessary. These have been the exceptions. In such cases it has been the policy of the bank to endeavor to place the farms in the hands of deserving and competent owners who appreciate a farm home and who will make a success.

I would also add that the good will and splendid cooperation from the department of agriculture of the Commonwealth of Massachusetts and other agencies interested in furthering the welfare of farmers have been of great help in carrying out a sound loaning program.

If there are any further data you may wish, or other questions, I shall be very glad to hear from you.

Yours very truly,

E. H. THOMSON, *President.*

Mr. FLETCHER. Mr. President, when we recessed on Saturday we had up for consideration the bill (S. 5639) providing for loans or advances by the Reconstruction Finance Corporation for the purpose of securing the postponement of the foreclosure of certain mortgages for a period of two years, and for other purposes. There was some demand at the time for an explanation of the bill. As chairman of the subcommittee which had to do with the measure, I was unable to get the floor to throw what light I could on the subject. Two or three or four Senators were on the floor at one time and all talking at once, so the matter went over until to-day. I take it the Senate would like a brief explanation of the developments and hearings with reference to the measure.

There were five or six more bills referred to the Committee on Banking and Currency. I was chairman of the subcommittee having to do with farm relief and agricultural finance, to which the bills were referred. We had a good many hearings, extending over many days. A number of bills were being considered and discussed. It became apparent that we would be unable to complete the hearings during the few days left in the session; and even if we did complete the hearings, that we were going to be unable to prepare a bill that would meet the views of most of those concerned and of the committee, get it before the full committee, and then reported by the full committee to the floor of the Senate, and then get it passed through the Senate.

The subcommittee then decided that we had better postpone further hearings on the broad general proposition looking to permanent legislation covering the whole field and take that matter up during the recess. We expect to continue the hearings on bills that are before us or on the subjects covered by those bills during the recess, with the hope that we shall be able to report a bill at the extra session which will provide for permanent legislation reorganizing or perhaps consolidating the agencies now in effect looking to farm relief and agricultural finance. It would take several days to complete those hearings, and then it would take some time to harmonize the differences and to get the legislation in shape to report to the full committee.

Five members were added to the subcommittee, making a subcommittee of 10 members, and we decided that for the present we had better devote ourselves to emergency legislation. Our only hope was that we might be able to get through the Senate some emergency measure which would give relief to the borrowers throughout the country, particularly with reference to farm loans. The bill introduced

by the Senator from Tennessee [Mr. HULL] laid the foundation for this emergency legislation. We took that measure up and considered it for some days, held hearings on it, and, finally, at the suggestion of various members of the committee and as a result of the hearings, there were some changes made in the bill, some modifications of it, and as changed and modified it was introduced by the Senator from Tennessee [Mr. HULL] and the Senator from Connecticut [Mr. WALCOTT]. That is the bill now before us, except that when the subcommittee reported the bill to the full committee there were certain amendments offered to it in the full committee, and to those amendments I will now refer.

The primary purpose of the legislation, as will be seen, is confined to the emergencies of the present day. We want, if we can, to stop foreclosures on farms throughout the country.

Mr. BROOKHART. Mr. President——

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

Mr. FLETCHER. I yield.

Mr. BROOKHART. Let me ask the Senator if the amendments proposed by the subcommittee and ratified by the full committee are contained in the reintroduced bill so that it does not show what the amendments were?

Mr. FLETCHER. The bill in its present form does not show the amendments.

Mr. BROOKHART. They are all included in the bill?

Mr. FLETCHER. I think there was a reprint of the bill as agreed to by the full committee.

Mr. BROOKHART. That is the way I find it.

Mr. FLETCHER. That is the way we have it now. But the bill contains certain provisions which were proposed in the full committee, not by the subcommittee, and which were not in the original bill. The bill does not know exactly what amendments were made by the full committee, but it embodies all those amendments, and the bill was reintroduced, I take it, and reprinted as the full committee finally agreed on it.

As I was saying, the primary purpose of the legislation is to provide practically for a moratorium on all these loans for two years, and then to provide for a reduction in interest rates on all taxes past due, all interest past due, and all installments past due, which now make these mortgages subject to foreclosure. It removes all danger of foreclosure for two years, and as to all these mortgages it reduces the rate of interest to 4 per cent on all taxes, interest, and installments which are past due.

The Senator from Idaho, as I understand, has offered an amendment to reduce that 4 per cent to 3½ per cent. Is not that correct?

Mr. BORAH. I offered an amendment on Saturday night reducing the rate to 3 per cent, but I am going to change that to 3½ per cent.

Mr. FLETCHER. Very well. I will state that it developed in the hearings that the Reconstruction Finance Corporation was now paying the Treasury 3½ per cent, and we thought they ought to have at least a margin of one-half of 1 per cent to cover the cost of administration. There will be considerable expense in connection with the administration of this bill, and this one-half of 1 per cent will not more than cover that cost of administration, it seems to me, and it will leave nothing to take care of any losses that may occur.

Mr. BORAH. Mr. President——

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

Mr. FLETCHER. I yield.

Mr. BORAH. I understand that the Reconstruction Finance Corporation are paying the Treasury 3 per cent, and are allowing themselves one-half of 1 per cent for the purpose of paying expenses?

Mr. FLETCHER. Yes.

Mr. BORAH. Therefore I thought that they were not entitled to make anything out of the transaction, and that the rate should be reduced to 3½ per cent. That would take care of the interest they would have to pay and would provide also an amount with which to pay expenses of administration.

Mr. FLETCHER. I quite agree with the Senator that they ought not to make any profit, and we did not intend that they should, and they will not be able to; but the Senator is quite in error in supposing that they are only paying 3 per cent. The testimony before the committee by those in charge of such affairs was that they were now paying 3½ per cent to the Treasury for the money obtained.

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

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

Mr. FLETCHER. I yield.

Mr. KING. In view of the fact that the Government will be compelled to borrow large sums of money in the immediate future, on account of obligations amounting to several billion dollars maturing within 60 days, and $8,000,000,000 maturing within perhaps six or eight months, I suggest to the Senator that it is quite possible, indeed, probable, that the Government will not be able to borrow money perhaps at 4 per cent in the course of a few months.

Mr. BORAH. Mr. President, I disagree with the Senator upon that proposition, for the experience of the last few months shows that the people are anxious to put their money in Government bonds at a very low rate of interest rather than to put it elsewhere, and instead of the interest rate likely going to 4 per cent or 4½ per cent it is more likely to go down to 2½ or 3 per cent. We have plenty of money it seems, but it is unwilling to invest except in Government bonds.

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

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

Mr. FLETCHER. I yield.

Mr. BLAINE. May I call the attention of the Senator from Idaho to the fact that in the last few days out of the 11 issues of United States bonds, 5 of them are selling below par, and only 1 on those now selling below par had heretofore been selling below par?

Mr. BORAH. And I think I know a good reason for that, too.

Mr. KING. Mr. President——

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

Mr. FLETCHER. I yield.

Mr. KING. I hope the Senator from Idaho is right, but I am rather inclined to think—in fact, I am rather certain—that in the future, with maturing obligations of billions of dollars, the Government will not be able to borrow money at the low rate suggested by the Senator from Idaho. It seems to me it might be safer, although I do not care to interfere with the structure of the bill in any way, to provide, as we have done with respect to loans to the shipping interests, that the rate shall not exceed one-half of 1 per cent or 1 per cent in excess of the rate at which the Government is able at the time to obtain the money.

Mr. FLETCHER. I think, Mr. President, it is thoroughly understood by the Reconstruction Finance Corporation and by the parties concerned that they are not expected to make any profit out of these transactions. The bill, therefore, provides that the rate of interest shall be not to exceed 4 per cent. If it develops that they can get the money at less than they are now paying, they are expected to make the interest charged the borrower conform to that arrangement, but the language is "not to exceed 4 per cent."

Mr. STEIWER. Mr. President——

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

Mr. FLETCHER. I yield.

Mr. STEIWER. I think the Senator from Florida is now putting his hand upon the real situation we ought to consider with respect to the interest rate. The bill does not pretend to fix the interest rate to be charged; it merely prescribes the maximum rate which may be charged.

Mr. FLETCHER. Precisely.

Mr. STEIWER. The question before us therefore is not what the interest rate ought to be; the question is, as the Senator has just stated, What ought the maximum rate to be?

Mr. FLETCHER. Yes.

Mr. STEIWER. In view of many considerations, some of which have already been suggested here this morning, when this matter was before the committee we thought the maximum rate might well be 4 per cent.

Mr. FLETCHER. Yes.

Mr. BORAH. Mr. President, would it not be better, instead of putting in a rate, to put in a specification that no rate shall be charged in excess of the actual amount which they pay the Government and the cost of administration?

Mr. FLETCHER. I have no objection to that; but, if it is intended to cover that, I am afraid such an amendment would make it too indefinite.

Mr. BORAH. I do not think it would make it indefinite, because they would know what it was. If it is correct to assume that in the near future the price of Government money is going up, 4 per cent might be as objectionable as 3 per cent. What I desire, Mr. President, and nothing more, is that they get this money at exactly the rate which the Government must pay for furnishing it, together with what is actually necessary for administering it; that is all.

Mr. FLETCHER. That we intended to accomplish, and we intended to make it definite and certain. So that there would be no discrimination and so that everybody would know exactly what rate of interest was to be charged by the Reconstruction Finance Corporation, and so as to make it certain that a rate should not be fixed that would mean a profit to the Reconstruction Finance Corporation, or an unnecessarily high rate, we made the figure not to exceed 4 per cent. Now, what does that mean?

Mr. LONG. Mr. President——

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

Mr. FLETCHER. I will yield in a moment. What does that mean? It means, for instance, that whereas, under the farm loan act, a borrower is required to pay 8 per cent on all taxes past due, and that have to be taken care of by the mortgagee, on all interest past due, and all installments past due, this will save him 4 per cent. It means a saving to the borrower, under the Federal land-bank system, of a per cent on all these items of taxes, interest, and installments.

Mr. BORAH. I am certainly in favor of the principle for which the Senator is contending and which the bill covers; so far as that is concerned, I think it is all right. I was simply desirous of protecting that particular situation.

Mr. FLETCHER. Precisely; we are all in accord in desiring to make the interest rate as low as possible.

Mr. LONG. Mr. President——

Mr. FLETCHER. I now yield to the Senator from Louisiana.

Mr. LONG. Mr. President, in the case of the Wagner bill we provided that the interest rate should not exceed 1 per cent over the amount the Government had to pay for the money. We had it one-half of 1 per cent, and we made it 1 per cent. It seems to me that that would be a pretty fair thing to do in this case. It will cost the Government something to get the money and handle it and lend it out and get it back, and if we made it just the same as in the Wagner bill, which seemed to be pretty fair, 1 per cent above the amount the Government had to pay for the last sale of its bonds, I think it would cover the situation.

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

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

Mr. FLETCHER. I yield.

Mr. McKELLAR. Why would not the end desired be accomplished by inserting after the word "rate," in line 14, on page 2, the words "not exceeding the actual cost of the money to the Government and in no event exceeding 4 per cent"?

Mr. ROBINSON of Arkansas. That would not take care of the administration, and the rate should cover within reason the cost to the Government of administrative expenses.

Mr. McKELLAR. That would be included, as it seems to me, but it could be easily put in.

Mr. FLETCHER. Mr. President, I am willing——

Mr. BORAH. Why not insert, as suggested by the Senator from Louisiana, the provision which was inserted in the Wagner bill, so called, that the rate shall not exceed a certain amount according to the rate provided in last sale of Government bonds, and so forth?

Mr. FLETCHER. That might be workable. We discussed that to some extent, but the committee thought we ought to make the rate definite so that it would be thoroughly understood exactly what it would be, and that we ought to make it so low that it would not cover more than the cost to the Reconstruction Finance Corporation. This money for the Reconstruction Finance Corporation comes out of the Treasury, of course; whether or not the Treasury charges the Reconstruction Finance Corporation a little more than they pay on the bonds, I do not know; but I think likely the Treasury may make a small charge to the Reconstruction Finance Corporation. I think we would hamper the administration of the bill, if enacted, and would make it less clear and definite by an amendment of that kind. However, let the Senate be thinking about that while I go on to explain the other provisions of the bill.

Mr. BLAINE. Mr. President, will the Senator yield before he proceeds to do that?

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

Mr. FLETCHER. I yield.

Mr. BLAINE. I desire to ask the Senator a question. The Senator has been referring to a moratorium for two years. He does not intend by that expression to mean that a moratorium is granted to the mortgagor except indirectly through the mortgagee?

Mr. FLETCHER. Yes.

Mr. BLAINE. In other words, this bill introduces a new class of debtors; that is, people who to-day are not debtors but who as mortgagees will become a debtor class under the provisions of this proposed act. The Government will have back of that new debtor class the assignment of the mortgage to the Reconstruction Finance Corporation, and back of the mortgage, of course, is the farm, but, as a matter of fact, we are creating, prospectively at least, a new debtor class. Is not that correct?

Mr. FLETCHER. The situation is this: Suppose the Senator had a mortgage on a farm. That mortgage undoubtedly provides for the payment of all taxes by the mortgagor, the payment of all interest, and perhaps amortization. In individual cases perhaps no amortization is provided for; but as to Federal land banks and joint-stock land banks, 1 per cent per annum amortization is included.

The mortgage provides that in case of default the mortgagee may pay up the taxes, he may forego his interest, forego his installments, and charge interest on those to the mortgagor, or he has a right to foreclose his mortgage. What we are trying to accomplish here is to stop these foreclosures and make them impossible, because we propose to take care of those that are in default.

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

Mr. FLETCHER. Yes.

Mr. BLAINE. Is the mortgagee who has the mortgage going to make himself a debtor, even though he obtains the money at a low rate of interest, instead of liquidating his mortgage? Is it in the nature of things for a mortgagee to do it?

Mr. FLETCHER. Of course it remains to be seen how it will work out, but we are giving him the opportunity of avoiding foreclosure. We are taking care of items which he must take care of in the first instance, and then, in his foreclosure suit, embrace them in the amount of his claim against the mortgagor. He is being benefited. I see no

reason why he should not pledge his mortgage to the Reconstruction Finance Corporation to protect it in making these advances. In case eventually these items are not paid by the mortgagor, and foreclosure is necessary, the Reconstruction Finance Corporation will foreclose the mortgage with the right to pay itself the taxes, the interest, and the installments which it has advanced, and the remainder goes to the original mortgagee. So that the mortgagee does not lose anything by this transaction. He is benefited by the fact that somebody steps in and pays up these installments which he would have to pay as mortgagee eventually, in case the mortgagor could not pay; and then the mortgagor gets the benefit of the reduction of interest. He gets the benefit of postponement of any foreclosure proceedings. He has no dread of foreclosure, and there can be no foreclosure during these two years. That is the benefit to the mortgagor.

The mortgagee is benefited in respect to having these items on which the mortgagor is in default, as to taxes, interest, and installments, taken care of by the Reconstruction Finance Corporation; and, therefore, it is to his interest to protect the Reconstruction Finance Corporation in the advances which it makes.

I think it will work out all right. I think the mortgagees generally will be willing to assign their mortgages to the Reconstruction Finance Corporation to protect them in making these advances, which advances the mortgagee himself has eventually to make if he protects his security. In this instance the bill gives the mortgagor an opportunity to recoup and to go on with his payments after this extension of time is granted, and the mortgagor gets a reduction of practically 4 per cent on the interest that he would have to pay eventually to the mortgagee. So that it is an advantage all around, and I think there is no doubt about its working satisfactorily.

Another point: I do not remember whether the subcommittee reported this item or whether it was put in by the full committee. At any rate, it was decided, and it is provided in the bill, that these benefits ought not to be confined to the farmers alone; that the bill should be extended so as to protect people in the cities and towns owning small homes. By its terms, the application of the bill is limited to homes of a value not exceeding $8,000. That is purely an arbitrary figure; but we thought we would take care of the small-home owner who is suffering, for the same reason that the farmers are suffering, danger of foreclosure taking his home away from him. So we have put in the bill a provision for taking care of loans to these small-home owners for a period of two years to take care of their taxes, their interest in default, and any other obligations that are necessarily involved; and the home owner gets that money at 4 per cent. So that we are trying to protect the small-home owner, and stop foreclosures of these small homes in the towns and cities, as well as taking care of the farmer's rights.

That is an item in the bill that we finally concluded ought to be placed there, so as to create this moratorium in effect for two years to the small-home owner, and take care of these items of taxes, interest, and so forth, which might subject him to foreclosure.

Mr. GLASS. Mr. President——

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

Mr. FLETCHER. I yield.

Mr. GLASS. Does the Senator from Florida really imagine that we are proposing a moratorium for two years only?

Mr. FLETCHER. That is what the bill provides.

Mr. GLASS. I know that is what the bill provides; but, Mr. President, it seems to me that we are literally destroying—in fact, we have already destroyed—the mortgage-bond market. As I have already said, there is not a man outside of the lunatic asylum who has any money to loan who is going to loan it upon mortgages when governors and legislators and the Congress of the United States assume to declare moratoriums on indebtedness.

We are proceeding here upon the assumption that nobody will want to borrow money hereafter; that even thrifty and altogether worthy farmers who are entitled to credit are going to be estopped hereafter from ever borrowing any money; and that is just what is going to be the result of this.

While I am up, may I ask why the discrimination, why the limitation up to $8,000? A man who owns a farm that is worth $18,000, and operates it, employs more persons, has more tenants than a man who has a farm that is worth only $8,000; why not assist him? Why confine the bill to this particular class of persons?

I could better illustrate the intent of my inquiry by citing this fact:

I have in mind now an industrial concern which employs 526 men—men of modest means, with their little homes across the river, unable to own high-priced property in the town proper. That concern owes, I will say as an illustration, $230,000 to a national bank. When the notes mature they have to be renewed, because they can not be paid. Why not help that corporation to keep these 526 heads of families employed? Why help joint-stock land banks, organized purely for profit, in which the Government has not one scintilla of pecuniary interest? Would these banks have paid the Government any part of their profits had they made profits? Why help them any more than help the debtors of national banks that are organized for profit? Why take a half billion dollars of the taxpayers' money out of the Treasury, where it is not at present, and use it for privileged socialism, if there be such a thing as privileged socialism? It is not even ordinary socialism; it is not even a common pot that may be dipped from by anybody; it is privileged socialism.

Mr. FLETCHER. Mr. President, of course the Senator makes quite an argument against the whole bill.

Mr. GLASS. Yes; I am against the whole bill.

Mr. FLETCHER. I do not know that I can follow his questions in detail; but the Senator starts out with a wrong impression. Perhaps I have been unhappy in stating the case; but the Senator seems to think that we are limiting these loans to farms of a value of $8,000. Farm values have nothing to do with this limitation. This limitation of $8,000 applies only to mortgages on homes occupied by their owners. The bill applies only to mortgages on such homes not exceeding $8,000 in value. That is the $8,000 limitation. The idea was that we would take care of the moderate-circumstanced people who are about to lose their homes through foreclosure. If we undertook to broaden the field beyond this valuation we would get into a considerable demand, for instance, on hotels and apartment houses, and all that sort of thing. We could not handle that; but we were intending to try to save the small-home owner of meager means to keep from having his home taken away from him under foreclosure.

That has nothing to do with the value of farms. That is not connected with farm loans at all. There is no limitation as to farms.

Mr. GLASS. Mr. President——

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

Mr. FLETCHER. I do.

Mr. GLASS. I infer that the Senator does not consider a half billion dollars a very considerable sum.

Mr. FLETCHER. Oh, yes; it is a considerable sum.

Mr. GLASS. Why not save a man's home that is worth $9,000?

Mr. FLETCHER. This is purely an arbitrary limit.

Mr. GLASS. Why not save a man's home that is worth $10,000?

Mr. FLETCHER. The Senator can make it $10,000 if he likes. I should not object to that; but the idea is that we must fix a limitation here, because otherwise we would reach out into hotels and apartment houses and business structures and all that sort of thing.

Mr. GLASS. Why not? Why are not they as much entitled to the taxpayers' money as anybody else?

Mr. FLETCHER. They are generally able to take care of themselves better than the small-home owner.

Mr. GLASS. Take care of themselves! Why, there is scarcely a hotel in Washington which is not under mortgage now and in the hands of a receiver.

Mr. FLETCHER. That may be true; and it is impossible for us to conceive of the Government going into that sort of business.

Mr. GLASS. It is impossible for me to conceive of the Government going into this sort of business.

Mr. FLETCHER. That may be the Senator's view. The committee thought we would be charged with discrimination if we confined these benefits entirely to farmers. They thought that in these industrial regions small-home owners were losing their homes and that they should be included in the bill.

The Senator says, "Why go into this business at all?" He says a man can not borrow any money on his farm or his home now because we are destroying the loan market and the chances of getting accommodations elsewhere. Mr. President, it is already destroyed. No farmer can borrow any money on his farm. No home owner can borrow any money on his home. There is not a bank that will make any loans. None of these loan agencies are making any such loans. That is out of the question. We are trying to cure an existing situation as far as we can. It is purely an emergency proposition, as I have said. It lasts only for two years; but we are trying to prevent these foreclosures on farms and on small homes throughout the country so that the farmer will be able to go on and occupy his farm and make a living and support himself, and so that the small-home owner will be assured that his home is not going to be foreclosed against and taken away from him. That is the idea. It is purely an emergency measure.

Mr. GLASS. Mr. President, in my conception of the case, the Senator is vastly mistaken if he thinks it is going to continue but two years. He is going to make it impossible, for a long period of time, for anybody worthy of credit or otherwise to borrow any money from a bank or from anybody else if Congress reserves the right to declare moratoriums on such indebtedness.

Mr. FLETCHER. There is a great deal in what the Senator says. We are in perilous times, living under distressing conditions, but we have to realize that. It is not what we would like to have. It is what we are actually experiencing now. I have letters from all parts of the country—and I have no doubt other Senators have—complaining that the Reconstruction Finance Corporation and that the home-loan bank, which we set up to save homes—which has proven a perfect farce—are not willing to make loans to people.

Let us say that I have a property worth $25,000, and that I owe $2,500 on it. I can not get the money from a bank or a loan agency in the community, or anywhere else—from any financial institution. Am I to lose that home because I can not raise that $2,500? I apply to the home-loan bank, and they say, "Your town defaulted on some of its bonds, or something, and we are not going to lend at this time." As a matter of fact, they are making loans only to building and loan associations. We provided for loans to building and loan associations in the original Reconstruction Finance Corporation act, and they have been making loans to them. But this home loan bank crowd are making loans only to building and loan associations. They have not up to date made a single individual loan. They have not saved a single home in this country from foreclosure.

Mr. BORAH. And never will.

Mr. FLETCHER. No, they never will, and I do not believe they intend to. They are controlled by people who are connected with building and loan associations. A majority of them are building and loan people, I am told. At any rate, they are confining their operations to taking over the assets of building and loan concerns, and they have not saved a single home from foreclosure, after opening up in September with a great blare of trumpets saying they were ready to do business, and to save homes.

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

Mr. FLETCHER. I yield.

Mr. SHORTRIDGE. Perhaps I should assume that the committee has carefully considered the constitutional power of Congress to enact measures such as that before us. Would the bill make it mandatory on a mortgagee to submit to a reduction of interest and other claims he might have upon the mortgagor?

Mr. FLETCHER. I replied to that in answering one of the objections raised by the Senator from Virginia, as to whether we would deter people from making loans hereafter because of the danger of Congress intervening and declaring a moratorium. This bill is based upon the consent of the mortgagee. We do not attempt to compel him to do anything.

Mr. SHORTRIDGE. I wanted that clear in my mind.

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

Mr. SHORTRIDGE. We would not have a right to modify an existing valid contract.

Mr. FLETCHER. Absolutely not. The mortgagee must join; he must agree and assign his mortgage, consent to the arrangement, the reduction of interest, and all that. It was so provided in the case of the joint-stock land banks. They can agree to a reduction of interest.

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

Mr. FLETCHER. I yield.

Mr. KING. It is obvious that this bill is merely a makeshift, and whether it will accomplish any good is very questionable.

I understood the Senator to state at the outset of his observations that in the special session a comprehensive measure will be enacted dealing with this entire question. If we are to take over the obligations of the farmers and other real-estate owners, whose obligations to-day aggregate about $35,000,000,000—speaking now of real estate generally, as well as farms—if we are to afford relief to all of the owners of property upon whose property there are mortgages and trust deeds and other obligations and liens, is it not unwise to make two or three or four bites at the cherry and to attempt in this sporadic plan to deal with the situation?

Moreover, while I am on the floor may I say, Mr. President, that I understood that this bill sought only to relieve persons on whose farms and homes the taxes were in default? If the mortgagees would agree not to foreclose for two years, the Government was to lend to the agencies set up here enough to pay the back taxes and the interest to date.

I find that the bill goes further than that. Five hundred million dollars are to be taken out of the Treasury, which is empty. We will have to go out and issue bonds and borrow the $500,000,000. In addition to that, we are to lend $100,000,000 to these joint-stock land banks, many of which have been improvidently managed, inefficiently conducted, and are in debt, are involved, which have issued bonds and are buying them in at 30 cents on the dollar and cancelling some of their outstanding obligations. I did not know we were to lend this organization $100,000,000 so that it could go out and buy its bonds at par—that is probably a redeeming feature—or borrow money for the purpose of making other loans. I thought it was to be placed in the same category with other mortgagees, and that it would have advanced to it out of this $500,000,000 such sums as were due to it on account of the taxes paid by it as a mortgagee and deferred interest, providing it would not foreclose its mortgage for a period of two years. But the proposal is to lift the joint-stock land bank into the same category with farm-loan banks, which, many say, are Government institutions.

Does the Senator think that is wise? It seems to me that in a year or two, according to the views which prevail here, nearly every man in the United States will be a debtor to the Government. The United States will have a thousand or ten thousand or a hundred thousand suits in the courts foreclosing, suing to recover on debts due it, and we will have the unfortunate situation of landlord and tenant, the Government the landlord and the people of the United States the

tenants. We will have the people of the United States who are indebted to the Government arrayed against it. This sort of legislation, and many other bills which have been suggested, in my opinion, would create a schism, would drive a hot plowshare into our social system, and would arouse resentment on the part of millions of people against the Government.

Mr. BORAH. Mr. President——

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

Mr. FLETCHER. I yield.

Mr. BORAH. May I say to the Senator from Utah, in the time of the Senator from Florida, that I think his suggestion has come too late. We may be in a position where we are going to take over the farms, but we are already in a position where we are practically taking over the railroads, and will undoubtedly do so if we continue our present program. We will not only take over the railroads, but we will take over the insurance companies and we will take over the banks, and we will continue until we make the soviet government seem modest in its communistic program.

Mr. FLETCHER. Mr. President, I can not agree with these violent predictions. I do not see any such prospect ahead of us. I think we are moving along in rather dangerous waters, perhaps, going perhaps a little too far in paternalistic efforts, but I do not see any such prospect as has been mentioned here.

The Government is not going to own the farms of this country. We want the farmers to stay on the farms, and they want to stay on them, and they will be able to stay on them. They are not able now to meet the presently due installments of interest and tax payments, and to keep up their payments, because they are getting nothing for their products. But that condition is not going to last. The people of this country and other countries have to have food. The farmers are the ones who produce the Nation's food, and the consumers will be willing to pay reasonable prices, and can pay reasonable prices.

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

Mr. FLETCHER. Let me finish this statement, and then I will answer all questions, but I can not get along logically if I yield to every interruption, and take sidetracks here and there.

The condition of this country is not so terrible as some people seem to think. Suppose there are 11,000,000 people unemployed now, or 12,000,000. That is only 10 per cent of the population. All the rest of the people are busy and only 10 per cent of the population are idle. Is that such a terrible condition as calls for revolution and revolutionary steps?

Mr. President, this country is rich, the people are industrious, the people are intelligent, the people are patriotic. They are not going to see the Government fall, they are not going to lose their property. They do not need to do it and they will not do it. They have some courage and some self-reliance, thank heaven, and they are going to exercise those characteristics in the handling of their property.

Those who entertain the idea that the people of this country are all flabbergasted, all wild eyed, all going crazy and insane are entirely mistaken. Just brace up a little and help them. They are existing now. A certain emergency is upon them, caused by the fall in commodity prices, partly that, perhaps mainly that. As to the farmers, that is the cause. But what good does it do a farmer to own a fine farm and produce any amount of crops if he can not get anything for them? But that is not a lasting condition. The farmers are going to be able to get higher prices, because people have to have things to wear and things to eat, and the farmers are going to supply them. The farms of this country are the very foundation of all the strength and power and wealth of the country.

Mr. President, all this talk about the stock exchange and capital, speculation, and all that sort of thing, is merely on paper. The very sources of wealth are the soil, the mines, and the waters. Those are here; they are going to stay here; they can not be taken away. All we need to do is to take care of a situation which arises in an emergency like this, when the producers are unable to meet certain obligations because of the low prices of their products, not because they are not working, not because they are not producing, but because they are not getting anything for their products. Prices will come back, and what we need to do is to tide the farmers over this emergency.

What we are trying to do by this legislation is to stop the foreclosures of mortgages, which are in default, very largely, though probably not over 50 per cent of them are in default, at that. Perhaps not that many of the farm mortgagors are in default in the payment of taxes and interest. Twenty-seven per cent probably would be nearer correct. But that is a big percentage, I admit.

We do not want to see these people deprived of their homes, their life savings, because some fellow who holds a mortgage takes advantage of the right of a mortgagee to forclose and sell the mortgagor out. If suit is instituted, a sale takes place, and the mortgagee is the only purchaser at the sale. No other purchaser appears. The mortgagee, in many instances, does not want the property, is willing to come in and cooperate to reduce the interest and give the mortgagor two years' breathing time in which to make good.

That is what we are trying to accomplish by this legislation; not to provide a permanent arrangement at all. We are not going into the loaning business as a permanent thing, but we are trying to help in an emergency like the present one. The Government has the credit which will enable it to do it, and we can do it without any great burden on the people of the country. We can help all home owners, on the farms as well as in the towns, to tide over this emergency. That is the object of the bill.

I ask to have inserted in the RECORD a statement by the general counsel of the Farm Loan Board regarding the payment of land-bank loans in farm-loan bonds.

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

QUESTIONS REGARDING THE PAYMENT OF LAND-BANK LOANS IN FARM-LOAN BONDS

FEBRUARY 14, 1933.

Frequent inquiries have been directed to the Federal Farm Loan Bureau as to (1) whether under the provisions of the Federal farm loan act, as amended, a borrower from a Federal or joint-stock land bank has the right to require the land bank making the loan to accept its own unmatured bonds at par in full payment of his debt, and (2) whether it is within the power of Congress to require the banks of the farm-loan system to accept their own unmatured bonds at par in payment of the mortgages taken from their respective borrowers. The same questions have been asked with respect to the tender of bonds in payment of loans made by joint-stock land banks which have been placed in the hands of a receiver by the Federal Farm Loan Board. Before taking up these questions in detail it will be helpful to consider the history of some of the pertinent provisions of the Federal farm loan act.

At the close of the Sixty-third Congress a joint committee of the Senate and House was appointed to investigate the subject of rural credits and report back a bill for the consideration of the Sixty-fourth Congress. The committee carried out the instructions and the Federal farm loan act, as we know it is, in the main, the bill which it reported. (Document 494, 64th Cong., 1st sess.) This report was referred to the Senate Banking and Currency Committee on February 16, 1916. The original bill with amendments was reported back to the Senate by Senator Hollis (S. 2986; Rept. No. 144). Section 12 of this bill read in part as follows:

"No Federal land bank organized under this act shall make loans except upon the following terms and conditions:

"First. Said loans shall be secured by duly recorded first mortgages on farm land within the land-bank district in which the bank shall be situated.

"Second. Every such mortgage shall contain an agreement for the payment of a fixed number of semiannual installments sufficient to provide for an agreed rate of interest during the term and for the payment of the principal during and at the end of the term on what is known as the amortization plan.

"Third. Every such mortgage shall run for a period of at least 5 years and not exceeding 36 years.

"Fourth. Every mortgage loan made under this act, for whatever period, shall provide for its extinguishment, at the option of the borrower, in whole or in part at any date set for the payment of interest after five years from the date upon which said loan was made, as follows:

"(a) By the tender at their face value of farm-loan bonds issued by the land bank holding such mortgages, all unmatured coupons being attached to said bonds.

"(b) By advance payments in cash in sums of $100 or any multiple thereof. In such case the Federal land bank receiving such payments shall purchase for its own account, and credit at par upon the mortgage, farm-loan bonds in suitable amounts; said land bank may call, as may be necessary, farm-loan bonds in suitable amounts, and when such calls shall have become effective shall credit such payments on such mortgage.

"*Provided*, That farm-loan bonds of any Federal land bank, tendered or purchased under the foregoing two paragraphs to extinguish the whole or any part of a mortgage loan, shall bear the rate of interest current on farm-loan bonds issued by such bank at the time such mortgage loan was made."

The foregoing provisions with respect to the payment of loans "by the tender at their face value of farm-loan bonds issued by the land bank holding such mortgages" were also made applicable to loans made by joint-stock land banks under the provisions of section 16 of the bill. These provisions of sections 12 and 16 were contained in bill S. 2986 as passed by the Senate. Later the bill was referred to the Committee on Banking and Currency of the House. When the bill was finally reported by the House committee the provisions with respect to the payment of loans by the tender of bonds at par had been eliminated. During the subsequent consideration of the bill by the House and by the conference committee appointed to consider the House amendments, these provisions were not reinstated. The farm loan act as finally approved did not contain any provision which would permit a borrower from a Federal or joint-stock land bank to pay his loan by the tender of an equal face amount of bonds.

It is apparent from the legislative history of section 12 that the elimination of the provisions in question was due to design and not to oversight, and that at the time of the enactment of the present law the Congress decided that it was not advisable to permit borrowers to pay their loans in bonds. In this connection the Supreme Court of the United States has held that in construing an act of Congress amendments proposed and defeated may throw light on the construction of the act as finally passed, and may properly be taken into consideration.—Buttfield *v.* Stranahan (192 U. S. 470.)

Section 2 of the act, as finally passed, read in part as follows: "Wherever the term 'first mortgage' is used in this act it shall be held to include such classes of first liens on farm lands as shall be approved by the Federal Farm Loan Board, and the credit instruments secured thereby." Furthermore, section 12 prescribes certain conditions and restrictions with respect to loans made by Federal land banks "based on first mortgages." These conditions and restrictions, with some exceptions, are applicable to loans of joint-stock land banks. One condition which is applicable to mortgages taken by both classes of institutions is as follows: "Every such mortgage shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments."

Section 30 of the act provides in part that it shall be the duty of the Farm Loan Commissioner to examine the laws of every State of the Union and to inform the Farm Loan Board "as rapidly as may be whether in his judgment the laws of each State relating to the conveying and recording of land titles and the foreclosure of mortgages or other instruments securing loans, as well as providing homestead and other exemptions in granting the power to waive such exemption as respects first mortgages, are such as to insure the holder thereof adequate safeguards against loss in the event of default on loans secured by any such mortgages."

The mortgages taken by the Federal and joint-stock land banks from their borrowers under the foregoing provisions of the law constitute contracts between the borrowers and the banks. In view of the provisions of section 30, just above referred to, it is clear that the Congress intended that the status of these contracts as liens, the vested rights of the parties involved, the procedure to be followed in case of foreclosure, and the subsequent rights of the parties to such foreclosure proceedings, as well as the rights of other creditors, are fixed by the laws of the State in which the mortgaged property is situated. The mortgages taken by all of the banks of the system provide that the debts secured thereby shall be paid in lawful money. It is, of course, recognized universally that the party bound to make payment has no right to do so in any other medium than that expressed in his contract. That is, he must make payment in money if his contract so provides. Likewise the farm-loan bonds, which are secured in the main by these mortgages, provide that the holders thereof shall be paid in lawful money. "The party bound to make payment has no right to do so in any other medium than that expressed in the face of the instrument—that is, he must make payment in money." (Daniel on Negotiable Instruments, vol. 2, p. 1405. See also Julliard *v.* Greenman, 110 U. S. 421, 4 S. Ct. 122.)

Since under the terms of the mortgages accepted by them the land banks have not agreed to accept farm-loan bonds in the payment of a loan and under the terms of their outstanding bonds the option as to payment and retirement prior to final maturity rests with the land bank which issues them, it is apparent that the banks of the farm-loan system are under no obligation nor can they be required to receive their own unmatured bonds or the bonds of other banks in payment, in whole or in part, of loans which they have made.

The answer to the second question, namely, whether the Congress by amending the farm loan act may require the banks to accept their own bonds at par in payment of mortgages held by them, would seem to be equally clear. It is true that section 35 of the farm loan act provides in part that "the right to amend, alter, or repeal this act is hereby expressly reserved." It is true also that the Congress of the United States is not included within the constitutional prohibition which prevents States from passing laws impairing the obligations of contracts. On the other hand, Congress is prohibited from depriving persons or corporations of property without due process of law. In this connection it has been pointed out that under the express authority conferred upon the banks of the farm-loan system they have entered into contracts with their borrowers. These contracts or mortgages have been made, subject to certain limitations and restrictions imposed by the act itself, pursuant to and in accordance with the laws of the States in which the mortgaged properties are situated. We have seen also that these mortgages provide that the debts secured thereby must be paid in lawful money. Therefore, since the rights of the bank, and in turn the rights of their respective bondholders, have vested in these obligations, it would not seem to be within the constitutional powers of Congress to deprive the individual banks or their security holders of their vested property insterests therein. This conclusion is based upon the principles laid down in the famous case of the Union Pacific Railway Co. *v.* United States (99 U. S. 700). Mr. Chief Justice Waite, who delivered the opinion of the majority of the court, said:

"The United States can not, any more than a State, interfere with private rights, except for legitimate governmental purposes. They are not included within the constitutional prohibition which prevents States from passing laws impairing the obligation of contracts; but, equally with the States, they are prohibited from depriving persons or corporations of property without due process of law. They can not legislate back to themselves, without making compensation, the lands they have given this corporation to aid in the construction of its railroad. *Neither can they by legislation compel the corporation to discharge its obligations in respect to the subsidy bonds otherwise than according to the terms of the contract already made in that connection.*" (Italics ours.)

In discussing the question regarding the power of Congress to alter or amend the charter, the Chief Justice made the following comments:

"That this power has a limit, no one can doubt. All agree that it can not be used to take away property already acquired under the operation of the charter, or to deprive the corporation of the fruits actually reduced to possession of contracts lawfully made; * * *."

"Giving full effect to the principles which have thus been authoritatively stated, we think it safe to say that whatever rules Congress might have prescribed in the original charter for the government of the corporation in the administration of its affairs, it retained the power to establish by amendment. *In so doing it can not undo what has already been done, and it can not unmake contracts that have already been made,* but it may provide for what shall be done in the future, and may direct what preparation shall be made for the due performance of contracts already entered into. It might originally have prohibited the borrowing of money on mortgage, or it might have said that no bonded debt should be created without ample provision by sinking fund to meet it at maturity. *Not having done so at first, it can not now by direct legislation vacate mortgages already made under the powers originally granted, nor release debts already contracted* * * *." (Italics ours.)

The principles laid down by the court in the foregoing opinion have never been reversed. In fact, these principles have been repeatedly affirmed in subsequent decisions. When the provisions of the farm loan act are considered in the light of these decisions, it seems clear that Congress can not by legislation "remake contracts that have already been made" and thereby compel the banks of the farm-loan system to permit their borrowers to discharge their obligations otherwise than according to the terms of those contracts, i. e., by the payment of the amounts due in lawful money.

A contract to pay a certain sum in money without any stipulation as to the kind of money in which it shall be paid may always be satisfied by payment of that sum in any currency which is lawful money at the place and time in which payment is to be made. (Julliard *v.* Greenman, supra.) It will, of course, not be argued seriously that the Congress has the right to make the bonds of either Federal or joint-stock land banks "lawful money." In the circumstances it seems obvious that Congress may not by legislative enactment permit borrowers to discharge their obligations by payment of their loans in bonds.

In this connection my attention has been called to a requirement contained in bill S. 5591, which would provide, among other things, that the Reconstruction Finance Corporation would be authorized and directed to make loans to joint-stock land banks organized and doing business under the Federal farm loan act, subject to certain limitations and conditions, which would require that any joint-stock land bank obtaining a loan under the provisions of the proposed bill "(3) shall agree that the farm-loan bonds issued by the bank will be accepted at their face value in payment of any indebtedness due the bank under the terms of the first mortgage held by the bank."

It is apparent from reading this requirement that the draftsmen of the amendment have undertaken to avoid the constitutional questions which have just been discussed. It is doubtful, however, whether the purpose has been accomplished. The farm-loan bonds to which the amendment refers have been issued and sold in accordance with the express requirements of the Federal farm loan act. Under the procedure prescribed with respect to

the issuance of these securities the bank must deposit first mortgages or Government bonds with the farm-loan registrar at least equal in amount to the bonds issued. These bonds are required to recite on their face that they are secured by obligations of the United States Government, or by "first mortgages on farm lands" made in accordance with the provisions of the act. As previously stated, the rights of the present bondholders have vested with respect to these mortgages, which provide that the amounts due thereunder shall be paid in lawful money. If it is agreed that it is beyond the power of the Congress to change or alter the provisions of these contracts by legislation, how can the banks be authorized to change them? The banks are not permitted at this time to substitute obligations payable in some other medium for the "money obligations" which they have deposited with the registrar. In other words, the bill would propose a condition that would be beyond the power of the banks to perform.

The answer will, of course, be made to this contention that the banks need not apply to the Reconstruction Finance Corporation for a loan unless they desire to comply with the provisions of the bill. It is undoubtedly true that the banks need not apply unless they care to do so. On the other hand, why provide for the making of loans that none of these institutions would be able to accept?

Under the general and incidental powers vested in the directors of Federal and joint-stock land banks by the provisions of the Federal farm loan act, the directors have the power at present to agree with an individual borrower to accept bonds at par in payment of his obligation; provided, of course, the bank believes, in the exercise of sound business judgment, that such action is necessary in order to protect the interests of the borrower, the bank, and its security holders. Such an arrangement in an individual case might be of real benefit to all parties concerned. On the other hand, under existing conditions it would not be possible for the banks to agree, in the absence of expressed approval on the part of all of their bondholders, to permit any and all of their borrowers to pay their loans in bonds. The effect of such an arrangement would result eventually in receivership for all of the joint-stock land banks. It would immediately convert their long-time obligations into demand obligations. It would deprive them of the necessary funds with which to pay interest, and would benefit only a favored few of their borrowers. To those who are not familiar with the present situation, this statement requires further explanation.

Obviously the proponents of the amendment in question are not seeking to precipitate further receiverships in these troublous times, but are earnestly endeavoring to provide some means of alleviating the load of indebtedness under which many farmers are now staggering. On the other hand, will the proposal afford even a small measure of relief for this unfortunate class of borrowers whose numbers are far too numerous?

At present most borrowers who are unable to meet the payments due under their mortgages would not be able to obtain sufficient funds with which to purchase the bonds required to pay off their loans. Many of these borrowers have junior liens on their farms and are otherwise indebted in amounts which they are unable to pay. Being unable to finance the purchase of the necessary bonds, they would be made the prey of money lenders and speculators, who would take advantage of the situation for the advancement of their own personal interests. With the bonds of some of the joint-stock land banks selling below 30, it is quite possible that speculation in these securities would follow the enactment of the proposed amendment. Bonds would be bought at low prices and traded to the farmer for an assignment of his mortgage or for a new lien on his farm at a substantial profit to the speculator. The loans would pass from the control of the banks and beyond the protection which some of the other provisions of the same bill might afford.

The more fortunate borrowers with good security would be able to obtain the necessary credit in the purchase of bonds, their loans would be retired, and the banks would be left with many defaulted mortgages in connection with which they would not be willing or able to enforce collection. The net result would be that the unfortunate borrower, the bank, and the security holders would suffer.

In addition, the effect of such an arrangement would be to disorganize almost completely the banks' financial programs. For example, to the extent that bonds are used in payment of loans, it would make the bonds equivalent to demand liabilities with the result that the banks would have to be prepared to handle their bonds both as time and as demand obligations. The bonds carry definite maturity dates and the banks have to be prepared to pay them as they become due. There is little probability, however, that the bonds would be presented in the order of their maturities. As a matter of fact the late maturities would in all probability be presented before early maturities, since the discount, if any, would be greater on the longer-term obligations. Consequently, if payments were made largely in bonds and if the bonds presented included only a portion of the immediate maturities, the bank would be forced to rely entirely upon the sale of refunding issues in order to take up outstanding issues as they mature. In view of the fact that market conditions under which the borrowers would profit by payments on their loans through the surrender of bonds would be such as to make it difficult, if not impossible, to float new issues, any refunding would be a disastrously costly process.

If borrowers are given the option of making payments on their loans with bonds, the banks would be unable to forecast with any degree of certainty the amount of cash to be received. Moreover, as a practical matter, a bank would be practically prohibited from borrowing from the Reconstruction Finance Corporation, as is proposed in other sections of the same bill, since it could not depend upon cash collections with which to meet its obligations to the corporation.

From the standpoint of the bulk of the banks' bondholders, which include banks, savings institutions, insurance companies, trust companies handling the estates of widows, orphans, and persons under disability, small investors, and others, the most serious consequence of the proposal would be the elimination of the best loans deposited by the banks as collateral. As previously indicated, the borrowers in the best financial condition would be the first to take advantage of the opportunity to pay off their loans. Even the speculators would discriminate in their operations between the owners of good and poor farms. The mortgages on the good farms would undubtedly be taken up first. Finally the banks would find themselves with only the loans of those whose plight would be such that even the speculators would pass them by.

In such circumstances receivership and forced liquidation for the banks would be the only alternative.

In the event of receivership, however, although a somewhat different situation would be presented, the borrowers would not be permitted to pay their loans in bonds. The receiverships that have occurred in the farm-loan system up to the present time have been concerned merely with joint-stock land banks, and, due to the cooperative features of the Federal land-bank system and the collective liability of these institutions for the bonds of each other, the possibility of receivership in the case of any one of the Federal land banks seems remote. When a joint-stock land bank is placed in the hands of a receiver its bondholders are entitled to share pro rata in the distribution of the proceeds derived from the liquidation of all of the bank's assets. Therefore, to permit a bondholder, who is also a borrower, to offset the amount of his bonds against his indebtedness due under a mortgage deposited with the registrar would to that extent violate the principle of pro rata distribution of pledged collateral. Accordingly receivers of joint-stock land banks have not accepted bonds or coupons of those banks in payment of indebtedness due the banks by their borrowers.

In light of the foregoing, it is apparent that the banks of the farm-loan system should not be required to accept bonds from all of their borrowers in payment of existing mortgages. As a matter of fact, the "book profits" which the banks have obtained during the last 12 months through the purchase and retirement of their own bonds have been used to offset losses and not to pay dividends. In the case of most of the joint-stock land banks they would not have been able to grant indulgence to their deserving borrowers had it not been for the provision of the act which permitted them to purchase and retire their own bonds.

There are other proposals that have been incorporated in pending bills which seek in various ways to permit borrowers to pay their loans in farm-loan bonds. All of these proposals are subject to the same legal and practical objections, namely, that contracts can not be unmade without the consent of all parties interested, that mortgages "already made under powers originally granted" can not be vacated, and that the borrowers mostly in need of assistance would not be able to avail themselves of the privileges afforded by the legislation.

PEYTON R. EVANS,
General Counsel.

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

Mr. FLETCHER. I yield.

Mr. SHORTRIDGE. Inasmuch as I must leave the Chamber, would it interrupt the Senator if I requested him to permit me to ask for unanimous consent in connection with the naval appropriation bill?

Mr. FLETCHER. I yield to the Senator.

NAVY DEPARTMENT APPROPRIATIONS

Mr. SHORTRIDGE. I ask unanimous consent that when the Senate convenes to-morrow the unfinished business shall be temporarily laid aside in order that we may take up and consider the Navy Department appropriation bill. I think I am warranted in assuring the Senate that the matter will be disposed of in a very short time.

The PRESIDING OFFICER. The Senator from California asks unanimous consent that when the Senate convenes to-morrow the unfinished business shall be temporarily laid aside and that the Senate shall proceed to the consideration of the Navy Department appropriation bill. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, I personally have no objection, but the junior Senator from Utah [Mr. KING] notified me that he would not consent to it and told the Senator from California so.

Mr. SHORTRIDGE. I think the Senator misunderstood my request. The Senator from Utah said he would consent to have the matter taken up to-morrow, but not to-day. My

request is that the bill be taken up for consideration to-morrow.

Mr. ROBINSON of Arkansas. I do not think there is any necessity for now undertaking to fix an order of business for to-morrow. May I suggest to the Senator from California that we will take up the Navy Department appropriation bill when he is ready to do it, and there will be no difficulty about it.

Mr. SHORTRIDGE. I venture to ask for this consent agreement now because I must leave the Chamber, and the Senator from Florida has kindly yielded to me in order that I might suggest the unanimous-consent agreement. If there is objection to it I am through.

Mr. ROBINSON of Arkansas. If we should be within a few minutes of disposing of the measure now before the Senate, I should not want to lay it aside at that time.

Mr. BORAH. Mr. President, I would like to finish the consideration of the pending bill if we are going to finish it at all.

Mr ROBINSON of Arkansas. Yes; so would I.

Mr. SHORTRIDGE. Then you can pass the appropriation bill when you are ready to do so.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from California ought not to make a remark like that. The bill came to the Senate on the 25th of February, just last Saturday. We are ready to take up appropriation bills at almost any time. We all concede them priority. But the Senator from California is asking now in advance that the Senate shall agree to take up a bill. I shall object to the request of the Senator from California.

Mr. SHORTRIDGE. If the Senator from Florida will pardon me further, I did not intend to be offensive or provoke any feeling on the part of the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I think the last suggestion of the Senator was tending in that direction.

Mr. SHORTRIDGE. I was not asking that immediate consideration be given to the bill but was merely venturing to suggest a consent agreement to take up the bill to-morrow, which I thought would be agreeable to everybody.

The PRESIDING OFFICER. Objection is heard. The Senator from Florida will proceed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House further insisted upon its disagreement to the amendments of the Senate Nos. 2 to 13, inclusive, 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; that the House insisted upon its amendments to the amendments of the Senate Nos. 1, 14, 15, and 16; that the House agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. BYRNS, Mr. ARNOLD, Mr. LUDLOW, Mr. WOOD of Indiana, and Mr. THATCHER were appointed managers on the part of the House at the further conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13872) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1934, and for other purposes; that the House had receded from its disagreement to the amendment of the Senate No. 14 to the said bill and concurred therein with an amendment, in which it requested the concurrence of the Senate; and that the House had receded from its disagreement to the amendment of the Senate No. 15 and concurred therein.

POSTPONEMENT OF MORTGAGE FORECLOSURES

The Senate resumed the consideration of the bill (S. 5639) providing for loans or advances by the Reconstruction Finance Corporation for the purpose of securing the postponement of the foreclosure of certain mortgages for a period of two years, and for other purposes.

Mr. FLETCHER. Mr. President, I should apologize for taking up so much time, but I think Senators will agree that it has been because of interruptions and not because of any extended remarks on my part.

I come now to the joint-stock land bank provision. It is proposed that $100,000,000 shall be loaned on farms by the joint-stock land banks throughout the country. Many of them are in default in interest payments, in installment payments, and taxes—not half of them, I take it, but they are subject to foreclosure. If we foreclose a mortgage on a farm and it goes to sale and the mortgagee buys it in, that has the effect of fixing farm values, depressing and lowering them so that we can not put any value now at all on farm lands. No two appraisers would agree as to the value of a farm to-day. No earning power can be shown at present. The foreclosures are not only depriving the owners of their life savings, their property, their homes, but they are doing nobody any good, and they are doing the whole market and the whole situation great harm.

We propose to loan to the joint-stock land banks $100,000,000. We will then have the property appraised by appraisers appointed by the Farm Loan Board, not by the joint-stock land bank but by the Farm Loan Board, to appraise the value of the mortgages and loan 60 per cent of the value of those mortgages. They must reduce the interest to the borrowers to 4 per cent. Their obligation in the whole layout is that the borrower must get a reduction in his interest to 4 per cent and a postponement of at least two years against any foreclosure. No demand can be made on him for taxes or for interest or for installments or anything of that kind for at least two years. He is relieved of that fear and dread and the consequences of foreclosure for two years and he pays 4 per cent interest on the money. The bank must agree to that, the mortgagee must agree to it, the mortgagor of course is willing to agree to it, and great good can and will come from that sort of transaction to those who have borrowed money from the joint-stock land banks.

A provision was inserted by the full committee, by a majority of only 1 vote, which is found on page 7, line 19, of the bill to the effect that the bank shall agree "that the farm-loan bonds issued by the bank will be accepted at their face value in payment of any indebtedness due the bank under the terms of a first mortgage held by the bank." Mind you, these bonds are not due now. The proposition is to take the unmatured bonds, get hold of them somehow, and turn them in on this debt. That means, of course, absolute liquidation of every joint-stock land bank. Most of them are in difficulties now. Some of them are not, but most of them are. To put that provision in the bill means receivership for the banks, foreclosure of their mortgages, ruin of the farm borrower, and ruin for everybody.

Mr. ROBINSON of Arkansas. Mr. President——

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

Mr. FLETCHER. I yield.

Mr. ROBINSON of Arkansas. How can the bank or any other institution borrow money at 4 per cent to suspend foreclosure and yet accept property or other consideration at 20 cents on the dollar in payment of liabilities due it? Inevitably it would not only put the banks into receivership, as the Senator has stated, but it would make them absolutely insolvent.

Mr. FLETCHER. That is quite true. Therefore I insist that the provision ought to be stricken from the bill; otherwise we might as well strike out all provisions in the bill with reference to joint-stock land banks. In the first place, farm borrowers do not hold the bonds. They are not held in lots of $2,000 or $3,000 by farmers at all. The farmer can not get in because a farmer, who can not pay his taxes and installments and interest, can not go out and buy bonds. It would not benefit the farmer at all to have a provision like that.

Mr. GORE. Mr. President——

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

Mr. FLETCHER. I yield.

Mr. GORE. If the farmer has no bonds and can not get them to tender in payment of his debts, then what is the objection? They can not be tendered to anybody else but the joint-stock land bank. The Senator's argument kills itself. Why would speculators want the bonds, if the farmers could not buy them? Does the Senator from Florida object for that reason?

Mr. FLETCHER. But that does not benefit the borrower a bit.

Mr. GORE. It would not hurt the bank if the farmer does not ever tender the bonds in payment.

Mr. LONG. Mr. President, will the Senator from Florida allow me to make a statement with reference to that matter?

Mr. FLETCHER. I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana is recognized in his own right.

Mr. LONG. Mr. President, in answer to the statement of the Senator from Oklahoma, here is what we would do. I want the farmer to get all the money he can get. I want this bill passed in order to get some money to the farmer. We are not going to get any money to the farmer by such a provision as that which the Senator from Florida was just discussing. I have been trying to convince certain Senators of the logic of that statement. Let me take an illustration which I have been using to them.

If Pennsylvania Railroad bonds to-day are selling at 25 or 30 cents on the dollar, and if I owed them a freight bill of $1,000, I could go out and buy $1,000 of Pennsylvania Railroad bonds for $300 and pay my freight bill of $1,000. I could make $700 on every $1,000 shipment of freight I would make. Just see how ridiculous that is. To show how much more than ridiculous it is, if we go ahead and pass this bill, we will say that a man can borrow $1,000 from the joint-stock land bank. He can then take $350 of that money and walk out and buy $1,000 of the bonds of the joint-stock land bank, due 40 years from to-day, and pay off that $1,000 of indebtedness to the bank and have $650 left in his pocket.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Idaho.

Mr. LONG. Certainly.

Mr. BORAH. Suppose the bank is foreclosing the mortgage upon a farm that is good for $20,000 and is mortgaged for $20,000 and is selling the farm for $3,000. May not the farmer go out, if he can, and recoup himself and buy bonds and offset the loss which he is making and which the bank is gaining?

Mr. LONG. That would be sound except for this reason. The Senator from Idaho is too good a lawyer to misunderstand my argument. His mentality along legal lines is superior to mine, and I am sure he will not misunderstand my argument. These bonds are not matured obligations. They are due 30 or 40 years from to-day. We have no right to set off a matured obligation with an unmatured obligation.

Mr. BORAH. But the farm would be there 30 or 40 years from to-day, too.

Mr. LONG. I am not arguing that. The point I am making is that we can not argue the soundness of a proposition in that way. The proposition is that we would permit a man to walk in and borrow $1,000 and then step outside and buy for $350 a bond that does not mature for 40 years, and walk in and pay off that $1,000 of indebtedness with $350 worth of bonds, and have $650 left. All we would do would be to call in the unmatured obligations and in that way destroy the bank.

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

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

Mr. LONG. I yield.

Mr. SMITH. The foreclosure takes place. The mortgage itself is to run for 40 years. The mortgage would be canceled. So far as the bonds outstanding against that mortgage are concerned, that much of the property is taken out of the security which would have run 40 years had the farmer been able to keep up his payments. The obligation is canceled and that much has passed out of the picture.

Mr. LONG. I will answer the Senator's statement. It is not a question. I think I can show the Senator how illogical that is. We have not taken up the security. The security is not due for 40 years. I could go into the farming business to-morrow and I would open up as many farms as I could, and borrow as many thousand dollars as I could. All I would have to do and all the farmer would have to do would be to borrow $1,000 of new money and buy $350 worth of bonds at the present market value of the bonds and walk back into the bank and take the $1,000 worth of those bonds at their par value and pay off the mortgage and have $650 left.

We are financing the railroads to-day just as we are proposing to finance the farmers. It is proposed now to loan the money to the farmers through the Reconstruction Finance Corporation just as we have been loaning money to the railroads through the Reconstruction Finance Corporation. If that is sound, why not help the balance of the citizens of the country by providing that a railroad borrowing money from the Reconstruction Finance Corporation must honor its own bonds when tendered in payment of a freight bill? That would mean that the Interstate Commerce Commission regulation that so much freight should cost so much money would not apply in reality because it would cost only one-fifth that amount of money.

Mr. BROOKHART. Mr. President——

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

Mr. LONG. I yield.

Mr. BROOKHART. I want to call the Senator's attention to his own illustration that the farmer can borrow $1,000 and then with $350 of it buy enough bonds to pay off his mortgage. What are we proposing to do right here? We are proposing to lend to the joint-stock land banks out of the Treasury through the Reconstruction Finance Corporation $100,000,000 with which they can go out and buy $250,000,000 or $300,000,000 worth of their own bonds and stick the profits in their own pockets, and the farmers get no benefit. The Senator has the matter wrong end to.

Mr. LONG. Oh, no. If that is true, then the bill should be so amended as to prevent any such calamity or chicanery as that. If we have so framed the bill that we allow the joint-stock land bank to do that sort of thing, then we ought to amend it in that respect or else kill the whole bill. I am trying to give the farmer $100,000,000. We are not going to give $100,000,000 to the farmer under this bill. What we are going to do is to allow whoever wants to do the wrong thing to take $350, and pay off $1,000 of indebtedness, and take $650 of Government money and put it in his pocket. That is not honest in my opinion, and that is not the way to run a bank.

Mr. BROOKHART. Evidently the Senator has not read the bill carefully. It does not lend a dollar to a farmer. It loans $100,000,000 to the joint-stock land banks to go out and buy their own depreciated bonds, if they want to do so. They can use the whole $100,000,000 to buy their own depreciated bonds and buy in $250,000,000 or $300,000,000 of their own bonds and then go ahead and foreclose the farmers anyway. No, Mr. President, the bill shall not pass in that form so far as I am concerned.

Mr. BARKLEY. Mr. President, I was simply saying that the primary object of this $100,000,000 is not necessarily that it should be loaned to the farmer.

Mr. LONG. That is what it ought to be.

Mr. BARKLEY. The Senator will recall that when we passed the $125,000,000 appropriation for the benefit of the land banks it was expected that the farmers would receive a considerable portion of that, not necessarilly of the money that we appropriated but by enabling the Federal

land banks to continue to function and by injecting a little more lifeblood into their veins. Just how much of it has reached the farmer is problematical, but it undoubtedly has enabled the land banks to ease the situation with reference to foreclosures. If the Senator will read the hearings, he will find that there are practically no foreclosures now being brought about by the farm-loan banks, and this $125,000,000 helped to bring that situation about; and in some cases it has reached the farmer.

This provision for the loaning of $100,000,000 by the Reconstruction Finance Corporation to the joint-stock land banks was not in this bill when it was originally introduced. It was incorporated after conferences with the Farm Loan Board and with some member of the board of the Reconstruction Finance Corporation who was asked to come here and talked with the committee in executive session about matters pertaining to this bill. Frankly, I will say that I am not enthusiastic about the inclusion of this loan to the joint-stock land banks; I was not enthusiastic about it when it was included, because, whatever one may think about the wisdom or lack of wisdom of organizing the joint-stock land banks originally, I think we are all prepared to admit that, in some form or other, they have got to go; they have either got to be consolidated with the land banks or they have got to be allowed to liquidate in an orderly manner.

Some of them are already in the hands of receivers; but it was represented to the committee—and that is largely the reason why this $100,000,000 was included—that it would enable them to liquidate in an orderly fashion rather than to liquidate with great loss to themselves and to the bondholders and to the farmers. It is impossible to say how much of this $100,000,000 will reach the farmers, however desirable it might be that all of it might reach them; but that is the reason why this $100,000,000 was put in.

Mr. FLETCHER. Mr. President, may I suggest that the farmer is benefited as a borrower by the reduction of his interest rate to 4 per cent and an extension of the time for two years as against any possible foreclosure?

Mr. BARKLEY. Mr. President, the Senator from Louisiana will realize that the joint-stock land banks now hold about $500,000,000 in mortgages against the farms of the United States. Many of those mortgages are defaulting, and many of the farms on which these mortgages are held are delinquent in taxes and delinquent in the payment of interest, and the interest is at a much higher rate than that provided in this bill. It is expected and hoped that the $100,000,000 advanced to the joint-stock land banks will be justified in the benefit it will confer upon the farmers of a lower rate of interest, in withholding foreclosures, and in enabling the joint-stock land banks, if they must liquidate, to do it in an orderly way. That is the only basis upon which I voted for it in the committee or will vote for it here.

Mr. LONG. That is what I understood, namely, that this bill was going to reduce the interest rate from 8 per cent to 4 per cent, and that it was going to give a 2-year extension on mortgages which were falling due.

Mr. BARKLEY. Of course, the Senator will realize that this whole measure is intended to bridge over a catastrophic situation while we are attempting to frame permanent legislation for the refinancing of the American farm-mortgage situation.

Mr. LONG. Mr. President——

Mr. BARKLEY. If the Senator will bear with me for just a moment—when we started out to hold hearings in the Banking and Currency Committee based upon the Robinson bills, which were permanent in their character, we soon discovered that it would be impossible to pass any permanent legislation at this session; that any scheme of refinancing the farm mortgages at a lower rate of interest to work out over a long period of time would require the most intensive study, and would involve great controversy and great difficulty. It is not an easy thing to sit down and write a bill to refinance $9,000,000,000 of American farm mortgages.

Mr. LONG. Ten billion dollars of them.

Mr. BARKLEY. We found that we could not do that at this session, but we felt that we ought to do something to relieve the immediate pressure of foreclosure, not only by the Federal land banks, not only by the joint-stock land banks, but by insurance companies and private loaning associations and private banks and by everybody else who holds these $9,000,000,000 of mortgage debts against the farmers of the United States.

Mr. LOGAN. Mr. President——

Mr. BARKLEY. Just a minute. Let me finish the sentence.

Mr. LOGAN. Very well.

Mr. BARKLEY. Therefore we felt justified in providing a sort of voluntary moratorium for a period of two years on the theory that during those two years—and I hope much sooner—we may be able to frame permanent legislation dealing with the whole farm-mortgage problem in the United States. For that reason, I will say, we concluded to have a 2-year period for this emergency legislation.

Mr. LOGAN. Mr. President, will the Senator from Louisiana yield, in order that I may ask my colleague from Kentucky a question?

Mr. LONG. I should like first to make one more observation along the line the senior Senator from Kentucky has been discussing. As I look at the matter, it is a physical impossibility for the $100,000,000 to do much good if a man can go in with $350 and get a thousand dollars of the money. That is the point I am arguing now.

Mr. BARKLEY. I do not get the Senator's point very clearly as to how that may be done.

Mr. LONG. The point is this: As I understand, referring to the provision under discussion when we adjourned on Saturday, on page 7, in the last part of section 5, I think——

Mr. BARKLEY. That provision sets forth one of the conditions upon which the joint-stock land bank may obtain the loan.

Mr. LONG. Yes.

Mr. BARKLEY. Through the Reconstruction Finance Corporation.

Mr. LONG. That provision reads:

> And (3) shall have agreed that the farm-loan bonds issued by the bank will be accepted at their face value in payment of any indebtedness at the bank under the terms of a first mortgage held by the bank.

What does that mean? I do not know whether the Senator from Kentucky voted for it in the committee or not, but what that means is this: The bonds of the joint-stock land bank are to-day selling for, I think, 35 cents on the dollar, are they not?

Mr. FLETCHER. On the average.

Mr. LONG. On the average. That means if a farmer should decide to borrow a thousand dollars he can borrow the thousand dollars, but before he borrows the thousand dollars he can take $350 and buy a thousand dollars' worth of bonds, and he can slip over the piece of paper that cost him $350 and get a thousand dollars of money that the Government has put there.

Mr. GEORGE. Let me remind the Senator from Louisiana that the proposed act provides that "the first mortgage on such lands with respect to which a loan or advance is applied for under this act" must have been "executed before January 1, 1931."

Mr. LONG. Then take an existing mortgage—it is just the same thing; it does not make any difference which way you put it—if he had already borrowed a thousand dollars he could pay it off with $350. That is what he can do.

The Senator from Georgia, who has been a judge, understands the principle that one certainly can not take a matured obligation and match it with an unmatured obligation. I do not think the Senator from Georgia was here when I used as an illustration railroad bonds. To-day the bonds of the Central of Georgia Railway are selling for around 20 cents on the dollar, or perhaps a little more than that——

Mr. GEORGE. And the railroad is in the hands of a receiver.

Mr. LONG. We are loaning them money the same as we are loaning money to the joint-stock land banks through the Reconstruction Finance Corporation, and if the principle to which I have referred is good in law, a man who has a freight bill for a thousand dollars can buy a Central of Georgia Railway bond for $200, pay off the thousand dollars, and not owe any more freight, and thereby save $800.

Mr. GEORGE. Mr. President, I wish to remind the Senator that in a proper case he can do that in equity; in equity an unmatured claim can be set off if equitable grounds of set-off exist. The Senator is confusing the matter of freight and the outstanding bonds of the railroad company with the transactions of the land bank. The bond of the land bank is simply predicated upon the mortgage against the land of the several borrowers from the bank. When the bonds fall below par, if any debtor to the land bank is able to buy the bonds and carry them to maturity, of course, he will have an absolute right to set them off or the land bank will be compelled to pay the bonds in full or else suffer receivership. The proposal here is entirely equitable; it has substantially the equity in it that a court of equity would recognize when an unmatured obligation of the creditor is presented by the debtor. The mortgaged premises are generally if not universally purchased by the bank at its bid. The bank can go into the market and purchase and retire a proportionate part of the bonds issued against the mortgage, generally at a cost below its bid at the mortgage sale.

Mr. LONG. I ask the Senator why would it not be fairer for us to say we are going to let the farmer pay off these debts at 35 cents on the dollar than to let some of them do it at 35 cents and others at 50 cents and others at a dollar? In other words, if it is a fair principle, and we are going to let a number of men who owe a thousand dollars get off by the payment of $350, would it not be fairer and more equitable and more reasonable and lawful for us simply to say that we are going to let them all lose at 35 cents on the dollar, for that is what will be the result if we adopt this principle.

Mr. GEORGE. I cannot say that, but I think the principle of the bill is entirely wrong. There were introduced here in the early part of the session bills providing for the refinancing of farm mortgages where there had been a voluntary scaling down of the principal. I think those bills are sound. They give every farm owner an opportunity and an equal chance to liquidate his fixed debt. Here we are simply putting at the top of the mortgage an additional principal, although the security is already inadequate to carry the principal amount now due. So, we are not making loans here to the farmers. I hope nobody will misunderstand it.

Mr. LONG. If we are not doing that, then we ought not to pass the bill.

Mr. GEORGE. We are making loans to mortgage companies, especially Federal land banks and joint-stock land banks, just as we have been making loans to the creditor class since we organized the Reconstruction Finance Corporation in the mere hope that the debtors would also share in the benefits.

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

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

Mr. BARKLEY. I do not see how the Senator can contend that some speculator can go in and borrow a thousand dollars and then go buy a farm——

Mr. LONG. My attention has been called to the fact that it would have had to have been a prior debt, but the principle is the same.

Mr. BARKLEY. The Senator is referring to the third requirement to which the joint-stock land bank must agree before it gets this money. Let me call attention of Senators to this fact. In the first place, in order to get this money from the Reconstruction Finance Corporation, they must agree to reduce their rate of interest to the farmer to 4 per cent. That is the first agreement they must enter into.

Mr. LONG. And extend the mortgage.

Mr. BARKLEY. And they have to agree that they will not foreclose for a period of two years. That is the second requirement. Now comes along the third requirement, that they shall agree that the farm-loan bonds issued by the bank will be accepted at their face value in payment of any indebtedness due the bank under the terms of the first mortgage.

In other words, a farmer who already has borrowed money prior to the 1st of January, 1931, which is more than two years ago, who can go out in the open market and buy these bonds at the market price, may turn them in at face value in payment of the debt he owes to the joint-stock land bank.

Mr. LONG. That is right.

Mr. BARKLEY. In other words, there is an element of equity and justice in it to this extent: The farmer's property has been devaluated by the depression probably by more than 50 per cent or 60 per cent, whatever it may be. There is no market for it now at all. Where a man who owns a farm borrowed money on it from the joint-stock land bank more than two years ago, and has been compelled to sit and see the value of that farm go down 65 per cent, I do not see anything unjust in allowing him to go out in the market and buy the bonds of the joint-stock land bank, based on his own property in part, and use them in payment of his debt.

Mr. LONG. Mr. President, here is just what the Senator is arguing: I am not going to argue against that as a fair principle in its real sense. If the Senator means to say that these farmers ought to be allowed to pay off these debts at 35 cents on the dollar, I will join him, and I will vote for that kind of a bill.

Mr. BARKLEY. Of course, that is a permanent remedy that we have not been able to work out yet; and I will say that I doubt seriously whether very many farmers will be able to take advantage even of this, because unless some miraculous way is found by which the farmer can get money he never will be able to buy any of these bonds, even at 25 cents on the dollar.

Mr. TYDINGS. Mr. President——

Mr. LONG. That being the case, the situation will be simply this: We will wreck the banks, and we will not do the farmer any good.

Mr. BARKLEY. There is some question about that.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana has already yielded to the Senator from Kentucky.

Mr. BARKLEY. The question of wrecking the banks may be one of time and not of process. I think three of them are already in receivership, and others are hanging on the ragged edge, and it is generally conceded that some way will have to be found to help them over this rough place. Of course, the primary object of this bill is not to help the Federal land banks or the joint-stock land banks but to help the farmer over a rough place.

Mr. LONG. To extend his mortgage two years and to cut in half his interest.

Mr. BARKLEY. Yes.

Mr. LONG. Now, as I understand—and I hope the Senator from Florida will give me his attention—it is not possible to extend these mortgages for two years and to cut this interest in half unless there is an appropriation to the joint-stock land banks to support them. If that is true, and if we are going to take the capital away from them, then the farmer is not going to get any benefit from it, because we will have wrecked the land banks and we will not have done the farmer, perhaps, any good at all.

Mr. FLETCHER. I think that is true.

Mr. TYDINGS. Mr. President——

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

Mr. LONG. Yes, sir; I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to make the observation that by 1929 the national debt had gone down to approximately $16,000,000,000. Since that time we have added $5,000,000,000 to the national debt, making $21,000,000,000. In addition to that the Reconstruction Finance Corporation has loaned $3,500,000,000, and the security upon which the

loans were made has now depreciated in value so that it will be doubtful if the fund which is loaned can be recouped. Therefore, assuming—which is not the case—that half of that sum has been lost, and certainly it will be lost unless there is a turn of the tide, we will have used the national credit to the extent of $25,000,000,000.

It should be perfectly apparent, it seems to me, that the one hope of survival is for us to keep the national credit in a position where it will not become impaired. How far can we go? Is $30,000,000,000 the point where investors will be afraid to buy any more Government securities? Is thirty-five billions the point? And when we have impaired the nation credit, what under God's sun will be left with which to rehabilitate the country?

I want to call to the attention of the Senate the fact that this bill carries $500,000,000. It may be all right to expend it in the way that we have directed in this bill; but as long as we are approaching the vanishing point of national integrity in so far as money is concerned, we should take what credit is left and apply it to the very best possible advantage.

It is my observation that in this bill we are dealing with one phase only of the national chaos and that we will have to get away from the farm problem and the bank problem and the railroad problem and view this country as a whole if we are to take what remains and apply it so that we can save the day.

I do not believe that this legislation is well considered, though its intent and purpose is of the very highest and finest. I do not believe there is time now, in the closing days of this session, to pass any kind of a helpful measure for business recovery which will not in the end come home to plague us.

Instead of attacking the depression on a single front I think we will have to attack it on all fronts with what ammunition is left. Now, when the national credit has been used up to the extent of $25,000,000,000, is it not time for us to take stock and find out how much credit we have left before the whole structure of national integrity topples from its pinnacle?

If we appropriate $500,000,000 here, half a billion dollars, and another $500,000,000 for something else, and another billion for something else, I can not help but feel that the day will soon come, and sooner than we expect, with the chaos in the country and in the world, when we will not be able to appropriate because we will not be able to sell the securities of the Republic with which to get the money to appropriate; and mark you, Senators, it is not just the farm problem. It is not just the railroad problem. What good will it be to put a prop under one branch of our business activities if another prop is going to give way and permit the whole structure to fall down?

I believe we have used the national credit unwisely in this emergency; that we should have cut salaries; that we should have cut veterans; that we should have cut national interest rates six months ago. We should have undertaken to call in national securities which are outstanding at 4¼ per cent, which we could have refinanced at 3 per cent, and the holders of those securities would have been no worse off in the long run.

I simply want to enter my protest against this and all similar legislation. I shall oppose these further extensions of national credit, believing that they are only postponing instead of hastening the day of economic recovery.

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

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

Mr. KING. I want to say to the Senator from Maryland that my understanding is that this bill carries not $500,000,000 but $600,000,000—$100,000,000 in excess of what has been stated.

Mr. TYDINGS. That is true.

Mr. BARKLEY. Yes; that is true.

Mr. GORE. Mr. President——

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

Mr. LONG. Will the Senator let me finish my statement? Then I will yield the floor.

Mr. GORE. I simply want to protest against the Senator from Utah dragging trifles into this discussion—$100,000,000. [Laughter.]

Mr. LONG. Let me get through with this statement and then I will yield the floor.

I want to say, in connection with what my friend from Maryland [Mr. TYDINGS] has said and in connection with what my friend from Idaho [Mr. BORAH] has said, that the Senator from Maryland has very appropriately said that we will have to get away from these separate problems and deal with the country as a whole. The Senator from Idaho has rather indicated this morning that we are on the way to beating the Soviet Government; and that is where we are headed for unless we do accept the sound advice of the Senator from Maryland and the Senator from Idaho, to this extent:

We have loaned the railroads money, and we know they can not pay it back; we have loaned the farmers money, and we know they can not pay it back; we have loaned money to many other institutions, and we know they can not pay it back, until, as the Senator from Maryland now very appropriately says, we are reaching the vanishing-point of our national integrity, at least financially speaking, and we are going to have to deal with the problem as a whole; and how are we going to deal with the problem as a whole? There is only one way to do it, and that is for Congress to get down and put into effect a system of inheritance and capital levy taxes to supply the Treasury and to decentralize wealth.

That is the only way in which it is ever going to be done. We are chipping around here, taking a chip off here and a whet off there, with too much to eat and the people starving to death, with too many houses and the people with no place to go, when the only sound, safe method by which it can be done is to decentralize the wealth of this country through an inheritance and capital-levy and income taxes, if necessary, bonded over such a period of time as will enable us to start a public-works program needed by this Government, and shorten the hours of industry, and if necessary of agriculture, to such an extent that we can solve the whole problem instead of a part of it.

If we do not do that we are going to take over the railroads, because they are going to default, and, in fact, they are already defaulting. If we do not do that we are going to take over the banks. We are going to take over the farms. We are going to have a perfect soviet system of government unless we will adopt the sound, sane, capitalistic structure of limiting these surplus fortunes from stagnating the whole country, and keep the wealth spread among the masses, where they can eat what is in the land, and wear what is in the land, and live in the houses that are empty now.

Mr. HASTINGS obtained the floor.

Mr. GEORGE. Mr. President, will the Senator from Delaware yield to me for the purpose of giving notice of two amendments to the bankruptcy bill?

Mr. HASTINGS. I yield.

Mr. GEORGE. I propose an amendment to the end of section 74 of the bankruptcy bill, H. R. 14359, to read as follows:

Involuntary proceedings under this section shall not be taken against a wage earner.

Then in section 75 of the same bill I propose an amendment on page 49, line 8, striking out the words "or creditor," and on page 50, line 20, striking out the words "or by any creditor of such farmer."

The whole purpose of the two amendments is to adhere to the policy that has existed since we had a bankruptcy act; that is to say, that a wage earner shall not be adjudged an involuntary bankrupt under the provisions of this act, and that the creditor of a farmer shall not have the privilege of putting him into involuntary bankruptcy under the provisions of the act.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Oregon?

Mr. HASTINGS. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

Mr. GORE. Mr. President, I wish to make one or two observations in regard to the remarks of the Senator from Louisiana.

I offered, in the Committee on Banking and Currency, the proposal which has given rise to this controversy, the provision which would permit a farmer who owes a mortgage debt to a joint-stock land bank of $1,000 to pay off his debt to the bank with a $1,000 bond of the bank. I take the time of the Senate for a moment because I offered this amendment.

Mr. President, the Senator from Louisiana and I do not understand this amendment alike. If he understands it, I do not. If I understand it, he does not. Yet I am sure we are seeking to attain the same end. We both wish to protect the farmer to avert foreclosures, to save his farm, to save his home. They are having to pay their debts twice over, three times over, in some cases four times over, owing to the fall in farm prices. The farmer can not pay his debts with 3-cent hogs, 5-cent cotton, 10-cent corn, and 30-cent wheat. Debt is the storm center of this economic hurricane. It is leaving devastation, it is leaving wreckage in its trail. Debt is the burden that is breaking the backs of our people. That burden must be decreased or prices must be increased; one or the other, or both.

I will use an illustration which will show to the Senate what I had in mind when I offered this amendment.

Suppose the Senator from Louisiana owes me $5,000, and I hold his note for $5,000, secured by a mortgage on his farm or secured by a mortgage on his home. The mortgage is due on March 1. On that date the Senator from Louisiana reports to my office to pay the debt which he owes me, and he offers in payment of that debt my $5,000 note, due on March 1, which he acquired from the Senator from Florida [Mr. FLETCHER]. He comes into my office and tells me that his debt to me is due and that he desires to pay it. He lays on my desk my note for $5,000, which he has acquired from the Senator from Florida, and says he wants me to accept my note in payment of his debt. I say, "No, Mr. LONG; your note is secured by a mortgage on your home. I want money. I want money now. I want you to pay your debt according to its terms, and, if you do not make payment, I will foreclose this mortgage against you and take your home and turn you and your family out on the highway."

"Well," he says, "here is a $5,000 note of yours, a bona fide note, which you agreed to pay on this day, and I want you to take it."

I say, "No; I want money. I do not want my note. My note is worth only 12 cents on the dollar, and I am not willing to take it. I want money and not my own note of hand. I will go broke if I have to take my worthless paper in the payment of your honest debt secured by your home. Now, you dig up or I will foreclose."

That is what it comes to.

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

Mr. GORE. I yield.

Mr. LONG. The weak point in my friend's argument is this: This is not a note that is due. In the case the Senator is illustrating I agree with him thoroughly, but in this case one is a note due 40 years from to-day, and the other is a note due to-day.

Mr. GORE. Is there any reason why a farmer who has a note maturing on the installment plan covering 40 years should not, if he desires, liquidate his debt and lift the mortgage from his home?

Mr. LONG. I would like to answer the Senator on that. I am perfectly willing to have a universal system of that kind set up, but why not let me pay my freight bill to the Pennsylvania Railroad——

Mr. GORE. I think the Senator ought to be allowed to; but the case is not analogous. The analogy fails. The situation dealt with in this bill is where a joint-stock land bank, a private corporation, organized for profit, has received from the Government a privilege, the privilege of selling its bonds free of taxation, and they come here pleading that privilege as a basis for the consideration shown in this bill.

Mr. President, the transaction described in this bill does not quite comport with my old-fashioned sense of morality. The man who comes into court ought to come with clean hands. The man who seeks equity ought to do equity. When one of these private concerns holds a mortgage against a farmer's home, and the farmer tenders the bank's bond in payment of his debt, the bank ought to take it, and if it will not take it voluntarily, it ought to be made to take it. It ought not to be allowed to foreclose on homes when farmers could pay the banks in their own bonds.

Mr. President, I will cite a case which happened in Ellis County, Tex. A joint-stock land bank made a loan in that county on a farm. It appraised the farm for $20,000. It lent the farmer $10,000, 50 per cent of the appraised value. The farmer made default. That bank foreclosed the mortgage and took the farmer's home away from him. The bank then sold the farm for $5,000, broke the price of farm land in the community, and, with half of that $5,000, it bought enough of its own bonds to wash out the original indebtedness which it had incurred based on the transaction, and had a net profit of $2,500 out of the transaction. Is that fair? Is that honest? Is that just?

How can men stand up and say that a bank should not take its own obligations in discharge of its debts?

Mr. HASTINGS. Mr. President, the Senator from Georgia has offered two amendments to the bankruptcy bill, both of which are perfectly satisfactory, and I think ought to be accepted.

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

Mr. JOHNSON. Mr. President, may I inquire what is before us? I thought we were acting upon another bill entirely, that it had been regularly presented, and that we were hearing various presentations upon both sides of that bill.

The PRESIDING OFFICER. The Chair was misinformed. No one has called for the regular order. As the Chair understands it, Senate bill 5639 is before the Senate until the regular order is demanded.

Mr. HASTINGS. I ask for the regular order.

The PRESIDING OFFICER. The Senator from Delaware demands the regular order.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 5417) to extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932.

AMENDMENT TO BANKRUPTCY ACT

The Senate resumed the consideration of 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. JOHNSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON. This bankruptcy bill now supersedes the bill which we have just been debating, and the bankruptcy bill is now before the Senate?

The PRESIDING OFFICER. That is correct.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

Mr. GEORGE. Mr. President, I now formally offer the amendment which I presented to the Senate and which I understand was accepted, but perhaps before the bill was formally before the Senate. At the end of section 74, page 48 of the bill, I move that this additional subsection (p) be inserted.

(p) Involuntary proceedings under this section shall not be taken against a wage earner.

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

The LEGISLATIVE CLERK. On page 48, at the end of section 74, insert the following new subsection:

(p) Involuntary proceedings under this section shall not be taken against a wage earner.

Mr. HASTINGS. Mr. President, that is acceptable to me.

Mr. BLAINE. Mr. President, there was so much confusion in the Chamber that I did not get the purport of the Senator's amendment. Will he state it again or explain it briefly?

Mr. GEORGE. Mr. President, the amendment excepts the wage earner from the form of involuntary bankruptcy provided in section 74. Wage earners have always been excepted from our bankruptcy acts; that is to say, they have been protected against involuntary bankruptcy proceedings, and of course for very good reasons. I offer the amendment, the purport of which is that no involuntary petition against a wage earner shall lie under section 74 of the amended bankrputcy act.

Mr. BLAINE. I invite the Senator's attention to the provision on pages 46–47, the last paragraph beginning in line 23:

No order of liquidation or adjudication shall be entered in any proceeding under this section instituted by a wage earner unless the wage earner consents.

I intend to offer an amendment to that paragraph to accomplish another purpose.

Mr. GEORGE. I offer the amendment at another place in the bill. I do not think the language read would prevent the institution of this form of involuntary bankruptcy against a wage earner as it now stands. The amendment which I have offered simply provides that no involuntary proceeding under section 74 shall be taken against a wage earner.

Mr. BLAINE. I myself have no objection to the Senator's amendment. I was merely anxious to ascertain whether it might preclude me from offering an amendment to the paragraph which I have just read.

Mr. GEORGE. I do not think so. I am not amending that paragraph at all. I do not think argument upon this amendment is at all necessary. Under the bill, as it stands, a creditor of a wage earner might file an involuntary proceeding against him and he would be compelled to defend it. It has always been the law in the United States, as I think, that wage earners were not subject to involuntary bankruptcy, that farmers were not, that husbandmen were not subject to involuntary proceedings in bankruptcy for good reason. The farmer's assets are not ordinarily cash assets. If a creditor might go into a bankruptcy court and ask for involuntary proceedings against his farmer-debtor, particularly at the season of the year when the farmer could not convert his assets into cash, the debtor would always be subject to the harassment and injury. It has generally been recognized that sound public policy would exclude, from the class of involuntary bankrupts, wage earners and farmers. The amendment I have first offered is with reference to wage earners and if that be accepted I shall offer one relating to farmers.

The PRESIDING OFFICER. The amendment offered by the Senator from Georgia was accepted by the Senator from Delaware. The question is on agreeing to the amendment of the Senator from Georgia to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. GEORGE. Mr. President, on page 49, in line 8, I offer an amendment to strike out the words "or creditors" and on page 50, in line 20, to strike out the words "or by any creditor of such farmer."

Mr. HASTINGS. Mr. President, those amendments are acceptable.

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

Mr. BLAINE. Mr. President, will the Senator from Delaware yield to me?

Mr. HASTINGS. I yield to the Senator from Wisconsin.

Mr. BLAINE. I send to the clerk's desk an amendment which I offer and which I ask may be reported.

The PRESIDING OFFICER. The Senator from Wisconsin offers the following amendment, which the clerk will report.

The LEGISLATIVE CLERK. On page 47, line 1, after the word "by," insert the words "or against," and in the same line, after the word "earner" where first used, insert "or a person engaged chiefly in farming or the tillage of the soil," and in the same line, after the word "earner," at the end of the line, insert "or any person engaged chiefly in farming or the tillage of the soil."

Mr. BLAINE. Mr. President, if I may offer a few words to suggest the purpose of the amendment, on last Saturday, as I recall, the Senator from Delaware [Mr. HASTINGS] struck out, on page 40, line 23, the words "excepting a farmer." The purpose was to permit a farmer to come voluntarily under this section, especially where there could not be procured 15 farmers in the county to organize for that purpose. The result is, after striking out those words, that the language on page 46, subsection (1), reads:

The court shall in addition adjudge the debtor a bankrupt if satisfied—

And so forth.

It has been the traditional policy of our Government to exclude farmers from involuntary bankruptcy proceedings. The Senator from Delaware has excepted wage earners, and I think, very properly, following the traditional policy, the farmer should be excepted.

Mr. HASTINGS. The amendments ought to be adopted.

The PRESIDING OFFICER. Without objection the amendments offered by the Senator from Wisconsin to the amendment are agreed to.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Nebraska?

Mr. HASTINGS. I yield.

Mr. NORRIS. I do not understand how the Senator from Delaware can retain the floor when the bill is subject to amendment. I want to get the floor in my own right to offer an amendment. I can not offer an amendment unless I obtain the floor.

Mr. HASTINGS. Mr. President, may I say to the Senator from Nebraska that I obtained the floor for the purpose of offering an amendment to the bill. I yielded to the Senator from Georgia [Mr. GEORGE] and to the Senator from Wisconsin [Mr. BLAINE] for amendments which might be called perfecting amendments. I desire, if the Senator from Nebraska will permit me, to offer the amendment pertaining to the reorganization of railroads engaged in interstate commerce. That is the amendment I now desire to offer to the bill.

Mr. NORRIS. I supposed that was the pending amendment. It is to that amendment that I desire to offer an amendment.

Mr. FLETCHER. Mr. President, I understand the amendment offered by the Senator from Delaware is the same provision as is contained in the bill as it passed the House?

Mr. HASTINGS. I may say to the Senator from Florida that on Friday I proposed the amendment and asked that it be printed and lie on the table. It has been printed and a copy can be obtained by the Senator from the clerks at the desk.

Mr. NORRIS. If agreeable to the Senator, he having offered his amendment, I will offer my amendment to his amendment and let it be pending.

Mr. HASTINGS. I have no objection to the Senator offering his amendment when I shall have offered my amendment.

Mr. McNARY. Mr. President, I think the Senator from Delaware should first present his amendment and have it reported and then let the Senator from Nebraska offer his amendment to that amendment.

The PRESIDING OFFICER. The clerk will first report the amendment offered by the Senator from Delaware and then the Senator from Nebraska may offer his amendment to the amendment of the Senator from Delaware. The clerk will report the amendment offered by the Senator from Delaware.

The LEGISLATIVE CLERK. On page 57, after line 10, insert the following new section:

SEC. —. Reorganization of railroads engaged in interstate commerce: (a) Any railroad corporation may file a petition stating that the railroad corporation is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the court in whose territorial jurisdiction the railroad corporation, during the preceding six months or the greater portion thereof, has had its principal executive or operating office or with the court in whose jurisdiction the corporation has its domicile, and a copy of the petition shall at the same time be filed with the Interstate Commerce Commission hereinafter called the commission. The petition shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition, the judge shall enter an order either approving it as properly filed under this section, if satisfied that such petition complies with this section and has been filed in good faith, or dismissing it. If the petition is so approved, the court in which such order approving the petition is entered shall, during the pendency of the proceedings under this section, have exclusive jurisdiction of the debtor and its property wherever located. The railroad corporation shall be referred to in the proceedings as a "debtor." Any corporation, the majority of the capital stock of which having power to vote for the election of directors is owned, either directly or indirectly through an intervening medium, by any railroad corporation filing a petition as a debtor under this section, or substantially all of whose properties are operated by such a debtor under lease or operating agreement may file, with the court in which such other debtor had filed such a petition, and in the proceeding upon such petition under this section, a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization in connection with, or as a part of, the plan of reorganization of such other debtor; and thereupon such court shall have the same jurisdiction with respect to it, its property and its creditors and stockholders as the court has with respect to such other debtor. Creditors of any railroad corporation having claims or interests aggregating not less than 5 per cent of all the indebtedness of such railroad corporation as shown in the latest annual report which it has filed with the commission at the time when the petition is filed, may, if the railroad corporation has not filed a petition under this section, but subject to first having obtained the approval of the Interstate Commerce Commission, after hearing, upon notice to such railroad corporation, file with the court in which such railroad corporation might file a petition under the provisions of this section, a petition stating that such railroad corporation is insolvent or unable to meet its debts as they mature and that such creditors propose that it shall effect a reorganization; upon such filing of such a petition copies thereof shall be filed with the commission and served by the petitioning creditors forthwith upon the railroad corporation; the railroad corporation shall, within 10 days after such service, answer such petition; if such answer shall admit the jurisdiction of the court, that the claims of the petitioning creditors constitute the amounts necessary to entitle them to file such petition under this section, and that the railroad corporation is either insolvent or unable to meet its debts as they mature, the court shall, upon the filing of the recommendations of the commission in writing, enter an order approving the petition as properly filed under this section if satisfied that it complies with this section and has been filed in good faith, or disapprove it if not so satisfied; and if so approved the proceedings thereon shall continue with like effect as if the railroad corporation had itself filed a petition under this section; if such answer shall deny either the jurisdiction of the court or that the claims of the petitioning creditors constitute such necessary amounts or that the railroad corporation is insolvent or unable to meet its debts as they mature, the court shall summarily try the issues, and if after the filing of the recommendations of the commission in writing it shall find that the petition complies with this section, and has been filed in good faith, the court shall enter an order approving the petition as properly filed under this section, and the proceedings thereon shall continue with like effect as if the railroad corporation had itself filed a petition under this section; otherwise the court shall dismiss the petition.

(b) A plan of reorganization within the meaning of this section (1) shall include a proposal to modify or alter the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; (2) may include, in addition, provisions modifying or altering the rights of stockholders generally, or of any class of them; (3) shall provide adequate means for the execution of the plan, which may, so far as may be consistent with the provisions of sections 1 and 5 of the interstate commerce act as amended, include the transfer or conveyance of all or any part of the property of the debtor to another corporation or to other corporations or the consolidation of the properties of the debtor with those of another railroad corporation, or the merger of the debtor with any other railroad corporation and the issuance of securities of either the debtor or any such corporation or corporations, for cash, or in exchange for existing securities, or in satisfaction of claims or rights, or for other appropriate purposes; and (4) may deal with all or any part of the property of the debtor. The term "securities" shall include evidences of indebtedness, either secured or unsecured, bonds, stocks, certificates of beneficial interest therein, and certificates of beneficial interest in property. The term "stockholders" shall include the holders of voting trust certificates. The term "creditors" shall, except as otherwise specifically provided in this section, include, for all purposes of this section and of the reorganization plan, its acceptance and confirmation, all holders of claims, interests, or securities of whatever character against the debtor or its property, including claim for future rent, whether or not such claims, interests, or securities would otherwise constitute provable claims under this act.

(c) Upon approving the petition as properly filed the judge (1) may temporarily appoint a trustee or trustees of the debtor's estate, who shall have all the title and, subject to the control of the judge and consistently with the provisions of this section, shall exercise all the powers of a trustee appointed pursuant to section 44 or any other section of this act, and, subject to the judge's control, shall have the power to operate the business of the railroad corporation; (2) shall fix the amount of the bond of such trustee or trustees and require the debtor, the trustee, or trustees to give such notice as the order may direct to creditors and stockholders and to cause publication thereof to be made at least once a week for two successive weeks of a hearing to be held within 30 days after such appointment, at which hearing or any adjournment thereof the judge may make permanent such appointment, or may terminate it and may, in the manner herein provided for the appointment of trustees, appoint a substitute trustee or substitute trustees, and in the same manner may appoint an additional trustee or additional trustees, and shall fix the amount of the bond of the substitute or additional trustee or trustees; the trustee or trustees and their counsel shall receive such compensation as the judge may allow within a maximum approved by the commission; (3) may for cause shown, and with the approval of the commission, in accordance with section 20 (a) of the interstate commerce act as amended, authorize the trustee or trustees to issue certificates for cash, property, or other consideration approved by the judge, for such lawful purposes and upon

such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, as might in an equity receivership be lawful; (4) shall require the debtor, at such time or times as the judge may direct and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed plan; (5) shall determine a reasonable time within which the claims and interests of creditors and stockholders may be filed or evidenced and after which no such claim or interest may participate in any plan except on order for cause shown; the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors and stockholders into classes according to the nature of their respective claims and interests; (6) shall cause reasonable notice of such determination, or of the dismissal of the proceedings, or the allowance of fees or expenses, to be given creditors and stockholders by publication or otherwise; (7) if a plan of reorganization is not proposed or accepted, or, if proposed and accepted, is not confirmed, within such reasonable time as the judge may, upon cause shown and after considering any recommendation which has been filed by the commission, allow, may dismiss the proceeding; (8) may, within such maximum limits as are fixed by the commission, as elsewhere provided in subdivision (g) of this section, allow a reasonable compensation for the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and plan by officers, parties in interest, reorganization managers, and committees or other representatives of creditors or stockholders, and by their attorneys or agents, and by such assistants as the commission with the approval of the judge may specially employ; and (9) may on his own motion or at the request of the commission refer any matters for consideration and report, either generally or upon specified issues, to one of several special masters who shall have been previously designated to act as special masters in any proceedings under this section by order of any circuit court of appeals and may allow such master a reasonable compensation for his services. The circuit court of appeals of each circuit shall designate three or more members of the bar as such special masters whom they deem qualified for such services, and shall from time to time revise such designations by changing the persons designated or reducing or adding to their number, as the public interest may require: *Provided, however,* That there shall always be three of such special masters qualified for appointment in each circuit who shall in their respective circuits hear any matter referred to them under this section by a judge of any district court. For all purposes of this section claims against a railroad corporation which would have been entitled to priority over existing mortgages if a receiver in equity of the property of the debtor had been appointed by a Federal court at the date of the filing of the petition hereunder shall be entitled to such priority, and holders of such claims shall be treated as a separate class of creditors. If in any case in which the issues have not already been tried under the provisions of subdivision (a) of this section any of the debtor's creditors shall, prior to the hearing provided for in subdivision (c), clause (2), of this section, appear and controvert the facts alleged in the petition, the judge shall determine, as soon as may be, the issues presented by the pleadings, without the intervention of a jury, and unless the material allegations of the petition are sustained by the proofs shall dismiss the petition. Any creditor or stockholder shall be heard on the question of the appointment of any trustee or trustees, the proposed approval of any reorganization plan, and upon filing a petition for leave to intervene on such other questions arising in the proceeding as the judge shall determine. The debtor, or the trustees if appointed, shall within 15 days or, upon cause shown, such other time as may be directed by the judge, prepare (1) a list of all known bondholders and creditors of, or claimants against, the debtor or its property, and the amounts and character of their debts, claims, and securities, and the last known post-office address or place of business of each creditor or claimant, and (12) a list of the stockholders of the debtor, with the last known post-office address or place of business of each. The contents of such lists shall not constitute admissions by the debtor or the trustees in a proceeding under this section or otherwise. Such lists shall be open to the inspection of any creditor or stockholder of, or claimant against, the debtor, during reasonable business hours, upon application to the debtor or trustees, as the case may be.

(d) Before creditors and stockholders of the debtor are asked finally to accept any plan of reorganization, the Interstate Commerce Commission shall after due notice hold a public hearing at which the debtor shall present its plan of reorganization and at which, also, such a plan may be presented by the trustee or trustees, or by or on behalf of creditors of the debtor, being not less than 10 per cent in amount of any class of creditors. Following such hearing, the commission shall render a report in which it shall recommend a plan of reorganization (which may be different from any which has been proposed) that will, in its opinion be equitable, will not discriminate unfairly in favor of any class of creditors or stockholders, will be financially advisable, will meet with the requirements of subdivision (g) of this section, and will be compatible with the public interest. In such report the commission shall state fully the reasons for its conclusions, and it may thereafter, upon petition for good cause shown, and upon further hearing if the commission shall deem necessary, modify any of its recommendations and conclusions in a supplemental report stating the reasons for such modification. Thereafter the plan of reorganization recommended by the commission shall be submitted in such manner as the commission may direct to the creditors and stockholders of the debtor for acceptance or rejection, together with the report or reports of the commission thereon; and the commission shall at the same time afford an opportunity to accept or reject any other plan of reorganization filed as in this subdivision (d) provided.

(e) A plan of reorganization shall not be recommended by the commission until it has been accepted in writing and such acceptance has been filed in the proceeding by or on behalf of creditors holding two-thirds in amount of the claims of each class whose claims or interests would be affected by the plan, and by or on behalf of stockholders of the debtor holding two-thirds of the stock of each class: *Provided, however,* That if adequate provision is made in the plan for the protection of the interests, claims, and liens of any class of creditors or stockholders in the manner provided in clauses (5) and (6) of subdivision (g), of this section, then the acceptance of the plan by such class of creditor or stockholders shall not be requisite to the approval of the plan: *And provided further,* That the acceptance of stockholders shall not be requisite to the confirmation of the plan if (1) the judge shall have determined (a) that the corporation is insolvent, or (b) that the interests of stockholders will not be adversely affected by the plan, or (c) that the debtor has pursuant to authorized corporate action accepted the plan, and its stockholders are bound by such acceptance. For the purposes of this section acceptance by a creditor or stockholder shall include acceptance in writing executed by him; or acceptance by his duly authorized attorney or committee acting under authority executed by him subsequent to the recommendation of the plan by the commission. Upon acceptance of the plan in accordance with the provisions of this subdivision (e) the commission may, without further proceedings, grant authority for the issue of any securities, assumption of obligations, transfer of any property, or consolidation or merger of properties, to the extent contemplated by the plan consistent with the purposes of the interstate commerce act as amended. If the United States of America is directly a creditor or stockholder, the Secretary of the Treasury is hereby authorized to accept or reject a plan in respect of the interests or claims of the United States.

(f) If the plan recommended by the commission is accepted as provided in subdivision (e), the commission shall thereupon certify the plan to the court together with its approval thereof and that the same has been so accepted, together with a report of the proceedings before it and its conclusions thereon. If the plan accepted as provided in subdivision (e) differs from the plan recommended by the commission it shall, upon acceptance, be submitted to the commission, which shall hear all interested parties upon such notice and subject to such rules and regulations as it shall prescribe. If after such hearing the commission determines that the accepted plan in its opinion is equitable and will not discriminate unfairly in favor of any class of creditors or stockholders; will be financially advisable; will meet the requirements of subdivision (g) of this section; and will be compatible with the public interest; the commission shall thereupon certify the plan to the court, together with its approval thereof and that the same has been duly accepted, and together with a report of the proceedings before it and its findings and conclusions thereon. The commission shall also, after hearing if necessary, fix the maximum compensation which may be allowed by the court pursuant to clause (8) of subdivision (c) of this section. No plan of reorganization shall be confirmed in any proceeding under this section except upon the approval of the Interstate Commerce Commission certified to the court. If the commission shall decline to issue such a certificate it shall file in the proceeding its decision, specifying the particular grounds upon which it bases its disapproval of the plan.

(g) Upon such approval by the commission, and after hearing such objections as may be made to the approved plan, the judge shall confirm the plan if satisfied that (1) the approved plan complies with the provisions of subdivision (b) of this section, is equitable and does not discriminate unfairly in favor of any class of creditors or stockholders; (2) all amounts to be paid by the debtor or by any corporation or corporations acquiring the debtor's assets, for services or expenses incident to the reorganization and cost of financing, have been fully disclosed and are reasonable, or are to be subject to the approval of the judge; (3) the offer of the plan and its acceptance are in good faith and have not been made or procured by any means or promises forbidden by this act; (4) the approved plan provides for the payment of all costs of administration and other allowances made by the court, except that compensation provided for in subdivision (c), clause (8), of this section may be paid in securities provided for in the plan if those entitled thereto will accept such payment and the court finds such compensation reasonable; (5) the approved plan provides, with respect to stockholders of any class the acceptance of which is requisite to the confirmation of the plan, and who would not become bound by the plan under the provision of subdivision (h) of this section, and of which more than one-third have not accepted the plan, adequate protection for the realization by them of the value of their equity, if any, in the property of the debtor dealt with by the plan either by a sale of the property at not less than a fair upset price, or by appraisal and payment in cash either of the value of their stock or, at the objecting stockholder's election, of the value of the securities, if any, allotted to such stock under the plan; (6) the plan provides with respect to any class of creditors the acceptance of which is requisite to the confirmation of the plan, and who would

not become bound by the plan under the provisions of subdivision (h) of this section, adequate protection for the realization by them of the value of their securities, liens, and claims, either (a) by the sale of such property subject to their liens, if any, or (b) by the sale free of such liens at not less than a fair upset price, and the transfer of such liens to the proceeds of such sale, or (c) by appraisal and payment in cash of either the value of such liens and claims or, at the objecting creditors' election, the value of the securities allotted to such liens and claims under the plan. Section 57, clause (h), of this act shall be applicable to the appraisal of securities under this section, and the value of the unpaid balance shall be appraised as an unsecured claim; and (7) the debtor, and every other corporation issuing securities or acquiring property under the plan, is authorized by its charter or by applicable State or Federal laws, upon confirmation of the plan, to carry out the plan. In the case of a sale or appraisal under clause (5) or (6) of this subdivision (g) the court shall refer to the commission for its consideration and recommendation the amount to be fixed as the upset price and the appraisal of any securities.

(g) Upon such confirmation the provisions or plan shall be binding upon (1) the corporation, (2) all stockholders if the judge shall have determined (a) that the corporation is insolvent, or (b) that the interests of stockholders will not be adversely affected by the plan, or (c) that the debtor has pursuant to authorized corporate action accepted the plan and its stockholders are bound by such acceptance, (3) all stockholders of each class of which two-thirds in amount shall have accepted the plan, (4) all creditors whose claims are payable in cash in full under the plan, (5) all creditors entitled to priority under subdivision (c) of this section, whose claims are not payable in cash in full under the plan, provided two-thirds in amount of such creditors shall have accepted the plan in writing filed in the proceeding, (6) all other unsecured creditors, provided two-thirds in amount of such creditors shall have accepted the plan in writing filed in the proceeding, and (7) all secured creditors of each class of which two-thirds in amount shall have accepted the plan. The confirmation of the plan shall discharge the debtor from its debts except as provided in the plan. Upon confirmation of the plan by the judge, the debtor, and other corporations affected by the plan, or organized or to be organized for the purpose of carrying out the plan, shall have full power and authority to put into effect and carry out the plan and the orders of the judge relative thereto, the laws of any State or the decision or order of any State authority to the contrary notwithstanding; and they shall be, and they are hereby, relieved from the operation of the antitrust laws, as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and of all other restraints, prohibitions, or requirements by law, State or Federal, in so far as may be necessary to enable them to do any thing authorized or required by the plan or by any order made under and pursuant to the provisions of this section. In the event that the judge should disapprove the plan he shall file an opinion stating his reasons therefor.

(i) The provisions of section 721, 722, 723, 724, and 725 of the revenue act of 1932 shall not apply to the issuance, transfers, or exchange of securities or filing of conveyances to make effective any plan of reorganization confirmed under the provisions of this section.

(j) Upon the confirmation of the plan the property dealt with by the plan, when transferred and conveyed to the debtor or other corporation or corporations provided for by the plan, or if no trustee or trustees have been appointed when held by the debtor pursuant to the plan, shall, as the court may direct, be free and clear of all claims of the debtor, its stockholders and creditors, except such as may consistently with the provisions of the plan be reserved in the order confirming the plan or directing such transfer and conveyance, and the court may direct the trustee or trustees, or if there be no trustee or trustees the debtor, to make any such transfer and conveyance, and may direct the debtor to join in any such transfer or conveyance made by the trustee or trustees. Upon the termination of the proceeding a final decree shall be entered discharging the trustee or trustees, if any, making such provisions as may be equitable, and closing the case.

(k) If a receiver of all or any part of the property of a corporation has been appointed by a Federal or State court, whether before or after this amendatory act takes effect, the railroad corporation may nevertheless file a petition or answer under this section at any time thereafter, but if it does so and the petition is approved the trustee or trustees appointed under the provisions of this section shall be entitled forthwith to possession of such property, and the judge shall make such orders as he may deem equitable for the protection of obligations incurred by the receiver and for the payment of such reasonable administrative expenses and allowances in the prior proceeding as may be fixed by the court appointing said receiver. If a receiver has been appointed by a Federal or State court prior to the dismissal under subdivision (c), clause (7), of a proceeding under this section, the judge may include in the order of dismissal appropriate provisions directing the trustee to transfer possession of the debtor's property within the territorial jurisdiction of such court to the receiver so appointed, upon such terms as the judge may deem equitable for the protection of obligations incurred by the trustee and for the payment of administrative expenses and allowances in the proceeding hereunder. For the purposes of this section the words "Federal court" shall include the district courts of the United States and of the Territories and possessions to which this act is or may hereafter be applicable, the Supreme Court of the District of Columbia, and the United States Court of Alaska.

(l) In addition to the provisions of section 11 of this act for the staying of pending suits against the debtor, such suits shall be further stayed until after final decree the judge may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate until after final decree.

(m) A certified copy of an order confirming a plan of reorganization shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the order was made. A certified copy of an order directing the transfer and conveyance of the property dealt with by the plan as provided in subdivision (j) of this section shall be evidence of the transfer and conveyance of title accordingly, and if recorded shall impart the same notice that a deed if recorded would impart.

(n) In proceedings under this section 76 and consistent with the provisions thereof, the jurisdiction and powers of the court, the duties of the debtor and the rights and liabilities of creditors, and of all persons with respect to the debtor and his property, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the debtor's petition was filed.

(o) The term "railroad corporation" as used in section 76 of this act means any common carrier by railroad engaged in the transportation of persons or property in interstate commerce, except a street, suburban, or interurban electric railway which is not operated as a part of a general railroad system of transportation.

Mr. HASTINGS. Mr. President, I think it perhaps desirable that I should make some further explanation of the section pertaining to the reorganization of railroads engaged in interstate commerce. I particularly want to recite briefly a history of this amendment as it now appears in print, and as it has been offered by me.

In the general amendment to the bankruptcy act, as I have before stated, there was a provision for the reorganization of corporations. Subsequent to that there were included in it a provision covering railroads. As it was originally drawn, railroads were not included, because railroads are not included in the old bankruptcy act.

After railroads were written into the measure as prepared by the Department of Justice, there were only those matters referred to the Interstate Commerce Commission which properly belonged to the Interstate Commerce Commission under existing law.

When this matter was considered by the House, it was believed there that it was desirable to separate the corporate reorganization sections from the railroad sections, and to write a special section pertaining to corporations engaged in interstate commerce. There was excellent reason for doing that, in view of what the House wrote into that measure. As the House considered it in committee and passed it, they practically passed the power away from the Federal courts into the Interstate Commerce Commission, leaving almost nothing for the courts to do except to approve of that which had been done by the Interstate Commerce Commission.

After the bill had been voted out of the committee in the House, my recollection is, but before it passed the House, I took the bill, together with the measure which had been prepared by the Department of Justice, and submitted the whole question to the Interstate Commerce Commission, asking them to give to me, for the benefit of the Senate, their judgment regarding this legislation. They replied with a very long report, which was printed, with other criticisms and statements by other people relative to this subject, and is now a public document.

I want to call particular attention, however, to some of the things said by the Interstate Commerce Commission in that report. They state:

> We shall first consider the advantages over present procedure which the two bills have in common.

Referring to that which had been passed by the House and that which had been proposed by the Senate:

> As we see them, these advantages are as follows:
>
> 1. The word "receivership" is in ill repute and creates alarm among investors, but reorganizations can now seldom be accomplished except through receiverships. These bills would substitute a trusteeship, which would in practical effect be very like a receivership but would probably arouse less apprehension.

2. The expense of so-called ancillary receiverships in different States or parts of the country, which are now frequently necessary, would be avoided.

3. Creditors and stockholders would have a better opportunity to be heard in regard to appointments of the trustees than they now have to be heard with respect to the appointment of receivers, due to the provision for a temporary appointment to be followed, after 30 days and a hearing, by a permanent appointment.

4. The opportunity of creditors and stockholders to suggest and have considered a plan of reorganization different from that proposed by the reorganization managers would probably be somewhat better than at present, due to the fact that such an opportunity is provided for specifically in the bills.

5. Since the bills provide that the plan, when adopted, shall be binding upon dissenting stockholders and unsecured creditors of any class which has accepted a plan (the House bill extends this to secured creditors also), it is possible that reorganization could be accomplished without sale of the property. Even if there were a class or classes of nonaccepting stockholders or creditors, a sale might be avoided if appraisal were adopted as the method of determining the cash value of their interests.

6. The effect of the bills would probably be to expedite reorganization, in comparison with the process under receivership, although this is not certain.

In that connection I may say that since that was written we have consulted with the Interstate Commerce Commission, and think that we have made it quite certain that it could be done very much more quickly.

7. Due to the specific authority given to the commission to fix at least a maximum for certain reorganization expenses, there would probably be a greater measure of control over these expenses than at present, although this is not certain, for reasons which are stated below.

8. The commission would have more specific authority than at present to consider the equity of the plan, so far as the various classes of creditors and stockholders are concerned.

Then, Mr. President, the chairman of the legislative committee of the Interstate Commerce Commission, Mr. Eastman, who signed the letter, proceeded to explain that, in his judgment, this bill does not cover all of the situations which are at the present time serious, and that it would be possible for the Congress by some legislation to go very much further than this and accomplish a great deal more.

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

Mr. HASTINGS. I yield.

Mr. FLETCHER. The amendment offered by the Senator provides, on page 1, line 6:

The petition shall be filed with the court in whose territorial jurisdiction the railroad corporation, during the preceding six months or the greater portion thereof, has had its principal executive or operating office or with the court in whose jurisdiction the corporation has its domicile.

I wonder whether the Senator would be willing to add there this proviso:

Provided, That where any railroad, although engaged in interstate commerce, lies wholly within one State, such proceeding shall be brought in the Federal district court within that State in which the railroad is located.

I can see no objection to that amendment. It seems to me, for instance, that a railroad operating entirely within a State might have an executive office in New York, and there might be a question of jurisdiction. The petition might be filed in New York when it really should be filed in the district court in the State where the railroad is located.

Mr. HASTINGS. Mr. President, if the Senator will permit me to proceed with my explanation, and will come back to that, if he desires to offer the amendment, I would like to discuss it.

Mr. FLETCHER. Very well.

Mr. HASTINGS. Mr. President, Mr. Eastman in his letter states:

A thoroughgoing reform of reorganization procedure in the public interest would go to this root of the matter, and would entrust the working out of an equitable and effective reorganization from the beginning to some well informed, well equipped and disinterested branch of the public service, just as has been done to some considerable extent in the case of banks and insurance companies.

Then he says:

We should prefer to see an attempt made to deal more fundamentally with this matter, but we realize that the time is short, if anything is to be done at the present session, and that the need for action is urgent.

I particularly want to call the Senate's attention to this statement by Mr. Eastman, of the Interstate Commerce Commission, that in his judgment the need for action is urgent, and while this bill is not what he thinks it might well be if we had full time to consider it, he does think that some action is urgent, and, as I understand it, that we ought to accept this bill, with some suggestions he has made with respect to it.

Mr. Eastman said further:

We realize also that legislation of the more thoroughgoing character which we suggest would involve so radical a change in accustomed procedure that it would meet with the resistance which all such changes encounter, and would probably entail long discussion.

He follows that by taking the House bill as a basis, and making such changes in it as seemed to him desirable.

After the receipt of that letter, the Department of Justice, taking the House bill as a basis, and taking this criticism of the Interstate Commerce Commission, have prepared the amendment which I have presented here to-day.

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

Mr. HASTINGS. I yield.

Mr. KING. Does Mr. Eastman speak for the entire commission, or is he expressing only his individual view with respect to the reorganization and the imperative necessity for some legislation at this session?

Mr. HASTINGS. The letter is signed by him as chairman of the legislative committee. He probably does not speak for the whole commission. From my reading of the letter I take it that what is said is the judgment of the legislative committee of the Interstate Commerce Commission.

Mr. KING. Consisting of how many?

Mr. HASTINGS. I am sorry, I can not tell the Senator.

Mr. President, I would like for a moment to invite attention to the importance of the legislation and to state that in my judgment it is not a very radical departure from our present procedure in dealing with railroads. It is true that it is radical in that it brings the railroads under the bankruptcy act. Indeed, what we are endeavoring to do here in making these adjustments with debtors, with the individual, the farmer, the railroads, and the corporations, is all somewhat a departure from our general idea of a bankruptcy law.

As I have stated, it has been given a new chapter under the bankruptcy act, calling it chapter 8, where these four subjects are considered separately from the other sections of the bankruptcy law. It is a departure from bankruptcy law, but what it really amounts to is this, so far as the railroads and corporate reorganization sections are concerned. It is an enlargement upon the procedure relative to equity receiverships. It is an enlargement and it is believed to be a very much more workable scheme than the ordinary receivership. In that respect it is of great advantage to the corporation that may be involved. Being an advantage to the corporation, it is an advantage to those who are investors in the corporation and does not in any instance, so far as I know, in any way affect improperly or unfavorably the creditors of such corporations.

So far as I can see there are only two or three difficulties that might arise with respect to the section; I mean difficulties that might cause Members of the Senate to hesitate about voting for it. From my point of view, none of those differences of opinion is sufficient to warrant us in refusing to pass the bill.

As I view it, if the Interstate Commerce Commission are reasonably satisfied that the bill will be an effective measure for the reorganization of the railroads, for the benefit of the public as well as the investor, and if the executives of the railroads be satisfied that this is an important measure for them, the only possible thing left for us to consider is whether or not the public interests are in all respects protected.

Mr. DILL. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Delaware yield to the Senator from Washington?

Mr. HASTINGS. I yield.

Mr. DILL. Right in that connection I would like to call attention to the phrase on page 2 of the Senator's amendment, line 19:

Any corporation, the majority of the capital stock of which having power to vote for the election of directors is owned—

And so forth. Why has this right been confined to the capital stock that has a right to vote for directors?

Mr. HASTINGS. Did the Senator finish reading the entire provision? It applies to holding companies. The purpose is to permit holding companies of railroads that control to participate in the reorganization.

Mr. DILL. But it does more than that, it seems to me. It confines it to a majority of the capital stock having power to vote for the election of directors. These corporations or holding companies are so organized that they control all the holding power and the ordinary stockholder does not have anything to say about it. It impresses me the result of this would be to take away the right of the stockholder who has his money invested in the company.

Mr. HASTINGS. Let me discuss it for a moment by reading the entire provision in that regard.

Any corporation, the majority of the capital stock of which having power to vote for the election of directors is owned, either directly or indirectly, through an intervening medium, by any railroad corporation filing a petition as a debtor under this section, or substantially all of whose properties are operated by such a debtor under lease or operating agreement may file, with the court in which such other debtor had filed such a petition, and in the proceeding upon such petition under this section, a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization in connection with, or as a part of, the plan of reorganization of such other debtor.

By "majority vote" they merely bring the corporation into court with authority to be dealt with as any other property of a railroad corporation is dealt with. It is one of the few provisions in the section that has not been seriously discussed with me, and I have not had as much criticism of it as I have of other sections.

Mr. DILL. It may be a perfectly sound provision, but reading it through—and that is all I have been able to do with the amendment—I was anxious to know just what the effect would be and just how far it would interfere with the rights of the ordinary stockholder.

Mr. HASTINGS. As I understand it, it merely permits a corporation that controls by a holding company or by a railroad, to be considered as a part of the plan.

Mr. President, as I said a moment ago, it seemed to me the only thing left for us seriously to consider is whether or not the public interests are properly protected under the bill. I am quite certain, with all the authority we have given to the Interstate Commerce Commission, whose duty it is, of course, to see to it that the public interests are protected, that we have gone as far as it is possible to go in that direction. It seems to me it is not possible for any person to complain that under the terms of the bill the public interests are not being properly taken care of.

There is one thing about which I concede there may be a very great difference of opinion. Under this section we have provided that two-thirds of any class of creditors might bind the other one-third without the consent of that one-third. I can readily understand how it might be questionable whether we ought to permit—even after hearing before the court and after the court finds it equitable—the two-thirds of any class to bind the one-third that may be objecting. On the other hand, we must bear in mind always that there are a few persons in every corporation who take the opportunity of objecting for the very purpose of forcing those in charge of reorganizing the corporation to give to them a greater share of the assets than would normally come to that particular class.

The many persons to whom I have talked with respect to it believe that we will be thoroughly justified in adopting the provision in the bill and in the way the House passed it, except that we have made a distinction, as I recollect it, between the secured creditor and the unsecured creditor in that regard.

But may I point out to the Senate that, regardless of how we deal with respect to that provision, it is a great deal better to enact the legislation, leaving the one-third with their rights coming into the reorganization if they want to or declining if they want to, and insisting upon being paid in cash for whatever their one-third interest might be valued. It is a great deal more important to pass the bill with this amendment than it is to refuse to pass it at all. All the information I can get with respect to the railroad situation convinces me that it is particularly serious at this time. Pretty nearly $300,000,000 has been loaned and has not been repaid to the Reconstruction Finance Corporation by the railroads of the country. Most of us believe that it is necessary to do that in order to keep the railroads operating and believe it is necessary to keep them out of receivership in order to prevent financial institutions which hold their securities from going into bankruptcy or something else happening to them.

In addition to that, Mr. President, there is coming due this very year nearly $300,000,000 of bonds of railroads and equipment notes of railroads. Under normal conditions that would not be distressing to the railroads. It would in no sense be distressing to the country. It would be a normal thing and in normal times could be taken care of easily by the investing public. But that is not true now. It may be true, indeed I know that it is true, that many of the railroads must be placed in a position where they can negotiate with their investors in order to protect themselves from receiverships.

Whatever we may say with respect to receiverships, however we may dislike receiverships, there is no corporation anywhere that is so greatly handicapped under a receivership as is a railroad corporation. They have their property scattered in various parts of the country. It becomes necessary to have ancillary receivers appointed. Somebody has to operate the property. It is undoubtedly done at great expense. That is not the worst of it. It is done in most instances with great inefficiency, if I may express it that way. In other words, it is inefficiently done under receivership and of necessity that is true. That is no criticism necessarily of the receiver or the man who is trying to run it.

Under this plan it is believed that in a very short while the railroads could present their plans to the Interstate Commerce Commission. The Interstate Commerce Commission are familiar with the railroads. They know all the phases of the railroad problems. They could help the railroads to arrange a plan. They would send out notices to every creditor and to all the stockholders. They would all have an opportunity to come before the commission and be heard. If they agree upon the plan which the Interstate Commerce Commission finds equitable and that it ought to be accepted, then it is submitted to the creditors of the corporation.

Then there is another place where they can be heard and that is before the court. The plan is taken to the court after it is approved by the Interstate Commerce Commission. If, after the Interstate Commerce Commission having approved it, the judge who is considering it finds it equitable and in the public interest, then he approves it, and, without that railroad ever being in the hands of a receiver, it has adjusted its affairs with its investors; it has taken, it may be bonds having interest maturing every three months and changed them into merely income bonds—that is, bonds to which can be applied and paid on account any money with which the corporation may be credited—but it does not mean that the corporation can be put in the hands of a receiver by any person who holds one of its bonds upon which interest has not been paid.

We must remember that in dealing with these corporations it is not necessary to have even three creditors complain, as in ordinary bankruptcy cases, before there is trouble. All that is necessary is to have one creditor make application. An application may be made by one creditor to a court in chancery in the State of Delaware and to courts of equity in most of the other States for a receiver upon the ground that the corporation is not able to pay its

debts as they mature. Then it is immediately in trouble. If the allegation is true, if they can not meet their obligations as they mature, then there is nothing the court can do but grant the request and put the corporation in the hands of a receiver. Having once gotten them into the hands of a receiver, consider the great difficulty in getting the various interests of that corporation together and to agree upon any plan of reorganization. In most instances, if not in all, it becomes necessary actually to sell the property of the corporation before any reorganization can be effected, and that is done in various ways. If there be bondholders, then bondholders' committees are organized, and much difficulty is encountered. An effort is made to interest the bondholders. The poor bondholder is written to, but he does not know whether to trust his bond with a committee, whether or not to trust it to the committee. He is at a great disadvantage and tries to find out what it is all about—when there is going to be a reorganization and when something is going to happen for his relief. If we could have enacted into law a measure such as this, he would know instantly what the plan is; he would know whether he is prepared to vote for it or to vote against it; he would know whether he wants to join in with the proposed plan or whether he does not want to join in it. As I see this proposed legislation, it is a step forward that does not involve governmental expense of any kind; but, on the other hand, I think it will save a lot of money to many investors throughout the country.

It may be said that it will take a lot of water out of the various railroads and other corporations. Well, we had just as well have it out, if it is no good to anybody; and having it in there does not help the situation. I think the sooner the railroads and other corporations reorganize and get upon a firm foundation, so that everybody who holds one of their obligations will know it is worth a hundred cents on the dollar, the better it will be; and it seems to me we will do a great service for this country if we can bring that about.

My friend from New Mexico [Mr. BRATTON] has, very properly, I admit, criticized this proposed legislation because of the inability of the committee carefully to consider it; but I beg of him and other Senators who may agree with him not to hesitate to pass this measure upon that ground, because, after all, the Congress will come back in a little while, and it will be very much easier then to correct any mistakes we may make than it would be to pass this bill in its original form, leaving out this provision, and undertake to pass it subsequently.

The bill has passed the House. All we have to do is to pass it through the Senate, submit it to conference, and do the best we can there to reach an agreement with respect to it. If we make mistakes, as we are likely to do, it will be easy enough to correct those mistakes during another Congress that is coming on shortly, if you please, if those mistakes seen sufficiently important to warrant consideration at that time. I am satisfied, however, that there are in this proposal no very serious mistakes such as would do great injury.

It has been suggested to me that it is unreasonable for me to expect Members of the Senate to agree on this amendment when I have given so much more time to it than they have given to it; and it is said that they ought to have the same opportunity as I have had with respect to it. However, I point out to them that all the conferences I have had, and all the study I have given to this bill have been for the purpose of improving it. Those who first complained about it, with one or two exceptions—perhaps that is limiting the number too greatly, there may have been more than that, but there were very few, and I can not recall any—did insist that this proposed legislation was important and that we ought to get through the best bill that we could agree upon; and all the difficulties I have had have been with those persons who believed that if I adopted some suggestions made by them the bill as a whole would be improved.

Mr. BRATTON and Mr. KING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Delaware yield; and if so, to whom?

Mr. HASTINGS. I yield first to the Senator from New Mexico.

Mr. BRATTON. Mr. President, permit me to invite the Senator's attention to page 13, line 4, the language there reading as follows:

> Upon acceptance of the plan in accordance with the provisions of this subdivision (e) the commission may, without further proceedings, grant authority for the issue of any securities, assumption of obligations, transfer of any property, or consolidation or merger of properties, to the extent contemplated by the plan consistent with the purposes of the interstate commerce act, as amended.

Then, if the Senator will turn to page 14, line 20, I ask him to note the language, reading:

> (g) Upon such approval by the commission, and after hearing such objections as may be made to the approved plan, the judge shall confirm the plan if satisfied—

Of certain things which are set forth.

Let me inquire of the Senator what would be the status of securities issued immediately after the commission should act in the event the judge thereafter should refuse to confirm the proposed plan? As to securities issued following approval of the commission but before action of the judge, assuming that the judge refused to confirm the proposed plan, what would be the status of those securities thus put into circulation?

Mr. HASTINGS. Mr. President, my understanding is that there would be no authority for the issuing of securities merely because the Interstate Commerce Commission had acted upon the plan, but that it would be necessary to wait until the plan had been approved by the judge. May I explain to the Senator from New Mexico that that rather awkward expression in that particular place was put in for this purpose: The hope was—I do not know who made the suggestion; I am not sure that the Interstate Commerce Commission itself did not make it—that by the use of this language time could be saved in the matter of reorganizations; that when the commission had approved the plan as a whole they might at the same time approve the issuance of securities. My own judgment is that that does not give to the railroad corporation any authority to do anything under the plan until after it has been approved by the judge.

Mr. BRATTON. But permit me to call the Senator's attention to the language reading as follows:

> The commission may, without further proceedings, grant authority for the issue of any securities, assumption of obligations, transfer of any property, or consolidation or merger of properties, to the extent contemplated by the plan consistent with the purposes of the interstate commerce act as amended.

Does not the Senator think that that language authorizes the sale of such securities prior to confirmation by the judge?

Mr. HASTINGS. The Senator must bear in mind always that, while all this is going on, the whole property of the railroad is in the hands of a trustee, and nothing can be done in the way of issuing new securities until that trustee has been discharged and the property returned to the railroad. There is one exception, of course, to that and that is in the case of the issuance of trustees' certificates which are provided for in another place. However, after the plan is approved by the Interstate Commerce Commission nothing can be done with it, so far as the railroad is concerned, because the railroad has not any authority over its own property at that time, it still being in the hands of a trustee.

Mr. BRATTON. If that be true, why should the commission grant authority at all?

Mr. HASTINGS. Because it becomes necessary under the existing law for the Interstate Commerce Commission to give to the railroads authority to issue certain securities, and the purpose of this language was to provide that they might do it all at one time.

Mr. BRATTON. That is quite true, but now we are creating a new system for the administration of the affairs of railroad companies during the process of reorganization. During that period, as the Senator has well said, the corporation is under the control of the judge. That being true, the judge supervising the reorganization, and having the

final word in the premises, namely his decree of confirmation, why is it necessary to have the commission act at all?

Mr. HASTINGS. Mr. President, I will be very frank with the Senator and say that if I were writing this provision and using only my own judgment I should not have given the Interstate Commerce Commission the authority which this section grants. But there is this to be said in defense of the position of those who insist that the Interstate Commerce Commission ought to have the authority: The Interstate Commerce Commission is the one commission of the Government that practically has control of the railroads; it knows or ought to know, and I believe does know, more about the railroads than any other agency of the Government. It knows more about their financial condition than any other person or body. It is urged that in many instances applications made to a court might be made to a judge who has had no experience whatever in railroad matters, but who would be dependent entirely upon interested railroad officials in determining what he should do and whether the plan was a good plan or whether it was not a good plan. I was finally convinced, in order that the public might be made safe always and that other persons interested in the railroad might be made safe, that it was perhaps, after all, a wise thing to submit the plan to the Interstate Commerce Commission and let it work out with the various investors the best plan possible and submit it to the investors before they should be asked to confirm it. So I became convinced after a while that this plan was, perhaps, better than to leave it with the judge, as I had originally intended.

Mr. BRATTON. Mr. President, I agree perfectly with the Senator that the Interstate Commerce Commission should have a voice in these proceedings for the very reason the Senator has so well expressed. With that in mind, I wonder why the Senator in this amendment did not carry forward the provision contained in the House text or, indeed, the language found in his former draft, to confine the appointment of a trustee or trustees to a roster for such purpose proposed by the Interstate Commerce Commission.

In the present draft the Senator has abandoned that; he takes away from the Interstate Commerce Commission any voice in the selection of a trustee or trustees during reorganization. I wonder what moved the Senator to do that. Does he mind telling us?

Mr. HASTINGS. I would not if I knew, but I am not certain that I know. As I have stated before, a representative of the group in New York that were endeavoring to help devise some scheme that would assist the railroads, a representative of the President elect, Solicitor General Thacher, and the Interstate Commerce Commission conferred time and time again with respect to this, and out of it all came the striking out of this particular provision.

So far as I am concerned, I do not think it is of very great importance; and while I might not be willing to accept an amendment, I certainly would not oppose anybody who insisted that that ought to go in. I do not think it is important enough even to consider very long, as I see it.

Mr. FLETCHER and Mr. BYRNES addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Delaware yield; and if so, to whom?

Mr. BRATTON. The Senator has answered the question I desired to ask him, whether he opposed an amendment to that effect.

Mr. FLETCHER. Mr. President, will the Senator yield to me? I have to go to a committee meeting.

Mr. HASTINGS. I yield to the Senator from Florida.

Mr. FLETCHER. I call attention to the amendment I suggested, and I believe the Senator will have no objection to it. In line 6, on page 2, if the Senator will follow me, I propose to strike out the period and insert a semicolon and this language:

Provided, That where any railroad, although engaged in interstate commerce, lies wholly within one State, such proceeding shall be brought in the Federal district court within the State in which the railroad is located.

I can see no objection to that, and I offer that amendment.

Mr. HASTINGS. May I call the attention of the Senator to the fact that this section applies only to the reorganization of railroads engaged in interstate commerce.

Mr. FLETCHER. I know that.

Mr. HASTINGS. For the moment I was thinking that a railroad that operated in one State only could not be engaged in interstate commerce, but, of course, that is not true.

Mr. FLETCHER. I am supposing that it is. It may be engaged in interstate commerce.

Mr. HASTINGS. I do not think I have any objection to that amendment.

Mr. FLETCHER. I offer that amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida to the amendment of the Senator from Delaware.

The amendment to the amendment was agreed to.

Mr. BYRNES. Mr. President, if I may have the attention of the Senator from Delaware, I desire to express the opinion that the suggestion of the Senator from New Mexico [Mr. BRATTON] should be agreed to. I think the provision of the House is infinitely better than that contained in the amendment of the Senator from Delaware; and inasmuch as he expresses the view that the matter is not one of great importance, I hope he will concur with the Senator from New Mexico in accepting the House provision.

Mr. HASTINGS. Mr. President, the original suggestion came from the House; and I think the Solicitor General and myself modified that somewhat by suggesting the panel. Since the Senator from New Mexico asked me the question, I am not certain that I am correct in saying that I think the Interstate Commerce Commission wanted to avoid the naming of any such panel. That may not be correct; but certainly that is not a very serious matter in this bill, and if the Senator—particularly the Senator who served with me on the subcommittee—wants to propose that as an amendment, I shall be glad to accept it.

Mr. BRATTON. At a later time I shall offer that amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Delaware, as amended.

Mr. BRATTON. Mr. President, I send forward an amendment to appear on page 21, line 16, following the period, and ask that it be read.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 21, at the end of line 16, it is proposed to add the following:

Or which does not derive more than 50 per cent of its operating revenues from the transportation of freight in standard steam railroad freight equipment. Railroad or railway corporations excluded from the provisions of this section shall be subject to the provisions of section 75 of this act.

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

Mr. BRATTON. Let me state briefly the purpose of this amendment, and I think the Senator from Delaware will accept it.

In connection with the definition of the term "railroad corporation," this amendment is designed to include an electric railway independently owned and not operated as a part of a general system of transportation whose principal revenue is from the transportation of freight, if such an electric railway has physical connections with steam railroads, exchanges standard freight equipment with them, and transports freight in standard steam freight equipment. It merely includes an electric railway of that kind, and brings it under the provisions of the bill.

I hope the Senator from Delaware will accept the amendment.

Mr. HASTINGS. Mr. President, I had intended to write into the section relative to corporate reorganization some provision which would accomplish, I think, the same result. I have some memoranda on it, and when it came to the corporate section I proposed to offer an amendment. I had not considered whether it was desirable or necessary to have

it in this section also; but the Senator from New Mexico undoubtedly has given careful consideration to it, and I am content to accept the amendment.

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I have a number of amendments that I should like to offer. Unfortunately, I have not been able to have them printed; but I shall direct the attention of the Senator from Delaware to them.

The first amendment that I should like to offer is on page 2, line 2, after the word "office," where I propose to strike out the words "or with the court in whose jurisdiction the corporation has its domicile."

My purpose in offering the amendment is that it seems to me, under all the circumstances, the situation is well enough taken care of if the jurisdiction is given to courts, as provided in the preceding language—

> In whose territorial jurisdiction the railroad corporation, during the preceding six months or the greater portion thereof, has had its principal executive or operating office.

To permit the exercise of the jurisdiction of a court where the corporation has its domicile may not have any relation to the territory in which the railroad corporation actually conducts its business. As is well known, many corporations organize for purposes of incorporation in States where the laws concerning incorporation are more satisfactory than elsewhere to those who are undertaking the organization of the corporation; and it seems to me that there is a much greater likelihood that the principal executive or operating office of the corporation will be located in territorial jurisdictions which have relation to the actual transportation business and the territory served in which the corporation is operating.

I do not know whether the amendment I have offered will meet the approval of the author of the main amendment or not, but I consider it to be rather an important provision. Otherwise, if the language remains in the amendment as first suggested, we may find that a great many of the proceedings provided for in the amendment will occur in the States where the corporations have their domicile and will be perhaps thousands of miles away from the territory in which they are operating and from the communities in which they have their principal operating offices.

Mr. HASTINGS. Mr. President——

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

Mr. LA FOLLETTE. I yield to the Senator.

Mr. HASTINGS. May I say to the Senator from Wisconsin that what he has in mind with respect to States that are incorporating companies to operate in other places does not ordinarily apply to railroads. I do not know of any instances in which the railroads do not have to have some authority in their own State in that respect; and a great many people insist that this is quite important, for the reason that it follows the old bankruptcy law. I do not believe it is the same language, but the effect of it is the same as that of the old bankruptcy act.

One purpose that makes it important, as I see it, is that a question of jurisdiction might arise under this general description here of the corporation having its principal executive or operating office in a certain jurisdiction "during the preceding six months or the greater portion thereof." It might very well be asked, What are considered its principal or operating offices? It is always true, however, when that question arises, and there is some doubt about it, that there is a place where we know the court has jurisdiction—namely, the place of domicile. I said that I had received a great deal of correspondence about it from a great many people who are very much interested in it, but I might qualify that by saying that I do not remember definitely whether that was with respect to the railroad section or the corporate section. I was thinking it applied to both, but it may not have applied particularly to the railroad section.

Mr. LA FOLLETTE. Mr. President, I will say to the Senator that an example I had in mind was the proposed merger of the Great Northern and the Northern Pacific. Of course, it did not go through, but I understand the proposal was to incorporate the new company in one of the Eastern States, a thousand or more miles away from the territory in which those two railroads are now operating. With that suggestion in mind, it seemed to me that we would have a much better situation if the words which I have suggested should be stricken out, so that any proceedings under this measure would have to be taken in the court which would have jurisdiction over the particular territory in which the chief operating office of the railroad was located, and thus we would be certain of bringing it nearer to the territory in which the corporation was conducting its operations.

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

Mr. LA FOLLETTE. I yield.

Mr. LEWIS. I would like to ask the Senator from Wisconsin a question, and I would be glad to have the attention of the Senator from Delaware. Under this bill is it assumed that the courts can take jurisdiction to enforce bankruptcy upon a railroad in any part of the country where any part of the railroad runs? Take, for instance, the Illinois Central Railroad, which is exceedingly interested. This morning I am in receipt of a telegram indicating their desires, and something of their needs. They are the lessors or owners of the Central of Georgia Railway. May I ask the able Senator whether, under this bill, a proceeding could be initiated by the Illinois Central in a court in Georgia because it was the owner of a company in Georgia, looking to relief of bankruptcy, instead of proceeding at the city of Chicago, the home of the charter? What is the Senator's idea; or has he had a chance to consider it?

Mr. LA FOLLETTE. Mr. President, my understanding of the matter now under discussion is that there would be two courts which would have jurisdiction of the proceedings contemplated by this amendment, either the court which has jurisdiction over the area in which the principal offices of the corporation are located, or the court which has jurisdiction over the territory of the State in which the corporation had been incorporated.

Mr. LEWIS. Mr. President, may I ask the Senator from Delaware [Mr. HASTINGS] who has given such considerate attention to many phases of this bill—and upon this subject he and I have conferred—this question: Is it the opinion of the Senator from Delaware that a proceeding looking to bankruptcy for a railroad could be taken any place where any part of the railroad track or its properties existed, in any State in which it might have a branch?

Mr. HASTINGS. By no means. The bill as it passed the House provided:

> The petition shall be filed with the court in whose territorial jurisdiction the railroad corporation, during the preceding six months or the greater portion thereof, has had its principal executive or operating office.

That was the language of the House, and we have proposed these words, "or with the court in whose jurisdiction the corporation has its domicile."

Mr. LEWIS. May I ask, what is it the Senator from Wisconsin fears?

Mr. LA FOLLETTE. I seek to strike out the words "or with the court in whose jurisdiction the corporation has its domicile."

Mr. LONG. That clause ought to be stricken out.

Mr. LA FOLLETTE. For the reason, I will state to the Senator. Perhaps I mentioned one example which brought the matter to my attention. The Great Northern and the Northern Pacific Railroads, operating west of the Twin Cities to the coast, were recently contemplating a merger of those two corporations. It did not go through, but in the newspapers they discussed, and it was generally understood, that they would incorporate in Delaware. Under the terms of this amendment, assuming that that had been done, there would be two courts which could have jurisdiction of proceedings contemplated by the amendment, as I understand it, one the Federal court which has jurisdiction in the territory of the Twin Cities, in which the operating office is

located, and the court which has jurisdiction of the State of Delaware, where the corporation would have its domicile.

I have another instance in mind. The Louisiana & Arkansas Railroad, operating in those two States, is incorporated in the State of Delaware. It seems to me that the closer these proceedings can be brought to the territory in which the railroad is actually conducting its business, the better it will be from all points of view.

Mr. LEWIS. Mr. President, may I take the liberty to offer an additional illustration? I ask the Senator from Wisconsin to assume, as I am sure he knows, that the Illinois Central, one of the constituents of my State, has a branch running to Memphis, Tenn., and does maintain now its principal office in Chicago. Does the Senator assume that the words "territorial jurisdiction," within the meaning of the statute, would give jurisdiction to courts at Memphis, Tenn., as well as those in Chicago?

Mr. LA FOLLETTE. No; I do not understand that to be the case. Let us take the Illinois Central as an example. The only court which would have jurisdiction would be the court which has jurisdiction over the territory in which the Illinois Central has its home office, or the court which has jurisdiction over the territory in which the Illinois Central is incorporated and has its domicile. As I understand it, the Illinois Central is incorporated in the State of Illinois. So in that particular instance it would only be an Illinois Federal district court which would have jurisdiction over any proceedings contemplated by this amendment concerning the Illinois Central Railroad. But I did mention several instances where there would be different courts, having different jurisdictions, because the principal operating office of the company would be located in one territory and the domicile or the incorporation would be in another.

Mr. LEWIS. Mr. President, may I ask the Senator whether the views he is expressing are incorporated in the bill or incorporated in an amendment he tenders to the bill?

Mr. LA FOLLETTE. I seek to make the pending amendment read just as the bill read when it passed the House, by striking out the words which have been added in the amendment now pending, as follows, "or the court within whose jurisdiction the corporation has its domicile," so that it would read:

> The petition shall be filed with the court in whose territorial jurisdiction the railroad corporation, during the preceding six months or the greater portion thereof, has had its principal executive or operating office.

Mr. LEWIS. Mr. President, may I ask the Senator from Delaware this question? What objection does the Senator from Delaware tender to this suggestion of the Senator from Wisconsin?

Mr. HASTINGS. Mr. President, I am not certain that there is any very great objection to it. I might say, in reference to the incorporating of railroads in Delaware, that I did not know that the railroads had taken or could very well take advantage of the incorporation law of Delaware. Everything else is incorporated there, and the law does provide for the incorporation of railroads, but I never knew that it was a practical thing to take advantage of it, or that any railroad ever had. I am evidently wrong with respect to that.

I call the attention of the Senator from Wisconsin to this fact: He seeks to strike out certain words, as he well stated, to make the bill agree with the bill as it passed the House, which would prevent us from doing anything with the matter in conference if it seemed to be important to do something with it. I should like to have the language left as it is in my amendment, and then have an opportunity to confer with House Members, and to feel free to agree with the House on it, unless there seem some very good reason for leaving it out.

Mr. LA FOLLETTE. Mr. President, I have already conferred with Representative LAGUARDIA concerning it and I discussed the matter at some length with him. He saw no reason why this provision should remain in the bill. As I have already stated, the Senate knows the reasons which prompted me to offer the amendment. I think it would be a great mistake if we were to find that these receiverships were taking place a thousand or more miles away from the territory in which the railroads operate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin to the amendment of the Senator from Delaware [Mr. HASTINGS].

The amendment to the amendment was agreed to.

Mr. BRATTON. Mr. President, I offer an amendment. On page 6, line 12, after the word "trustees," to insert the words "recommended by the Interstate Commerce Commission."

Mr. KING. Let the amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 6, line 12, after the word "trustees," the Senator from New Mexico proposes to insert the words "recommended by the Interstate Commerce Commission," so that it will read:

> Upon approving the petition as properly filed, the judge (1) may temporarily appoint a trustee or trustees recommended by the Interstate Commerce Commission.

Mr. HASTINGS. Mr. President, I got the impression from what the Senator from New Mexico said a little while ago when he mentioned this subject that he preferred the provision for a panel as it was written in one of the committee prints.

Mr. BRATTON. I prefer the House text. If that can not be had, then I would prefer the panel suggestion to the text now contained in the amendment. My first choice is the House text, which this amendment carries forward.

Mr. KING. Mr. President, will the Senator from New Mexico yield?

Mr. BRATTON. I yield.

Mr. KING. As I understand the amendment just stated by the Senator, there is no obligation upon the court to appoint or name as trustee or trustees a person or persons designated by the Interstate Commerce Commission. It is merely discretionary. Suppose the Interstate Commerce Commission declined to appoint a trustee. Could the court then name one? In the contingency of the failure of the Interstate Commerce Commission to make a recommendation, or if the Interstate Commerce Commission made a recommendation and the court declined to follow the recommendation, then what would happen?

Mr. BRATTON. Then, of course, it would be the duty of the Interstate Commerce Commission to make another suggestion. I think we must assume that the Interstate Commerce Commission would do its duty and would make a suggestion.

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

Mr. BRATTON. I yield.

Mr. McKELLAR. Would it not be rather cumbersome to undertake to secure a majority of the votes of the Interstate Commerce Commission in making these appointments? I think there are 12 members of the commission, and the question of a quorum might arise, or a question as to the validity of an appointment might even arise. Why would it not be better to leave it in the hands of the judge?

Mr. BRATTON. Because the Interstate Commerce Commission is the tribunal of experts who devote themselves to railroad matters, and if this measure is enacted into law, I have doubt that they will make up for themselves for future use a panel from which they could readily submit names to the judge.

Mr. McKELLAR. Mr. President, may I ask the Senator another question?

Mr. BRATTON. Certainly.

Mr. McKELLAR. What about compensation for these employees? Would they serve at the compensation now fixed by law for the men on the panel suggested by the Senator?

Mr. BRATTON. The bill provides for the compensation of trustees.

Mr. McKELLAR. I had not gone into that feature. Does it fix a sliding scale?

Mr. BRATTON. It provides that their compensation shall be agreed upon by the commission before it is allowed.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New Mexico to the amendment of the Senator from Delaware.

Mr. HASTINGS. Mr. President, would the Senator from New Mexico be willing to provide for a panel and then in conference see whether or not it is more desirable to accept that than the House plan?

Mr. BRATTON. Yes; I am willing to do that.

Mr. HASTINGS. I am willing to accept the amendment then.

Mr. BRATTON. I withdraw the amendment just offered and in lieu thereof I offer the following: On page 6, line 12, after the word "appoint," I move to insert the words "from a panel of standing trustees qualified for such service to be selected and designated in advance by the commission."

The PRESIDING OFFICER. The Chair understands the Senator from Delaware to accept the amendment?

Mr. HASTINGS. Yes; I accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico to the amendment of the Senator from Delaware.

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I have a few other amendments. If the Senator from New Mexico has concluded I shall offer them. Some of them are textual in character and I think the Senator from Delaware will be willing to accept them. They may not be necessary. I would invite the Senator's attention to page 2, line 13, after the word "it." I suggest to the Senator that there be inserted at that point the words "if not so satisfied," so as to read "or dismissing it if not so satisfied." The Senator will find that on page 4, line 12, those words do appear and I thought perhaps they should be inserted also at this point.

Mr. HASTINGS. I have no objection.

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. On the same page, page 2, line 16, after the word "section," I move to insert "and for the purposes thereof." The object of the amendment, I will say to the Senator from Delaware and to other Senators, is to provide that the exclusive jurisdiction which the court is to exercise over the property of the debtor shall be confined purely to the purposes of this section, and it will prevent the raising of any question as to whether the Interstate Commerce Commission have jurisdiction over other matters which they now have under existing law in a case where a railroad corporation is operating through a receiver or trustee.

Mr. HASTINGS. Will the Senator state his proposed amendment again?

Mr. LA FOLLETTE. On page 2, line 16, after the word "section," insert "and for the purposes thereof," so as to read:

> If the petition is so approved, the court in which such order approving the petition is entered shall, during the pendency of the proceedings under this section, and for the purposes thereof, have exclusive jurisdiction of the debtor and its property wherever located.

Mr. HASTINGS. I can see no objection to the amendment. I am willing to accept it.

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. On page 3, line 18, I ask the Senator whether the word "the" should not be stricken out and the word "a" be inserted, so as to read "file with a court" instead of "file with the court."

Mr. ROBINSON of Arkansas. Mr. President, I rather believe the language employed in the bill is preferable to the substitution of the indefinite article. The object manifestly is to require the filing with the particular court in which the railroad corporation would have the right to file its petition.

Mr. HASTINGS. There is but one court.

Mr. LA FOLLETTE. On the other hand, it occurred to me that they might have their right to file a petition in more than one court.

Mr. ROBINSON of Arkansas. Not since the Senator's amendment has been agreed to limiting the filing of the petition to the jurisdiction within which the principal operating office is located.

Mr. LA FOLLETTE. The only point I had in mind is that the language is "executive or operating office," and they are not always in the same place. But it is not important. I shall not press the amendment.

Mr. President, on page 6, line 17, after the word "control," I propose to insert the words "and the jurisdiction of the commission," so that it would read:

> Upon approving the petition as properly filed the judge (1) may temporarily appoint a trustee or trustees of the debtor's estate, who shall have all the title and, subject to the control of the judge and consistently with the provisions of this section, shall exercise all the powers of a trustee appointed pursuant to section 44 or any other section of this act, and, subject to the judge's control and the jurisdiction of the commission, shall have the power to operate the business of the railroad corporation.

Mr. HASTINGS. Mr. President, I think the Senator's amendment would involve a very grave question. There is a situation which we have consistently tried to avoid in preparing the amendment; that is, that any conflict or possible conflict which might arise between the two authorities, one the judge and the other the commission, should be avoided. I think we would undoubtedly be in great difficulty if we should give the judge control and the Interstate Commerce Commission control. Certainly, it ought to be in one or the other and not in both.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt the Senator?

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

Mr. LA FOLLETTE. Certainly.

Mr. ROBINSON of Arkansas. It occurs to me the purpose of the amendment proposed by the Senator from Wisconsin is to reserve to the commission the jurisdiction it now has.

Mr. LA FOLLETTE. Yes; under the interstate commerce act.

Mr. ROBINSON of Arkansas. Yes; under the interstate commerce act with respect to rates and regulations of that character.

Mr. HASTINGS. I am sorry I did not understand the Senator's purpose.

Mr. LA FOLLETTE. If the language is unfortunate, I would be glad to have the benefit of the Senator's suggestion.

Mr. ROBINSON of Arkansas. I suggest that it read, "and the jurisdiction of the Interstate Commerce Commission as provided by the interstate commerce act as amended."

Mr. LA FOLLETTE. I accept the modification suggested by the Senator from Arkansas.

Mr. HASTINGS. Now, will the Senator from Wisconsin be good enough to state the amendment as modified?

Mr. LA FOLLETTE. It would then read:

> And subject to the judge's control and the jurisdiction of the commission as provided in the interstate commerce act as amended, shall have the power to conduct the business of the railroad corporation.

Mr. HASTINGS. That is perfectly satisfactory to me.

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. On page 8, line 16, a typographical error occurs to which I wish to invite the attention of the Senator from Delaware. The letter in parentheses instead of "(g)" should be "(f)", so as to read: "as elsewhere provided in subdivision (f)." If the Senator will turn to subsection (f) on page 14, line 10, he will see that the para-

graph referred to is not the paragraph which should be cited.

Mr. HASTINGS. The subdivision (g) referred to is on page 14.

Mr. BRATTON. Mr. President, will the Senator from Wisconsin yield just at this point?

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

Mr. LA FOLLETTE. I yield.

Mr. BRATTON. Permit me to call the attention of the Senator from Delaware to the fact that there are two subdivisions which are denominated "(g)". One appears on page 14, line 20, and the other appears on page 17, line 1. Ought not that letter to be "(h)"?

Mr. LA FOLLETTE. That is correct, but let us get the other one straightened out first.

Mr. BRATTON. I thought perhaps that led to the confusion.

Mr. LA FOLLETTE. No. I was going to draw attention to the one to which the Senator from New Mexico has referred when I had disposed of the other one.

If the Senator from Delaware will note, on page 8, line 14—

(8) May, within such maximum limits as are fixed by the commission, as elsewhere provided in subdivision (g) of this section.

Now, if the Senator will turn to page 13 he will see that in line 15 that section begins with the letter "(f)," and if he will turn over to page 14, where that is continued as "(f)," he will find these words in line 10:

The commission shall also, after hearing, if necessary, fix the maximum compensation which may be allowed—

And so forth. So it seems perfectly obvious that the language on page 8 refers to section "(f)" and not to section "(g)," because it says:

May, within such maximum limits as are fixed by the commission, as elsewhere provided in subdivision.

And the text of the amendment now is "(g)," but I am convinced it should be "(f)."

Mr. HASTINGS. The Senator is correct. It ought to be "(f)."

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Wisconsin to the amendment of the Senator from Delaware is agreed to.

Mr. LA FOLLETTE. Mr. President, may I ask the Senator from Delaware for his interpretation of the language to be found on page 8, beginning in line 14, as follows:

May, within such maximum limits as are fixed by the commission, as elsewhere provided in subdivision (f) of this section, allow a reasonable compensation for the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and plan by officers, parties in interest, reorganization managers, and committees, or other representatives of creditors or stockholders, and by their attorneys or agents—

And so forth.

Now may I ask the Senator do the words "and by their attorneys or agents" refer to all the different groups and parties mentioned in the preceding language or does it refer only to "committees or other representatives of creditors or stockholders"?

The reason why I draw the Senator's attention to this language is that in the bill as it passed the House and in the committee print No. 2 which the Senator introduced in the Senate it read:

And the attorneys or agents of any of the foregoing.

Now that language has been changed in this new amendment to read—

And by their attorneys or agents.

It seems to me that the language in the Senator's original bill, committee print No. 2, and the bill as it passed the other House was more explicit and included all of the various parties in interest mentioned in the proceeding language. Unless the Senator has some very good reason for not doing so, I would suggest to him that he strike out the words "by their" and insert the word "the," and after the words "attorneys or agents" insert "of any of the foregoing."

Mr. HASTINGS. I remember distinctly, I may say in reply to the Senator, of there being some criticism of either the House bill or some one of the drafts I had made; but I can not remember exactly what it was.

Mr. LA FOLLETTE. I am sure the Senator wants to grant reasonable fees to be fixed for the services of attorneys or agents who represent any of the groups that are mentioned.

Mr. HASTINGS. Does not that language do just that?

Mr. LA FOLLETTE. Perhaps it does; but I wanted to make certain of it, because in making a comparison of the Senator's bill, committee print No. 2, and this amendment I saw the language had been changed; and knowing that the Interstate Commerce Commission, through its legislative committee, had suggested the language that was in the Senator's committee print No. 2, I wondered if the Senator would have any objection to reincorporating it in this amendment?

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

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

Mr. LA FOLLETTE. I yield.

Mr. FESS. The punctuation there would seem to make the words "attorneys or agents" apply as the Senator has indicated, but his suggestion to insert the words "of any of the foregoing" would remove all possibility of doubt.

Mr. LA FOLLETTE. That is what I felt. I offer the amendment, Mr. President, to strike out the words "by their" and to insert the word "the," and after "agents" to insert the words "of any of the foregoing."

Mr. HASTINGS. That is satisfactory to me, Mr President.

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

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Delaware.

Mr. BRATTON. I offer the following amendment: On page 18, line 3, to strike out all after the semicolon and down to and including line 11:

And they shall be, and they are hereby, relieved from the operation of the antitrust laws, as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and of all other restraints, prohibitions, or requirements by law, State or Federal, in so far as may be necessary to enable them to do anything authorized or required by the plan or by any order made under and pursuant to the provisions of this section.

Mr. BLACK. Mr. President, will the Senator from New Mexico yield?

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

Mr. BRATTON. I yield.

PROPOSED OCEAN MAIL CONTRACT WITH INTERNATIONAL MERCANTILE MARINE CO.

Mr. BLACK. I send to the desk a resolution and ask that it may be read. It is very important that it be acted on immediately, if it can be done. I can not believe there will be any objection to it.

The PRESIDING OFFICER. Without objection, the resolution will be read.

The legislative clerk read the resolution (S. Res. 375), as follows:

Whereas specifications have been issued by the Postmaster General calling for bids on March 1 for an ocean mail contract from Philadelphia-Baltimore to Liverpool-Manchester, route No. 58 B, which involves the establishment of a new steamship service and the payment by the Government of about $1,000,000 per annum for 10 years or $10,000,000 in mail money, and also involves the selling of vessels by the United States Lines Co. for a reported price of $500,000 each, which were recently purchased from the Shipping Board for $131,250 each; and

Whereas this proposed new steamship service competes with other American services already established at a great cost to the Government, which services also receive mail pay; and

Whereas it is understood this new line is to be operated by the International Mercantile Marine Co. (Inc.), which already receives large subsidies from the Government while at the same time operating foreign-flag lines competing with American lines; and

Whereas it appears that there has not been and will not be sufficient time to fully investigate the economic necessity of such line or the propriety of granting a mail contract on March 1 next, and as the matter of ocean mail contracts is to be generally investigated by a committee of the Senate; and

Whereas the Merchant Fleet Corporation reported on February 6, 1933, that this steamship service is not justified: Now, therefore, be it

Resolved, That the Postmaster General be requested to postpone the awarding of the said mail contract until the matter can be more fully investigated and the soundness of the proposition more completely determined from the standpoint of the Government's interest and all the facts and circumstances involved.

Mr. BLACK. Mr. President, this is a matter of vital importance. There is at present being considered the signing of a contract, day after to-morrow, for a subsidy of $10,000,000. I have on my desk evidence to the effect that the statement has been made in the hearings that it is necessary to get it through while the present administration is in power or it can not go through.

Mr. FLETCHER. Mr. President, I rise to a point of order. Is this resolution offered and unanimous consent asked for its present consideration?

Mr. BLACK. I expect to ask for its present consideration, but I have not done so as yet.

The PRESIDING OFFICER. The Senator from Alabama submitted the resolution which was read.

Mr. FLETCHER. I want to see the resolution. I just came into the Chamber and heard only a part of it. I ask to have it go over. I object to its consideration now.

Mr. BLACK. I have not made a request as yet for its consideration, and I have not yet yielded the floor for the purpose of having any objection made.

The PRESIDING OFFICER. The Senator from New Mexico [Mr. BRATTON] has the floor.

Mr. BLACK. The Senator from New Mexico yielded to me. Mr. President, I can not believe that there is a Senator in this Chamber who will object to this resolution when the facts are presented.

Mr. BORAH. Mr. President——

Mr. BLACK. I yield to the Senator from Idaho.

Mr. BORAH. I just came into the Chamber while the resolution was being read. Will the Senator state briefly the object of the resolution?

Mr. BLACK. The resolution calls attention to certain facts which I can establish by information on my desk. It requests the Postmaster General not to take action with reference to signing a contract for a $10,000,000 subsidy to the International Mercantile Marine Co. for a steamship service between Philadelphia-Baltimore, and Liverpool-Manchester.

I should like to give the Senate the facts. I have here before me the hearings before the United States Shipping Board, and I also have a copy of a report made by the Merchant Fleet Corporation. I would not bring this matter up now were it not for the fact that I have called up the Postmaster General's office, and have been informed that it is their intention to go ahead and sign this contract when the bids come in day after to-morrow.

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

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BLACK. I yield.

Mr. ROBINSON of Arkansas. It is a rather remarkable circumstance that contracts of this character are to be made on the 1st day of March, when there is to be a change in the control of the department on the 4th of March. May I ask the Senator from Alabama whether he has any intimation from the Post Office Department if the Senate makes the request, that it will be complied with?

Mr. BLACK. I have no information to that effect, but I will say to the Senator that if the Senate shall make the request, it will certainly give notice to any contractor who may sign the contract that there is a question as to its authenticity and as to the right of the Postmaster General to execute it. Now I wish to call attention——

Mr. ROBINSON of Arkansas. I wish to say that I am in hearty sympathy with the purpose of the Senator from Alabama. I do not wish any misunderstanding about that.

Mr. BLACK. I understand the Senator's position.

Mr. FLETCHER. Mr. President, I do not say that I am opposed to it, but I did not hear the entire resolution read; it is a very important matter, and I do not know how far it might reach.

Mr. BLACK. It is extremely important.

Mr. FLETCHER. Therefore, I want to look at it so that I may know how to vote on it.

Mr. BLACK. I am not asking the Senator to vote now. I should like to explain the matter.

Mr. FLETCHER. I should like to ask the Senator a question. The contract he refers to, and the only contract he refers to, is to be made with the International Mercantile Marine?

Mr. BLACK. It is to be made with a company called the Philadelphia Mail Steamship Co., which, according to my information, is a part of the International Mercantile Marine, on the board of directors of which appear J. P. Morgan and others.

Mr. FLETCHER. That is the only contract to which the Senator refers?

Mr. BLACK. That is the only one now.

Mr. FLETCHER. How many ships does it involve?

Mr. BLACK. I will give the Senator the facts in just a moment.

Mr. President, I would not bring this up were it not for the very significant fact, stated by the Senator from Arkansas, that here is a proposal to sign a contract on the 1st day of March, and if I did not have in my possession the hearings showing that it is the deliberate purpose to attempt to execute the contract during the life of the outgoing administration.

Mr. President, I have before me the hearing before the United States Shipping Board in re Philadelphia Mail Steamship Co., Washington, D. C., Friday, February 3, 1933. I will read first from page 43 of those hearings:

Commissioner CONE. We have got very little time left under this, too. You have put the deadline on us of this administration. It is some job you have given us.

Mr. HORAN—

That is the attorney for the company—

The Postmaster General has got to advertise this week—

And it was done—

and that is why I had the courage to call you on the telephone. If it was not for the importance of it I would not have done it.

Now let us see what was the next statement made by Mr. Keating, one of the other attorneys for the company seeking this $10,000,000 of Government money at the end of this administration (p. 46):

We say this is a perfectly sound project, and the only difficulty with it that I can see is that we are awfully pressed for time—

This was February 3, 1933. Why should they be pressed for time over a $10,000,000 subsidy?—

If it is not done this week, the possibility is that it may never be done.

Why was that? That was because the attorney for the company that wants this subsidy knew that they had to advertise it that week. If they did not, there would be no chance to have action by the present Postmaster General. He says:

Sometimes when you really recognize that there is a real project it is surprising how fast people can work.

And it is. It is a little surprising how fast they worked in connection with this.

Let me read another paragraph from the hearings. I read from Mr. Horan again.

Mr. FLETCHER. Mr. President, may I ask the Senator what hearings these are? I did not catch that.

Mr. BLACK. This was a hearing before the United States Shipping Board with reference to the application of the Philadelphia Mail Steamship Co. for a subsidy.

Mr. FLETCHER. What date was it?

Mr. BLACK. February 3, 1933. I read from page 49:

We must see daylight in the possibilities of the line, and we believe that with the plan as we have laid it out, with the capital we have, the backing we have, if we are given what we are asking for we will make a success of this line.

Now, listen to this:

If we don't, we are done. We don't really hope much from the next administration.

Mr. Horan says:

Well, the Postmaster General says he must know this week, so he can advertise it, or it will be too late.

Too late for what? Is the Government going to cease functioning? Too late to get the $10,000,000 subsidy from the present administration.

Let me read again. I am reading from Commissioner Cone (p. 56):

Now, to speed up and accomplish all this before this particular administration goes out of office is giving us a first-class job, and you want to take that away from here in the back of your heads.

Now let me call attention to the closing statement with reference to the necessity for action. I read again a statement from the chairman of the Shipping Board, made at the same hearing (p. 57):

The CHAIRMAN. Mr. Huntley must realize that we are not alone in this proposition. We have got to get up a proposition that will be acceptable to the Comptroller General or he will tell us to carry out the contract we have already got.

As a matter of fact, I might interject here that they already have contracts for these lines, and the Fleet Corporation has reported that this line is not justified by the conditions.

Continuing:

We have got to get something that will appease him—

That is, the Comptroller General—

convince him that we are doing this in the interest of the Government. We can't just throw something over at him, because he will simply say, "Nothing doing, boys."

Mr. HUNTLEY. I understand that is unfortunately true.

The CHAIRMAN. We have got to handle this thing very carefully.

Let us see how carefully it has been handled. First, let me read the statement of the president of the Merchant Fleet Corporation with reference to this, on February 6, which was after the hearing occurred to which I have called attention:

From this tabulation—

Says the Fleet Corporation—

it will be noted that the establishment of a direct Philadelphia-Liverpool-Manchester service is not justified.

But in spite of that fact they proceeded to advertise for bids; and, according to my information, they advertised so that it was impossible for any company on earth except one to get the contract. That one is a part of the International Mercantile Marine.

In order that you may know something about who that is, let me give you the names of the directors:

Vincent Astor, Harry Bronner, J. M. Franklin, P. A. S. Franklin, J. W. Hanes, Basil Harris, J. P. Morgan, J. W. Platten, Kermit Roosevelt, C. H. Sabin—

Who, by the way, according to my information, is the president of the Guaranty Trust Co., Mr. Morgan's bank—

Charles Steele, C. A. Stone, Donald Symington, Elisha Walker.

And there appears here a letter from Mr. Atterbury requesting quick action.

So we have this situation, and that is the reason why I have brought up the matter this afternoon. If it goes over for one day, it goes until to-morrow. If the resolution were to be offered to-morrow and have to go over until the next day, the bids would be opened at 12 o'clock, and I desire to state frankly that in my judgment, from the way this matter has proceeded, if something is not done before 12 o'clock day after to-morrow this contract will be signed.

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

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Utah?

Mr. BLACK. I yield to the Senator.

Mr. KING. The Senator will recall that a few days ago, when we were discussing the $19,000,000 subsidy appropriation, and the attention of the Senate was brought to the fact that the Postmaster General contemplated executing a number of contracts for so-called extensions, a resolution was offered and an amendment to the bill requesting him to desist from letting those extension contracts; but he proceeded immediately and let those extension contracts, and they are now in existence, and if they are valid, of course, the Government will have to pay the penalty.

Mr. BLACK. It is my judgment that if a contract should be made with these people on this basis, the probability is that the courts would strike it down. There is too much evidence of haste. Why should the statement be made repeatedly that something must be done during this administration, or it can not be done? Why the haste in advertising and sending out notices, according to information given to me, by telegram instead of by letter, in order that the contract might be properly advertised? What is the reason for this rush?

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

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. BLACK. I yield to the Senator.

Mr. McKELLAR. My recollection is that when the Postmaster General was before the Committee on Appropriations he stated that no more of these contracts would be let before the new administration takes office. It comes to me as a very great surprise that this enormous contract, providing for a subsidy of $1,000,000 a year for 10 years, is brought in here at the last moment; and, under the circumstances, I do not see how in the name of Heaven any Senator can object to the adoption of the resolution of the Senator from Alabama. It ought to be done, and it ought to be done at once.

Here is a line from Philadelphia to Liverpool. We have all the mail facilities that are necessary. This very line, or its parent line, the International Mercantile Marine, already has so-called contracts with the Government. I doubt if they are valid contracts; but I do not see how any Senator can object to the passage of this resolution, and its passage immediately.

Mr. BLACK. Of course, if the letting of a contract is postponed, that does not destroy the chance of these people to present their petition properly. If they have the right basis for their request, it will be granted; but here is a situation where they state in the hearing that it is necessary for them to get action before this administration ends, before these people go out of office.

So, Mr. President, I ask unanimous consent for the immediate consideration of the resolution.

The PRESIDING OFFICER. The Senator from Alabama asks unanimous consent for the immediate consideration of the resolution offered by him. Is there objection?

Mr. McNARY. Yes, Mr. President. A number of Senators are absent from the Chamber, and I have been requested by one or two who desire to look into the matter that they be afforded that opportunity. At the present time, therefore, I shall object.

Mr. BLACK. Mr. President, I desire to ask the Senator from Oregon if it is his intention to have the Senate adjourn this afternoon.

Mr. McNARY. Mr. President, that depends entirely upon the progress made with the unfinished business. Should we complete its consideration I shall move to adjourn until 11 o'clock to-morrow.

Mr. BLACK. I ask the Senator by reason of the fact that bids for this contract are to be opened day after to-morrow at 12 o'clock. Therefore, it will be necessary to

attempt to get action to-morrow. I understand that the Senator from Oregon has not investigated the matter dealt with by the resolution and it may be possible that he will not object to it to-morrow.

Mr. McNARY. I make no promises in that line. The proposition is an important one; and, in common with others, I desire to read the resolution and study it. To-morrow the Senator will have his opportunity. He can ask unanimous consent for the consideration of the resolution, of course, at any time; or, if there is an adjournment, we will have routine morning business, and the resolution will come up automatically if it goes to the desk to-night.

Mr. BLACK. That is the reason why I asked the Senator if he contemplated an adjournment.

Mr. KING. Mr. President, I suggest to the able Senator from Alabama that in the interest of securing the objective he has in mind he have a complaint all ready, prepared and signed, to obtain an injunction to restrain the execution of any contract that may be entered into.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 2654) to allow credit in connection with homestead entries to widows of persons who served in certain Indian wars.

ENROLLED BILLS SIGNED

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

H. R. 2601. An act for the relief of William Mathew Squires;

H. R. 5367. An act for the relief of Jerry V. Crane;

H. R. 6270. An act for the relief of Alexander F. Sawhill;

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

H. R. 10749. An act to authorize acceptance of proposed donation of property in Maxwell, Nebr., for Federal building purposes;

H. R. 11980. An act authorizing the President to make a posthumous award of a distinguished-flying cross to Glenn H. Curtiss, deceased, and to present the same to Lua Curtiss, mother of the said Glenn H. Curtiss, deceased;

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

H. R. 12977. An act to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928;

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. 13750. An act to regulate the bringing of actions for damages against the District of Columbia, and for other purposes;

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. 14204. An act to amend section 653 of the Code of Law for the District of Columbia;

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. 14363. An act 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;

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; and

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

AMENDMENT OF BANKRUPTCY ACT

The Senate resumed the consideration of 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. BRATTON. Mr. President, it will be observed that the language which my amendment proposes to strike from the bill would repeal the antitrust laws, so far as the reorganization process authorized in the bill is concerned. The language is as follows:

> And they shall be, and they are hereby, relieved from the operation of the antitrust laws, as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and of all other restraints, prohibitions, or requirements by law, State or Federal, in so far as may be necessary to enable them to do anything authorized or required by the plan or by any order made under and pursuant to the provisions of this section.

Mr. President, this is not confined to ordinary consolidation proceedings. This is a comprehensive system of reorganization, which might involve several lines. It might involve a number of separate entities; it might involve consolidations, mergers, extensions, parallel lines, and other conceivable situations with respect to railroads.

It is proposed here completely to suspend and repeal the antitrust laws in so far as a proceeding under this act is concerned, thus permitting the court to proceed with a free hand, authorizing the Interstate Commerce Commission to perform its functions with a free hand, so far as the antitrust laws are concerned.

It seems to me, Mr. President, that there is much danger in the proposal. I may be wrong, but I believe this measure would operate, whether intended so or not, to bring about a gigantic monopolistic control of the railroads of this country. The repeal of the antitrust laws, their complete suspension, their annihilation, so far as the reorganization process is concerned, would contribute to that end, would further that object, would support that attainment.

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

Mr. BRATTON. I yield.

Mr. CONNALLY. What is the Senator's idea as to the effect upon State regulatory bodies and State laws which seek to control the railroads? Of course, if the courts took jurisdiction over all of the property, the courts could not collect judgments against railways during the pendency of a proceeding, except in the method provided in receiverships. I am not familiar with the amendment. I have been absent for several days on account of illness.

Mr. HASTINGS. Mr. President, will the Senator from New Mexico yield?

Mr. BRATTON. I yield.

Mr. HASTINGS. The Senator from New Mexico has shown me the amendment he proposes, and I have carefully considered it. I have just heard his statement relative to his fear with respect to the possibility of the operation of this law, namely, that it might result in the creation of a great monopoly among the railroads.

That is so far from any object that we have, and I am so anxious, as is the Senator from New Mexico, to avoid there being a possibility of doing that under the bill, that I am very much inclined to accept his proposed amendment. I want to say that this language was written in the amendment following the language in the existing interstate commerce law relative to consolidation of railroads, and it was approved with some suggestions by the Interstate Commerce Commission. But it is not essential that it be written into law in order to carry out its main purpose. For that reason I am very glad to accept the Senator's amendment.

Mr. BRATTON. Then I shall desist from further discussion of the amendment.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The question is on the amendment of the Senator from New Mexico to the amendment of the Senator from Delaware.

Mr. GEORGE. Mr. President, I ask that the amendment be reported.

The PRESIDING OFFICER. The clerk will report the amendment for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from New Mexico proposes, on page 18 of the amendment of the Senator from Delaware, in line 3, to strike out the following:

And they shall be, and they are hereby, relieved from the operation of the antitrust laws, as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and of all other restraints, prohibitions, or requirements by law, State or Federal, in so far as may be necessary to enable them to do anything authorized or required by the plan or by any order made under and pursuant to the provisions of this section. In the event that the judge should disapprove the plan, he shall file an opinion stating his reasons therefor.

(i) The provisions of sections 721, 722, 723, 724, and 725 of the revenue act of 1932 shall not apply to the issuance, transfers, or exchange of securities or filing of conveyances to make effective any plan of reorganization confirmed under the provisions of this section.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New Mexico to the amendment of the Senator from Delaware.

The amendment to the amendment was agreed to.

Mr. NORRIS. Mr. President, I offer the amendment which I send to the desk. This is an amendment to the amendment offered by the Senator from Delaware.

The PRESIDING OFFICER. The amendment offered by the Senator from Nebraska to the amendment of the Senator from Delaware will be stated.

The CHIEF CLERK. On page 21, after line 10, add the following:

No judge or trustee acting under this act shall change the wages or working conditions of railroad employees, except in the manner prescribed in the railroad labor act, or as set forth in the memorandum of agreement entered into in Chicago, Ill., on January 31, 1932, between the executives of 21 standard labor organizations and the Committee of Nine authorized to represent class 1 railroads.

No judge or trustee acting under this act shall deny or in any way question the right of employees on the property under his jurisdiction to join the labor organization of their choice, and it shall be unlawful for any judge or trustee to interfere in any way with the organization of employees, or to use the funds of the railroad under his jurisdiction, in maintaining so-called company unions, or to influence or coerce employees in an effort to induce them to join or remain members of such company unions.

No judge or trustee acting under this act shall require any person seeking employment on the property under his jurisdiction to sign the so-called yellow-dog contract, or any agreement promising to join or to refuse to join a labor organization; and if such yellow-dog contract has been enforced on the property prior to the property coming under the jurisdiction of said judge or trustee, then the said judge or trustee, as soon as the matter is called to his attention, shall notify the employees by an appropriate order that said yellow-dog contract has been discarded, and is no longer binding on them in any way.

Mr. HASTINGS. Mr. President, I desire to offer a substitute for the Senator's amendment to my amendment.

The PRESIDING OFFICER. The clerk will report the proposed substitute of the Senator from Delaware.

The CHIEF CLERK. In lieu of the amendment proposed by the Senator from Nebraska, the Senator from Delaware proposes to insert the following:

All existing laws relating to railroads or railways engaged in interstate commerce shall be applicable to any trustee appointed and operating a railroad or railway pursuant to this section.

The PRESIDING OFFICER. The question is on the substitute of the Senator from Delaware for the amendment of the Senator from Nebraska.

Mr. NORRIS. Mr. President, in the amendment which I offered there is absolutely nothing that conflicts in any way with the law which we enacted at the last session of Congress known as the anti-injunction law. The substitute offered by the Senator from Delaware would not, in my judgment, meet all the contingencies that might arise. For instance, I have in my possession now a yellow-dog contract which one of the leading railroads of the United States, so I am informed—of course, I have no personal knowledge of it—requires at the present time must be signed by anyone seeking employment on that railroad, one that we thought we had outlawed and which we did outlaw in all injunction proceedings.

I want to call attention to the fact that a railroad going into the hands of a receiver will be in the control of the court through the receiver and that existing laws do not necessarily apply to them. They are outside of the law as I understand it. Even if there were, as there is, a railroad labor act on the statute books, if would not necessarily have any application to a railroad in the hands of a receiver. The Senator's substitute might reach some of that condition.

But something over a year ago the railroads of the United States and the representatives of the railway labor unions had an extended meeting in the city of Chicago lasting, as I remember it, a week or 10 days, from which there resulted an agreement which was referred to in the amendment I have offered, by which the railroad men agreed to a reduction in pay of 10 per cent and certain other provisions in regard to the discharge of men, and so forth. That is a matter of record, a matter under which the railroads have been operating and are operating right now.

My amendment would provide that any agreement made at that time should be carried into effect and should be respected by a receiver operating a railroad thrown into the hands of a receiver.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. I can understand that where a railroad is thrown into the hands of a receiver and it operates through subsidiary organizations a number of other roads, a consolidation might be effected by order of the judge or the commission, and that would necessitate perhaps dismissing a large number of men on one road and employing additional men on another road. Would the Senator's amendment interfere with legitimate orders that might be issued by the court for the purpose of effecting economies and proper consolidation of the systems?

Mr. NORRIS. No; it would not, but if a dispute should arise about wages or about working conditions, it would be the duty of the judge having the case in his court, where the receiver reported to him and was subject to his orders, to settle that dispute or have it settled in accordance with the railway labor act or in accordance with the agreement under which the railroads are operating now and have been operating for nearly a year.

Another thing, Mr. President, not touched by the substitute of the Senator from Delaware is that the amendment which I have offered gives to the railroad men the right to organize and to belong to organizations of their own choosing. It is intended to prevent the operation in these cases of the so-called company union. I went all over that matter in the discussion of the anti-injunction bill in the last session of Congress. This is simply applying those principles to railroads in the hands of receivers.

In addition to that it is made clear that any person seeking employment shall not be required, before he can get the employment, to sign a yellow-dog contract. I do not want to go over that question again, because I discussed it at length in connection with the anti-injunction measure which we passed last year and which would have no application, of course, to a railroad in the hands of a receiver. But I do want to call the attention of the Senate to what that yellow-dog contract means. It has more force now than it has ever had in the history of the United States, in my opinion.

The men now holding jobs regard them as something sacred in these depressing times. When the receiver of a railroad would say, "Sign on the dotted line," everyone would sign. He would feel that it was a death warrant. It would in effect be taking away from him his liberty, making it impossible for him to organize with his fellows or to go with any other man on the railroad to ask for redress. No matter how great the grievance might be he could not do that. In other words, it would be made possible for the receiver to fix the terms, the wages, the hours

of labor, the conditions of labor, and everything else, and the employee could only protest alone. He would not dare to join and could not join with any of his fellows if he signed that kind of contract.

The amendment provides also that in the case of a railroad whose men have signed such a contract and it is in existence, it shall be nullified and the court or the receiver shall by proper order notify the men that the yellow-dog contract is null and inoperative.

It permits rather than compels men to join a so-called company union, to join whatever union they want to that they shall be free men, and that they shall not have that freedom taken away from them by any action of the receiver or by any order of the court. That is not completely covered by the substitute offered by the Senator from Delaware; and it seems to me, since there is not anything new in the amendment that I have offered, as it only applies to receivers the laws that now apply to corporations employing labor, that there ought to be no question about its adoption and the rejection of the substitute.

The PRESIDING OFFICER. The question is on the amendment in the nature of a substitute proposed by the Senator from Delaware [Mr. HASTINGS] for the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. HASTINGS. Mr. President, my attention was called a few days ago by some persons representing the labor organizations to the fact that in railroad receiverships the Board of Meditation can not have any control over the employees and the disputes of employees with the receiver of a railroad corporation. I had intended during the consideration of this amendment to frame some amendment that would take care of that situation. The Senator from Nebraska told me that he had in mind making some similar suggestion.

The fear I have, and the only objection I have to the amendment of the Senator from Nebraska, is that I do not know, from a hasty examination of it, whether it launches out into some new field or whether it does not.

What I sought to do by the amendment in the nature of a substitute was to make this thing certain, and if I have not done so by the substitute I shall be glad to have any suggestion made that would do it. I think it is proper and important that under this proposed act a trustee operating a railroad should be in exactly the same position with respect to employees so far as Federal laws are concerned as the railroad itself would be, and I thought by this short substitute to make all the laws pertaining to railroads and railways engaged in interstate commerce—whether they be laws pertaining to labor or other laws—applicable to this situation. My understanding is that that is all the Senator from Nebraska desires to do?

Mr. NORRIS. That is all, I will say to the Senator; I have not incorporated anything new in the amendment. If there is something new in it, I am not aware of the fact; but, for instance, let me call the Senator's attention now to the fact that his substitute would not make it unlawful for a receiver to compel anyone applying for work to sign a yellow-dog contract.

Mr. HASTINGS. May I inquire, Did not the anti-injunction act which we passed last year prohibit that sort of contract being made?

Mr. NORRIS. No. The Senator will remember that the Judiciary Committee were in much difficulty to avoid a constitutional objection that might be serious to that bill. What we did in the bill was to take jurisdiction away from the court to enforce such a contract. We outlawed it; but the real thing which we did was to take away from any court jurisdiction to enforce any contract of that kind.

Mr. HASTINGS. Does not the amendment now proposed by the Senator from Nebraska prohibit the receiver from making such a contract?

Mr. NORRIS. Yes, sir; it does.

Mr. HASTINGS. And in that sense it is different from existing law? Is not that correct?

Mr. NORRIS. Probably it is.

Mr. HASTINGS. I can not conceive of a receiver making such a contract.

Mr. NORRIS. It not only prohibits, I will say to the Senator, the receiver from requiring anybody to sign that kind of contract, but if a contract of that kind shall have been signed it orders the receiver to tell the men who do so that it is of no force.

This is a little different, if the Senator will permit me, from passing a new law on the subject. We are providing here for a means of handling a railroad by a receiver. That receiver is the instrumentality, we might say, of the Government of the United States; he is the servant, at least, of the court; and the court is the instrumentality, perhaps, of the Government of the United States. We simply say that while the laws do not apply when the railroad is in the hands of a receiver, it being under the jurisdiction of the court, yet we say to the court, "You shall not make any rule like this; you shall not make any rule like that or make any requirement of this kind." That is all we do.

Mr. HASTINGS. As I see it, if the Senator should insist upon his amendment, or that particular portion of it, and it should be adopted, it would certainly take us into an entirely new field of legislation which was not originally intended by this bill. I hope the Senator will agree to accept my substitute for his amendment.

Mr. NORRIS. I could not do that. I hope the Senator will consent to withdraw his substitute and accept my amendment.

Mr. HASTINGS. I can not do that, because I think the amendment takes us into an entirely different and new field, involving the discussion at least of a constitutional question and many other things. I should like my substitute to be adopted.

The PRESIDING OFFICER. The question is on the amendment in the nature of a substitute offered by the Senator from Delaware for the amendment of the Senator from Nebraska. [Putting the question.] The "noes" have it, and the amendment to the amendment is rejected. The question recurs upon the amendment of the Senator from Nebraska to the amendment.

Mr. HASTINGS. Mr. President, I call for a division.

Mr. NORRIS. I think the Senator is too late to ask for a division. The result has been announced by the Chair.

Mr. HASTINGS. What was the announcement?

The PRESIDING OFFICER. That the amendment in the nature of a substitute was rejected. The question recurs on the amendment offered by the Senator from Nebraska to the amendment of the Senator from Delaware.

Mr. HASTINGS. Mr. President, this is a very important amendment. Do I understand the Chair holds that I did not ask for a division soon enough?

The PRESIDING OFFICER. The Senator did not ask for a division until after the Chair had announced the decision and, as the Chair understands it, was then too late to ask for a division.

Mr. HASTINGS. Well, Mr. President, I ask unanimous consent that the vote whereby my amendment in the nature of a substitute for the amendment of the Senator from Nebraska was rejected may be reconsidered and that we may at least have a division upon it.

The PRESIDING OFFICER. Is there objection to the request for unanimous consent preferred by the Senator from Delaware? The Chair hears no objection, and it is so ordered. The question is on the amendment offered by the Senator from Delaware [Mr. HASTINGS] in the nature of a substitute for the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. HASTINGS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Ashurst	Borah	Carey	Dill
Austin	Bratton	Clark	Fess
Bailey	Brookhart	Connally	Fletcher
Bankhead	Broussard	Coolidge	Frazier
Barbour	Bulkley	Copeland	George
Barkley	Bulow	Costigan	Glass
Bingham	Byrnes	Couzens	Goldsborough
Black	Capper	Dale	Gore
Blaine	Caraway	Dickinson	Grammer

Hale	Logan	Pittman	Stephens
Harrison	Long	Reed	Swanson
Hastings	McGill	Reynolds	Thomas, Idaho
Hayden	McKellar	Robinson, Ark.	Thomas, Okla.
Hebert	McNary	Robinson, Ind.	Townsend
Hull	Metcalf	Russell	Trammell
Johnson	Moses	Schall	Tydings
Kean	Neely	Schuyler	Vandenberg
Kendrick	Norbeck	Sheppard	Walcott
Keyes	Norris	Shortridge	Walsh, Mass.
King	Nye	Smith	Watson
La Follette	Oddie	Smoot	Wheeler
Lewis	Patterson	Steiwer	White

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The question is on the amendment in the nature of a substitute offered by the Senator from Delaware [Mr. HASTINGS] to the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. NORRIS. Mr. President, let me say in the first place that I am not to blame for this delay. Neither are any of us who are in favor of this amendment to blame for this delay. We were willing, without a roll call, to take the vote of the Senate.

After the vote was taken on the substitute offered by the Senator from Delaware, the Chair declared that the vote was lost and the substitute rejected. After that was done the Senator from Delaware asked for a division. The Chair held that he had asked for a division too late; that the matter had already been decided. I do not need to argue that to the Senate. They realize that.

I had no desire, however, to take any technical advantage of the Senator from Delaware; and he then asked unanimous consent that he might have a vote by a division. I did not object. Nobody else objected, and when he had the opportunity then to take the vote by a rising vote, instead of doing it and going on with the business of the Senate he suggested the absence of a quorum, and that is the reason why the rest of you are here. That having been done, all this effort that I supposed was made in good faith to try to hurry things along has been overthrown by the fact that after we had first agreed that he should have the vote by a rising vote of the Senate, he declined that and suggested the absence of a quorum.

Now, Mr. President, I propose to debate this matter at more length; and I am going to ask for a roll call, not only on the substitute but perhaps on the main amendment as well.

Mr. President, there is not anything new in the amendment I have offered. We argued here for a week or more on the sol-called yellow-dog contract. We took away from the United States courts the jurisdiction to enforce them. That bill passed the Senate. I think, with only four votes against it after the Committee on the Judiciary had had it under consideration for more than three years, with such delays taking place in the committee as are taking place now in the Senate by the action of the Senator from Delaware in first asking for unanimous consent, making his objection too late, and then, when nobody objected to unanimous consent, and he had his own way about it, he was not satisfied, and insisted on making the point of no quorum.

All that this amendment seeks to do, Mr. President, is to put the real principles that were involved in the so-called anti-injunction bill in force on a railroad that has gone into the hands of a receiver; and the point is made by the Senator from Delaware that this amendment is unconstitutional.

Mr. President, I take it that when a railroad goes into the hands of a receiver and is operated by the court, which is an instrumentality of the Government, that court could employ or not employ—and we as being above the court, could direct the court to employ or not to employ—any kind of people that we desire to include in or exclude from the instruction. It would not be unconstitutional for us to say to the judge, "In operating this railroad you will issue an order that none except able-bodied men shall be employed; that before anybody is employed he shall pass a physical examination; that his eyes shall be examined; that an educational test shall be required." The question of the Constitution does not enter into it. We are simply instructing the receiver who has charge of a railroad as to some of the things that he must do and some of the things that he must not permit to be done.

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

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. Yes; I yield.

Mr. ROBINSON of Arkansas. I should like to ask the Senator why the substitute does not ban the so-called yellow-dog contract, since we passed a law outlawing that contract?

Mr. NORRIS. The main way in which we outlawed it, I will say to the Senator from Arkansas, was to take away from the Federal courts jurisdiction to enforce it. That was the real thing that happened in the so-called anti-injunction bill.

Mr. ROBINSON of Arkansas. Will the Senator permit another question?

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. The substitute provides that—

> All existing laws relating to railroads or railways engaged in interstate commerce shall be applicable to any trustee appointed and operating a railroad or railway pursuant to this section.

I do not see that there is any material difference between the amendment of the Senator from Nebraska and that of the Senator from Delaware except that the latter is more general, and makes all laws that are now in force applicable to the operation of a railroad under a trustee. I may be wrong about it.

Mr. NORRIS. In my opinion, Mr. President, unless we put something in here dealing with the matter, the laws that we have on the statute books would not necessarily apply. I do not believe that the anti-injunction law now would apply in the case of hiring a man, for instance.

Suppose I come along to a railroad that is in the hands of a receiver, and the receiver says, "Here is a contract that you must sign." When I look at that contract, I find that it takes away all my liberty; it deprives me from joining a union of my own choice; or, if I am a member of a union, it compels me to get out of that union. I do not think there is anything in the substitute offered by the Senator from Delaware that would prohibit that from being done if it were enacted into law.

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

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Pennsylvania?

Mr. NORRIS. Yes.

Mr. REED. If we were to add, at the end of the substitute, the words "including the act of" such and such a date, and then giving its title, would not that make it conclusive?

Mr. NORRIS. No; in my judgment it would not.

The Senator must remember that this act that we passed is not an act that would have application unless an effort were made to enforce this kind of contract. The jurisdiction would be taken away from the court to enforce such a contract; but there is not anything to prevent the receiver from requiring an applicant for a job on a railroad to sign that very contract.

Mr. President, Senators talk about this anti-injunction law being a law. It does not have any application to this kind of case. I have in my possession right now a real yellow-dog contract that I am told by those who brought it to me and gave it to me is required to be signed by all applicants for employment on one of the largest railroads in the United States at the present time. I do not think the substitute of the Senator from Delaware would have any application to it. I am satisfied, and I think anybody else who will read it will be satisfied, that the amendment which I have offered does apply to it, and would prohibit such a thing.

Here is the contract:

The undersigned applicant for employment by the Great Northern Railway Co. as ———, or at present employed—

There is a blank to put in how he is employed—

in consideration of the granting or the continuance of such employment, hereby states and represents to the Great Northern Railway Co. that he is not a member or affiliated with the International Association of Mechanics, the International Brotherhood of Boilermakers, Iron Shipbuilders and Helpers of America, the International Brotherhood of Blacksmiths and Helpers, the Amalgamated Sheet Metal Workers' International Alliance, the International Brotherhood of Electric Workers, or other brotherhood of railway carriers of America, and agrees that during the entire period of such employment he will not apply for membership in or become a member of or affiliate with or lend any support, financial or otherwise, to any of said organizations. Upon the failure of the undersigned to comply with the foregoing agreement in every respect it is agreed that this may be treated by the Great Northern Railway Co. as a resignation from its employment, and that such employment shall immediately cease.

That is the kind of yellow-dog contract that applicants for employment in the coal mines, where the difficulty arose more often than at any other place, were required to sign.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. If we were to modify the language of the substitute so as to provide:

All existing law, including the anti-injunction act—

Inserting the date of it—

relating to railroads—

And so forth.

If those words were inserted, would not that cover the object and include all that is in the Senator's amendment?

Mr. NORRIS. Mr. President, the only difference is that the express term yellow-dog contract is not used. Several Senators have spoken to me and said that they do not like the amendment because I have put in it the words "yellow-dog contract."

I have defined the yellow-dog contract in the amendment. I have no objection to taking out those words; but why is everybody afraid of this amendment? Why are we afraid to direct the receiver of any railroad in the hands of a receiver to comply with the instructions that are in the amendment I have offered? What is the danger in it? What is the evil about it? If we do not want the yellow-dog contract enforced, for God's sake, why have we not the courage to say so? Why is this substitute so holy, and why are we importuned and caused to believe, if possible, that it means the same thing? If it does, why offer it? Why put it in the way? Why is it here? If we have something that expresses our ideas, why do we try to put it in more general language and probably leave a loophole that will make it illegal?

Mr. President, if it will ease the consciences of Senators, I am perfectly willing to strike out that obnoxious term and to let the definition I have in the amendment stand. "Yellow-dog contract" is a well-understood term. You will find it in the opinions of the Supreme Court of the United States, I think. You will find it in the briefs of the lawyers in dozens of cases. You will find it a thousand times in the hearings before the Judiciary Committee. Everybody knows what it means. It is a contract that takes away human liberty. It is a contract that compels men to sign away their human rights in order to support their families. This is a time when it would be peculiarly effective, when men would sign almost anything to obtain a job, and this amendment is to protect those men from that kind of evil.

That kind of contract, when enforced, simply means that the man who signed it is a slave. That is what it comes down to, and the books are full of cases of that kind. Men have gone to jail for violating that kind of contract when it was backed up by a sacred injunction from a Federal judge.

Let me read. I think there is no objection to the first paragraph in the amendment. The second one reads as follows:

No judge or trustee acting under this act shall deny or in any way question the right of employees on the property under his jurisdiction to join the labor organization of their choice, and it shall be unlawful for any judge, trustee, or receiver to interfere in any way with the organizations of employees or to use the funds of the railroad under his jurisdiction in maintaining so-called company unions.

Does anyone want that stricken out? That is another term that is well known all over the country, "company unions." That is one of the evils that follow, and logically follow, the signing of a yellow-dog contract. After the employees have agreed not to sign or, if they do belong, to get out of any of these organizations organized by the wilful act of the men who made them, then the next step is to form a company union. The company handles it, the company controls it, and the men who are in it are not free.

I thought we were over that, and that there was no use going over it again, so the yellow-dog contract does not appear there. I think this is the only place where it appears.

No judge, trustee, or receiver acting under this act shall require any person seeking employment on the property under his jurisdiction to sign—

I will strike out, if Senators are sensitive about it, the words "the so-called yellow-dog contract," so that it will read:

Shall require any person seeking employment on the property under his jurisdiction to sign any contract or any agreement promising to join or to refuse to join a labor organization; and if such contract—

Striking out "yellow dog" again—

has been enforced on the property prior to the property coming under the jurisdiction of said judge, trustee, or receiver, then the said judge, trustee, or receiver as soon as the matter is called to his attention shall notify the employees by an appropriate order that said—

Striking out "yellow dog" again—

contract has been discarded and is no longer binding on them in any way.

Mr. ROBINSON of Arkansas. That is satisfactory to me.

Mr. NORRIS. What does the Senator from Delaware say about it?

Mr. HASTINGS. Mr. President, I would not hesitate at all to prevent an officer of the court from entering into what the Senator calls a yellow-dog contract with reference to the employees of a railroad. This provision, however, would evade any contract which may have been made between the railroad and its employees. I do not know whether that is particularly objectionable. I do not know how much trouble that would get anybody into.

If the Senator would confine himself to prohibiting an officer of the court from entering into this contract, which all agree nobody ought to be permitted to enter into, I would not object. But, as I read the amendment in the first instance, it seemed to me very objectionable from many points of view.

Mr. NORRIS. Mr. President, if the Senator will permit an interruption, he will remember that he said to me, while the roll was being called, that this particular language I have eliminated, "yellow dog," was the objectionable feature. As I understood him, that was the only objection he had to it. What other objection has the Senator?

Mr. HASTINGS. I must confess that when an amendment was proposed to this bill with several lines in it, calling something a yellow-dog contract, it seemed to me it was the kind of thing we ought not to accept. It is true that I do not know what the yellow-dog contract is, and as I think the matter over, I see no particular objection to prohibiting an officer of a court from entering into such a contract, if the Senator would be satisfied with that modification.

The PRESIDING OFFICER. The question is on the substitute as modified by the suggestion of the Senator from Arkansas.

Mr. WHEELER. Mr. President, has any committee passed upon this proposed amendment of the Senator from Delaware? Has it been before any committee, and has any committee held any hearings on it or passed upon it?

Mr. HASTINGS. Mr. President, I can not say there have been any hearings upon this section as it now appears here in the form of an amendment. There were hearings, and extended hearings, upon the general subject during the whole months of May and June of last year, and the record of those hearings is subject to the inspection of any Senator who wants to see it.

Mr. WHEELER. Mr. President, we are about to pass upon an amendment affecting the whole question of the reorganization of the railroads of the country, adding it to a measure without any committee of the Senate having given it any consideration or passed upon it in any way, shape, or form.

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

Mr. WHEELER. I yield.

Mr. REED. At the present moment the question is on the amendment dealing with the so-called yellow-dog contracts. Should we not settle that matter before taking up the broader question raised by the Senator from Montana?

Mr. WHEELER. I think that is possibly true, but I had just come into the Chamber, and I did not know the other matter was before the Senate.

I merely wanted to say that I think it is a very poor way to legislate to come in and offer an amendment which deals with the complete reorganization of the railroads, and deals with it in this manner, without the amendment having ever been considered by a committee of the Senate. I, for one, will not vote for legislation under these circumstances, although I might otherwise be in favor of it, provided some committee had given it some thought and we had had some chance to give it serious consideration.

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

Mr. WHEELER. I yield.

Mr. ROBINSON of Arkansas. A committee of the House of Representatives did give the subject prolonged consideration, and reported, and there was passed a provision very similar to that which is presented by the Senator from Delaware.

I hope the Senator from Delaware will accept the amendment of the Senator from Nebraska as modified.

Mr. HASTINGS. Mr. President, I was about to suggest that we have the amendment as modified reported at the desk.

The PRESIDING OFFICER. Does the Senator refer to the substitute?

Mr. HASTINGS. I refer to the amendment offered by the Senator from Nebraska as modified.

The PRESIDING OFFICER. Does the Senator withdraw his substitute?

Mr. HASTINGS. Yes.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Nebraska [Mr. NORRIS], as modified, for the information of the Senate.

The LEGISLATIVE CLERK. On page 21, after line 10, the Senator from Nebraska proposes to add the following:

No judge or trustee acting under this act shall change the wages or working conditions of railroad employees, except in the manner prescribed in the railroad labor act, or as set forth in the memorandum of agreement entered into in Chicago, Ill., on January 31, 1932, between the executives of 21 standard labor organizations and the committee of 9 authorized to represent class 1 railroads.

No judge or trustee acting under this act shall deny or in any way question the right of employees on the property under his jurisdiction to join the labor organization of their choice, and it shall be unlawful for any judge, trustee, or receiver to interfere in any way with the organizations of employees, or use the funds of the railroad under his jurisdiction in maintaining so-called company unions, or to influence or coerce employees in an effort to induce them to join or remain members of such company unions.

No judge, trustee, or receiver acting under this act shall require any person seeking employment on the property under his jurisdiction to sign any contract or agreement promising to join or to refuse to join a labor organization; and if such contract has been enforced on the property prior to the property coming under the jurisdiction of said judge, trustee, or receiver, then the said judge, trustee, or receiver, as soon as the matter is called to his attention, shall notify the employees by an appropriate order that said contract has been discarded, and is no longer binding on them in any way.

Mr. REED. Mr. President, I have just been examining the act of March 23, 1932, the anti-injunction measure, as it was called, and I find that it does differ from the amendment offered by the Senator from Nebraska in this respect: Whereas the anti-injunction measure declared the so-called yellow-dog contract to be against public policy, and took away any jurisdiction at law or in equity to enforce it, the amendment now offered goes farther and outlaws any agreement to join what is called a company union. I do not think the Senate should adopt the amendment without realizing that it does differ in that respect from the language of the act we passed last year outlawing certain contracts. There is that difference, then, between the substitute offered by the Senator from Delaware and the modified amendment offered by the Senator from Nebraska.

I personally have not any strong desire to support the company unions, and I have never liked the so-called yellow-dog contract, but I did not want to vote for the amendment without stating the fact that there is this difference. The amendmen now offered goes that much farther than does the present law.

The PRESIDING OFFICER. The question is on agreeing to the substitute offered by the Senator from Delaware.

Mr. HASTINGS. Mr. President, I think many Senators are very much interested in this legislation and are anxious to get through with it, so that they may proceed to something else, and in view of many requests I shall withdraw my proposed substitute and accept the amendment offered by the Senator from Nebraska.

The PRESIDING OFFICER. The proposed substitute is withdrawn, and the question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. NORRIS].

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I have a few more amendments which I desire to offer, after consultation with the chairman of the legislative committee of the Interstate Commerce Commission.

On page 10, line 7, after the word "the" the second time it occurs, I move to insert the word "permanent," so that it will read "Any creditor or stockholder shall be heard on the question of the permanent appointment," and so forth.

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. On page 10, line 8, after the word "proposed," I offer to insert the word "recommendation," so it will read "the proposed recommendation, approval," and so forth.

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. After the word "approval," in the same line, I move to insert the word "confirmation."

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

Mr. LA FOLLETTE. On page 12, line 1, I propose to strike out the word "shall" and insert the word "may."

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

Mr. LA FOLLETTE. On the same page, line 4, I propose to strike out the word "recommended" and insert in lieu thereof the words "finally approved," so it will read "A plan of reorganization shall not be finally approved by the commission," and so forth.

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

Mr. LA FOLLETTE. On page 14, line 11, after the word "compensation," I propose to insert the words "and reimbursement."

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. I now offer the following amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Wisconsin to the amendment of the Senator from Delaware.

The LEGISLATIVE CLERK. On page 14, line 13, strike out the period and insert a colon and the following:

Provided, That unless good and sufficient reasons appear therefor no allowance for fees or compensation shall be made to officers of corporations who have acted as managers or in any capacity in connection with the reorganization when such corporation had an interest in the matter.

Mr. LA FOLLETTE. Mr. President, the language appeared in the bill introduced by the Senator from Delaware, commonly referred to as committee print No. 2, but it has been eliminated from the amendment which he now offers. The purpose of the proviso is to prevent an investment house or a bank which owns securities of a corporation seeking to come under the provisions of the bill from collecting fees or compensation for work or activities in connection with the reorganization where they were acting not only for themselves but for other security holders who might have designated them as their agents. I have consulted with the Senator from Delaware, and he explained to me that the proviso was eliminated on his original committee print No. 2 upon the suggestion that it would work hardship in certain cases.

I may state that as I understand it the proviso I now offer was also in the bill as it passed the House. Mr. LAGUARDIA, the Representative from New York, who gave a great deal of time and attention to the railroad-reorganization section contained in the bill as it passed the House, is very certain that the proviso is important and that it will prevent the collection of excessive fees or compensation where the work is really being done in the interest of an investment house or a bank that owns the stock, but where it may be alleged or claimed that they are operating for the protection of the interests of others.

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. On page 15, line 11, after the word "compensation," I move to insert the words "or reimbursement." This simply makes the language conform to another amendment which was adopted on page 14.

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

Mr. LA FOLLETTE. On page 16, line 23, I propose to strike out the word "recommendation" and insert the word "determination," so it will read:

The court shall refer to the commission for its consideration and determination the amount to be fixed as the upset price and the appraisal of any securities.

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

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. On page 17, line 1, the letter in parenthesis is evidently a typographical error. It now reads "(g)," and it should read "(h)." Therefore I move to strike out "(g)" and insert "(h)."

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

Mr. LA FOLLETTE. There is another typographical error in the same line. I move to strike out the word "or" and insert the words "of the," so as to read "upon such confirmation the provisions of the plans shall be binding upon the corporation."

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

Mr. LA FOLLETTE. On page 17, line 24, after the word "shall," I move to insert the words "subject to the jurisdiction of the commission."

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

Mr. LA FOLLETTE. On page 19, line 23, after the word "receiver" and before the period, I move to insert the words "within maximum limits approved by the commission."

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

The amendment to the amendment was agreed to.

Mr. BRATTON. Mr. President, may I have the further attention of the Senator from Delaware? On page 21, line 11, after the words "as used in," I move to strike out the words "section 76 of," so as to make it read:

The term "railroad corporation" as used in this act means any common carrier by railroad—

And so forth.

Mr. HASTINGS. I am agreeable to that.

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

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

The PRESIDING OFFICER. The clerk will report the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 21 of the amendment of the Senator from Delaware, after line 16, insert the following new paragraph:

(p) In proceedings under this section, claims for personal injuries to employees of a railroad corporation and claims of personal representatives of deceased employees of a railroad corporation arising under State or Federal laws shall be preferred claims against the assets of such railroad corporation, in receivership or reorganization as herein provided, such claims to be subordinate only to costs of administration of such receivership or reorganization.

Mr. BLACK. Mr. President, I do not know what will be the attitude of the Senator from Delaware toward the amendment. I am perfectly willing to explain it if it is desired that I do so.

Mr. HASTINGS. Does the Senator propound a question to me? I am opposed to the amendment as I understand it.

Mr. BLACK. Then I will explain it very briefly. Under the law as it now is, if a railroad company should go into the hands of a receiver and it happens that six months ago a trusted employee of that railroad who had been in its employ for many years had been killed and a suit should be brought and judgment obtained by his widow, the receiver would not be compelled to pay the claim as a preferred claim. As a matter of fact, it has been my experience that receivers are not compelled to pay such claims at all. This method has been used by railroads frequently for the purpose of defeating just claims of the widows of their former employees, and just claims of employees who have been injured or mangled while working for the railroad company.

The amendment is very simple in its effect. It simply provides that if a railroad company goes into the hands of a receiver, the widow of the deceased employee, or an injured employee, shall have the right to recover such damages as the court may award and the judgment shall be paid as a preferred claim. If the amendment does not become the law and there is a wholesale receivership throughout the country for the railroads, many injured employees will be wholly and completely deprived of the damages to which they are justly entitled.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Missouri?

Mr. BLACK. I yield.

Mr. CLARK. Is there any reason why this provision should apply to injured or killed employees of a railroad company any more than to other persons injured or killed by a railroad company?

Mr. BLACK. I do not know that there is. There has grown up in the country a rather settled idea that employees who have given of their time and their efforts for the benefit of their employers shall have a right to recover for personal injuries received. The amendment offered applies only to employees.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Iowa?

Mr. BLACK. I yield.

Mr. BROOKHART. Will not the Senator modify his amendment to include those referred to by the Senator from Missouri?

Mr. BLACK. I desire to state to the Senator that in so far as I am personally concerned I would have no objection to an amendment offered to my amendment which would bring about that object. I did not know just what would be the reaction of the Senate to an amendment that went that far.

Mr. BROOKHART. It seems to me they stand on the same basis. I think the Senator is right in his suggestion that such claims ought to be paid.

Mr. BLACK. That in brief is the object of the amendment. It would provide that employees injured by railroads or the widows of employees killed by railroads should recover such judgments as they could obtain and those judgments should be treated as preferred claims against the assets of the railroads. Why should they not be preferred over and above the mortgage holders or the bondholders?

Mr. HASTINGS. Mr. President, I can scarcely concede the acceptance of such an amendment to the bill. Of course, the purpose of the bill is to put the trustee in the same position that the railroad itself was in before the trustee was appointed. We sought in every way we could to make all laws that are applicable to railroads applicable to the trustee, which does not always happen, but in this legislation we are satisfied that it is important to provide that it shall be applicable. But I can not concede the wisdom of making a special class of persons who shall benefit and have priority in the payment of claims merely because a trustee has been appointed for the railroad. If it should be applicable in the case of a trustee, it ought to be applicable to railroads in general and to corporations in general. It does not seem to me it is worth while arguing the matter; it is so far from the general object of the bill that it ought to be rejected.

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

Mr. HASTINGS. I yield.

Mr. BLACK. As I understand the law, there are now favored groups, and this amendment should be adopted for this reason: A person who is injured does not have a provable claim; in other words, the ordinary creditor has a provable claim, but the person injured by a tort action does not have.

Mr. HASTINGS. The Senator is mistaken with respect to that; that is not correct. The definition here of a creditor and a debtor includes everybody who has a claim against the debtor, and it applies to tort actions and contracts and every kind of action.

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

Mr. LEWIS. Mr. President, may I ask the Senator from Alabama and the Senator from Tennessee to give me their consideration for a second of time? I am not familiar with the particular amendment tendered by the Senator from Alabama [Mr. BLACK] but lawyers sitting in this body who have had to do with litigation generally, may I say such as myself, who are acquainted particularly with what may be called personal-injury litigation, will recall the history of the decisions of the court which should now seriously be considered. Beginning with the Huidekoper cases, the court held that it required six months and made an order leading up to the case of Kneeland against Trust Company, in One hundred and thirty-sixth United States Reports, that personal-injury judgments that had been recovered and were existing within six months previous to the receivership would be recognized but those previous to six months were treated for recovery as against the Railroad Trust mortgage, as wholly valueless as of possible collection against the trust mortgage under protection of receivership.

Subsequent to the Kneeland case, the Supreme Court of the United States considered these previous cases and declined to obey the 6-month rule and follow either one of the decisions of the past, and the court held anew that the trust mortgage took precedence to all liens or judgments. They held that no lien of judgments or of even the contractor who had built portions of a road, notwithstanding a contractor's lien created and permitted by the laws of the State wherein that road was built, could take precedence over the lien of the mortgage known as the trust deed.

For that reason may I be so bold as to say to eminent Senators who brought this question up that it is very necessary, as I view it, that some expression should be written in the bill at this particular time to meet the situation as declared by the court? If it is the purpose to allow those who have been injured to enjoy the benefit of a judgment granted in their favor, something should be put in the measure that will protect them, because the opinions of the Supreme Court to which I have alluded make it utterly impossible for them to collect against the lien of the trust deed. On the other hand, if it is the purpose to give the trust deed its precedence and allow the judgment to be collected only from such sum as may be the residue or excess over that which the trust deeds call for, that should be made clear. But unless some expression shall be made in the bill, I apologize for being so bold as to suggest that the Supreme Court of the United States have made it absolutely impossible for an injured person, with a judgment or without a judgment, to recover a penny as against the trust deed.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama to the amendment. [Putting the question.] By the sound the noes seem to have it.

Mr. BLACK. I call for the yeas and nays.

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

Mr. LEWIS (when his name was called). I have a general pair with the senior Senator from West Virginia [Mr. HATFIELD]. I do not know how he would vote on this question. I am informed that I may transfer that pair to the Senator from Tennessee [Mr. HULL]. I make that transfer, and will vote. I vote "yea."

The roll call was concluded.

Mr. SMITH (after having voted in the affirmative). I have a general pair with the Senator from Indiana [Mr. WATSON]. In his absence, I transfer that pair to the Senator from Mississippi [Mr. HARRISON], and let my vote stand.

Mr. ROBINSON of Indiana (after having voted in the affirmative). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I transfer that pair to the senior Senator from Minnesota [Mr. SHIPSTEAD], and will let my vote stand.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Nebraska [Mr. HOWELL] with the Senator from Wyoming [Mr. KENDRICK];

The Senator from California [Mr. SHORTRIDGE] with the Senator from Montana [Mr. WALSH];

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN];

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON];

The Senator from Wisconsin [Mr. BLAINE] with the Senator from Arizona [Mr. HAYDEN];

The Senator from Maine [Mr. WHITE] with the Senator from Arizona [Mr. ASHURST]; and

The Senator from Vermont [Mr. DALE] with the Senator from Florida [Mr. FLETCHER].

I also desire to announce the necessary absence of the Senator from West Virginia [Mr. HATFIELD] on account of illness.

Mr. NORRIS. I desire to announce the necessary absence of my colleague [Mr. HOWELL] on account of illness.

Mr. WHEELER (after having voted in the affirmative). I transfer my pair with the Senator from Idaho [Mr. THOMAS]

to the Senator from Florida [Mr. FLETCHER], and will let my vote stand.

The result was announced—yeas 43, nays 26, as follows:

YEAS—43

Bankhead	Clark	La Follette	Russell
Barkley	Connally	Lewis	Schall
Black	Coolidge	McGill	Sheppard
Bratton	Copeland	McKellar	Smith
Brookhart	Costigan	Neely	Thomas, Okla.
Broussard	Dill	Norris	Trammell
Bulkley	Frazier	Nye	Tydings
Bulow	George	Pittman	Wagner
Byrnes	Glass	Reynolds	Walsh, Mass.
Capper	Gore	Robinson, Ark.	Wheeler
Caraway	King	Robinson, Ind.	

NAYS—26

Austin	Fess	Keyes	Schuyler
Bailey	Goldsborough	McNary	Steiwer
Barbour	Grammer	Metcalf	Townsend
Bingham	Hale	Moses	Vandenberg
Carey	Hastings	Oddie	Walcott
Couzens	Hebert	Patterson	
Dickinson	Kean	Reed	

NOT VOTING—27

Ashurst	Glenn	Kendrick	Stephens
Blaine	Harrison	Logan	Swanson
Borah	Hatfield	Long	Thomas, Idaho
Cutting	Hayden	Norbeck	Walsh, Mont.
Dale	Howell	Shipstead	Watson
Davis	Hull	Shortridge	White
Fletcher	Johnson	Smoot	

So the amendment of Mr. BLACK to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Delaware [Mr. HASTINGS], as amended.

Mr. BRATTON. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. DILL. Mr. President, before the vote is taken on this amendment as amended, I desire to explain why I shall vote against it.

I believe that an amendment that has such far-reaching consequences as this amendment has, and will result in such broad reorganization of the railroads as this probably will, ought not to be adopted with the cursory consideration that has been given to it in the rough-and-tumble debate here on the floor of the Senate. I think it should have had the careful consideration of the Judiciary Committee, in order that we might know more fully just what the effects of it will be.

I am in favor of the principle of the legislation. I think some such legislation ought to be enacted; but I think that a few weeks' delay, such as would be necessary for the special session to take up this matter, could well be endured, rather than to pass legislation so far-reaching with so little consideration.

For that reason I shall vote against the amendment, and if it is adopted I shall vote against the bill.

Mr. GEORGE. Mr. President, I am unable to support this amendment; and I desire to say briefly that in my opinion the amendment ought to have been submitted not only to the Judiciary Committee but to the Committee on Interstate Commerce. I dare say no more important piece of legislation has been before the Congress at any time in recent years.

Mr. President, the theory of the bankruptcy law was originally for the protection of the debtor, and it was open only to the individual debtor. Since Henry VIII the bankruptcy courts of the English-speaking people have confined the benefit of the acts largely to the individual debtor.

There is a moral restraint upon the individual who seeks to discharge his debts through any form of bankruptcy. There is no moral restraint upon a corporation, private or public.

In the course of the development of bankruptcy law as we know it, corporations were permitted to be adjudicated bankrupts in an involuntary petition brought against them. At first the involuntary proceeding was confined to trading corporations, to commercial corporations, to corporations that were engaged in ordinary business transactions. It was not until comparatively recent years that a corporation of any character was permitted to file a voluntary petition under the bankruptcy laws of the United States, and then the right to file was restricted to a commercial or trading corporation in a very strict sense.

Never in the history of our country has a public corporation or a quasi public corporation been permitted to discharge through a bankruptcy court its obligations—its obligations, if you please, not to private creditors but to the public, because a quasi-public or public corporation owes obligations to the public as well as to its immediate creditors. For the first time in the history of this country we are permitting a public or quasi-public corporation to come into a court of bankruptcy and discharge itself from its obligations to creditors; and I do not hesitate to say from its obligations to the public, because that is the object of this legislation.

I know very well that it may be said that we are living in a distressed time. So we are; but, Mr. President, there is no reason now, there never can be a reason, why we should depart from constitutional restraints when we are called upon to give power to the Executive, or from well-considered public policy when we are called upon to give aid to business enterprises, whether handled by individuals or by corporations.

I have no prejudice whatever against corporations, public or private, and I am not urging objection to this amendment through any hostile feeling whatsoever to corporate enterprises; but when it is remembered that a corporation comes into being clothed with special protection of the law; when its incorporators, its stockholders, have no liability or limited liability, personal to themselves; when all that they risk is simply what they pay into the corporate enterprise itself; when they are shielded and protected by the law from individual liability; and when, as in the case of a railway company, a quasi-public corporation, they are clothed with extraordinary powers and are protected by extraordinary immunities; then it does seem to me that there is no ground of sound public policy upon which that sort of corporation could come into a court of bankruptcy and relieve itself of its obligations, public and private, to its creditors and to the public alike.

The railways are not going to pass away even if there are receiverships. The physical properties will remain. The franchise rights will remain. The duty and obligation to operate will remain.

It may be said that these railways owe the banks and owe the savings banks and owe the trust companies and owe the insurance companies, and so they may; and I would go as far as anyone to protect them. Indeed, I have gone beyond my judgment since December a year ago, when I yielded to the plea, openly expressed and privately whispered, that if we did not create the Reconstruction Finance Corporation to finance the railroads, to finance the mortgage companies, and to finance the banks, the capitalistic system itself stood in immediate danger of collapse. Senators here voted for that measure when their judgment was against it, in the hope that the emergency we then faced in its acute form was temporary, and that somehow or other we might be able to come through that temporary embarrassment by resort to this extraordinary piece of legislation which places so great a strain upon the credit structure of the country.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Colorado?

Mr. GEORGE. I yield to the Senator.

Mr. COSTIGAN. May I ask the able Senator from Georgia whether it is not also true that under the substitute as now before us reorganization of the railroads is likely to be controlled by banking creditors rather than in the public interest under such expert supervision as that of the Interstate Commerce Commission?

Mr. GEORGE. Mr. President, I may say to the able Senator from Colorado that I fear precisely what he indicates in his question. I am willing to do all that I can do to protect the carriers of the country. I am willing to do all

that I can do to protect the financial institutions of the country; but I do not think the Congress of the United States is called upon to leave out of consideration every sound public policy when we are asked to legislate under these conditions, and, on the one hand, to give to the President of the United States without question extraordinary powers that have no recognition under our system. Why? Because we are in trouble. Are we going to get out of trouble by running counter not alone to the spirit but to all the well-established constitutional barriers and sound public policy long established by the English-speaking people, to say nothing of our history here in the United States? Are we going to get out of trouble by saving the railroads at any cost? Is it not time that someone said that all we have done has been to make a futile effort, through the exhaustion of the credit of all of the taxpayers of America, to sustain a particular creditor class?

I wish to sustain them; I voted to sustain them; but are we never going to stop? Are we never going to ask the question, Who is to benefit from the legislation? Who is to benefit from this extraordinary legislation that somehow, under the fear of impending crisis and collapse, we are constantly invited to consider and to pass?

We tried to help the banks, and we did help the banks in every way that we knew; and in the present emergency we must continue to help the banks wherever a spot appears that can possibly be reached by any reasonable cost—indeed, by any extraordinary hazard, even to the credit of the country itself, because the credit of the country is involved. We tried to help the insurance companies and the savings banks, who may own many railway securities. We have done our best to help them. Now, we propose to reorganize the railways of the country not through courts of equity administered upon equitable principles but under a debtor's respite law; a law that, so far as it stands upon sound public policy—and it does—is based upon the idea that the individual citizen himself is entitled to seek relief through that process of the law.

Is this reorganization in the public interest? Then put it under the Interstate Commerce Commission, and let the Interstate Commerce Commission reorganize the railways. They know more about it than the bankruptcy courts; or, if it must be administered through the courts, put it into the courts of equity, which through long years have learned how to supervise the reorganization of railway corporations.

If this bill becomes law, it is easily imaginable that these Federal bankruptcy courts will actually have in their control and management very nearly all of the business now carried on in the United States. If we adopt this amendment, and the pending companion amendment dealing with all the corporations, and permit these corporations, public and private, to come in under the shelter of the bankruptcy courts, you will have pretty nearly all the business in the country carried on under and through this tribunal or instrumentality.

Mr. President, if this bill had gone before the Committee on the Judiciary, and had had careful consideration, not upon its technical provisions so much but upon the broader questions involved, some of which I have indicated, and had it gone to the Committee on Interstate Commerce—and I think it should have gone to both committees—I would feel, in this emergency, like going along, if it were possible to continue to approve this kind of legislation. But it has had no consideration by the Committee on the Judiciary, and my inquiry reveals that it has had no consideration by the Committee on Interstate Commerce; that it has come upon the floor with some consideration—and I presume mature consideration—from a committee in the other House, but the Senate is without the benefit of advice from that committee.

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

Mr. GEORGE. I yield.

Mr. NORRIS. The Senator just reminded me, when he referred to the consideration given to the bill by the House, that neither the Judiciary Committee of the House nor the House itself has had before it the pending amendment. The House has given consideration to the bill as it passed the House.

Mr. GEORGE. I think the chairman of the Committee on the Judiciary is correct, but I thought that a similar provision, or one somewhat similar, was in the bill as it passed the House. I may be mistaken about that.

Mr. NORRIS. It may be that the provisions are very similar.

Mr. GEORGE. I understand they are similar. Perhaps they are not identical. Upon that point I am not informed. I do know that no committee of the Senate has considered carefully this railroad provision of the bill, or the provision which deals with other corporations, and it seems to me that it is a matter of most serious importance. I know that we are called upon here to depart from well-established principles if we open the door of the voluntary bankruptcy court to public corporations or quasi-public corporations.

On the desk is an amendment to this bill, though I do not know that it will be pressed, offered by a distinguished Member of this body, a Senator for whom I have the warmest regard, proposing to discharge municipal corporations from their private and public responsibility through a Federal bankruptcy court.

Mr. President, for the reasons I have given I can not support this measure. If the time comes when our carriers must be reorganized, I shall vote for their reorganization under the most liberal terms conceivable, but I do not want to see the carriers of the country reorganized in the interest of the creditor classes alone, for which we have legislated for many months, so far as actual results are concerned, whatever purpose, whatever intent, we may have had and did have.

The time has arrived when we must stop traveling in this direction, I shall therefore vote against the measure.

Mr. COUZENS. Mr. President, I dislike to take up the time of the Senate at this late hour, but some things have been said about lack of consideration in connection with this legislation.

It is true that the Committee on the Judiciary did not take cognizance of the amendment in a formal way. It is true that the Committee on Interstate Commerce did not take formal action regarding the amendment. But the Senator from Delaware, who is a member both of the Committee on the Judiciary and the Committee on Interstate Commerce, worked on the legislation for weeks in cooperation with members of the Interstate Commerce Committee, and in cooperation with members of the Interstate Commerce Commission, and for weeks conferences were held between Members of the House and Members of the Senate, and members of both the Judiciary Committee and the Committee on Interstate Commerce, and while it may be said that the conferences were informal in character, consideration has been given to the legislation.

The Senate will recall that some time ago I offered a resolution asking that further loans to railroads by the Reconstruction Finance Corporation be discontinued. Hundreds of millions of dollars had already been advanced to the railroads by the Reconstruction Finance Corporation, to prevent default and to prevent the excessive cost of receiverships.

When my resolution was offered it went to the Committee on Banking and Currency, and the chairman, the Senator from South Dakota [Mr. NORBECK], appointed a subcommittee, of which I was chairman. We held many hearings, in which the Interstate Commerce Commissioners appeared and in which the railroads were represented, and when anybody who wanted to appear had an opportunity to do so.

As a result of the introduction of that resolution both the Interstate Commerce Commission and the Reconstruction Finance Corporation have withheld further loans to the railroads. Their reason for withholding further loans to railroads—and I understand that now applications are pending for loans to the extent of about a hundred million dollars—was their anticipation of the enactment of just such legislation as that now before us.

It is quite clear that unless legislation of this character is enacted at this session of Congress, hundreds of millions of dollars of Government money will be poured into the railroads under existing law, because no one has yet attempted to bring about the repeal of the Reconstruction Finance Corporation act, nor has any definite action been taken to stop further pouring of public and taxpayers' money into the railroads.

Mr. President, this measure was evolved in the public interest. It was not evolved in the interest of the creditors. It was evolved for the purpose of maintaining adequate transportation with a proper capital structure. It was evolved for the purpose of cutting down and trimming down the capital structure, so that the railroads might exist without further borrowings from the Government.

I am not in a position to debate this question with the learned Senator from Georgia, who is a lawyer, and a former judge, and is able to go back to Henry VIII, and discuss the bankruptcy law and the technique of this problem; but I am speaking of it from a practical business man's point of view. Unless something is done at this session of Congress, hundreds of millions of dollars of Government money will be jeopardized by having it poured into the railroads, which should not have it, and yet it will all be done under color of law.

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

Mr. COUZENS. I yield.

Mr. CONNALLY. Is it the Senator's understanding that one of the purposes of this legislation is to scale down the capital structure, and squeeze a lot of the water out of the railroads?

Mr. COUZENS. I could not answer that by saying "yes" or "no." It is for the purpose of scaling down the capital structure. I do not like to use the word "water."

Mr. CONNALLY. "Wind" will do just as well.

Mr. COUZENS. There is sometimes a misunderstanding as to what is meant when we say "watered stock." The intention is to scale down a lot of the fixed charges.

Mr. CONNALLY. I do not use the term in an offensive sense; but everybody knows that the present capital structure of the railroads is such that they can not earn dividends and pay their debts.

Mr. COUZENS. Not only that, but they can not pay the interest on their maturing bonds, and just as soon as there is a default, a receiver is put in charge. That is just what we want to stop.

Mr. CONNALLY. This is a measure for modified receivership, is it not?

Mr. COUZENS. This is a plan to take out of the Wall Street bankers the power to reorganize the railroads, which they have had heretofore. Every time there has been a default on the part of a railroad, the Wall Street bankers have taken charge of the reorganization, and in the case of the Chicago, Milwaukee & St. Paul, they collected nine or ten million dollars in fees for the reorganization.

Mr. President, this legislation would prevent that sort of thing, and would put the control in the combined hands of the Interstate Commerce Commission and the courts.

Mr. CONNALLY. Mr. President, the Senator says that unless this measure shall be enacted we will pour several hundred million dollars more into the railroads. I assume the Senator means that the Reconstruction Finance Corporation will have to do that in order to keep them out of receiverships.

Mr. COUZENS. That is true.

Mr. CONNALLY. Does the Senator approve of that? Why not let them go into receiverships, and why not let them be reorganized? Why not scale down the capital structure? I for one shall not vote to lend the railroads money until they do what the Senator says we want them to do.

Mr. COUZENS. Unless this bill shall be enacted into law, under the present law the Reconstruction Finance Corporation would not only be permitted, but really required, to lend to the individual railroads which have not the money to pay the interest on their maturing bonds.

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

Mr. COUZENS. I yield.

Mr. TYDINGS. The Senator says that if this bill shall be enacted into law, the Reconstruction Finance Corporation can not make further loans to railroads.

Mr. COUZENS. The Senator misunderstood me. I said they would not be required to.

Mr. TYDINGS. As I understand it, of course if a road takes advantage of the provisions of the bill, the Reconstruction Finance Corporation will not lend the road any more money. But there is nothing to stop the Reconstruction Finance Corporation from lending to railroads now, which railroads may eventually avail themselves of the provisions of the pending bill.

I am in sympathy with what the Senator says, and it occurred to me that if we are to adopt this amendment, we ought immediately to stop further loans to the railroads, because it seems to me that the two policies are not in consonance.

I am afraid that many of the railroads which may not take advantage of the amendment will, in the interim, borrow from the Reconstruction Finance Corporation, and eventually come in and take advantage of the provisions of this amendment. In my judgment, if we are to adopt this policy, the loan policy should be stopped immediately.

Mr. COUZENS. The Senator from Maryland and I are not in disagreement. In other words, nearly a month ago I offered a resolution to accomplish the very purpose the Senator suggests; and, as a result of the introduction of that resolution, extensive hearings were held and developed the very thing I am now discussing, and with which the Senator from Maryland is in accord.

Mr. President, unless we do enact this legislation, there will be no excuse either for the Interstate Commerce Commission to approve or the Reconstruction Finance Corporation to make further loans to railroads.

Mr. TYDINGS. Mr. President, may I ask the Senator whether there is any provision of which he knows which would stop further loans to railroads, even though this amendment were adopted?

Mr. COUZENS. The Interstate Commerce Commission, with its knowledge of the value of the railroads and the outstanding securities and the earnings, can then say to the railroads, "Your capital structure is too high. Come under this act, and do not go to the Reconstruction Finance Corporation for more Government money." But if this measure is not passed, there will be no refuge except the Reconstruction Finance Corporation. I object to the Reconstruction Finance Corporation being a refuge with Government money for railroads which are over-capitalized.

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

Mr. COUZENS. I yield.

Mr. LEWIS. Might I ask the Senator from Michigan if it is his understanding, and does he comprehend, that under this bankruptcy measure the railroads will have the privilege of an individual, to be released from their indebtedness after having disclosed their assets in the ordinary proceeding of bankruptcy? If so, will they not have the right to be exempted, and to be released of the indebtedness they owe the Reconstruction Finance Corporation, the hundred million dollars to which the Senator from Michigan has correctly alluded? Would this bankruptcy provision enable them to escape their liabilities to the Federal Government as a creditor, exactly as they escape the liability to the New York banks or any other private creditors which hold their notes?

Mr. COUZENS. I do not believe that the New York banks—and when I speak of the New York banks I am talking about the big commercial banks and investment bankers—own any debts of the railroads. What I am saying is that in the judgment of the Reconstruction Finance Corporation they have obtained adequate security. Adequacy is always a question of judgment. The adequacy to-day may be successfully denied, but if we have any improvement in industry and the market value of the securities increases, the adequacy would be sustained.

Mr. LEWIS. But does the Senator realize that under this provision, giving exemptions or privileges to the railroads under the bankruptcy act as applied to individuals and business houses, they would have the same privilege to be exempt from their debtor, the United States, known as the Reconstruction Finance Corporation, for that $300,000,000 as they would against any other debt, whether for rails or building cars?

Mr. COUZENS. It would depend upon the specific security that the Reconstruction Finance Corporation have. The Reconstruction Finance Corporation, in the document I have here, have listed the security they hold for these loans. It runs somewhere about $300,000,000. The security is assumed to be considerably in excess of the loans at the time made, but based on the existing market price it is lower in many cases than the face of the loan. When the reorganization comes about it will depend whether these securities are first mortgages, consolidated mortgages, or second mortgages that the Reconstruction Finance Corporation hold. It is obvious that a first mortgage under any of the provisions of the bill would be a prior lien against consolidated mortgages and junior mortgages. I could not say how the Reconstruction Finance Corporation would come out with respect to any specific loan, but certainly they are better off under this bill as it is now proposed than they would be if we let the railroads borrow more money and get further into debt to the Government.

Mr. LEWIS. Does not the Senator from Michigan recognize that when the railroads are put into bankruptcy those liens, those securities which were given the Government for their loans, do not stand out by law as a first lien to take precedence of all others? When thrown into bankruptcy they are all thrown, figuratively speaking, into the hopper, and the court only allows such application of the debts as the securities under the law provide.

Mr. COUZENS. I think the Senator is not quite correct in that assumption because it will depend on whether it is a first mortgage, second mortgage, or what grade of mortgage it is. If it is a first mortgage, it will certainly have a better standing in court than a junior mortgage would have.

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

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

Mr. COUZENS. Certainly.

Mr. ROBINSON of Arkansas. I think the Senator from Illinois well understands that without consent of the parties in interest the bankruptcy court does not change the priority of the lien.

Mr. COUZENS. Certainly not.

Mr. ROBINSON of Arkansas. It does not impair the lien.

Mr. COUZENS. No. If in the case of the loans to railroads the Reconstruction Finance Corporation have secured first mortgages, they certainly have a greater lien upon the adjustment than would a junior or consolidated mortgage.

Mr. ROBINSON of Arkansas. Is it not the Senator's opinion that the Government, having made loans to certain railroads, would realize more on its loans through this process of reorganization than could be expected through a process of reorganization conducted by a court of equity?

Mr. COUZENS. There is no question about it, because before they can get to that place they will borrow more money and default on their interest and securities and get into the hands of investment bankers in New York, which would take all the cream off of the reorganization in the way of expense and set-up.

Mr. LEWIS. It has been misapprehended as to my position. I am in favor of the enjoyment by the railroads of the privileges that are granted other debtors, but I want to invite the attention of the able Senator from Michigan. Under the provisions of the particular bankruptcy bill does he not realize—or am I in error, as my able friend from Arkansas intimates—that the liens or securities which have been given to the Federal Government to secure the loans which the railroads have obtained can be held to be worth only 10 per cent of their value by the courts or by the bankruptcy proceedings?

Mr. COUZENS. As I said to the Senator, it depends upon the classification of the securities. If they hold receiver's certificates that were issued after the bonds were in default, then the receiver's certificates constitute a prior lien to the mortgages.

Mr. LEWIS. So the Senator appreciates that the securities given to the Government for the loans which have been obtained will under this bill still stand as a priority in the house of the Government?

Mr. COUZENS. Only in some cases. I would have to analyze each loan, because one loan may not have the same kind of collateral as other loans may have. One loan may be secured by first-mortgage bonds, another one by second-mortgage bonds, and another one by receiver certificates. I could not classify in one statement what the result to the Government would be under this particular measure.

Mr. ROBINSON of Arkansas. Mr. President, I shall vote for the pending amendment and within just a few moments will give some of the reasons which impel me to support it. The Senator from Michigan [Mr. COUZENS] has made a very illuminating and informative statement. With the main points in his statement I am in entire accord.

The advantages of railroad reorganization under the pending bill are very clear and easily disclosed. When I say "advantages" I mean to every interest which may properly be considered. Many railroads are operating at a loss. Many of them are in such financial condition that unless some system of reorganization be provided they will either be driven into the courts or compelled to resort to the courts.

One of the advantages of this plan is that it provides a uniform system for the reorganization of such railroads as may be insolvent. Without this legislation we will have just as many different plans of reorganization as there are railroads thrown into courts of equity. That of itself might or might not be a great disadvantage. Nevertheless it seems to me that it is preferable to provide a method which is uniform, so as to assure similar if not identical treatment for the creditors and stockholders of the various railroads that may find it necessary to take advantage of the act.

Another advantage is to be found in the diminished costs which will be incurred under this plan. We all know that under the system which has heretofore prevailed the costs of railway reorganizations have been enormous and in many instances excessive. Lacking any uniform procedure, prolonged litigation usually occurs and many of the assets which ought to go to the satisfaction of the claims of creditors have been absorbed in costs and attorneys' fees.

The third reason for the legislation is that it tends to promote prompt action respecting railroad reorganizations that are necessary.

Reference has been made to the fact that the Interstate Commerce Commission is the tribunal intrusted with the regulation of railways engaged in interstate commerce. I point out to my good friend the Senator from Georgia [Mr. GEORGE], who criticized the amendment and who objected to it, that no reorganization can occur under the bill without the express approval of the Interstate Commerce Commission. So that we will have the advantage of the advice, the recommendation, and a decision of the Interstate Commerce Commission respecting almost every important step which it is necessary to take in connection with the reorganization of a railroad.

It is far preferable to resort to an arrangement of this character than to leave the railroads with their present capitalization to go on struggling indefinitely, attempting to obtain money on the basis of Government credit, only to find some of them, at least, in the end compelled to pass through expensive receiverships. I should have preferred that the Judiciary Committee of the Senate might have the opportunity of deliberating over the amendment. But, as explained by the Senator from Michigan, the subject has been studied at length by a committee at the other end of the Capitol and by a committee of this body, and it has

been the subject of intense consideration by Members of the Senate.

I am going to make a suggestion now to the Senator from Delaware [Mr. HASTINGS]. Only four more legislative days of the present session remain. In my judgment, it will not be practicable, indeed it will be almost impossible, to give to the corporate reorganization provisions the consideration which we have given to the railroad features of the bill. It will be necessary, in my judgment, for the section dealing with corporate reorganizations generally to go over. I am going to suggest and urge upon the Senator from Delaware that when the railroad provisions have been disposed of we proceed, if possible, to final action on the measure, leaving the remaining section to be treated as the Congress may hereafter find necessary. I believe it would be unfortunate and would result in harm if the Senate should fail to incorporate the railroad reorganization section.

Mr. BARKLEY. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BARKLEY. Would it not be possible for the conferees, under the parliamentary situation, in view of the provisions in the House bill, to work out a provision including corporate reorganizations?

Mr. ROBINSON of Arkansas. It would be possible, Mr. President; but I think I should be frank with the Senator from Kentucky and state that, considering the very short time that is to elapse before the end of the present session, I doubt whether it is practical to do that. It is entirely true that the section relating to corporations generally will technically be in conference; but I think the Senator from Delaware will agree with me that if we pass over the subject here it is not likely that the corporate reorganization section can be included.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. KING. I should regret exceedingly if the intimation of the Senator from Kentucky should be carried into effect. We have had too much legislation by conferees; and if the provision which the Senator thinks should be deleted from this bill should be added to it by the conferees, I am sure it would defeat the entire bill.

Mr. ROBINSON of Arkansas. I have concluded what I desire to say, Mr. President.

Mr. HASTINGS. Mr. President, I rise only to reply to the last suggestion made by the Senator from Arkansas [Mr. ROBINSON]. I agree with him, unless the Senate can take sufficient time to consider the corporate reorganization section, that no effort ought to be made to include it in the bill in conference. I think it is too important to undertake to get it done in that way.

With the section pertaining to the individual debtor agreed upon, the section with reference to the farmer agreed upon, and if the section pertaining to railroads which I have offered in the form of an amendment should be agreed upon, I feel that a great deal will have been accomplished by this bankruptcy measure. I should certainly regret to do anything that would tend to prevent the enactment of this bill with those three sections in it. But, Mr. President, I am greatly embarrassed because of the many pleas that have been made to me with regard to the corporate reorganization section, the many Senators who have urged upon me the importance of adopting such a section, and the responsibility I have taken upon myself to agree to introduce the section. I would be put, it seems to me, in an exceedingly embarrassing position if I should agree to the suggestion of the Senator from Arkansas.

I know that, with his experience and with his interest in this bill generally, his advice is probably good, and I hesitate not immediately to adopt it. I should like in some way to get the opinion of the Senate on the question. I do not quite know how to do that.

Mr. ROBINSON of Arkansas. I can suggest a way by which that may be done. After we have disposed of the railroad section, if the Senator persists in his attitude, and offers the amendment relating to corporations generally, I may ask the floor to move to commit that amendment to the Committee on the Judiciary, and if that motion should carry it would end the matter; and I believe that it would carry.

Mr. HASTINGS. I should be content with that expression of the Senate.

Mr. ROBINSON of Arkansas. Very well. Let us vote.

Mr. WALSH of Massachusetts. Mr. President, I have been impressed with what the Senator from Arkansas said about the reduction in expenses which the plan proposed by this amendment would bring about. He asserted what is well known, that the present system of receiverships is a most expensive one and has resulted in a great waste and dissipation of the assets of debtor corporations. He also asserted that the expenses incident to reorganizations under this amendment can be greatly reduced. I should like to inquire either of the Senator from Arkansas or the Senator from Delaware what provisions there are in this bill that give any assurance that the same high fees and the same general waste of assets will not prevail that have existed in connection with bankruptcy cases in the past?

Let me say in this connection that I have on my desk a table, taken from Senate Document No. 65, showing for a period of 10 years the creditors' rate of return from the assets of debtors. In the year 1923 the creditors received a return from the assets of debtors of 7.7 per cent; in 1924, 6.3 per cent; in 1925, 7.1 per cent; in 1926, 6.2 per cent; in 1927, 6.4 per cent; in 1928, 6.3 per cent; in 1929, 5.4 per cent; in 1930, 7.4 per cent; in 1931, 5.1 per cent. That is a shocking indictment of the manner in which our present bankruptcy laws are administered, resulting practically in the complete dissipation of the assets of the debtor, giving the creditor almost nothing, while referee and attorney and appraisers' fees absorb all the debtor's assets.

Mr. ROBINSON of Arkansas. Mr. President, I can answer the Senator, I think, to his entire satisfaction. He has asked what assurance can be given that the expenses of railroad reorganizations will be reduced under this bill.

Mr. WALSH of Massachusetts. And the fees of trustees and of masters. I notice the bill provides for temporary trustees and for masters of various kinds.

Mr. ROBINSON of Arkansas. The answer is twofold: First, that the process has been simplified and made uniform. That of itself will tend to reduce the expenses usually incurred.

Mr. WALSH of Massachusetts. I think that is true.

Mr. ROBINSON of Arkansas. In the next place, certain items of expense are expressly limited; and, in the third place, practically all fees allowable under the bill must be approved or recommended by the Interstate Commerce Commission. That will not only strengthen the idea of uniformity, so far as it ought to be strengthened, and prevent the allowance of extravagant or exorbitant costs and fees, but it will make sure that a body that knows exactly what service has been performed shall pass upon the compensation for the service.

Mr. WALSH of Massachusetts. Will the judges of the district courts have anything to do with the compensation paid to the trustees and masters referred to in the proposed legislation?

Mr. ROBINSON of Arkansas. The district courts in which the petitions may be lodged will make the allowance, but there must be a recommendation by the Interstate Commerce Commission, and I think the language inserted by the Senator from Wisconsin made it the duty of the commission to decide the matter.

Mr. WALSH of Massachusetts. Has the amendment of the Senator from Wisconsin been adopted?

Mr. LA FOLLETTE. Mr. President, the amendment to which the Senator refers provides, I understand, that the maximum limit shall be set by the Interstate Commerce Commission and within that maximum limit the district judge may fix the commissions.

Mr. CLARK. But the court can not go above the amount fixed by the commission.

Mr. LA FOLLETTE. That is correct. I said "within the maximum limit."

Mr. ROBINSON of Arkansas. The Senator is correct. The Interstate Commerce Commission ascertains that will be the maximum amount to be allowed, and the court within that limit may make the allowance.

Mr. LEWIS. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Illinois.

Mr. LEWIS. Mr. President, by courtesy of the Senator from Wisconsin, let me ask the Senator from Arkansas a question. I want to confess to the Senator from Arkansas that I am greatly disturbed and shrinking somewhat in cowardice as against the charge that I can see coming, that we have passed a measure, when we shall have passed this bill, which I am favoring, that will have taken the security which the railroad companies gave to the Government for the money of the people which they borrowed from the Government and by bankruptcy proceedings and will have enabled the railroads completely to take their securities out of the control of the Government and allow them to be handled and manipulated through the bankruptcy court to the loss of the Government, which relied upon such securities as a lien to secure the money of the people which was loaned to the railroads. I ask my able friend from Arkansas what is there in this bill that can protect us against that accusation?

Mr. ROBINSON of Arkansas. Mr. President, courts of bankruptcy, as I said a few minutes ago, do not abdicate liens; they do not disregard the liens that exist, nor do they deprive the creditor of the security that he possesses. What the courts do is to give him the benefit of his security. If the security is not worth anything, of course, the Government would not realize anything, but the Government would realize more in a proceeding of this nature than it would realize in a court of equity, and, in most instances, much more.

Mr. GEORGE. Mr. President——

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

Mr. LA FOLLETTE. I yield.

Mr. GEORGE. I merely want to say that the criticism the distinguished Senator from Illinois makes is undoubtedly correct. It does not make any difference how we may reason about it, two-thirds of the creditors of every class have it in their power to enter into an agreement and submit it to the bankruptcy court, and, if approved, the debts of that class are settled upon the terms agreed upon by the two-thirds. Everybody knows that the Government will represent approximately—I should say, in all instances—less than one-third of the particular claims falling in that particular class.

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

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

Mr. KING. Mr. President, I merely wish to ask the Senator a question.

Mr. LA FOLLETTE. Mr. President, I desire to make a brief statement; then I shall be pleased to yield the floor.

I do not wish the fact that I have offered this amendment during the course of the consideration of the pending bill this afternoon to create a false impression of my attitude concerning the particular amendment of the Senator from Delaware. The amendment offered by the Senator from Delaware is not the one which I would approve had I been drawing an amendment to accomplish the end which the Senator seeks to achieve.

I personally favor the plan suggested in the letter of Commissioner Eastman to the Senator from Delaware, proposing the creation of a division of reorganization in the Interstate Commerce Commission, to be equipped with the proper staff and competent assistants to eliminate altogether the courts from reorganization proceeding and providing that they shall be under the control of such a division of the Interstate Commerce Commission from the outset. I think, however, every Senator here will recognize that in the closing hours of this Congress it is not possible to secure the enactment of such a radical departure from the customary procedure.

As I view it, the choice in this matter is between the amendment offered by the Senator from Delaware and permitting the impending receiverships of railroads to take place under existing law. The question that Senators must decide here is whether they prefer to let the impending receiverships take place under the existing law, or whether they believe that the amendment offered by the Senator from Delaware is a sufficient step in advance; whether they believe that the amendment will protect the public interest, and therefore believe that it will be better to adopt it than to permit the receiverships that are impending to take place under the existing law.

There can be no question but that legislation could be passed at the special session of Congress, and perhaps a more drastic and far-reaching provision be enacted at that time; but, as has been intimated here on the floor of the Senate, we all know that we are confronted with eventualities concerning certain railroad corporations in the near future. Therefore it seems to me that Senators, in weighing their decision as to how they will vote upon this amendment, should take into consideration the fact that unless action is taken in connection with this amendment, the impending receiverships will take place under the existing law.

We only have to go back as far as the receivership in the Milwaukee case to recognize that there is crying need for legislation upon this subject. It might be argued that, if receiverships take place under the existing law, some effort might be made to draw them into new legislation enacted at the special session, as in fact inducements are offered in the pending amendment to bring receiverships now in existence under its terms. The fact remains, however, that unless some action is taken there is grave doubt as to whether receiverships may not take place between now and the time when legislation could be passed at the special session; and, if so, those receiverships would be in the usual procedure of the equity courts.

So far as I am personally concerned, I feel that legislation upon this subject should be enacted at the present short session of Congress. I take that position with a great deal of hesitation, because I share the feeling of the Senator from Georgia [Mr. GEORGE] that legislation of this importance should have had the careful scrutiny of the Committee on the Judiciary and the Committee on Interstate Commerce. I am confronted with the necessity of a choice, however; and in view of the fact that certain efforts are made in this legislation to protect the public interest in the impending receiverships, I would rather take the legislation that is offered now, and take my chances upon securing more drastic and more far-reaching legislation at the special session of Congress.

Before resuming my seat, Mr. President, may I say that I hope the Senator from Arkansas [Mr. ROBINSON] will follow the procedure he has suggested concerning the amendment on corporations to be offered later by the Senator from Delaware [Mr. HASTINGS]. If he makes the motion to commit that amendment to the Committee on the Judiciary, I hope it will carry. I express the further hope that those interested in this legislation will recognize that that action by the Senate is an indication that we do not propose to legislate on that subject at the short session; and I hope the conferees will take that into consideration.

Mr. GORE. Mr. President, I merely wish to ask the Senator from Wisconsin whether, as I interpreted his statement, he thinks that we are bound to choose between going into court in a bankruptcy proceeding and going into court in a receivership proceeding; that we can not stand still.

Mr. LA FOLLETTE. Mr. President, I do not believe I am committing any indiscretion in stating the information I have, because I think it is common knowledge. It is that there are several railroads which are very likely to go into receivership before any legislation could possibly be enacted at the special session of Congress, if it is called, as it is expected to be, about the middle of April. So the statement I made, and what I intended to say, was that we must choose between permitting those railroads that may have to go into receivership between now and the time legislation could be

passed at the special session to go into receivership under existing law, or enacting this legislation and providing for those proceedings to take place as set forth in this amendment.

Mr. GORE. The status quo can not be preserved, then, or will not preserve itself?

Mr. LA FOLLETTE. I will say to the Senator from Oklahoma that that is my information concerning several of the railroads.

Mr. NORRIS. Mr. President, I think most of the Senators are in a good deal of doubt as to how they should vote on this amendment. In the course of my remarks, which I think will be quite brief, I desire to make a suggestion that to me seems to be the best solution we can make.

In the first place, let me say that if these railroads which Senators say are about to go into the hands of receivers should go into the hands of receivers under the existing law immediately upon our adjournment, assuming that we do not pass this bill, I have no fear that the unconscionable things that have happened in the past will happen in those cases.

I am satisfied that the debate that has taken place in the Senate and the action that took place in the last session of Congress in refusing to confirm one of the judges who allowed perhaps the most unreasonable and unconscionable fees that have ever been allowed in a receivership case will be sufficient to prevent the courts of this country from repeating the many evils that have happened in the past. So I do not share the fear that some Senators have that we are going to have a repetition in any receivership case of the Chicago, Milwaukee & St. Paul receivership case.

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

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. The Senator might supplement that statement by referring to the action of the House a day or two ago in impeaching a judge because of granting excessive commissions and exhibiting favoritism in receivership cases.

Mr. NORRIS. I thank the Senator for calling my attention to that; and Senators will remember that at the last session of Congress——

Mr. COUZENS. Mr. President——

Mr. NORRIS. I yield to the Senator from Michigan.

Mr. COUZENS. May I point out to the Senator one thing that I think has been overlooked by both the Senator from Wisconsin and the Senator from Nebraska? It may be that these railroads will not go into receivership. It may be that they will bleed the Federal Treasury. So I do not think there is necessarily an alternative of going into receivership under this bill or going into receivership under the old law.

Mr. NORRIS. I am not so fearful that the Reconstruction Finance Corporation is going to be in any particular hurry to loan a lot more money to railroads that ought to be in the hands of receivers.

Mr. COUZENS. But they are doing it.

Mr. NORRIS. Furthermore, I do not share the belief of some Senators that there is going to be such a rush of receiverships in railroad cases immediately when we adjourn, especially if we take the action I am going to suggest.

Mr. President, I do not dispute or belittle anything that has been said by any of the Senators on either side of this question as to the terrible predicament that the railroads and the country are in; but I want to state before I make my suggestion that a part of this bill ought to go to the Interstate Commerce Committee. It never ought to have gone to the Judiciary Committee. The railroad provision of this bill has no business before the Judiciary Committee. It never ought to have been referred there. There ought to be separate bills. There ought to be one bill that has nothing to do with any subject except the common carriers of the country.

Since this bill has been under discussion I have had suggestions made from some of the most eminent authorities on the question, in which they outline what they think ought to be done. I have heard from the Senator from Wisconsin the opinion of Mr. Eastman; and I have great respect for Mr. Eastman's opinion. I do not believe there is a Senator here who has a greater respect for him than I have. If I had to pass blindly into something where I could not see the other side, as seems to be the case with the question presented now, I should be willing almost always to follow the opinion of Mr. Eastman on a question pertaining to the railroads.

He has an idea, and I think it is a splendid idea—I think we ought to do it—that there ought to be, in the Interstate Commerce Commission, a section that has to do with the reorganization or refinancing of railroads that are in financial difficulties. I should like to put it all in their hands, rather than to go through the expensive method of receiverships in the courts.

We can not legislate intelligently on this subject without having it considered by a proper committee, and without taking the proper evidence of men, some of whom have made a life study of this question. We are doing this without giving any consideration to anything of that kind. We are passing on an amendment that never has been referred to any committee. We are building this bill on the floor of the Senate; and I will take some chances on getting a better bill, rather than to get now a bill that is unsatisfactory to everybody, and that very few Senators know very much about. I will take some chances on getting it before the Interstate Commerce Committee, where it can be properly considered, and where a real bill can be evolved.

If we pass this bill containing this amendment, the probabilities are that we will have no such opportunity. There will be no such legislation. We will start with what we have done now, with all the infirmities of the legislation.

Mr. President, it seems to me we could do this:

We could pass a simple Senate resolution directing the Committee on Interstate Commerce to proceed during the recess of Congress, immediately upon our adjournment, to have hearings on the subject of railroad reorganization with a view of bringing in here, perhaps on the very first day of the special session, a well-considered, well-defined plan upon which we could operate. There will be an interval of only a month or six weeks. I am not informed as to just how long it will be, but only a few weeks; about long enough for the Interstate Commerce Committee to go to work during the interim when Congress is not in session, and bring in here and have ready for our consideration a bill outlining a complete system, one that we will want to put in force and have remain on the statute books permanently. If we do not do something of that kind, we are probably going to take this half-baked proposition and enact it into law, and will regret it the balance of our lives.

It would take only a Senate resolution to do that. I do not suppose anybody would object to the passage of a Senate resolution directing the Interstate Commerce Committee of this body to proceed during the vacation—this is a continuing body, and that has been done often in the past—and bring in here at the special session a bill that will at least have been considered by those who are best qualified in the Senate to deal with the matter and by all the experts outside of the Senate. That investigation would be under the control of the Senator from Michigan.

Mr. COUZENS. Mr. President, my term will expire on March 4.

Mr. NORRIS. What March 4?

Mr. COUZENS. Next March 4.

Mr. NORRIS. The Senator means as chairman of the committee. The probabilities are that the Senator from Michigan will be the chairman of the subcommittee which would hold the hearings. I have no doubt but that that would be the fact.

At least, Mr. President, we would put the matter into the hands of a committee which would be better qualified than any other committee of the Senate to handle the subject. There has so far been no opportunity to study it. That committee could call in as many members of the Interstate Commerce Commission as it saw fit to. They could get experts from over the country who would be glad to come

here and who have no interest whatever except to help frame a really good bill. It seems to me, therefore, that we are justified in voting down this amendment.

Mr. ROBINSON of Indiana. Mr. President, does the Senator mean to say that this complicated and involved amendment of 21 pages has never been before any committee for consideration?

Mr. NORRIS. Never; it was offered on the floor of the Senate by the Senator from Delaware.

Mr. WALSH of Massachusetts. Mr. President, I share the views many Senators entertain in regard to this measure, namely, one of great doubt and uncertainty. It is very regrettable that there has not been fuller consideration given by a committee or committees of the Senate. But we have to vote, and I am going to state the reasons for my vote.

I am going to vote in favor of the pending amendment for this reason, that the member of the Interstate Commerce Commission who I think is the ablest man on the commission, who I think has championed more than any other member the public interest, thinks this amendment provides a better, more direct, and less expensive way of working out the railroad problem than the existing cumbersome and expensive receivership reorganization law. In view of the emergency and the importance of simple and direct methods of reorganization, I shall vote for this amendment, though I wish more extensive study had been given the entire subject.

Mr. CONNALLY. Mr. President, I want to take a few minutes to give some of the reasons why I shall vote against the amendment.

I share the views of the Senator from Nebraska, the chairman of the Committee on the Judiciary, to which this bill was originally referred. He said that the amendment had not even been considered by that committee. It has not been considered by the Committee on Interstate Commerce, which has exclusive jurisdiction with respect to railroad matters.

My own view is that the railroads are going to have to scale down their capital structures. I think they ought to scale them down. I think that unless they do scale them down, they will have to go into bankruptcy, or into receiverships.

This is a measure too complex, too intricate, too important, for me to vote upon it largely in the dark. If the Committee on the Judiciary, after examining the amendment, declined to act on it—and that committee ought to know more about it than the rest of the Senate—if the Senate here now, in the last three days of its session, under tremendous pressure, in a mere brainstorm, passes this legislation because it thinks something must be done, but does not know quite what it is, I can not get my own consent to vote for the amendment, even for the reason the Senator from Massachusetts ascribes, when he says he is willing to take the judgment of one member of the Interstate Commerce Commission.

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

Mr. CONNALLY. I yield.

Mr. NORRIS. I would like to suggest to the Senator that I believe the same member of the Interstate Commerce Commission to whom the Senator from Massachusetts referred has suggested that what he would like to see would be a new division in the Interstate Commerce Commission having charge of matters of this kind.

Mr. WALSH of Massachusetts. I think that may be true.

Mr. NORRIS. Something this measure does not provide for.

Mr. WALSH of Massachusetts. But he does think, in view of the emergency, this machinery is simpler and more direct, and would serve the public interest better, than the present method of handling receiverships.

Mr. CONNALLY. Mr. President, if the Senator from Nebraska is correct, and the Senator from Massachusetts is correct—and I assume they both are—if we are going into this subject at all, why not do the thing which is best? Why do the halfway thing? It simply accentuates what the Senator from Nebraska and the other members of the Committee on the Judiciary have said, that the matter has not had proper consideration. In other words, they have considered it briefly, they know something ought to be done, they know one of the patient's legs ought to be cut off, but they do not know which one, and they will just cut off one in order to be doing something.

I have in mind the Senator from New Mexico [Mr. BRATTON], who is a member of the Committee on the Judiciary, to which the bill was referred, and I have for his views the highest respect. The Senator from New Mexico, I understand, takes the view that this amendment has not had proper consideration by any committee of the Senate. The Senator from Washington [Mr. DILL], another member of the committee, I understand entertains the same view. If members of the Committee on the Judiciary itself, a committee which has considered this amendment, are of the opinion that it has not had sufficient consideration, why should the Senate vote for it, when we admit that the Senate has not had the time or the opportunity to consider the measure?

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

Mr. CONNALLY. I yield.

Mr. LONG. Does the Senator from Texas find anything in what we are proposing to do that is not better than what we have?

Mr. CONNALLY. I will say to the Senator from Louisiana that I have not had opportunity—and I am sure he has not—to examine this amendment in all of its aspects. We have been in the present depression three years, and if what we have now has been wrong so long, why has not the Committee on the Judiciary, and why have not the proponents of this bill, why have not those who are so insistent now that the Senate shall pass this measure without examination, in the last few days, been working on such a plan as the pending one, and proposing it to the Congress?

Mr. LONG. Mr. President, will the Senator yield for another question? He has not answered the last one. The Senator has not disputed the last question.

Mr. CONNALLY. I yield to the Senator.

Mr. LONG. I ask the Senator if we did not reject the action of the Committee on Finance for an amendment offered by the Senator from Texas in connection with the last income tax bill we considered, after all the Finance Committee had done, and is not the law better than what we had from the Finance Committee?

Mr. CONNALLY. I thank the Senator for his compliment; but I do not really get the relevancy of what the Finance Committee did last year has to do with what the Senate is about to do now.

Mr. President, for the reasons I have stated, I do not expect to support the amendment. I am not adverse to legislation providing for the reorganization of the railroads. I think they will have to be reorganized. But when the time comes to reorganize them I want the plan of reorganization to be so well considered that minority stockholders will have protection, that the unfunded creditors of the railroads shall have their day in court, that the public interest may be protected, and that the reorganization shall not be conducted purely in the interest of the owners of the railroads. I conceive this bill to be primarily intended for the benefit of the owners of the railroads and the operators of the railroads. The bondholders and stockholders are in most cases the same. A man has so much stock and so many bonds.

I am not opposed to a proper measure for the reorganization of the railroads; but I can not get my own consent to vote on a measure of this magnitude without more study and more discussion and more consideration than the committee of the Senate and the Senate itself have seen fit to give it.

Mr. BRATTON. Mr. President, I shall not detain the Senate long, but permit me to say briefly the conclusion I have reached with respect to this amendment.

I was a member of the subcommittee of the Committee on the Judiciary to which the House bill was referred.

That subcommittee, consisting of three members, gave the legislation no consideration. The distinguished Senator from Delaware, the chairman of the subcommittee, devoted himself to it energetically and industriously, for which I commend him; but the fact is that it is now proposed to pass a comprehensive measure, of far-reaching consequences, dealing with the capital structure and the indebtedness of the railway transportation systems of the country, with one Member of this body understanding it, the other 95 Members having at best a superficial comprehension of its contents, its operative effect, and its consequences.

Mr. President, it is urged upon us that the emergency requires action under these circumstances. I do not concur in that view. Strange it is that this measure was not urged until the closing days of this session of Congress were upon us. Then we were told that we were faced with an emergency which required legislation on this important subject.

We are familiar with the mistakes that have been made in the past in enacting legislation in the rush and the pell-mell of the closing days of the session. We can make some tremendous mistakes here. Most of the legislation we have enacted during this crisis, aye, the vast majority of it, has been for the benefit of the creditor class of the country. Now we are called upon, with one Member of the Senate understanding what we are doing and 95 of us not fully understanding it, to vote this proposal up or down.

Mr. President, the Committee on the Judiciary by an affirmative vote more than a week ago indicated that it felt that it did not have the time to go into the legislation and report it to the Senate with that deliberation which it deserved. By a majority vote the members of that committee indicated that they felt that the responsibiliy was too great and the time was too short. Now it is proposed, in the very last week of the session, with no study by either the Committee on the Judiciary or the Committee on Interstate Commerce, to rush through a measure which those who advocate it imply will be availed of immediately by many railway corporations, because they say that we can not wait until the extra session of Congress convenes, probably in April. They imply that the provisions of this measure will soon be invoked by numerous railroad corporations. Yet we are asked to pass the measure and give them the benefit of it now, and let the public take the consequences, with only one Member of the Senate understanding what we are doing.

Mr. President, the responsibility is too great. When a Member of this body does not understand a proposal thoroughly he should vote against it. I propose to vote against this amendment; and, should it be adopted, then I shall vote against the passage of the bill. I would prefer to have the whole subject matter deferred for a month or so, in order that the Senate might proceed with the deliberation, with the calmness, and with the caution, which the magnitude and the consequences of the legislation not only require, but, in my judgment, demand of this body.

Mr. SMITH. Mr. President, I am going to take but just a moment of the Senate's time. This proposition is most astounding to me. Those of us who are members of the Committee on Interstate Commerce have some knowledge of the tremendous investment in railroad properties. There is not a more complicated problem before the American people than the question of railroad transportation. It is now involved not only by virtue of the depression, through the shrinkage of the business, but it is faced with competition that threatens almost the destruction of the roads, from the internal-combustion engine, the hard-surfaced roads, trucks, automobiles, and auto busses. Now the problem before us is, what will we do with the railroads in the face of this modern competition?

We have not had the proposal referred to the Committee on Interstate Commerce of the Senate, nor have we had any hearings by or the advice of the Interstate Commerce Commission, nor have we heard the railroad owners, nor have we heard the bondholders and stockholders; but out of a clear sky we are asked to consider and pass within an hour or two a measure involving the transportation of all the United States, which affects more vitally every man, woman, and child in America than possibly any other problem that may come before us.

We have been studying the question of competition that has brought about perhaps the major part of the shrinkage in revenue of the railroads. It is not the depression alone. Had the railroads of the country not been in sharp competition with the new methods of transportation, they would not have been here to-day fighting for this kind of legislation. They would be living as are the telegraph and telephone companies and others that have not had the same kind of sharp competition.

This is not an emergency problem. It is a problem involving a radical readjustment of transportation both in speed, distance, and tonnage. I beg the Senate to take into consideration the fact that it is not the depression alone. It is the competition of modern progress expressed in this new method of transportation that has to be adjusted. We have got to find a place for the railroads, for the trucks, for the busses, and for the automobiles in the transportation system of our country, and we can not solve that problem by resort to a bankruptcy court. We have to take this matter in its fundamental aspect and with the most mature deliberation find a system by which both may live, if both can live.

I want to enter my protest here this evening against coming in, during the last hour of the consideration of the measure, with a proposal that is to reorganize the entire railroad system. Does it take into consideration the causes that brought about the unfortunate condition in which they find themselves? There is not a word in the bill about it.

Mr. CONNALLY. Mr. President——

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

Mr. SMITH. I yield.

Mr. CONNALLY. Is there anything in the measure which guarantees that the railroads will scale down their capital structure?

Mr. SMITH. Not a line.

Mr. CONNALLY. They offer that as a pretext for getting the measure through, but some provision ought to be made in the bill somewhere that the railroads shall be revalued and their capital structure scaled down to where they can live.

Mr. SMITH. When the reorganization comes and the revaluation comes it must be based upon the earning capacity of the properties. The earning capacity of the railroads to-day, as I have said and now repeat, is not predicated upon the depression alone. It has a minor part. It is the competition that has cut into their earnings. When we start the reorganization we must take into consideration this competition and ascertain what is the value of the property in the light of the competition.

I have sat here and listened in vain to learn who it is that has given thought to this question. We have had it before the Interstate Commerce Committee in the form of other measures. There we have been trying to devise means by which we can so regulate their competitors as to give the railroads a chance to rehabilitate themselves or at least make an earning in accordance with the property investment. Yet here we are just about to vote, as the Senator from New Mexico [Mr. BRATTON] said, on a bill about which nobody seems to know anything.

Mr. LONG. Mr. President——

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

Mr. SMITH. Certainly.

Mr. LONG. What is there about this bill that is not better than what we have?

Mr. SMITH. What is there about the bill that is as bad as anything else we could get?

Mr. LONG. I am just asking the Senator with all the knowledge which I confess I do not possess if there is a thing about this bill that is not better than what we have to-day, what is it?

Mr. SMITH. I do not consider that this bill will remedy the situation at all.

Mr. LONG. That is not the question. Is it not better than what we have now?

Mr. SMITH. No.

Mr. LONG. Why not?

Mr. SMITH. For the simple reason that this bill does not in my opinion touch or come anywhere near touching the solution of the problem which has brought about the present condition of the railroads.

Mr. LONG. I admit that, but the fact is that it is better by far, because it reduces expenses, simplifies the process, avoids receivership, lessens the time involved, causes less calamity, and, while it is not the solution which both the Senator and I would want, it is much better than what we have to-day.

Mr. SMITH. Mr. President, this is an invitation to all the railroads to come into bankruptcy courts. If we do not enact this legislation, we may have but one or two receiverships, but if we pass this legislation, we will have them all involved. It is an invitation to come into bankruptcy. The expense that the Senator mentions will be aggravated because the aggregate of those who come in will exceed the receiverships that we might otherwise have. Even though it might be considered better than what we have, I maintain that the legislative body, the Senate, owes it to the public and to itself to consider carefully and fully a matter of such vast importance, involving billions as it does, and involving the transportation of the country. Yet we sit here and on the say so of one man are about to pass a bill that nobody knows anything about, and I doubt very much if the author himself knows about it.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. BLAINE's name was called). I wish to announce the unavoidable absence of my colleague [Mr. BLAINE] and to state that if present he would vote "nay." He is paired with the Senator from Nevada [Mr. ODDIE], who, if present, I understand would vote "yea."

Mr. LEWIS (when his name was called). I have a general pair with the senior Senator from West Virginia [Mr. HATFIELD]. Not knowing how he would vote, I transfer that pair to the Senator from North Carolina [Mr. REYNOLDS] and vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote.

Mr. SMITH (when his name was called). I have a general pair with the senior Senator from Indiana [Mr. WATSON]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. LA FOLLETTE. I was requested to announce the unavoidable absence of the senior Senator from Minnesota [Mr. SHIPSTEAD]. On this question he is paired with the junior Senator from New Jersey [Mr. BARBOUR]. If the senior Senator from Minnesota were present, he would vote "nay," and I understand that if the junior Senator from New Jersey were present he would vote "yea."

Mr. FESS. I desire to announce that the junior Senator from Colorado [Mr. SCHUYLER] has a general pair with the senior Senator from Alabama [Mr. BLACK]. If present, the junior Senator from Colorado would vote "yea," and the senior Senator from Alabama would vote "nay."

I also desire to announce the following general pairs:

The Senator from Nebraska [Mr. HOWELL] with the Senator from Wyoming [Mr. KENDRICK];

The Senator from California [Mr. SHORTRIDGE] with the Senator from Montana [Mr. WALSH];

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN];

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON];

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Tennessee [Mr. HULL];

The Senator from New Hampshire [Mr. MOSES] with the Senator from Louisiana [Mr. BROUSSARD];

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY];

The Senator from New Hampshire [Mr. KEYES] with the Senator from Arizona [Mr. HAYDEN];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Florida [Mr. FLETCHER]; and

The Senator from Maine [Mr. WHITE] with the Senator from Arizona [Mr. ASHURST].

The result was announced—yeas 42, nays 15, as follows:

YEAS—42

Austin	Dale	King	Robinson, Ark.
Bailey	Dickinson	La Follette	Schall
Bankhead	Fess	Lewis	Sheppard
Barkley	Goldsborough	Long	Steiwer
Bingham	Gore	McKellar	Thomas, Okla.
Byrnes	Grammer	McNary	Townsend
Caraway	Hale	Metcalf	Tydings
Clark	Harrison	Patterson	Vandenberg
Coolidge	Hastings	Pittman	Wagner
Copeland	Hebert	Reed	Walsh, Mass.
Couzens	Kean		

NAYS—15

Bratton	Connally	George	Nye
Brookhart	Costigan	McGill	Russell
Bulow	Dill	Neely	Trammell
Capper	Frazier	Norris	

NOT VOTING—39

Ashurst	Fletcher	Logan	Smoot
Barbour	Glass	Moses	Stephens
Black	Glenn	Norbeck	Swanson
Blaine	Hatfield	Oddie	Thomas, Idaho
Borah	Hayden	Reynolds	Walcott
Broussard	Howell	Robinson, Ind.	Walsh, Mont.
Bulkley	Hull	Schuyler	Watson
Carey	Johnson	Shipstead	Wheeler
Cutting	Kendrick	Shortridge	White
Davis	Keyes	Smith	

So Mr. HASTINGS's amendment as amended to the substitute reported by the committee was agreed to.

Mr. KING. Mr. President, I invite the attention of the Senator from Delaware on page 53 of the bill as reported by the committee, to lines from 15 to 19, inclusive. I have received a number of communications relative to the provision referred to. I invite the Senator's attention to a statement in one of the communications and ask his judgment as to whether the interpretation placed upon the provision by the person who has telegraphed me is correct. He states that this provision gives excessive discretion to the commissioner or the judge with respect to the treatment of secured and unsecured creditors. He takes the position that under the provision to which I have just called attention the secured creditor is subordinated if the judge desires to the unsecured creditor; in other words, that the judge will have such arbitrary and unlimited power that he may relegate the secured creditor to a subordinate position and elevate the unsecured creditor to a paramount position. Is the interpretation so placed upon the provision such as the Senator places upon it?

Mr. HASTINGS. I will say in reply to the Senator that it is not, and I inquire of the Senator whether he thinks there is any justification for any such interpretation of that provision of the bill?

Mr. KING. When I first read the provision I had some doubt, but the Senator from Delaware has studied this measure and has lived with it so long that I thought of course his judgment might be better than the judgment of some of us who have never seen the measure until a day or two ago.

Mr. HASTINGS. I think there is no danger at all along the line suggested.

Mr. KING. I wanted to get the Senator's statement in the RECORD.

I now ask the Senator's attention to one other provision, based upon a suggestion from an eminent banker in the West who has had a copy of this bill. He suggests, calling attention to page 56, that lines 3, 4, 5, and 6 be stricken out, for the reason that the provision will result in unjustifiable loss to creditors through the inability of the creditor, under

any circumstances, to repossess the land even though waste may ensue or failure properly to care for the property may attend the activities of the court.

Mr. HASTINGS. It will be observed that the purpose of those provisions, one of which the Senator has mentioned, is to prevent the proceedings being initiated by persons who are trying to collect their money from the debtor until he has had an opportunity to present the matter before the court. The section itself begins by pointing out—

Except upon petition made to and granted by the judge after hearing and report by the conciliation commissioner the following proceedings shall not be instituted.

In other words, if there be any good reason for the judge permitting these proceedings to go on, the persons interested may file a petition and the proceedings may go on as though the application were not in existence.

Mr. KING. Another eminent banker has telegraphed me, stating that under section 75, paragraph (b), the conciliation commissioners should be compensated on a salary basis rather than a fee basis as proposed, which would put a premium on the number of cases filed rather than to discourage wholesale filings. Does the Senator think there is merit in that suggestion?

Mr. HASTINGS. No. I may say in reply to the Senator that, as this amendment was originally drawn, it provided for a fee of $5 a day for services plus 5 cents a mile for actual expenses. It was believed after careful consideration with those who drafted it that the chances were that there would be a continuous service for every conciliation commissioner, perhaps every day of the year, and it was believed that it would be very much more equitable and very much cheaper for the Government if we fixed a definite sum for each case. I think there can be no doubt of the correctness of that contention in view of the work the conciliation commissioner will be compelled to do.

Mr. KING. One other suggestion. A number of protests have come to me against compelling the Government to pay the expenses and the salary or compensation of the conciliators, and so on, instead of having the property which is under the control of the courts subjected to the payment either at the expense of the creditors or of the debtors. The question has been asked, Why should the Government be compelled to pay for the expenses to which reference has been made?

Mr. HASTINGS. Of course there are many answers to be made to that question, and I think everybody has to decide for himself whether it is wise or unwise. We have gotten into the habit of trying to do something to aid and protect the farmer, at least to pretend to protect and aid him. It is contended constantly that what we have done amounts to nothing, but we keep on trying just the same, and I have no particular objection to it. While I dislike to put him in a class by himself and treat him differently from the ordinary debtor, I think perhaps there is some excuse for it; though, in my opinion, everyone must reach his own conclusions in respect to whether it is wise or not.

Mr. ROBINSON of Arkansas. Mr. President, in addition to what the Senator from Delaware has stated, let me say that, after due consideration of that phase of the bill, it was decided that it was best to have the conciliation commissioner an employee of the Government rather than of the individuals who are affected by the proceeding.

Mr. BRATTON. Mr. President, let me say to the Senator from Delaware that on Saturday I offered an amendment, to come in on page 42, line 6, and withdrew it temporarily. It was in this language:

A claim for future rent shall constitute a provable debt and shall be liquidated under section 63 (b) of this act.

Upon further consideration I think that amendment should be included in the bill, and I hope the Senator will accept it.

Mr. HASTINGS. Mr. President, the Senator from New Mexico will recall that the only reason I objected to it was because I was afraid it would open the door to amendments to the general bankruptcy law. If we are now in a position where we are about to vote on the bill to-night and there is no danger of our getting into controversy by trying to amend the bankruptcy law generally, I will accept the amendment.

Mr. BRATTON. I think, Mr. President, that such an amendment as I have offered is necessary in order to give the relief needed.

The PRESIDING OFFICER. The amendment offered by the Senator from New Mexico to the amendment will be stated.

The CHIEF CLERK. On page 42, line 6, after the word "act," it is proposed to insert the following:

A claim for future rent shall constitute a provable debt and shall be liquidated under section 63(b) of this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico to the amendment reported by the committee.

The amendment to the amendment was agreed to.

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

Mr. HASTINGS. Mr. President, I should like to make a further statement. I stated a little while ago that I felt compelled to offer the section relative to cooperative reorganization. I have consulted a number of Senators and have been urged not to do it by many of them, and I have reached the conclusion that it will aid us in disposing of this bill to-night if I shall not offer that section.

Mr. LA FOLLETTE. Mr. President, I hope the Senator from Delaware will bear in mind when the bill gets into conference that it will not facilitate its final passage if he brings back in the conference report a provision in regard to corporate reorganization.

Mr. HASTINGS. I have no intention of doing so.

The PRESIDING OFFICER. If there be no further amendments, the question is, Shall the amendment be ordered engrossed and the bill to be read a third time?

The amendment was ordered to be engrossed and the bill to be read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. DILL. I ask for the yeas and nays. I make the point of no quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Austin	Couzens	King	Russell
Bailey	Dale	La Follette	Sheppard
Bankhead	Dickinson	Lewis	Smith
Barkley	Dill	Long	Steiwer
Bingham	Fess	McGill	Thomas, Okla.
Bratton	Frazier	McKellar	Townsend
Brookhart	George	McNary	Trammell
Bulow	Goldsborough	Metcalf	Tydings
Byrnes	Gore	Neely	Vandenberg
Capper	Grammer	Nye	Wagner
Caraway	Hale	Patterson	Walsh, Mass.
Clark	Harrison	Pittman	
Coolidge	Hastings	Robinson, Ark.	
Copeland	Hebert	Robinson, Ind.	

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

Mr. DILL. Mr. President, I raised the point of no quorum because I wanted a roll call on the passage of the bill. I think those of us who are opposed to it are entitled to have that, and I hope the Senate will grant it.

Mr. ROBINSON of Arkansas. Very well; let us have it.

The PRESIDING OFFICER. The question is, Shall the bill pass? On that question the Senator from Washington demands the yeas and nays.

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

Mr. LA FOLLETTE (when Mr. BLAINE's name was called). Making the same announcement as before concerning the unavoidable absence of my colleague [Mr. BLAINE] and his pair, I wish to state that if my colleague were present he would vote "nay," and I understand that the junior Senator from Nevada [Mr. ODDIE] would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). The junior Senator from Mississippi [Mr. STEPHENS], with whom I am paired, I understand, would vote the same way

that I shall vote on the passage of this bill. Therefore I am free to vote. I vote "yea."

Mr. LA FOLLETTE (when Mr. SHIPSTEAD's name was called). Making the same announcement as before concerning the pair of the senior Senator from Minnesota [Mr. SHIPSTEAD], I wish to state that if present he would vote "nay," and the junior Senator from New Jersey [Mr. BARBOUR], I understand, if present, would vote "yea."

Mr. SMITH (when his name was called). I have a pair with the Senator from Indiana [Mr. WATSON]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. LEWIS. I am paired with the Senator from West Virginia [Mr. HATFIELD]. I transfer that pair to the Senator from North Carolina [Mr. REYNOLDS], and will vote. I vote "yea."

Mr. FESS. I desire to announce the necessary absence of the Senator from Pennsylvania [Mr. DAVIS] on account of illness. If present, he would vote "yea."

I also wish to announce that the junior Senator from Connecticut [Mr. WALCOTT] and the junior Senator from New Hampshire [Mr. KEYES] are necessarily absent. If present, they would vote "yea."

I also desire to announce the following general pairs:

The Senator from New Hampshire [Mr. MOSES] with the Senator from Louisiana [Mr. BROUSSARD];

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER];

The Senator from Nebraska [Mr. HOWELL] with the Senator from Wyoming [Mr. KENDRICK];

The Senator from New Jersey [Mr. KEAN] with the Senator from Texas [Mr. CONNALLY];

The Senator from California [Mr. SHORTRIDGE] with the Senator from Montana [Mr. WALSH];

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN];

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Tennessee [Mr. HULL];

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY].

The Senator from Pennsylvania [Mr. REED] with the Senator from Nebraska [Mr. NORRIS];

The Senator from New Hampshire [Mr. KEYES] with the Senator from Colorado [Mr. COSTIGAN];

The Senator from Colorado [Mr. SCHUYLER] with the Senator from Alabama [Mr. BLACK];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Florida [Mr. FLETCHER];

The Senator from Maine [Mr. WHITE] with the Senator from Arizona [Mr. ASHURST]; and

The Senator from Minnesota [Mr. SCHALL] with the Senator from Arizona [Mr. HAYDEN].

The result was announced—yeas 44, nays 8, as follows:

YEAS—44

Austin	Couzens	Hebert	Pittman
Bailey	Dale	King	Robinson, Ark.
Bankhead	Dickinson	La Follette	Robinson, Ind.
Barkley	Fess	Lewis	Sheppard
Bingham	Frazier	Long	Steiwer
Byrnes	Goldsborough	McGill	Thomas, Okla.
Capper	Gore	McKellar	Townsend
Caraway	Grammer	McNary	Tydings
Clark	Hale	Metcalf	Vandenberg
Coolidge	Harrison	Nye	Wagner
Copeland	Hastings	Patterson	Walsh, Mass.

NAYS—8

Bratton	Bulow	George	Russell
Brookhart	Dill	Neely	Trammell

NOT VOTING—44

Ashurst	Connally	Hayden	Moses
Barbour	Costigan	Howell	Norbeck
Black	Cutting	Hull	Norris
Blaine	Davis	Johnson	Oddie
Borah	Fletcher	Kean	Reed
Broussard	Glass	Kendrick	Reynolds
Bulkley	Glenn	Keyes	Schall
Carey	Hatfield	Logan	Schuyler
Shipstead	Smoot	Thomas, Idaho	Watson
Shortridge	Stephens	Walcott	Wheeler
Smith	Swanson	Walsh, Mont.	White

So the bill was passed.

POSTPONEMENT OF FORECLOSURE OF CERTAIN MORTGAGES—AMENDMENT

Mr. BANKHEAD submitted an amendment intended to be proposed by him to the bill (S. 5639) providing for loans or advances by the Reconstruction Finance Corporation for the purpose of securing the postponement of the foreclosure of certain mortgages for a period of two years, and for other purposes, which was ordered to lie on the table and to be printed.

MISSOURI RIVER BRIDGE, KANSAS CITY, KANS.

Mr. CAPPER. Mr. President, on Saturday the Senate passed House bill No. 14500. It seems that there is an error in it which needs to be corrected. I therefore submit and ask present consideration of a concurrent resolution that will secure the return of the bill to the Senate for correction.

There being no objection, the Senate proceeded to consider the concurrent resolution (S. Con. Res. 44), which was read and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the Vice President of the United States in signing the enrolled bill (H. R. 14500) to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kan., be, and the same is hereby, rescinded.

ADJOURNMENT

Mr. McNARY. Mr. President, it had been my intention at this time to move that the Senate proceed to the consideration of House bill No. 8681, to develop American air transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship. In view of the large number of absentees I shall not press the motion now. I give notice, however, that at the conclusion of the morning hour to-morrow I shall ask that the bill be made the unfinished business.

Now, Mr. President, I move that the Senate adjourn until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 7 o'clock and 41 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, February 28, 1933, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 27, 1933

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

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

Almighty God, Thou who art timeless and ageless, our yesterdays are passed, and through Thy providence we are at the threshold of another day's labor; Thy guidance can prevail, so we wait in prayer. Regard in mercy our petition. Thy promises link this day with eternity. Open up our souls and let them feel the pulsations of Thy Holy Spirit; do Thou determine the quality of our manhood. Here let Thy light shine abroad bearing wisdom and discretion on every side. May we be built up in goodness and be led to understand the right way, the wise way to give just government to our people. Heavenly Father, unite us in a common zeal, in a common ambition, and in a common consecration in defense and in support of the stability and the might of the Republic. In the name of our Saviour. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 14363) entitled "An act 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 had receded from its amendment No. 13 to said bill.

The message further announced that the Senate disagrees to the amendments of the House to the amendments of the Senate Nos. 1, 14, 15, and 16 to the bill (H. R. 13520) entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes," further insists upon its amendments Nos. 1 to 16, inclusive, to said bill, asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ODDIE, Mr. SMOOT, Mr. BINGHAM, Mr. DICKINSON, Mr. KEYES, Mr. MOSES, Mr. GLASS, Mr. MCKELLAR, Mr. BRATTON, and Mr. BYRNES, and Mr. THOMAS of Oklahoma to be the conferees on the part of the Senate.

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

H. R. 792. An act for the relief of William Joseph Vigneault;

H. R. 1936. An act for the relief of Sydney Thayer, jr.;

H. R. 5150. An act for the relief of Annie M. Eopolucci;

H. R. 5548. An act for the relief of George Brackett Cargill, deceased;

H. R. 6409. An act for the relief of William Joseph LaCarte;

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

H. R. 9326. An act for the relief of John E. Davidson;

H. R. 9877. An act to repeal obsolete sections of the Revised Statutes omitted from the United States Code;

H. R. 11035. An act for the relief of Price Huff;

H. R. 11270. An act to amend section 2 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes";

H. R. 12651. An act for the relief of the Uintah, White River, and Uncompahgre Bands of Ute Indians of Utah, and for other purposes; and

H. R. 13378. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia.

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

S. 246. An act for the relief of Galen E. Lichty;

S. 1001. An act to authorize the Chief of Engineers of the Army to enter into agreements with local governments adjacent to the District of Columbia for the use of water for purposes of fire fighting only;

S. 3009. An act to extend the boundaries of the Fremont National Forest;

S. 3257. An act respecting contracts of industrial life insurance in the District of Columbia;

S. 4326. An act for the relief of R. S. Howard Co. (Inc.);

S. 4380. An act for the relief of Patrick Henry Walsh;

S. 4960. An act to reduce the area of the Fort Peck irrigation project, in the State of Montana;

S. 4993. An act for the relief of C. J. Mast;

S. 5302. An act to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations," approved January 5, 1927;

S. 5337. An act to amend the Federal farm loan act, as amended, to permit loans for additional purposes, to extend the powers of Federal land banks in the making of direct loans, to authorize upon certain terms the reamortization of loans by Federal and joint-stock land banks, and for other purposes;

S. 5361. An act to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona;

S. 5362. An act authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.;

S. 5394. An act to amend section 57 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, as amended and supplemented, with respect to proof and allowance of claims by trustees for bondholders;

S. 5427. An act to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located;

S. 5456. An act to amend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen," approved May 13, 1932, to desert-land entrymen, and for other purposes;

S. 5463. An act to authorize the change of homestead designations on allotted Indian lands;

S. 5475. An act to amend section 3 of the act of May 28, 1928, relating to salary rates of certain civil-service positions;

S. 5485. An act establishing a State game refuge on islands in the Egg Lakes in the White Earth Indian Reservation in the State of Minnesota;

S. 5525. An act to extend temporary relief to water users on irrigation projects on Indian reservations, and for other purposes;

S. 5564. An act to extend the times for commencing and completing the construction of a bridge across Hudson River at or near Catskill, Greene County, N. Y., and for other purposes;

S. 5576. An act to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes;

S. 5612. An act to provide for the selection of certain lands in the State of California for the use of the California State park system;

S. 5622. An act providing for an alternate budget for the Indian Service, fiscal year 1935;

S. 5623. An act 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;

S. 5626. An act to amend the act of June 23, 1926, reserving Rice Lake and contiguous lands for the Chippewa Indians of Minnesota;

S. 5660. An act authorizing the Secretary of the Treasury to sell certain Government property in St. Louis, Mo.;

S. 5675. An act to effect needed changes in the Navy ration;

S. J. Res. 219. Joint resolution authorizing the fixing of grazing fees on lands within national forests;

S. J. Res. 228. Joint resolution authorizing the American National Red Cross and certain other organizations to exchange Government-owned cotton for articles containing wool;

S. J. Res. 253. Joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered;

S. J. Res. 255. Joint resolution authorizing the Secretary of the Navy to sell surplus coal at nominal prices for distribution to the needy; and

S. J. Res. 259. To amend the act entitled "An act to remove existing discriminations incident to certain land grants and to subject them to the same conditions that govern other land grants of their class," approved February 14, 1933.

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL, FISCAL YEAR 1934

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table 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 pur-

poses, together with the Senate amendments thereto and the amendments of the House to certain of the Senate amendments; further insist upon the disagreement of the House to Senate amendments Nos. 2 to 13, inclusive; insist upon the amendments of the House to Senate amendments Nos. 1, 14, 15, and 16; and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BYRNS, ARNOLD, LUDLOW, WOOD of Indiana, and THATCHER.

Mr. BANKHEAD. Before the gentleman leaves the matter of this conference, I have had a good many inquiries from those interested in the present status of the matter affecting the appropriation for vocational education.

Mr. BYRNS. That is in conference and nothing has been agreed on.

Mr. BANKHEAD. What is the exact status of that matter in conference?

Mr. BYRNS. The exact status is that a proposal was made to repeal all the permanent appropriations, but in the amendment which was adopted vocational education was excepted. The House conferees felt that all these permanent appropriations should be repealed in the sense that they must be reported by the Director of the Budget and passed upon each year, so that the House and the country may know what is being done.

There is no good reason for excepting one appropriation any more than another, but all should be included except provision for payment of interest on public debt and debt retirements. That is the whole proposition, and the matter is still in conference because of the action of the Senate.

Mr. BANKHEAD. The Senate action was to sustain the existing status with reference to these appropriations, as I understand it.

Mr. BYRNS. The Senate yielded; but since they have disagreed to the conference report over there the whole matter is back in conference.

Mr. CHINDBLOM. If the gentleman will permit, provision for payment of interest on national debts is not included, as I understand, in the Senate amendment.

Mr. BYRNS. No; I just told the gentleman from Alabama that it was not.

Mr. CHINDBLOM. Furthermore, if I may add a word, it seems to me that the appropriation for vocational rehabilitation or vocational training, which is in the nature of a 50-50 arrangement with the States, should be included in any arrangement that is made with reference to the repeal of these laws.

Mr. BYRNS. In other words, it should come before the House.

Mr. CHINDBLOM. It should come before the House; and if other permanent appropriations are to be eliminated—and I think they should be—I also believe that this particular appropriation should be included with them.

Mr. BYRNS. It certainly ought to come before the House, as the gentleman states.

GEORGE WASHINGTON BICENTENNIAL COMMISSION

Mr. BYRNS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 14745) relating to the tenure of congressional Members of the George Washington Bicentennial Commission.

The Clerk read the bill, as follows:

Be it enacted, etc., That the membership of Senators and Members of the House of Representatives on the George Washington Bicentennial Commission shall continue irrespective of their terms as Members of Congress.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. SNELL. Mr. Speaker, reserving the right to object, of course, I have no objection so far as the personnel named in the bill is concerned, although I am quite surprised to see that it has become necessary to extend this commission beyond the life of the present session of Congress. I supposed that the work of the commission largely had been closed by this time. The active work throughout the country in connection with this commission has been disposed of, and I am wondering if the gentleman from Tennessee can give the House any definite information as to how many employees there are at the present time, what they are doing, and how much longer it will be necessary for these people to be employed in order to close up the work of the commission, and how much money there is on hand and whether or not it will be necessary to appropriate any more money for the commission.

Mr. BYRNS. I am sorry I can not give the gentleman any definite information upon those subjects. I was confined at home at the time of the last meeting of the commission, and I have not been advised in the matter. I probably should have the information.

Mr. SNELL. Does not the gentleman believe it would be a good idea to withdraw the bill until a later day?

Mr. BYRNS. The session is rapidly coming to a close——

Mr. SNELL. I appreciate that, but it will only take five minutes to pass it.

Mr. BYRNS. This is simply to provide for the continuance of Mr. Tilson, who has already retired from the House, and Mr. HAWLEY, who retires on March 4.

Mr. SNELL. As I said, I have no objection whatever to the personnel, but it seems to me the House ought to have some information before we vote to continue the commission.

Mr. BYRNS. I am told by the gentleman from New York that this work is rapidly proceeding to the point where it can be closed up, but there are certain books ordered printed which have not been completed, and the business has got to be wound up.

Mr. SNELL. I agree that it ought to be wound up, but I was told this morning that it would take nine months. I wish the gentleman would withhold this resolution until later in the day.

Mr. BYRNS. Mr. Speaker, I will withdraw the resolution for the present.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL FOR 1934

Mr. BUCHANAN. Mr. Speaker, I call up the conference report on the bill (H. R. 13872) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1934, and for other purposes, and I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman calls up a conference report and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

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. 13872) making appropriations for the Department of Agriculture 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 7, 8, 12, 13, and 20.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 6, 9, 10, 11, 18, and 19, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$85,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,583,822"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$5,655,822"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$12,754,854"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$375,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$411,810"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$100,209,091"; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 14 and 15.

J. P. BUCHANAN,
JOHN N. SANDLIN,
M. J. HART,
ROBT. G. SIMMONS,
JOHN W. SUMMERS,
Managers on the part of the House.

CHAS. L. MCNARY,
HENRY W. KEYES,
ARTHUR CAPPER,
JOHN B. KENDRICK,
E. D. SMITH,
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. 13872) making appropriations for the Department of Agriculture 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:

AMENDMENTS CORRECTING TOTALS, SPELLING, AND CITATIONS

Recommendations in the accompanying report as to the following amendments are for the purpose of correcting totals, spelling, and citations of statutes to accord with the action of the conferees on the controlling amendments: 1, 3, 4, 5, 6, 8, 10, 13, 17, and 21.

Recommendations as to other amendments are as follows:

AGRICULTURAL EXHIBITS AT FAIRS

On No. 2: Appropriates $85,000, instead of $10,000, as provided by the House, and $99,085, as provided by the Senate.

FORAGE CROPS AND DISEASES

On No. 7: Appropriates $201,014, as provided by the House, instead of $225,482, as provided by the Senate, for forage crops and diseases.

TRANSFER OF APPROPRIATIONS

On No. 9: Strikes out the House language relating to transfer of appropriations under section 317 of Part II of the legislative appropriation act, fiscal year 1933, as continued by section 4 of the Treasury and Post Office Departments appropriation act, fiscal year 1934.

On No. 19: Inserts language, as proposed by the Senate, permitting a 10 per cent transfer of appropriations within bureaus of the department.

NAVAL STORES INVESTIGATIONS

On No. 11: Eliminates the House provision forbidding the expenditure of any part of this appropriation for the erection of buildings, stricken out by the Senate, and retains the provision inserted in lieu thereof by the Senate permitting the expenditure of not to exceed $10,000 of the appropriation for the erection of buildings.

MIGRATORY BIRD CONSERVATION ACT

On No. 12: Appropriates $89,525, as proposed by the House, instead of $194,300, as proposed by the Senate, for carrying into effect the provisions of the migratory bird conservation act.

AGRICULTURAL ENGINEERING

On No. 16: Appropriates $375,000, instead of $350,000, as proposed by the House, and $403,287, as proposed by the Senate.

PHONY-PEACH DISEASE QUARANTINE

On No. 18: Retains the language, inserted by the Senate, making the appropriation for the phony-peach disease available for the certification of products out of the infested areas to meet the requirements of State quarantines.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON TO THE AMERICAN RED CROSS

On No. 20: Strikes out the paragraph, inserted by the Senate, appropriating $4,100,000 for the distribution of Government-owned cotton to the American Red Cross.

IN DISAGREEMENT

The committee of conference have not agreed with respect to the following amendments:

On No. 14: Relating to Federal aid in the construction of approaches to publicly owned toll bridges.

On No. 15: Amending the emergency relief and construction act so as to make the Federal-aid highway appropriations contained therein available until January 1, 1934, in lieu of July 1, 1933, as provided in said act.

J. P. BUCHANAN,
JOHN N. SANDLIN,
M. J. HART,
ROBT. G. SIMMONS,
JOHN W. SUMMERS,
Managers on the part of the House.

Mr. STAFFORD. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. STAFFORD. When the Interior Department appropriation bill was under consideration, I directed attention to the interchangeability clause or provision in that bill, and pointed out that the interchangeability related only to the reclamation fund. I called attention to the fact that in the Agricultural bill there was an interchangeable item authorizing the department to interchange to the extent of 10 per cent of all amounts carried in the bill. The gentleman from Colorado [Mr. TAYLOR] stated that his committee was relying on a general policy that would be carried in the Treasury and Post Office appropriation act that would extend to all the appropriation acts. I would like to know if we are going to have a uniform policy for the interchangeability of appropriations, or whether we are going to restrict one department as with the Interior Department or make it general? I am making this inquiry for the benefit of the incoming administration.

Mr. BUCHANAN. The provision authorizing the interchangeability of appropriations is the child of the economy act, placed there so that they could make adjustments.

The correct policy is to limit the shifting of any appropriations within the bureau and not to permit an interchange between bureaus of the department. Otherwise, one fund could be built up at the expense of others.

Having 10 per cent interchangeability within the bureau has been the policy of the Agricultural Department for many years. In fact, this department transferred only $19,000 last year, and that was within the bureaus.

Mr. STAFFORD. Can the gentleman inform us whether that is to be the policy or whether it is going to be haphazard—limiting the interchangeable privilege in one department and allowing it to run wild in another?

Mr. BUCHANAN. We hope to establish a general policy limiting the interchange of appropriations within the bureaus.

Mr. STAFFORD. Is there any such item in the present Treasury-Post Office appropriation bill?

Mr. BUCHANAN. That is still in conference.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. TABER. It seems to me that we have yielded a very considerable amount of increases to the Senate in this bill.

Mr. BUCHANAN. If the gentleman will figure up the concessions that the Senate made and the concessions that the House made, he will find they are about equally divided.

Mr. TABER. That probably is so; but at the same time the bill is substantially raised over the amount it carried when it left the House, is it not?

Mr. BUCHANAN. It is raised about $120,000 or $130,000.

Mr. TABER. Does not the gentleman think in times like these, instead of raising the amount, we ought to cut it down?

Mr. BUCHANAN. The gentleman must bear in mind that where differences exist between the two Houses and conferees are appointed on the part of both Houses, the result of the conference is necessarily a compromise. The conferees on the part of the House expect to yield somewhat if they can not maintain the position of the House, and the Senate conferees expect to yield some if they can not maintain the position of the Senate. There is a coming together, necessarily, and a compromise in order to get the bill through.

Mr. TABER. I note on page 16 of the bill that we have compromised on an increase of $75,000 where the Senate provided an increase of $89,000. We have given the Senate nine-tenths of all the increase they ask for. It seems to me that we ought to get a better break than that.

Mr. BUCHANAN. If the gentleman will look at another item he will find that the Senate yielded over $100,000.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. SNELL. So far as the final figures of the bill are concerned, how do they compare with the Budget estimates? How much of a saving has there been in the entire bill?

Mr. BUCHANAN. It is $7,852,702 under the Budget estimate.

Mr. SNELL. The bill, as it stands to-day, is that much under the Budget?

Mr. BUCHANAN. Yes.

Mr. SNELL. What were the principal items where that large decrease took place?

Mr. BUCHANAN. The principal items were in public roads?

Mr. SNELL. How much was that?

Mr. BUCHANAN. Six million eight hundred and fourteen thousand three hundred and eighty-seven dollars.

Mr. SNELL. So that six-sevenths of the decrease was in the public-roads proposition?

Mr. BUCHANAN. The ordinary activities were reduced $1,038,315 under the Budget estimate.

Mr. SNELL. But the large amount is in the roads proposition?

Mr. BUCHANAN. Yes.

Mr. SNELL. So far as amendment No. 20 is concerned I suppose that the $4,100,000 is cut out because that is carried in another bill?

Mr. BUCHANAN. Yes. I will say to the gentleman, however, that the amount which I indicated the bill as it now stands is under the Budget estimate, does not include the $4,100,000 carried in the Senate amendment for the distribution of cotton to the Red Cross. Since the latter is to be appropriated in another act we do not take credit for the reduction. The reduction which has been indicated, of $1,038,315 under the Budget estimate for the ordinary activities, is a net reduction.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. EATON of Colorado. Mr. Speaker, I desire to make inquiry concerning the public-roads matter, still in disagreement.

The SPEAKER. The gentleman can do that when the Clerk reports the amendment. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 14: Page 66, line 2, after the word "concerned," insert a colon and the following proviso: "*Provided*, That hereafter in the administration of the Federal highway act and acts amendatory thereof or supplementary thereto, the first paragraph of section 9 of the act of November 9, 1921, shall not apply to publicly owned toll bridges or approaches thereto, constructed and operated by the highway department of any State."

Mr. BUCHANAN. Mr. Speaker, I move to concur in the Senate amendment with an amendment, which I send to the desk.

The Clerk read as follows:

Mr. BUCHANAN moves that the House recede from its disagreement to the amendment of the Senate No. 14, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: " : *Provided*, That hereafter in the administration of the Federal highway act and acts amendatory thereof or supplementary thereto, the first paragraph of section 9 of the act of November 9, 1921, shall not apply to publicly owned toll bridges or approaches thereto, constructed and operated by the highway department of any State, subject, however, to the condition that all tolls received from the operation of any such bridge, less the actual cost of operation and maintenance, shall be applied to the repayment of the cost of its construction, and when the cost of its construction shall have been repaid in full, such bridge thereafter shall be maintained and operated as a free bridge."

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. DOWELL. As I understand the amendment, this road provision applies only to the bridges operated by highway departments. Is that correct?

Mr. BUCHANAN. It applies only to State bridges operated by States under a highway system.

Mr. DOWELL. And may I inquire about the amendment offered by the gentleman?

Mr. BUCHANAN. The amendment provides that when they shall have collected a sufficient amount of toll to repay the cost of construction the bridge shall be operated and maintained as a free bridge.

Mr. DOWELL. And that refers to the highway bridges that are under the highway departments?

Mr. BUCHANAN. Yes.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. SNELL. I think the gentleman should make a short statement to the House and tell us what is contained in the Senate amendment and just what he intends to do.

Mr. DOWELL. Will the gentleman yield five minutes to me on this amendment?

Mr. BUCHANAN. Certainly.

Mr. SNELL. This is an important amendment, and I think that explanation should be made by the chairman of the committee.

Mr. BUCHANAN. The Senate amendment repealed section 9 of the highway act, in so far as publicly owned toll bridges were concerned, and permitted a State that was operating a toll bridge over a public highway to charge tolls indefinitely.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. CHINDBLOM. Will the gentleman say what is contained in section 9 of the highway act?

Mr. BUCHANAN. Certainly:

That all highways constructed or reconstructed under the provisions of this act shall be free from tolls of all kinds.

Mr. CHINDBLOM. That relates to State highways?

Mr. BUCHANAN. Highways through a State, or interstate; recognized public highways that Federal aid is extended to. So that the Senate amendment repealed that, as far as publicly owned toll bridges were concerned, and would permit the charging of tolls on bridges over highways in such State throughout unending time. The House conferees could not, and would not, agree to that amendment, because we believed that the public highways should be free from toll charges; so we agreed to an amendment providing that all tolls collected should be applied to the cost of construction of that bridge, if it was constructed through bond issues or otherwise. In fact, in other words, if it owed for the construction, and if a sufficient amount of tolls had

been collected to pay the cost of that construction, excluding maintenance, then the bridge shall thereafter be free. That is the substance of the amendment.

Mr. DOWELL. Will the gentleman yield to me?

Mr. BUCHANAN. Certainly.

Mr. DOWELL. Has the gentleman concluded?

Mr. BUCHANAN. Not quite.

Mr. SNELL. The gentleman should continue with his explanation.

Mr. BUCHANAN. There is one more point to explain; an inducing cause why we agreed to this amendment. After the passage of the original highway act, in which was contained section 9 that I just read, the Congress passed another act. In that act it provided that Federal aid could be extended to a road with a toll bridge, if the Government contributed anything to its construction. Therefore, it is now the law that if a State and the Federal Government construct a toll bridge, the State paying half of it and the Federal Government paying half of it, they can receive Federal aid on the public highway. In other words, it was just an ommission in the law, so that if the Federal Government contributes one cent to the construction of a bridge on which tolls are charged, then they can extend Federal aid to all highways leading to that bridge. But if the Federal Government does not contribute to it, then the expenditure of Federal-aid money on the highways leading to that bridge is absolutely prohibited.

So, as the law now stands, it permits them to charge tolls on a bridge over a highway that the Federal Government contributed a few dollars to until the cost of that bridge is paid. This amendment permits them to charge tolls on a bridge on a highway where the Federal Government has contributed nothing, so long as the proceeds of those tolls apply to the payment of the cost of that bridge and then stop. That is all.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. VINSON of Kentucky. Assuming that the cost of operation is paid out of the general fund of the State, and all the tolls go to meet the obligation on the bonds with which the bridge was constructed, does the gentleman think that this amendment, referring to the cost of operation and maintenance, would be prejudicial to such a state of facts?

Mr. BUCHANAN. I do not.

Mr. VINSON of Kentucky. In other words, the fact that the cost of operation is paid out of the general fund and not out of tolls would permit the use of Federal money upon the highways where such condition existed?

Mr. BUCHANAN. I think so.

Mr. HASTINGS. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. HASTINGS. This provision only applies to toll bridges and approaches constructed and operated by the highway department of a State?

Mr. BUCHANAN. Yes.

Mr. RICH. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. RICH. Are we not establishing a precedent by adopting this measure wherein the Federal Government contributes to the acquisition of a toll bridge owned entirely by the States?

Mr. BUCHANAN. No; we are not. If the gentleman will read article 9-a, Federal aid to toll bridges, adopted since the organic act providing for public roads, he will see that we are not establishing a precedent. It is a long article. It allows tolls to be charged on bridges for public highways where the State has constructed one half of the bridge and the Federal Government has paid for half of the bridge. It allows tolls to be charged until the State's half of the cost of construction has been paid. That is the law now.

Mr. RICH. The gentleman will admit that we do not wish the Federal Government to establish any precedent whereby the Federal Government takes any responsibility for those toll bridges?

Mr. BUCHANAN. Certainly.

Mr. DOWELL. Will the gentleman yield to me?

Mr. BUCHANAN. Yes.

Mr. DOWELL. I wish to make a statement.

Mr. BUCHANAN. I yield five minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, as stated by the chairman of the subcommittee, under the law as it now stands Federal aid will not be used for toll bridges or approaches to toll bridges. This amendment makes the exception, and it shall not apply where it is publicly owned and operated by highway commissions. That is all there is in this amendment. Under the additional amendment offered by the chairman of the subcommittee, as I understand it, it further provides that the money received by the toll bridge which is operated by the highway commission shall go, after paying operating expenses, to the paying off of the indebtedness, and then it becomes a free bridge.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. DOWELL. I yield.

Mr. COCHRAN of Missouri. This in no way would permit the same to apply to a privately owned toll bridge?

Mr. DOWELL. No.

Mr. COCHRAN of Missouri. In other words, that was the object of the old Denison bill, on which the gentleman's committee held hearings?

Mr. DOWELL. Yes.

Mr. COCHRAN of Missouri. It would not apply to this?

Mr. DOWELL. No. This has been opposed by the entire committee and which, I think, is opposed by the House.

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. DOWELL. Yes.

Mr. LAGUARDIA. How does this amendment affect the privately owned and privately operated toll bridge connecting two Federal-aid highways?

Mr. DOWELL. It does not affect it at all.

Mr. LAGUARDIA. They can continue charging tolls indefinitely?

Mr. DOWELL. The ones that have already been established.

Mr. LAGUARDIA. How about the new ones?

Mr. DOWELL. This affects only those bridges operated by the highway commission and it affects no other bridge whatsoever.

Mr. LAGUARDIA. In other words, the publicly owned, publicly operated bridge must eventually become a free bridge?

Mr. DOWELL. That is it.

Mr. LAGUARDIA. But the privately owned bridge can continue to charge tolls.

Mr. DOWELL. That is true.

Mr. LAGUARDIA. That is wrong.

Mr. DOWELL. There is a provision, however, in the law that Federal aid can not be used on any road or approach to a toll bridge.

Mr. LAGUARDIA. It is done every day.

Mr. DOWELL. The law clearly provides that Federal aid can not be used on toll roads, and the Comptroller has construed that approaches to toll bridges are toll roads.

Mr. LAGUARDIA. Will the gentleman tell me how it is, then, that we have something like 15 bills granting franchises or permits to build toll bridges connecting Federal-aid highways?

Mr. DOWELL. Those bills should not pass the House.

Mr. LAGUARDIA. I hope the gentleman will stay here and help me. I can not overcome the prejudice.

Mr. DOWELL. This law has been in force ever since 1921.

Mr. DYER. Mr. Speaker, will the gentleman yield?

Mr. DOWELL. I yield.

Mr. DYER. It does not apply to bridges owned by municipalities, does it?

Mr. DOWELL. This amendment applies only to bridges operated by highway commissions.

Mr. DYER. Not by the city.

Mr. DOWELL. Not by the city, for a good reason. The city may operate a toll bridge permanently without making

any attempt to pay off the indebtedness and use the returns for other purposes.

[Here the gavel fell.]

The amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 15: Page 67, after line 18, insert the following: "That paragraph (1) of subsection (a) of section 301 of title 3 of the emergency relief and construction act of 1932 is amended by striking out the date 'July 1, 1933,' where it appears in said paragraph and inserting in lieu thereof the date 'January 1, 1934.'"

Mr. BUCHANAN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand, this does not change the appropriation in any way whatsoever, it just extends for six months the time within which the States may avail themselves of the appropriation.

Mr. BUCHANAN. That is all.

Mr. SNELL. How much is available at the present time?

Mr. BUCHANAN. I do not recall now.

Mr. CHINDBLOM. The original appropriation was $120,000,000, and it could be used only for work actually performed. How much remains unexpended?

Mr. BUCHANAN. I am informed there will be about $5,000,000 left.

Mr. DOWELL. The bureau advised me a few days ago that there is now $10,000,000 unexpended under this law; that is, not under contract, but that will be allocated to the several States.

Mr. BUCHANAN. My information from the bureau is that, unless the time is extended, approximately $5,000,000 will remain unearned, as provided by the emergency relief act, on the 1st of July and will revert to the Treasury.

The amendment was agreed to.

On motion of Mr. BUCHANAN, a motion to reconsider was laid on the table.

(Mr. BUCHANAN asked and received permission to revise and extend his remarks and to include a statement showing the bill as it finally passed compared with the appropriations for 1933 and the Budget estimates for 1934.)

The statement referred to is as follows:

Agricultural Department appropriation bill, 1934

Group	Appropriations for 1933	Budget estimates for 1934	House bill for 1934	Senate bill for 1934	Conference report, 1934	Increase (+) or decrease (−), conference report compared with 1933 appropriations	Increase (+) or decrease (−), conference report compared with 1934 budget estimates
Ordinary activities:							
Of primary benefit to agriculture (annual appropriations)	$28,846,700	$26,896,249	$26,165,682	$26,332,522	$26,265,682	−$2,581,018	−$630,567
Of general public benefit—[1]							
Annual appropriations	27,846,145	24,818,167	24,410,419	24,515,194	24,410,419	−3,435,726	−407,748
Permanents	4,775,475	4,752,020	4,752,020	4,752,020	4,752,020	−23,455	
Total	32,621,620	29,570,187	29,162,439	29,267,214	29,162,439	−3,459,181	−407,748
Grand total, ordinary activities	61,468,320	56,466,436	55,328,121	55,599,736	55,428,121	−6,040,199	−1,038,315
Payments to States (exclusive of road funds):							
Annual appropriations	10,073,820	10,075,590	10,075,590	10,075,590	10,075,590	+1,770	
Permanents	5,936,096	5,631,096	5,631,096	5,631,096	5,631,096	−305,000	
Total	16,009,916	15,706,686	15,706,686	15,706,686	15,706,686	−303,230	
Road funds:							
Annual appropriations	240,905,000	46,271,787	39,457,400	39,457,400	39,457,400	−201,447,600	−$6,814,387
Permanents	500,000	370,000	370,000	370,000	370,000	−130,000	
Total	241,405,000	46,641,787	39,827,400	39,827,400	39,827,400	−201,577,600	−6,814,387
Grand total, annual appropriations	307,671,665	108,061,793	100,109,091	100,380,706	100,209,091	−207,462,574	−7,852,702
Grand total, permanent appropriations	11,211,571	10,753,116	10,753,116	10,753,116	10,753,116	−458,455	
Grand total, Department of Agriculture	318,883,236	118,814,909	110,862,207	111,133,822	110,962,207	−207,921,029	−7,852,702
Special item: Distribution of cotton through Red Cross		4,100,000		4,100,000			−4,100,000

[1] See table on p. 2 of House Report 1807 on H. R. 13872, agricultural appropriation bill, 1934, for enumeration of these activities.

RELIEF OF WATER USERS ON IRRIGATION PROJECTS

Mr. DRIVER. Mr. Speaker, I call up House Resolution 393, providing for the consideration of the bill (S. 5417).

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 5417, an act to extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932.

That after general debate, which shall be confined to the bill and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Irrigation and Reclamation, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SNELL. Mr. Speaker, reserving the right to object, I think we are entitled to know a few minutes in advance which resolution from the Committee on Rules is to be called up.

The SPEAKER. If the gentleman from New York will consult with the Republican membership of the Committee on Rules, they will undoubtedly advise him what rules have been reported from the Rules Committee.

Mr. SNELL. Yes; but we do not know anything about when a particular rule is coming up, and I think we are entitled to know.

The SPEAKER. Nor does the Chair know exactly when they are to be called up if Members are not in the House to respond when the Chair recognizes them.

Mr. SNELL. Let me say to the Chair, with all respect, that we want to cooperate in passing legislation the balance of the session, but we are entitled to know a few minutes in advance what business is before the House. If the Chair will give us this information, we will cooperate with him as far as possible.

The SPEAKER. The Chair will try to accommodate the gentleman from New York. The Chair called the gentleman from Tennessee [Mr. DAVIS] upon the Shipping Board bill which the gentleman from New York was advised about this morning, and the Chair is sure the gentleman is acquainted with the bill of the gentleman from South Dakota

[Mr. WILLIAMSON] concerning the purchase of some land for one of the National Guard camps out in his State. The Chair did not find either of the gentlemen present.

The Chair understands that the present resolution was unanimously reported by the Rules Committee and the bill was unanimously reported by the Committee on Irrigation and Reclamation. The Chair thought this was about as inoffensive a bill as could come to the attention of the House at this time.

Mr. MICHENER. Mr. Speaker, I think we should know what this bill is about. I am a member of the Rules Committee and voted against the reporting of the bill. The vote was not unanimous.

This is an important matter affecting irrigation. It is to bring more land into cultivation and keep other land under cultivation. There is an appreciable number of Members in this body who are opposed to doing anything that will bring more land under cultivation at this time.

Mr. COLTON. Will the gentleman yield?

Mr. MICHENER. Yes.

Mr. COLTON. I feel sure the gentleman is in error with regard to bringing more land under cultivation. There is nothing in the bill providing for that. The provision relating to Grand Valley relates only to lands which are under cultivation but which have become water-logged.

Mr. MICHENER. The land is under cultivation, but it is water-logged, and it is land that you are not able to use at this time. You want this legislation so that construction work may be finished and the payment therefor deferred.

Mr. COLTON. I understand this bill simply provides a moratorium for the payment of construction charges.

Mr. TABER. No; this bill provides more than that.

Mr. MICHENER. May I ask the gentleman from Arkansas to state to the House just what this bill does?

Mr. DRIVER. Mr. Speaker, I will be pleased to make explanation of the bill.

On the 1st day of April of last year the House passed a bill for the relief of water users on irrigation projects. As you know, these projects are located in the arid sections of the West. We all know the conditions that have obtained in recent years, making it so difficult for farmers everywhere to meet the demands upon them. As a consequence, the water users on the irrigation projects of the West have been unable to meet the annual charges levied under the provisions of the irrigation act creating such districts.

Now, in order to provide for the retention of these people on the irrigated lands, it became necessary that an extension should be made of the annual charges for the water that goes to this property to enable these people to produce crops.

There is no use disguising from ourselves the fact that when you withhold water from the people who have located and established homes on these arid lands, you drive them away from their property, because water is the life of their land, and the life of their land means a livelihood for the people on the property.

Without regard to what may be done in the future with respect to these charges, the withholding of this relief from these occupants means they will leave the property, and we can not afford to drive them from the lands, because of the fact there is some doubt about the payment of the small amounts inuring to the Government by reason of the investment we have already made.

Let me call your attention to the fact that if we drive the people from the property there can not be any charges paid on the investment that we have made and we lose the value, secure no benefit, and drive the people from property that is at least yielding them a livelihood.

In my opinion there is only one thing that we can reasonably do, and that is to give them a chance, because it costs no more, the investment is already there, and if we do not get any return from it, we are not out of money.

My friend from Michigan made the statement that at this time we should not develop additional farm property. Of course we should not, but this measure does not do that. We are not developing one acre of additional acreage in these sections. It is already developed and people are on the property and we are undertaking to relieve those now using the water. We are not holding out an invitation to others to enter upon such property and develop additional acreage.

Mr. SNELL. Will the gentleman yield?

Mr. DRIVER. I yield to the gentleman from New York.

Mr. SNELL. What proportion of the people on these projects are able to pay?

Mr. DRIVER. Possibly 60 per cent.

Mr. SNELL. Under the provisions of the bill that you propose will the 60 per cent be obliged to pay or not?

Mr. DRIVER. No; they will not be obliged to pay, and I will say to the gentleman from New York that my information is that possibly this same percentage will not obtain as to this additional 18 months.

Mr. SNELL. Of course this is an invitation for them not to pay.

Mr. DRIVER. There is no doubt about that.

Mr. SNELL. Because they can get the benefit of this relief and pay only 3 per cent, whereas in other instances they have to pay 6 per cent.

Mr. DRIVER. Of course we are decreasing our interest rates generally with respect to other matters.

Mr. SNELL. But we have not reduced the interest rate anything like this, so far, by law.

Mr. DRIVER. I think, in view of the financing we can obtain on such basis, we should not charge these people who are not able to pay their annual charges more than the interest we are paying ourselves.

Mr. SNELL. The gentleman does not expect that any great number of them will pay anything during the period of this extension?

Mr. DRIVER. Of course we know we can not possibly pass a bill without making it general in its provisions. We know the selfish nature of men, and, possibly, those who are able to pay will take advantage of this opportunity. I could not state to the contrary because you gentlemen can estimate that just as well as myself.

Mr. SNELL. Last year when we had this matter up we went over it more or less carefully, and one reason the Secretary of the Interior said we ought to charge 6 per cent was because it would then be an invitation for them to pay, instead of letting the charges accumulate.

Mr. DRIVER. I may say to the gentleman that the difference in interest rate will not make a material difference in the ability to pay.

Mr. SNELL. If a man could pay, he would pay quicker if he was paying 6 per cent interest than he would if he was paying 3 per cent.

Mr. DRIVER. I doubt if that would be true to any material extent. In fact, I will say to the gentleman that I think the conditions are such that we can not afford to make a heavier charge of interest.

Mr. THOMASON. Will the gentleman yield?

Mr. DRIVER. I yield.

Mr. THOMASON. Will the gentleman yield to me to read a letter from Doctor Mead, Commissioner of Reclamation, to the gentleman from New Mexico, Mr. CHAVEZ, which answers the whole question?

Mr. DRIVER. I yield.

Mr. THOMASON (reading):

UNITED STATES DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION, OFFICE OF THE COMMISSIONER,
Washington, February 23, 1933.

Hon. DENNIS CHAVEZ,
House of Representatives.

MY DEAR MR. CHAVEZ: This is in response to your inquiry of to-day concerning what the conditions on the various projects will be should the bill now pending in the House for temporary relief of water users fail to pass during the present session of Congress.

The reclamation law prohibits the delivery of water to any water user, irrigation district, or water users' association delinquent for more than 12 months in the payment of any water-right charges. On the majority of the irrigation projects should this legislation fail of passage the water users would be ineligible for water service because of delinquency. Pending legislation, if enacted, will relieve the water users of paying construction charges for 1932

and 1933, these charges being deferred. Reports received from the various projects indicate that the water users will be unable to pay the construction charges and the operation and maintenance charges. It is only with the greatest difficulty that the necessary funds for paying the operation and maintenance charges can be raised by the water users. Therefore, unless the construction charges are deferred, thereby reducing to this extent the total charges payable, the water users will be unable to make the necessary payments and thereby become ineligible for water service. This would be a very serious situation and one which I hope may be averted.

On some of the projects, particularly those in the Southwest, including the Carlsbad and Rio Grande in your own State, water is now required for irrigation and the projects are urging adjustment at the earliest possible date. I therefore hope that S. 5417, now pending in the House, will receive favorable consideration during the present session, and at the earliest possible date.

Sincerely yours,

ELWOOD MEAD, *Commissioner*.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. DRIVER. I yield.

Mr. CHINDBLOM. There is not a word in this letter about the several points of objection which have been raised to this bill by the Bureau of the Budget. The Bureau of the Budget recommends that repayments shall begin July 1, 1935, and secondly, that the 3 per cent interest provision be eliminated. It is true the legislation may be urgent, but this provision in relation to interest, as said by the gentleman from New York, is an inducement to evade payment.

Mr. DRIVER. I do not believe that we can acquit ourselves of the charge of discrimination as long as we loan the Federal credit to other interests and refuse to men who to-day are struggling to make a livelihood.

And further, I want to say to the gentleman from New York that under the set-up of the irrigation districts this is a joint enterprise of the people of the districts. They are unable to pay at present, and the benefit must be extended so that they may work it out as an entity.

Mr. SNELL. If the gentleman will yield further, I feel this way: We are working in a circle every day. One day we are appropriating money, providing for an increase of agricultural products, and the very next day we are bringing in a bill for the Government to take care of that surplus. That is working in a vicious circle. This bill provides for an additional surplus in agricultural products that we ought not to have at this time.

Mr. DRIVER. If we are in the attitude where we stop people from making a living on their farm lands and drive them from their property, we are not in the attitude of doing what we ought to do.

Mr. SNELL. Have I not stated the fact, that we are one day providing for agricultural products and the next day trying to do away with the surplus products?

Mr. DRIVER. Possibly that may be true.

Mr. SNELL. In other words, we are working in a vicious circle.

Mr. DRIVER. I imagine that we are obliged to do it and find justification in the emergency which exists in an economic way.

It is true to-day that if we could withhold from the farmers of this country the crop-production loans, we would reduce the surplus of products that we are making on the farms of this Nation, but when we do it we drive the people who are able to make their living and pay back to the Government the amount of the loan into the army of unemployed which is threatening the very foundation of the structures of government, and because we might make a surplus is no reason in the face of these conditions, in my opinion, why we should withhold that aid, because possibly it may reduce the value of wheat 5 cents a bushel or the value of cotton 1 cent a pound and the other products in like proportion.

Mr. SNELL. My position is that we should make the people pay who are able to pay, and then we will take care of those unable to pay in a separate provision.

Mr. DRIVER. I agree with the gentleman from New York, and if we could do that under the irrigation structure we could afford to do so, but we can not do that.

Mr. SNELL. If we charge them 6 per cent interest, that would be one incentive to those people who can pay to pay.

Mr. DRIVER. But they could not do that under their joint obligation and still meet the demand on their districts where it is a joint obligation rather than a separate and independent entity on each of the water users.

Mr. SNELL. The ones who paid would get the water.

Mr. DRIVER. But you would not meet the demand of the joint obligation.

Mr. COLTON. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. Yes.

Mr. COLTON. I think if the gentleman from New York [Mr. SNELL] will study the situation carefully, he will find this will not increase the agriculture surplus to any appreciable extent. A very large per cent of the products raised on irrigation projects do not come in competition with those crops of which we produce a surplus.

Mr. SNELL. When you increase the general supply of agricultural products, you increase the supply all along the line.

Mr. COLTON. In a large measure that does not enter into the picture at all.

Mr. SNELL. It can not help but do so.

Mr. COLTON. These projects in the West produce sugar beets, alfalfa, and crops of that kind and they do not enter into competition with the surplus crops.

Mr. SNELL. Oh, alfalfa enters into competition right here in the State of New York.

Mr. COLTON. If you increase the rate of interest you simply drive out those who can not pay at all.

Mr. SNELL. I do not want to drive them off, but I still insist that those who can pay ought to pay.

Mr. COLTON. I am not disagreeing with the gentleman about that.

Mr. DRIVER. Mr. Speaker, I regret very much that I shall be forced to refuse to yield further.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I have made this statement frankly to the House. There is going to be an explanation made by those directly involved. This matter is of sufficient importance to justify the House in affording an opportunity for the presentation of the claims of these people and my duty is to ask consideration at your hands. I want the privilege of presenting the resolution so that those gentlemen who are directly interested may make a very thorough explanation.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. Yes.

Mr. RICH. If you do not change the rate of interest and grant a moratorium to those unable to pay, then the individual who can pay is going to support the Government to that extent, and we are not going to grant moratoriums to everybody who is able to pay his just debts.

Mr. DRIVER. In my opinion, to start with, the difference in the interest rate will not be material. When these gentlemen who are actually familiar with the situation in the irrigation districts explain to the gentleman the joint obligation under which they are operating those properties, that fear in the gentleman's mind will be entirely removed, as it has been from mine. So that the matter may be presented to the House more thoroughly, I move the previous question on the resolution.

Mr. SNELL. Oh, we want some time on the resolution.

Mr. DRIVER. I withdraw the motion and yield the gentleman from Michigan 20 minutes.

How much time has been consumed, Mr. Speaker?

The SPEAKER. The gentleman from Arkansas has used 40 minutes. He still has 20 minutes left.

Mr. DRIVER. I yield 20 minutes to the gentleman from Michigan.

Mr. MICHENER. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, were it not for the fact that last year when this act was under consideration I was delegated by some Members of the House who were opposed to the moratorium to represent them at a conference before the Secretary of the Interior, I would not rise at this time to discuss this proposal.

That act provided the granting of a moratorium on construction charges for the year 1931 and the first half of 1932, subject to an interest rate that would be determined by the Secretary of the Interior. It was my unfortunate lot to appear before Commissioner Mead to present what I thought was an impartial view, in opposition to those like the gentleman from Colorado [Mr. TAYLOR] and the gentleman from Idaho [Mr. SMITH], who wanted a low rate of interest. It was the opinion of Commissioner Mead that we should not charge less than 5 per cent. For what reason? Because there should be no inducement to the persons who were able to pay to have this moratorium granted in the way of construction charges postponed for a period of 40 years.

There were many, many districts, 60 per cent, who were able to pay, and to-day those who availed themselves of the moratorium are paying an interest rate of 5 per cent. The policy had the full approval of the Secretary of the Interior, including Commissioner Mead. Now, having adopted that policy, what is proposed here? It is asked to pass retroactive legislation in this last proviso, cutting the interest rate from 5 per cent to 3 per cent. What will be the effect of it? That will be an inducement to all, whether they are able to pay or not, to postpone the charges for 40 years; not to have it paid until 40 years from now. The Commissioner of Reclamation is of the opinion that this will defer the payment of $2,000,000; it will take that much money out of the reclamation fund that is used for construction purposes, and will defer the use of that money for proper development and construction purposes.

In his testimony before the Senate committee Commissioner Mead stated there was only about $500,000 available for this purpose at present; that there will have to be further demands on the Treasury if this law is passed. I want it understood that I am sympathetic with the idea of postponing the charges for the last half of 1932 and 1933, but it is an outrage upon the Treasury of the United States for you to cut down the interest rate which was determined by the Secretary of the Interior, from 5 per cent to 3 per cent, and really make an inducement to everyone, whether he is in a position to pay or not, to defer these payments. Sixty per cent are in a position to pay.

The SPEAKER. The time of the gentleman from Wisconsin [Mr. STAFFORD] has expired.

Mr. MICHENER. Mr. Speaker, I yield five minutes to the gentleman from Idaho [Mr. FRENCH].

Mr. FRENCH. Mr. Speaker, the bill for which we are asking the pending rule provides that a moratorium be granted to settlers upon reclamation projects in the matter of payment of certain operation and maintenance and construction charges for one-half the year 1932 and the full charge for 1933. The problem is whether or not an orderly way may be provided that settlers upon reclamation projects may meet the obligation they have assumed under the reclamation law. It is not a question of whether or not the Government should have undertaken reclamation as a national policy. That proposition was determined more than 30 years ago. It is not a proposition of whether or not new projects should be begun. Members from the West generally concede that now is not the time for commencement of new projects. The proposition is simply whether or not at this time we are going to recognize that the same crisis exists upon reclamation projects that exists in every other line of activity—agriculture, banking, railroad administration, and other industrial activities—throughout the United States, and give to settlers upon reclamation projects consideration similar to that which has been given or is being extended to other interests to which I have referred.

Mr. STAFFORD. Will the gentleman yield?

Mr. FRENCH. In just a moment.

Throughout the West—in fact, throughout the United States—the holders of mortgages upon land are granting to debtors an extension of time, adjustment of rates of interest, modification of conditions under which payments of principal and interest may be made. That is being done by insurance companies who own mortgages; it is being done by banks and trust companies; it is being done by individuals who have loaned money.

The problem that confronts us here is whether or not the Federal Government shall do the same thing by settlers upon reclamation projects, who contracted their obligations under a plan that was worked out years ago when times were good, when prices of crops netted profits to farmers upon all lands, whether reclaimed by reclamation or not.

Mr. STAFFORD. Will the gentleman yield?

Mr. FRENCH. I yield.

Mr. STAFFORD. The gentleman was present last year at a conference with Commissioner Mead. At that time the question was the rate of interest. He was contending, and I was supporting him, for a rate of interest of 5 per cent. Now, does the gentleman propose to have retroactive legislation, changing that rate from 5 per cent to 3 per cent, making an inducement to everyone to have these payments deferred, regardless of their ability to pay? That is the issue in this matter. I am in favor of the moratorium, but I am in favor of the rate of interest now charged by the Secretary of the Interior, 5 per cent, rather than a low percentage rate of 3 per cent, which will be an inducement to all to take advantage, and have deferred the payment of construction charges in some instances for 40 years.

Mr. FRENCH. Let us consider the interest factor when we shall reach the bill itself.

Mr. STAFFORD. Was the gentleman present at that interview?

Mr. FRENCH. I was present.

Mr. STAFFORD. And we agreed to leave it to the judgment of the Secretary of the Interior under the present act to determine.

Mr. FRENCH. That was the compromise a year ago. Let me continue further with the broad reasons for the pending bill.

Conditions to-day are not better. Indeed, they are more serious than they were a year ago. Last summer and fall many farmers upon reclamation lands did not harvest their fruits or potatoes or other crops because they could not receive enough to justify the expenses of harvesting them. Many farmers invited those who were in need to come and help themselves without cost or upon the basis of a nominal charge. Most settlers upon reclamation projects are not able to meet the obligations that they have assumed; they simply can not meet them now. Most of these settlers will be forced to default in their payments.

I submit the Government has nothing to gain if the settlers are crowded off the lands and the lands turned over to others. A mortgage holder under similar circumstances believes his best chance lies with the one who has been on the land, who owes the mortgage, and who, if given an opportunity, can eventually meet his obligations.

There is another factor that we must not overlook: Under the reclamation policy the Government holds the first lien upon the land. The settler is not in position to borrow money. Most of the land is not patented. He could give no security other than that upon chattels; he may not turn to the Federal farm-loan banks for relief; he is separated from other farmers throughout the United States by these two conditions. He is not able to give adequate security to a private money lender or to obtain a Government loan.

CONSTRUCTION CHARGES

The irrigation farmers throughout the West have paid back to the reclamation fund more than $45,000,000 for construction charges besides about $27,000,000 for operation and maintenance. The Government has a vast investment that remains unpaid—about $180,000,000. I believe that most or all of this will be repaid. For the protection of this investment, from the standpoint of the Government, this moratorium should be granted, for, generally speaking, the Government's chance of recovering ultimately the money that it has invested in reclamation will be better through present settlers who understand how to farm by irrigation, who are familiar with crops, climatic conditions, the use of water, than it will have if present settlers be dispossessed of

their lands and new settlers this year or during the next several years be invited to take their places.

Mr. MICHENER. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am not opposed to a moratorium if these people will go along on the rate of interest that I understood was agreed to a year ago. I was involved in that situation, and as I remember the rate it was to be 5 per cent, or such rate as the Secretary might fix.

Beyond the moratorium there is another feature in this bill. There is an extension of time as to a certain portion of the Uncompahgre and Grand Valley reclamation projects. I understand that so far these projects have been total failures. There is proposed an extension of time within which construction work can be begun. No extension of time should be granted for construction work on reclamation projects. They should be allowed to lapse. The theory that we must go on and create more land to produce more crops to run down the value of the crops our folks are producing on land they own and for the irrigation of which they themselves provide, is absolutely ridiculous. It ought to stop right now.

[Here the gavel fell.]

Mr. MICHENER. Mr. Speaker, I yield two minutes to the gentleman from Colorado [Mr. TAYLOR]. He has not asked for this time but I yield it to him in order that he may explain this Uncompahgre project to us.

Mr. TAYLOR of Colorado. Mr. Speaker, I appeal to the House to listen for two minutes. Every one of you gentlemen sometimes has something come up for consideration and you like to have the House pay attention to it.

Mr. MICHENER. Mr. Speaker, will the gentleman yield for a question?

Mr. TAYLOR of Colorado. I yield.

Mr. MICHENER. Does this bill provide for the beginning of construction on this project?

Mr. TAYLOR of Colorado. Why, no. This Uncompahgre project is the oldest project in the United States. It was the first one started. What the Government reclamation officials should have done when they built the project was to build proper drainage ditches to prevent the land from going to seep. The Government did not do it. Some of the land there now is water-logged. Two years ago I secured the passage of an act of Congress allowing the settlers on this project to spend the money they would otherwise pay to the Government on the original construction charges for the building of a drainage system for a period of five years and requiring them to spend at least $85,000 a year in that drainage work.

It will cost probably about $500,000 to build a proper drainage system. The Reclamation Service was not, and is not now, willing to do that drainage work or expend that money on it. But they are willing to let the water users do it. And that act of Congress referred to authorized the water users to pay no more money on construction charges for five years and to use all that money on their drainage work. Now, in this bill I am asking permission of Congress to give those water users on that project another year to commence the surveys and construction work on that drainage system. They want to redeem that water-logged land. We call it land that has gone to seep. It is not new land, and it is not costing the Government one dollar.

Mr. MICHENER. No, as I said; and the land on this project is water-logged.

Mr. TAYLOR of Colorado. Yes. A part of it is water-logged, and much more of it will be water-logged if it is not drained.

Mr. MICHENER. It is on the project?

Mr. TAYLOR of Colorado. Yes.

Mr. MICHENER. It is water-logged now?

Mr. TAYLOR of Colorado. Some of it is; yes.

Mr. MICHENER. And Congress——

Mr. TAYLOR of Colorado. I did not yield for a speech. The gentleman is misinformed.

Mr. MICHENER. I yielded to the gentleman from Colorado for the specific purpose of having him answer some questions.

[Here the gavel fell.]

Mr. MICHENER. Mr. Speaker, I yield two additional minutes to the gentleman from Colorado [Mr. TAYLOR].

Mr. TAYLOR of Colorado. Proceed with your question.

Mr. MICHENER. As a matter of fact this is an old, water-logged project. This legislation provides for the rehabilitation of a project which is now out of commission. If passed it will, therefore, bring into use new land.

Mr. TAYLOR of Colorado. The gentleman is entirely mistaken. This project is not out of commission by any means. There are some 8,000 people now living within the boundaries of that project. Only part of it has become water-logged, and the Government not only permits but is anxious to have them drain that part of it. It is a going concern, but the people are poor. They can not sell their crops. They can not possibly pay for the cost of annual operations and maintenance and pay high taxes and do this drainage work this year. They have to pay some $3, or $4 an acre for the annual operation expenses. They have got to pay that, but they can not repay the Government the original cost of this project at the present time, and this bill simply gives them a moratorium on that drainage work this year. That is all there is to it.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Speaker, I move the previous question on the resolution.

The resolution was agreed to.

Mr. DRIVER. 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 (S. 5417) to extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932.

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 S. 5417, with Mr. MEAD in the chair.

The Clerk read the bill, as follows:

Be it enacted etc., That in the administration of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932, the Secretary of the Interior is authorized and directed to extend the provisions of such act relating to certain charges coming due for 1931 and to one-half of certain charges due for 1932, in like manner to the remaining one-half of such charges coming due for 1932 and to all of similar charges to become due for 1933, and to extend the provisions of section 3 of such act, (1) so far as they relate to the extension of time for beginning construction of a drainage system upon the Uncompahgre reclamation project, to one year from and after January 1, 1933, and (2) so far as they relate to certain charges upon or for the Uncompahgre and Grand Valley reclamation projects in the State of Colorado due and payable for the year 1932, in like manner to all similar charges due and payable for the year 1933: *Provided*, That the deferred charges shall bear interest at the rate of 3 per cent per annum for the years specified in the act approved April 1, 1932, and as amended herein, which interest shall be paid at the same time the principal deferred herein is paid.

SEC. 2. That the last line of section 10 of said act is amended by substituting "1936" for "1934."

Mr. CHAVEZ. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CHAVEZ. Under the rule, as I understand it, there are to be 30 minutes of general debate, the time to be equally divided and controlled by the acting chairman of the Committee on Irrigation and Reclamation and the gentleman from Montana [Mr. LEAVITT].

The CHAIRMAN. That is correct.

Mr. CHAVEZ. I wish the gentleman from Montana [Mr. LEAVITT] would yield time first, if he cares to.

Mr. LEAVITT. Mr. Chairman, I yield myself five minutes.

I begin by presenting this question from the standpoint of two of the great farm organizations. I have here a letter from the American Farm Bureau Federation. It is addressed to the gentleman from Texas [Mr. THOMASON]:

FEBRUARY 22, 1933.

Hon. R. E. THOMASON,
House of Representatives, Washington, D. C.

DEAR MR. THOMASON: The American Farm Bureau Federation has followed with interest the hearings on S. 5417, providing for temporary relief of water users on irrigation projects constructed and operated under the reclamation law. Our attitude, as heretofore expressed in the hearings, is favorable to such legislation on the ground that the relief petitioned for is necessary in view of the widespread distress occasioned mainly by the low price of agricultural commodities produced on the reclamation projects and the limited market therefor.

Since the United States is the creditor of the reclamation projects in this instance, it is but natural that the farmers should turn to Congress for relief which, in our opinion, should be granted with the same spirit of consideration that private creditors are now in many instances demonstrating.

Very truly yours,
AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY, *Washington Representative.*

I want the House to notice particularly the statement contained in the second paragraph of this letter.

To enlarge upon the thought just for a moment, we are receiving from the Senate another bill to grant relief on all farm mortgages, and here is a class of people who do not owe these obligations to mortgage companies or to banks, but who owe them to the United States. In order to secure the same sort of relief we are all agreed must be given to farmers generally, they must turn to their creditor, who is the United States.

I have here a letter from another one of the great farm organizations, the National Grange, and signed by Fred Brenckman:

As representative of the National Grange I am deeply interested in the proposed legislation granting temporary relief to water users on irrigation projects constructed and operated under the reclamation law, as set forth in S. 5417.

The farmers on reclamation projects, in common with all other farmers in the country, are facing a crisis which demands the utmost consideration from their respective creditors. Under the circumstances our organization sympathizes with this request for relief, and it is our hope that the legislation may be speedily enacted.

You have already listened to the reading of a letter written by the Director of the Reclamation Service during the discussion of the rule by Mr. THOMASON. That letter outlines what would happen to these people if this legislation is not passed. I recall to your attention just one thing in that letter, and that is that a law passed by this Congress would make it impossible for water to be delivered to many of these people to enable them to remain on their farms and maintain their homes, unless this extension of time is granted or they make payment of money they do not have.

With the United States of America the creditor in this case, and with the necessity recognized everywhere in the country that there must be relief to the farmers from the burden of mortgages at this time, surely the way for us to set the example to the great mortgage companies and to the banks is to do this thing which only we can do, because the Government is here the creditor. We in this way will be setting the pace. I should not say that exactly, because on all these reclamation projects evidence before the committee shows that farm-mortgage companies and local banks and others who are creditors are already granting such relief as is outlined in this bill. Instead of really leading, we are only following when we do this for the benefit of the people on these reclamation projects.

Mr. RICH. Will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. RICH. I think the House is in sympathy with granting a moratorium; but if we cut the interest rate to 3 per cent, does not the gentleman believe that 60 per cent of the people on these projects will not pay anything to the Government, and the Government then is granting this relief whether they need it or not, because of their desire to get everything for nothing?

Mr. LEAVITT. Of course, they do not have any desire to get everything for nothing, to begin with; but, as to the rate of interest, the tendency with regard to all legislation to-day having to do with farm mortgages is to recognize that the existing interest rates have been too high. This is one of the difficulties that face the farmers at this time, so far as digging out of the present unfortunate situation is concerned. Here again is a time when our Congress, acting as the creditor of these people, can set the right example and give them a lower rate of interest, and in this way help bring about a readjustment of interest charges in many other cases.

Mr. STAFFORD. Will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. STAFFORD. Is it not a fact that the construction charges that are deferred will be deferred until the end of the contract period, which in some instances are as long as 40 years?

Mr. LEAVITT. They pay interest at the end of that period.

Mr. STAFFORD. They pay 5 per cent interest on deferred charges under existing law.

Mr. LEAVITT. That is right.

Mr. STAFFORD. That was the rate determined by the Secretary of the Interior under existing law as a reasonable charge and now you are granting a premium by making it 3 per cent, so as to induce everybody to take advantage of this lower rate. Who would not take money to-day at 3 per cent? I would, you would, and everyone else would, if we could get it, take money at 3 per cent.

Mr. LEAVITT. The question is asked with respect to the statement that some can pay and some can not. That must be answered in this way. The Government requires a joint obligation under these contracts. For years the Government dealt with individuals on the reclamation projects but found that this was impracticable and almost impossible, and the Congress enacted laws which require all the people on a reclamation project to enter into a joint contract with a joint obligation. Thus it is impossible, under the law that was passed by this Congress, to segregate people individually on the various projects. There is no way this can be done without completely changing existing law.

Mr. STAFFORD. There are some of these projects where they have not availed themselves of this extension, because they are in good circumstances. You are now really offering them an inducement to take this favor from the Government when the Government is not in a position to grant such a favor to everyone at an interest rate of 3 per cent.

Mr. LEAVITT. My judgment is that some of them will not take advantage of this if they find themselves in a position where they do not have to do it, but most of them must have this relief.

Mr. CHAVEZ. Mr. Chairman, I yield three minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. This bill does not carry any appropriation. It does not lessen the security of the Government. It has the admission of the Secretary of the Interior that the people on these projects will be without water unless further relief is granted.

The only thing that this bill does is to extend the law passed last year for another year and a half. The Government does not weaken its security, and it is only doing for the farmers in the reclamation sections of the country what we have already done or undertaken to do in the way of relief legislation for farmers in other sections of the country.

I have been much impressed with the forcible argument of the gentleman from New York [Mr. LAGUARDIA], as I am with nearly everything he says, that the only hope for the farmers and the debtors of this country is a reduction of interest charges.

We have assisted the Federal land banks and propose to help them more in order that they may extend their loans to farmers. Vast loans have been made by the Reconstruction Finance Corporation to renew and extend commercial loans. In this case the Government is the creditor and it, of all people, ought to be fair, just, and lenient.

Mr. RICH. I would like to ask the gentleman if this will not induce people who are able to pay to withhold payment to the Government for the service?

Mr. THOMASON. Probably so; but the gentleman must remember that this is a community rather than an indi-

vidual affair in its operations. If the Government could pick out an individual farmer who was in need and grant him relief, all well and good, but the trouble is when you have a big reservoir from which you are furnishing water everybody has to be treated alike. There will be no economy in refusing aid to these people and forcing them to abandon their homes.

Mr. RICH. As the gentleman knows, everybody has his hand out for something from the Federal Government. We have got to stop that and only provide for those who are in need of relief.

Mr. THOMASON. I undertake to say that there are 95 per cent of the people in the reclamation districts who can not pay their construction charges. They have much higher charges and taxes than the farmers who live in nonirrigated sections. They can get no relief from any other source. The Government is amply secured. Interest rates must be reduced, and this is a fine opportunity for the Government to make a start in that direction. This is a just bill, and I am sure will be passed with little opposition.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield five minutes to the gentleman from California [Mr. LEA].

Mr. LEA. Mr. Chairman, the first feature of this bill that should have the attention of Members of the House is that it does not propose to cancel one cent of obligation due the Federal Government. In the second place, the moratorium on charges due the Government is for construction charges only and not for maintenance and operation.

The third point is that the interest imposed covers the period of delay. It is true it does not cover the whole period the principal is to run. As all of you know, the funds expended for reclamation are without interest to the Federal Government.

This bill proposes to impose interest not for the whole period but simply for the period of delay provided for in the bill.

I regard this measure as important to these reclamation projects. Under the present circumstances I believe it is for the best interest of the Government to provide for this extension of time for payment.

Mr. MICHENER. Will the gentleman yield?

Mr. LEA. I yield.

Mr. MICHENER. What does the gentleman say about the Uncompahgre provision?

Mr. LEA. I am not in possession of the details necessary to inform you as to that project.

Mr. MICHENER. I want to say that if the Government goes into that, it might as well furnish fertilizer to make land productive.

Mr. TAYLOR of Colorado. It would take five years to bring that under cultivation, and cost $500,000.

Practically every member knows that the average farm in the United States in the last two years has not been able to pay the expense of operation. That is true of these farms on reclamation projects. The farms do not afford a source of income to pay these charges under the average conditions of their owners. Most of these owners are not so favorably financed as to be able to pay such charges from outside income. Therefore, failure to pass this bill does not mean the charges will be paid; it would, in most cases, mean default.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LEAVITT. Mr. Chairman, I yield one-half minute to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Chairman, there seems to be such a dispute as to the source of the funds from which these projects are made, that I ask unanimous consent to extend my remarks in the RECORD and to include therein certain citations from the official records to show the source of the funds going to these projects.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EATON of Colorado. Mr. Chairman, I wish to remind you that the gentleman from New York [Mr. CULKIN] last Tuesday designated as "conventional fictions and unsound claims" the statement that the money used in the reclamation fund came out of the lands and revenues produced from the very States in which reclamation projects are found. He argues that—

> Reclamation States are no more entitled to that sum than is the city of New York or the State of New York entitled to the customs receipts that are paid at the port of New York.

It is almost futile to attempt to answer such an argument, for on its face it shows that the speaker was not accurately using available facts. I must therefore remind the gentleman that the reclamation of arid lands in the West is but a part of the forest and other conservation policies which were started 30 years ago. Settlement of lands in the national forests was curtailed, and among other things it was, and still is, insisted that these reclamation projects would be much more beneficial to the entire country than to permit further clearing of forest lands for homesteads.

After all these years, practically every prophecy of excessive cost, necessity for further Federal aid in times of money stringency and of oversuperintendence by Federal employees has come true, and to-day we hear gentlemen from the State of New York resisting this bill which arises solely out of the financial necessity which has caused the reclamation farmers to request that a moratorium be given for the ensuing crop season, and that they have water furnished them, notwithstanding they are in arrears on previously required payments for construction, maintenance, and operation.

The relation of irrigation development in the arid States carried on by the Reclamation Bureau to the irrigation carried on by private enterprise with no relation to the bureau is not understood in the East. Because of that there are several implications in the speech of Congressman CULKINS that give a wrong impression of what has taken place. For example, Congressman CULKINS holds that the Reclamation Bureau is largely responsible for all the irrigation development. He evidently does not realize how much had taken place before the reclamation act was passed in 1902. All of the Spanish irrigation development in the Southwest, the irrigation development of the Mormons in Utah, the important irrigation development in eastern Colorado were largely carried out before the Federal reclamation act was passed.

When Federal reclamation came on the scene, its place was supposed to be that of doing things that private enterprise could not do. Now it is realized that its important function is to conserve the water supply so that irrigation districts already established can continue to exist and be prosperous. One reason for this is the fact that in the early development the cheapest way to bring lands under irrigation was to ignore reservoirs and depend on the unregulated flow of the stream. In that way a great deal more land has been brought under irrigation and a great many more homes are on that land than the unregulated water of the river will provide for.

What those highly developed districts now need is the conservation of the flood waters to give them late water, and Federal reclamation is now confining its attention to that problem.

Take, for example, the last reservoir completed on the Weber River in Utah. That reservoir is to hold the floods of the Weber that used to go to waste. It supplies country settled by the Mormons, some of it 70 years ago. In those 70 years the kind of farming has changed, and that change has made a new requirement. That country used to be a wheat country requiring early irrigation; now it is largely a vegetable and beet country that requires water for late irrigation, and that change makes the reservoirs which could once be ignored indispensable to the prosperity of those homes. All the work in Utah is building reservoirs to furnish late water to farms whose average age will be nearly 50 years. The destruction of those homes will be ruinous to the West and equally disastrous to the East.

To call activities of this kind a crime can only be done where the actual situation is not realized. The crime would be to ignore the distress that now exists and to put a stop to this beneficent scheme of rescue work now being carried on.

Coming to administrative matters, it is a mistake to say that expenditures are being made without the approval of Congress. That was only true in the earlier years of the operation of the Bureau of Reclamation. For 17 years every dollar from the reclamation fund spent on construction or operation of works has had to be submitted to the Budget and has to be included in appropriation bills passed by both Houses of Congress. No control could be more complete than that required in section 16 of the act of August 13, 1914. All new work undertaken since 1926 requires a certificate from the Secretary of the Interior that the work is feasible and will probably return the money expended, and that certificate has to be approved by the President before the work can be undertaken.

The amount of money expended is also less than that stated by Congressman CULKIN. From the beginning of the operation of this act in 1902 up to June 30, 1932, a period of 30 years, accretions to the reclamation fund from the States are $153,659,346, as shown in the table given below. To this has been added $44,500,000, representing money repaid by the water users into the construction fund, and in addition $15,000,000 borrowed from the Treasury of the United States.

Twenty-five million dollars was borrowed but $10,000,000 has been repaid, and the loan requires the repayment of the entire sum. This $15,000,000 is, therefore, the only sum contributed directly from the Treasury. The remainder of the money spent in this development has come either from payments of water users or accretions to the fund from the sales of public lands or leases, oil royalties, and income from Federal water-power plants.

When it is considered that this expenditure has rescued many communities from ruinous conditions and so enabled them to maintain their homes and live on the land, and its relation to the betterment of life, cheapening the cost of living to those who operate the mines, the mills, the railroads of that country, no one who knows the facts can help to recognize that Federal reclamation has been one of the stabilizing influences whose benefits have been worth many times its cost.

The table appearing on page 4756 of the CONGRESSIONAL RECORD, for repaying the cost of the irrigation works to the reclamation fund, needs an explanation. The longest definite period recognized by the Reclamation Bureau is 40 years; but there are a limited number of projects that in 1926 were given the privilege of electing to repay the money due the Government by a percentage of the value of the crops grown, that being 5 per cent of the gross crop value. Because crops are almost unsalable now, because the prices are so low, the period of repayment on these projects is in all cases more than 40 years; but if crop prices should improve, the period of repayment will be shortened, so that the table, wherein the period is given as more than 40 years, represents the longest period for returning the money to the fund that can be reasonably anticipated. In the case of the Vale, Owyhee, and Baker projects the water users have executed contracts which provide for the payment of the construction charges in 40 years.

There is a widespread mistaken belief that crops grown on these reclamation projects compete with the crops of the entire country. Nothing could be more mistaken. In the northern part of the arid region the most dependable and satisfactory crop is the sugar beet; and since we have to import sugar, increasing that crop will not be injurious to the farmers in any other part of the country. All it does is to save us from sending money abroad.

The same is true of the cotton. The irrigated areas are the only places in this country where long-staple cotton is now commercially grown. The staple on all the cotton produced on these irrigation projects is an inch or more in length, whereas over three-fourths of the cotton produced in the United States is less than 1 inch in length. The irrigated country does not produce all the long-staple cotton we need. What we do grow simply lessens the amount of money we have to send to Egypt.

The criticism of the Reclamation Era could only be made by one who does not understand the life on the farms of these widely separated oases. The people on the farms are tied together by their common tie of dependency on the water supply furnished, by their common interest in the operation of the irrigation works which they are under contract to pay for, and by their common need to improve their methods and practices in a form of agriculture which to many of them was a strange and new method when they began. The Reclamation Era is, in the best sense, a family magazine which brings to the people living in these remote and widely separated sections contact with each other in an understanding of what has taken place not only on their own project but on other projects, and is the most effective possible means of educating them into better modes of living and farming. Its cost is insignificant; its value is hard to properly estimate.

Failure to recognize these things is an injustice to an organization that has won the recognition of all irrigated countries in the world for its leadership in methods of construction, and which is entitled to the grateful appreciation of the entire country. The fact that during the 30 years of its existence there has been no dishonesty; that, on the contrary, the most scrupulous integrity in construction and fidelity to the Nation's interest in the operation of these works is one of the outstanding evidences of the ability of the Government to serve the people in their everyday affairs.

In conclusion I wish to refer again to the statement of the gentleman from New York [Mr. CULKIN] first referred to. (See p. 4756 and following of the CONGRESSIONAL RECORD of February 22.) His implication was that $300,000,000 had been poured into reclamation by the Government, and if there had been no reclamation activity, this money would have gone into the United States Treasury. Instead of this being true, by the following statement it will be seen that up to June 30, 1932, $98,612,943.08 has been paid by water users and others, a creation of reclamation, and instead of being charged should be credited. Had there been no reclamation there would have been no payments by water users. Instead of $300,000,000, the amount set aside for the permanent use of reclamation is $153,659,346.20. This amount plus $15,000,000, the unpaid loan from the Federal Treasury, is the most that can be regarded as the Government's participation, and that sum is all to be repaid as the years go by.

Congress has recognized for many years the interest of the States in its disposal of public lands within those States and endowed States with land and money for schools, roads, and other public purposes. The contribution to the reclamation fund is a recognition of the immense obstacles to settlement and development that result from the desert condition of these lands and the need for their irrigation. Even this does not adequately recognize the obstacles in the development which the arid States have to surmount. What Mr. CULKIN terms as a fiction is an attempt to deal with the serious reality by continuing the policy followed by Congress for many years.

Accretions to reclamation fund by States

States	Sale of public lands		Proceeds from oil leasing act		Potassium royalties and rentals [1]	Total to June 30, 1932
	Fiscal year 1932	To June 30, 1932	Fiscal year 1932	To June 30, 1932		
Alabama			$4,751.07	$71,692.16		$71,692.16
Arizona	$54,960.10	$2,577,955.97	2.53	53.18		2,578,009.15
California	56,922.24	8,039,651.80	615,996.36	8,664,298.27	$91,274.34	16,795,224.41

[1] Proceeds for fiscal year, $11,245.22.

Accretions to reclamation fund, by States—Continued

States	Sale of public lands		Proceeds from oil leasing act		Potassium royalties and rentals	Total to June 30, 1932
	Fiscal year 1932	To June 30, 1932	Fiscal year 1932	To June 30, 1932		
Colorado	$39,686.01	$10,183,471.81	$34,487.12	$402,071.89		$10,585,543.70
Idaho	[2] 4,664.72	6,964,835.00	2,519.13	11,817.17		6,976,652.17
Kansas		1,032,764.48				1,032,764.48
Louisiana			2,262.81	24,615.75		24,615.75
Montana	46,801.36	15,223,877.79	32,301.24	995,406.30		16,219,284.09
Nebraska	439.04	2,095,367.55				2,095,367.55
Nevada	7,901.84	1,015,374.44	1,184.27	4,733.37		1,020,107.81
New Mexico	93,609.29	6,432,013.50	55,918.76	263,589.67		6,695,603.17
North Dakota	1,887.36	12,219,283.47	9,919.92	89,241.30		12,308,524.77
Oklahoma	282.00	5,926,670.90				5,926,670.90
Oregon	9,005.94	11,927,195.50	10.25	10.25		11,927,205.75
South Dakota	3,100.44	7,724,091.61	198.23	885.86		7,724,977.47
Utah	22,538.15	4,174,951.98	39,474.83	309,784.36		4,484,736.34
Washington	14,730.30	7,434,211.30	5,231.92	22,333.91		7,456,545.21
Wyoming	83,245.16	8,416,555.89	625,013.65	30,953,541.99		39,370,097.88
Total	430,444.51	111,388,272.99	1,429,272.09	41,814,075.43	$91,274.34	153,293,622.76
Proceeds, Federal water-power licenses						[3] 365,723.44
Grand total						153,659,346.20

[2] Contra.

[3] Proceeds for fiscal year, $94,299.66.

Accretions to the reclamation fund, repayments to the reclamation fund, and expenditures for construction and operation and maintenance of reclamation projects to June 30, 1932

State and project	(2) Accretions to reclamation fund to June 30, 1932	(3) Collections (repayments to reclamation fund) to June 30, 1932	(4) Total accretions and collections (column 2+column 3)	(5) Expended for construction of reclamation projects to June 30, 1932	(6) Expended for operation and maintenance to June 30, 1932	(7) Total expenditures to June 30, 1932 (column 5+column 6)
Alabama	$71,692.16		$71,692.16			
Arizona:						
Salt River		$11,615,320.53		$15,106,942.10		$15,106,942.10
Yuma [1]		6,313,539.93		8,479,209.60	$2,682,051.64	11,161,261.24
Yuma auxiliary		27,942.86			167,800.12	167,800.12
Total, Arizona	2,578,009.15	17,956,803.32	20,534,812.47	23,586,151.70	2,849,851.76	26,436,003.46
California:						
Orland		$1,456,719.09		$2,506,960.16	$514,648.83	$3,021,608.99
Klamath [1]		530,000.00		2,352,345.61	112,565.00	2,464,910.61
Yuma [1]		2,116,853.07		1,619,958.73	987,302.43	2,607,261.16
Total, California	$16,795,224.41	4,103,572.16	$20,898,796.57	6,479,264.50	1,614,516.26	8,093,780.76
Colorado:						
Grand Valley		1,112,241.89		5,418,904.63	210,108.67	5,629,013.30
Uncompahgre		3,019,395.03		7,913,211.94	1,191,517.30	9,104,729.24
Total, Colorado	10,585,543.70	4,131,636.92	14,717,180.62	13,332,116.57	1,401,625.97	14,733,742.54
Idaho:						
King Hill		130,224.99		1,905,918.80	156,734.25	2,062,653.05
Minidoka		13,159,723.76		15,286,168.08	2,294,448.53	17,580,616.61
Minidoka-Gooding division		304,901.39		4,021,078.98	40,064.73	4,061,143.71
Boise [1]		8,016,280.77		16,877,168.12	2,787,934.93	19,665,103.05
Owyhee [1]		8,500.00		2,765,527.01		2,765,527.01
Total, Idaho	6,976,652.17	21,619,630.91	28,596,283.08	40,855,860.99	5,279,182.44	46,135,043.43
Kansas: Garden City	1,032,764.48	58,002.27	1,090,766.75	395,831.78		395,831.78
Louisiana	24,615.75		24,615.75			
Montana:						
Bitter Root		1,349.01		547,641.05		547,641.05
Huntley		1,259,105.34		1,562,302.99	1,014,941.03	2,577,244.02
Milk River		732,371.66		7,497,235.35	296,932.62	7,794,167.97
Sun River		839,702.57		7,579,692.24	320,876.88	7,900,569.12
Lower Yellowstone [1]		653,445.56		2,399,549.56	877,289.55	3,276,839.11
Total, Montana	16,219,284.09	3,485,974.14	19,705,258.23	19,586,421.19	2,510,040.08	22,096,461.27
Nebraska: North Platte [1]	2,095,367.55	6,253,047.33	8,348,414.88	15,200,385.76	2,571,289.60	17,771,675.36
Nevada: Newlands	1,020,107.81	2,848,954.53	3,869,062.34	7,956,911.58	1,453,490.54	9,410,402.12
New Mexico:						
Carlsbad		1,894,500.72		1,464,649.87	935,096.47	2,399,746.34
Hondo		34,956.70		381,573.39		381,573.39
Rio Grande [1]		4,639,492.82		8,617,500.55	1,955,735.93	10,573,236.48
Total, New Mexico	6,695,603.17	6,568,950.24	13,264,553.41	10,463,723.81	2,890,832.40	13,354,556.21
North Dakota:						
Buford-Trenton		17,873.93		223,423.06	74,781.07	298,204.13
Williston		601,854.59		517,630.09	904,662.04	1,422,292.13
Lower Yellowstone [1]		290,295.53		1,292,065.14	472,386.63	1,764,451.77
Total, North Dakota	12,308,524.77	910,024.05	13,218,548.82	2,033,118.29	1,451,829.74	3,484,948.03
Oklahoma	5,926,670.90		5,926,670.90			
Oregon:						
Baker		10,901.88		280,489.97		280,489.97
Umatilla		1,211,316.72		5,137,937.20	696,559.65	5,834,496.85
Vale		39,982.62		3,441,047.18		3,441,047.81

[1] Interstate projects collections, and expenditures partly prorated on area basis.

Accretions to the reclamation fund, repayments to the reclamation fund, and expenditures for construction and operation and maintenance of reclamation projects to June 30, 1932—Continued

State and project	(2) Accretions to reclamation fund to June 30, 1932	(3) Collections (repayments to reclamation fund) to June 30, 1932	(4) Total accretions and collections (column 2+column 3)	(5) Expended for construction of reclamation projects to June 30, 1932	(6) Expended for operation and maintenance to June 30, 1932	(7) Total expenditures to June 30, 1932 (column 5+column 6)
Oregon—Continued.						
Boise [1]		$80,000.00		$204,600.00	$28,100.00	$232,700.00
Klamath [1]		2,592,982.69		3,909,168.00	1,214,277.16	5,123,445.16
Owyhee [1]		21,856.43		7,111,355.18		7,111,355.18
Total, Oregon	$11,927,205.75	3,957,040.34	$15,884,246.09	20,084,597.53	1,938,936.81	22,023,534.34
South Dakota: Belle Fourche	7,724,977.47	1,699,352.04	9,424,329.51	4,508,674.77	1,652,432.03	6,161,106.80
Texas: Rio Grande [1]		3,770,833.52	3,770,833.52	7,250,592.71	1,676,609.58	8,927,202.29
Utah:						
Salt Lake Basin		91,144.31		2,825,286.95		2,825,286.95
Strawberry Valley		2,330,182.97		3,519,935.39	437,856.39	3,957,791.78
Total, Utah	4,484,736.34	2,421,327.28	6,906,063.62	6,345,222.34	437,856.39	6,783,078.73
Washington:						
Okanogan		702,807.46		1,456,465.81	649,647.22	2,106,113.03
Yakima		12,241,399.42		15,984,467.16	4,761,535.68	20,746,002.84
Yakima-Kittitas division		169,549.62		8,600,620.21	111,616.91	8,712,237.12
Total, Washington	7,456,545.21	13,113,756.50	20,570,301.71	26,041,553.18	5,522,799.81	31,564,352.99
Wyoming:						
Riverton		209,965.03		3,883,997.04	79,319.08	3,963,316.12
Shoshone		2,372,862.39		10,045,619.71	917,189.94	10,962,809.65
North Platte [1]		1,080,000.00		5,009,336.67	242,736.46	5,252,073.13
Total, Wyoming	39,370,097.88	3,662,827.42	43,032,925.30	18,938,953.42	1,239,245.48	20,178,198.90
All States:						
Secondary project investigations		1,336,096.36	1,336,096.36	2,829,920.80		2,829,920.80
Federal power licenses	365,723.44		365,723.44			
Other collections (general offices, etc.)		715,113.75	715,113.75			
Loans from General Treasury		15,000,000.00	15,000,000.00			
Grand total	153,659,346.20	113,612,943.08	267,272,289.28	225,889,300.92	34,490,538.89	260,379,839.81

[1] Interstate projects collections, and expenditures partly prorated on area basis.

Mr. LEAVITT. Mr. Chairman, I yield four minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, when my time was interrupted by the gavel of the Speaker a short time ago I was about to call attention to the fact that it is from the payment of these construction charges that the Reclamation Service gets millions of dollars to complete the work of construction on the other uncompleted reclamation projects, and that the testimony before the Senate committee was that if the payment of these reconstruction charges is deferred it will require an appropriation of something like $2,000,000 annually to continue the necessary work of completing construction on these uncompleted reclamation projects. When the gentleman from New Mexico [Mr. CHAVEZ] introduced his bill he left out the provision about this lower rate of interest. They were then willing to have the present law declaring construction charges for 1931 and the first half of 1932 remain as it is so far as interest charges are concerned. Under existing law the Secretary of the Interior was privileged to charge a rate of interest which in his judgment was best for the service generally. He fixed that at 5 per cent. Now, we find these grabbers coming in and getting their nose under the tent and wanting to make it retroactive, so that it will require an appropriation of $2,000,000 annually. They want to cut down the rate of interest from 5 per cent to 3 per cent and continue that rate, so that it will be a premium on well-managed irrigation projects that are able to pay to defer these charges. Where is there any project or individual in the country who will not defer the payment of his debts if he can get money at 3 per cent?

At the conference that I had in company with those who were in favor of this legislation a year ago, that was the crux of the matter—whether we should leave it to the Secretary of the Interior to determine a rate that would not be an inducement, or whether it would be wise to charge such a low rate that it would be an inducement, and the Secretary put it at 5 per cent. Even then there was fear that there would be many who would avail themselves of it. If you leave in this proviso, which I shall move to strike out, you will offer an inducement to every irrigation-water user to defer construction charges until the end of the program—40 years in some instances. If you have any regard at all for the interest of the Treasury, you will not reduce the interest from 5 per cent to 3 per cent. We are not insisting to-day that they do more than pay a reasonable rate, so that it will not be an inducement for those in a position to pay to postpone their payments. Where is the gentleman from Colorado [Mr. TAYLOR] with his project going to get the money to continue the construction work when the $2,000,000 expected annually to be received from these construction charges is not paid. He will have to provide for such an appropriation in the Interior Department appropriation bill and vote the money. The reclamation fund now is virtually depleted, as there is only about $600,000 remaining, I believe. With this provision it will be still further depleted, so that there will not be any money at all.

Mr. TAYLOR of Colorado. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. The gentleman ought to be willing to pay a reasonable interest charge. This has worked equitably in every instance. We are not trying to deny these irrigation districts deferment of their construction charges, but we do not want them to play the whole hog at the expense of the taxpayers of the country. I yield to the gentleman from Colorado.

Mr. TAYLOR of Colorado. The taxpayers of the country have nothing to do with the reclamation fund.

Mr. STAFFORD. They will have to appropriate $2,000,000 a year if this matter goes through, and the gentleman knows it. The gentleman knows that it is highly probable none of this money will ever be paid by the irrigation districts. Their policy has been consistent, to defer and extend the payments, so that easy Uncle Sam will remit the payments entirely, as Congress last session did as to the projects on Indian reservations.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. CHAVEZ. Mr. Chairman, I yield three minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, while I have no irrigation projects in my State or in the South, I am absolutely in favor of the passage of this bill. I am surprised at the statement of my friend from Michigan [Mr. MICHENER] that we are now proposing under this bill to bring in for the purpose of increasing production additional land. In connection with these projects the Government has spent millions of dollars in reclaiming these lands, and the purpose of this bill is to extend to these farmers living on these projects the same line of relief that we are to-day extending to every line of business—railroads and other corporations.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. FULMER. No; I refuse to yield. We are now attempting to render assistance to farmers who are trying to retain their homes. These farmers are not asking for a dole or a gift at the hands of their Government, but just a little time in which to make payments due to the Government. Why, my friends, there is a bill now pending before this Congress proposing to appropriate millions of dollars for the purpose of taking back to the farm people who are unemployed in the large industrial centers of the country.

The very people who are opposing this type of legislation on the grounds that it would increase production are the people who are sponsoring the legislation referred to a minute ago. That is, the moving back to the farm of the unemployed, which certainly would mean the increasing of production and at the expense of farmers who are now struggling to carry on and retain their homes.

Some days ago I introduced a bill proposing to amend the Reconstruction Finance Corporation act for the purpose of refunding and refinancing obligations of drainage, irrigation, and levee districts. Many of these districts, where we have some of the best farm lands in the country and where we have some of the best farmers to be found, especially in the South, are to-day facing bankruptcy. In other words, if we are unable to get relief along the lines suggested in my bill, either in this session of Congress or the extra session, many of these districts will pass into the hands of receivers and thousands of the very best farmers that we have in the South will be placed in tenant homes and in the already large lines of the unemployed.

These projects are distributed in 34 States in the Union, and the relief asked for under my bill concerns 5,000,000 farmers. This legislation, along with refinancing of land mortgage indebtedness, extending payments over a long period of years, and reducing interest rates, to my mind, will do more to rehabilitate agriculture and bring about normal prosperity than anything that we can do here in Congress in the way of relief.

I find that it is an easy matter to pass almost any type of bill in the interest of well-organized groups, for instance, the Reconstruction Finance Corporation, which has been pouring millions into the pockets of special interests, corporations, and railroads; but when it comes to farm legislation, in the interest of that great mass of people that are unorganized and who are unable to lobby around Congress, or have paid lobbyists, we find it almost impossible to get consideration upon the same.

I note with a great deal of interest the opposition of the gentleman from Wisconsin [Mr. STAFFORD] to the reduction of interest rates as carried in this bill from 5 to 3 per cent. I think it is getting high time that Members of Congress recognize the fact that Congress should lead the way in reducing interest rates on the agricultural interests, which will, no doubt, be an inducement on the part of banks and others doing business with farmers to reduce interest rates.

I am hoping that this bill will pass, and pass without being amended, because, knowing the problems of these people, which are absolutely in line with the problems of my farmers in the South, who are living in these drainage districts, it is absolutely necessary to grant this relief.

The CHAIRMAN. The time of the gentleman from South Carolina expires.

Mr. FULMER. Mr. Chairman, I ask unanimous consent to extend my remarks and to insert in the RECORD a bill introduced by me January 3, 1933, proposing to amend the Reconstruction Finance Corporation act, for the purpose of giving relief to drainage districts.

The CHAIRMAN. Without objection, it is so ordered.

There were no objections.

The bill referred to follows:

H. R. 13996

A bill authorizing the Reconstruction Finance Corporation to make loans to aid in refunding or refinancing obligations of drainage, irrigation, and levee districts

Be it enacted, etc., That subsection (a) of section 201 of the emergency relief and construction act of 1932 is amended by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon and the word "and" and by adding after paragraph (5) a new paragraph, as follows:

"(6) To make loans to drainage districts, irrigation districts, and levee districts, to aid in refunding or refinancing their obligations, through the purchase and retirement of such obligations or otherwise, if such obligations were issued in connection with self-liquidating projects of such districts."

SEC. 2. Paragraph (g) of such section is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "*Provided further*, That loans made under paragraph (6) of subsection (a) may be made for a period not exceeding 50 years and the corporation is authorized to permit payments on any such loan to begin at any time not to exceed five years after such loan is made."

Mr. LEAVITT. Mr. Chairman, I yield two minutes to the gentleman from Nebraska [Mr. SIMMONS].

Mr. SIMMONS. Mr. Chairman, I am constrained to ask why it is that certain people on the floor of this House, who evidence considerable concern about the farmers generally, undertake, every time the word "reclamation" is written before a farmer's name, to pick on those farmers. I am wondering if it is not that the reclamation farmer is located in relatively few congressional districts. There is nothing different between the financing of a reclamation farm and the financing of any other farm. They are selling their produce at a loss. They have interest to meet; they have taxes to meet; they have families to educate; they are operating farms. They are not asking to produce more crops. They are asking to be permitted to live on their farms and produce the crops such as they have been producing. They are not asking anything other than this administration and the incoming administration have promised farmers generally. So in the two minutes I have I want to point out to the House that this bill does for the reclamation farmers that which private creditors have been asked to do for their debtors. We have placed the credit of the Government behind movement after movement to extend credit to the farmer who does not deal directly with the Government. Here the Government is being asked to deal lightly with one of its debtors, as private creditors are being asked all over the United States to do. Do not pick on the reclamation farmer. Take the word "reclamation" from in front of his name and do the same with him as we do with every other farmer that comes before us.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. SIMMONS] has expired.

Mr. CHAVEZ. Mr. Chairman, I yield three minutes to the gentleman from Alabama [Mr. PATTERSON].

Mr. PATTERSON. Mr. Chairman, I appreciate the opportunity to say something in favor of this bill. I want to speak especially to my colleagues from the far South and those from the cities. I express the hope that if this measure affected the people of my section of the country as it does the people of the West, all of our southern Members would be supporting the bill.

I am supporting it for two reasons. One is I feel at this time that the farming class of people must have the same kind of moratorium to help them over the crisis which they face at this time with their mortgages, that other interests have received. The second reason I am supporting it at this time is because it is an emergency matter and can not wait for the new administration. I wish some of the people who have not had an opportunity to do so, could go out into the far West and see the importance of this to the farmers of that section of the country. This takes no money directly out of the Treasury, and yet it extends to the farmers far

less help than some of the legislation that has been passed here extends aid to big business. Of course, I do not take credit for supporting the Reconstruction Finance Corporation, but I hope that every Member of this House who supported the Reconstruction Finance Corporation measure, as I say I did not, will support this measure and extend this needed relief to the farmers of the far West. Mr. Chairman, I feel that those of us here when we face a question like this, if we really understand the need of such legislation, would support it and support it whole-heartedly. Whenever some section of our country is in the distress that that Western section is now in on account of the condition of these irrigation projects at this time, faced with the proposition of losing their all, it should have legislation of this kind, and should be supported by every Member of this House. I hope that every Member will support it. This will not only be a life-saver to these people, but will save the Government also of dispossessing those people and having this property on the hands of the Government.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. PATTERSON] has expired.

Mr. LEAVITT. Mr. Chairman, I yield one and one-half minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, I want to say I can speak on this matter in a disinterested way, because I come from a city district. I sat as a member of the Committee on Irrigation and Reclamation and listened to all the testimony given on this bill, and I shall take the brief time that I have to tell you about the 3 per cent interest charge.

We all realize that if these farmers are to meet their obligations their interest rates must be reduced. Now, this is a good place to make a beginning. The information came to our Committee on Irrigation and Reclamation that the 5 and 6 per cent that was placed in the present bill was put there on the insistence of the gentleman from Wisconsin [Mr. STAFFORD]. Now the gentleman tries to put it onto the Treasury Department. It was not there at all. The Treasury Department originally wanted to put this interest rate down to 2 or 3 per cent, but it was on account of the objection of this House that is was run up to 5 or 6 per cent. These farmers are now so loaded with charges that they can not meet heavy interest charges and survive. It would be disastrous to the irrigation States like Colorado and Idaho to drive the farmers off of those projects. If that were so, the country would go back to the coyotes and sagebrush.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. LEAVITT. Mr. Chairman, I yield the remainder of my time, one and one-half minutes, to the gentleman from Utah [Mr. COLTON].

Mr. COLTON. Mr. Chairman, there seems to be no particular objection on the part of the Members of the House to the granting of the moratorium that is provided for in this bill. The debate seems to center around the rate of interest. May I say that in one sense the reclamation farmers are worse off than any other class of farmers, because they have the construction charges and the maintenance charges of these reclamation projects to pay. It therefore follows that a farmer who has this additional burden is worse off than the one who has his farm unencumbered, if there are any such. He does have a great burden in these times of low prices.

The matter of the interest rate is only a matter for a year or two, and, it seems to me, with agriculture in its present deplorable and regrettable condition, that it is not exactly in keeping with the dignity of Congress to quibble over the question of a 2 per cent difference in the rate of interest to be charged farmers in distress. No man who can afford to pay his construction charges will refrain from doing it because of the reduced rate of interest. He is too anxious to pay his debts. On the contrary, he will try to keep up his payments. This is a bad time for the farmer to get in debt, and no one realizes that more than the farmer himself.

Mr. FINLEY. Mr. Chairman, will the gentleman yield?

Mr. COLTON. I yield.

Mr. FINLEY. What rate of interest do our foreign debtors pay?

Mr. COLTON. One and one-half per cent, in most instances. Certainly not more than 3 per cent.

[Here the gavel fell.]

Mr. CHAVEZ. It is not only the farmer in the reclamation district who is interested in this legislation. The Government itself is interested. If you do not pass this bill you will place the Government in the position of having invested millions of dollars in these irrigation projects and then not giving the farmers an opportunity to meet their obligations to the Government. Would it not pay the Government to defer the payments and keep stable citizens, the farmers, there who will eventually pay, than it would to have them default and let the investment go to waste?

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. CHAVEZ. I yield.

Mr. STAFFORD. There is no disposition anywhere on the floor of the House not to defer the construction charges. The whole fight is centering upon the interest rate.

Mr. CHAVEZ. All right; with reference to interest: When the reclamation policy was first initiated it was intended that the construction charges would be paid within 10 years. An extension of time to 20 years without interest was given, due to economic conditions. So, this is nothing new. Later on the time was extended to 27 years, and in some of the districts to 40 years without interest. Now that the farmers of those districts are in worse condition than ever before, it is suggested that they be required to pay 5 per cent interest for three years.

Both committees of the Senate and the House in joint session came to the conclusion that inasmuch as the districts have never heretofore paid any interest 3 per cent interest would be sufficient on deferred payment.

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That in the administration of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932, the Secretary of the Interior is authorized and directed to extend the provisions of such act relating to certain charges coming due for 1931 and to one-half of certain charges due for 1932, in like manner to the remaining one-half of such charges coming due for 1932 and to all of similar charges to become due for 1933, and to extend the provisions of section 3 of such act, (1) so far as they relate to the extension of time for beginning construction of a drainage system upon the Uncompahgre reclamation project, to one year from and after January 1, 1933, and (2) so far as they relate to certain charges upon or for the Uncompahgre and Grand Valley reclamation projects in the State of Colorado due and payable for the year 1932, in like manner to all similar charges due and payable for the year 1933: *Provided*, That the deferred charges shall bear interest at the rate of 3 per cent per annum for the years specified in the act approved April 1, 1932, and as amended herein, which interest shall be paid at the same time the principal deferred herein is paid.

Mr. LANKFORD of Georgia. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of this bill. My only regret is that we have not passed more legislation of this kind during the present session of Congress. To my mind, if we are to relieve the country from the present awful depression, we must grant relief to the farmers, not only of the irrigation districts of the West, but of the agricultural sections of the East and South.

Many farms are now being bought in by long-term loan companies and are going to wreck and ruin. The houses are going to pieces. The fences are being destroyed and the farms are growing up in weeds. If the farmers are to be saved, it will be necessary for the next Congress to put over a reclamation project, not only for the farms of the West but for the farms of the entire country. This kind of a program should have been adopted two or three years ago. A most serious situation is arising throughout the entire Nation. The farmers of the West have the same kind of problems we have in the South.

A nation-wide catastrophe is upon us. It is time to adopt the most heroic farm-relief policy if we are to save the farmers and save our Nation.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD of Georgia. I yield.

Mr. RICH. I do not believe there is anyone in the House opposed to helping those who are in need, at least I have not heard anyone voice opposition; but does the gentleman believe we ought to grant a privilege to those who are able to pay the tolls that are required of them by the Federal Government when they can afford to do so? That is the only question before the House at this time, it seems to me.

Mr. LANKFORD of Georgia. The present depression is so widespread I think we should put over a program to give relief to all farmers, including even those who are able to pay off their indebtedness at the present time. The depressed condition is so general and so serious that we must work out some program by which these farmers can pay off their indebtedness and, if possible, we must find a way to reduce not only the principal of their indebtedness but also their interest rate.

For my part I would be glad were it possible to work out at once a program whereby they could obtain money through a proper monetization of farm products and farm lands without the payment of interest, much like the national banks of the country issue money at the present time. I have heretofore discussed this proposition rather fully and shall refer to it again in a few minutes.

We are not approaching this question in the proper manner. We should do all we can for such relief as is provided in this bill and go much further and find the real cause of the depression and remove the cause.

To my mind, the real cause is most apparent and its removal will to a very large extent solve our economic problems.

Mr. Chairman, I can not, for the life of me, see how anyone with any reasoning power who has at all studied the proposition can have any doubt on earth as to the real, outstanding, dominating, all-powerful cause of the present depression. Neither can I see how anyone can honestly believe that the depression can in any way be solved without removing the chief cause of the depression.

For years and years I have urged with all my God-given faculties that the overcentralization of financial and political power in our Nation is an awful menace to our free institutions. To-day this menace has become an all-consuming, powerful, destructive force, more powerful and dangerous to our people than all the armies of all the world, and will destroy our people to the last living man, woman, and child and wreck our Government unless stopped by the most immediate, determined, and drastic opposition. And yet the men of our Nation who constitute this juggernaut of destruction are not relenting or becoming gorged with the awful plunder and carnage of their hands, but are using every possible strategy to augment their power and to make more certain and final their destruction of the last vestige of human liberty and free government.

Can anyone question the awful power of the big banking institutions of the Nation? Listen to this—it is admitted on every hand that two banks in New York City have a strangle hold on the financial and economic life of the Nation, touching either directly or indirectly every man, woman, and child, not only of our country but practically of the whole world. Here are only a part of the facts. Members of the board of directors of the Chase National Bank hold directorships in other institutions to the following extent: 18 banks, 12 insurance companies, 32 manufacturing corporations, 17 railroad companies, 19 public utilities, and 21 miscellaneous corporations. In turn these banks in which the Chase National Bank has one or more directors have one or more directors in 104 other banks, 142 insurance companies, 360 manufacturing corporations, 234 transportation corporations, which includes also street railways, steamship, and aviation corporations, 266 public utilities, and 569 miscellaneous corporations.

The board of directors of the National City Bank of New York City have one or more of their members as directors in 7 aviation companies, 41 other banks, 44 insurance companies, 102 manufacturing corporations, 29 transportation companies, 115 public-utility corporations, and 104 miscellaneous corporations. Now, these banks in which the National City Bank has one or more directors, have one or more directors in 4,019 other banks, public utilities, insurance companies, transportation companies, manufacturing corporations, and miscellaneous corporations.

On the 25th of this month, in a radio address, Mr. John A. Simpson, president of the National Farmers Union, after detailing the facts just mentioned by me, further said:

> Investigation reveals these interlocking directorates, both in banking and industry, extend into foreign countries. It further reveals that it extends to every automobile concern with the exception of Ford. It shows it includes practically every railroad, ship company, and aviation company in the United States. It includes practically every public utility in the United States. It includes a majority of the insurance companies of the United States. It includes every line of manufacturing. It reveals there is scarcely such a thing as an independent concern in the United States. Just a few big bankers completely control commerce, industry, and transportation.

And yet this is only a glimpse behind the curtain. It only discloses in a small way the strangle hold of big finance on the very throats of our people. It requires no superior wisdom to see how these two banks alone can destroy any bank or corporation or other business that is not subservient to their will and which seeks to operate on an independent basis.

Are these banks parties to a traitorous design to wreck all banks in the Nation except such as they wish to exist and then by a branch-banking scheme take over the whole banking business and along with it the ownership of all property in our country—farm lands included—which they wish and thus enslave the American people to the last man, woman, and child? It looks this way and the awful danger of the situation is that the majority of Congress seems to approve this kind of thing. This is a hard statement and I hesitate before I use it. I hope I am mistaken, but I can not see how I can be, in view of the failure here to remedy these matters. I certainly hope that the new Congress will have enough men here, who have the interest of their country, and only their country, at heart to save our Nation and restore our Government to our people.

This financial group either have or are seeking the control of all the big newspapers, and the smaller ones, along with all radio communications, and endeavoring to get into our schools and teach our children to be subservient as slaves to the autocratic power of these monarchs of finance. They are now using the radio in every way possible. Before the days of the radio, these big corporations reached our people in every way possible and employed lecturers who sought every opportunity to obtain audiences in the schools, on the lecture platforms, and otherwise, and thus spread the propaganda of the big financial interest.

Let me relate an incident which impressed this on my mind more fully than ever before. During the latter part of the summer of 1927, my colleague, Congressman SWING, of California, and myself were sitting together on a Southern Pacific railway train en route from Klamath Falls, Oreg., to San Francisco, and two men occupying the seat just back of us began to tell how they were paid to influence the people in behalf of the big public utilities corporations. They talked so they could be easily heard by us and seemed glad of their work, in this respect, in the schools, and on the lecture platforms.

This powerful corporate group, if not stopped, will, in a little while, have the complete control of the newspapers, almost without exception, all the radio communications, all the literature that goes into our homes and schools, all the motion pictures; will own or control every vestige of the land and other property in the country, and the heads of these institutions will be the most autocratic monarchs that ever controlled a subjugated people. By the way of parenthesis let me say this is the reason why these corporations and

their subsidized press are so bitterly opposed to all efforts to keep the radio as the mouthpiece of the common people, to inform them of the real facts concerning their government. This is why it is so hard to get the real truth to the people through the big dailies and smaller papers of the country. This is exactly why it is apparently impossible to get the motion picture out from under the influence and absolute control of the big corporations. And this is why the press and the big corporations wish it was impossible for the poor man in Congress, who will not be subservient to them, to have the right to reach his people through the CONGRESSIONAL RECORD and the free mailing privilege.

This big group of bankers, as a part and parcel of their nefarious schemes, are now determined to relieve themselves of all income taxes, all inheritance taxes, all estate taxes, all corporation taxes, and all other taxes of any consequence, and force the average individual citizen and the poor of the country to bear the entire Federal tax burden under the euphoneous name of the manufacturers' sales tax.

This same group of big bankers and their allied interest look at every proposition from their own cold-blooded standpoint, and never fail to do what they believe will help them accumulate more money and secure more political power, regardless of the consequences to the average individual citizen. This is why most of them favor the return of the open saloon. It will enable them to make more money and will become a powerful additional political agency in their hands to be used by them in their further efforts to get complete control of all local, State, and Federal government. This is why most of them have opposed all appropriations to enforce the prohibition laws and why they have in every way possible helped to heroize criminals and lead our children so far as possible to become strong-drink addicts. This is why they have done all within their power to bring the prohibition law into disrepute and hold law-enforcement officials up to ridicule and contempt. They want the prohibition laws to become a failure so they can secure the return of the saloon. And this is the reason why these same men, if the saloon should return, will be the strongest supporters of large appropriations to be used in the capture and severe punishment of all who seek to make home-brew or other intoxicating drinks for home use or for sale in opposition to the saloon. These men who now claim to be the friends of those who violate the law and who have pictured them in the papers and the motion picture and over the radio as an oppressed people, who are being pursued by vicious enforcement officials using appropriations that ought not to be made, will at once turn about face and ask for the most rigid enforcement of the law against all who interfere with their business. If anyone after the return of the saloon wants their favor and wants to engage in the illicit liquor business, it will be necessary to help the big, selfish interest try to break down some prohibition law of a dry State or county so they can enter with the saloon or go in partnership with this interest in their liquor business. The legalized liquor traffic will rise up in great indignation against anyone who dares to interfere with their desire to use the saloon as the means of adding to their political and financial prestige. They will feel that anyone that dares to oppose them should be hunted down like an awful wild beast and that those who try to get a few dollars in this way for the support of their wives and children should be shot down like rats.

These big bankers are now holding up their hands and saying: "We want sound money." The trouble is that they now have sound money; they have all the sound money that is in existence. And, the trouble with the rest of us is that we also want sound money and do not have it and can not get it. It is just as necessary that all the people have sound money as it is for the big bankers to have it.

It is not the soundness of the money that I object to, but my complaint is against the control of the currency being in the hands of the big bankers. There is the rub. This control enables the big bankers of the Nation, at their own will, to make or break the people of the country, just when and where it suits them in furtherance of their own selfish financial program. Congress has abdicated its powers in the favor of the big banking interests and made them much more powerful than Congress, the President, and all the other citizens of the United States in or out of office. The big bankers have the power to destroy the people and their property and their rights by deflating the amount of the currency in actual circulation and thus inflating its value and at the same time take from the people all of this very life blood of commerce and of the Nation. Not only has Congress voted this all-powerful privilege to the big bankers of the Nation but in addition is taxing the people white to raise money to pay the bankers an enormous bounty to exercise this special privilege.

In support of this, let me quote further from Mr. Simpson's radio address as follows:

> The national bank act provides that national banks may loan to the United States, receiving for such loan a Government interest-bearing bond. The Government will then print for the national bank an equal amount of blank national bank notes, the bank leaving the Government bond as a guaranty that the bank shall stay open ready to redeem such currency on demand. The officers of such banks make money out of these blank national bank notes by simply signing each bill at the place indicated. Under this act, the national bank, after lending the Government, has just as much money to lend out to its customers upon which it draws high rates of interest and at the same time the Government sends them interest quarterly on a like amount of money.
>
> To make this plain I give you my own experiences. I was president of the First National Bank of Weatherford, Okla., some 20 years ago. One day I lent $25,000 of that bank's money to the Government in Washington. The Government issued a $25,000 bond, its note to my bank. I left the bond with the Government and received $25,000 in blank national bank notes which I signed and returned to the vaults of the First National Bank of Weatherford. I had just as much money to lend in and around Weatherford to farmers and business men as I had before I lent the Government that $25,000, and received interest every three months on the Government bond left with the Secretary of the Treasury, as well as from the bank's customers. I want you listening in to know that when the last coupon on that Government bond has been paid to the First National Bank of Weatherford, Okla., the taxpayers of this Nation will have paid more than $25,000 in interest to the bank for me signing and making some money for the people to use.

This powerful privilege has been used and is now being used to the destruction of our people. This is the cause of the depression and the cure for the depression is in the return of this power to the people and to their Congress to be exercised in behalf of all the people.

It is urged every day that there is plenty of money. This may be true, but it is also true that there is not enough money in actual circulation. If there was an hundred times as much money in the United States as there is and if it was all locked up in the vaults of the big banks, our people would be suffering just as much and even more than at present, for the interest that is now being paid on the bonds which form the security for the present currency would be many times as great and the cry for a balanced Budget would be a hundred times as strong as it is at present. The people are dying for the lack of a medium of circulation which represents the commodities of the people and which the people can use in handling of their commodities, products, property, and labor. I ofttimes wish that Congress would let the big bankers have all the gold as the medium of their money and let them eat it, drink it, wear it, and look at it and lock it up in their safes and give the people a currency just as sound and as safe based on property other than gold, so that the people could be freed from this the awful slavery of these gold worshipers. This should be done if the big bankers still insist on having the complete control of all money based on the gold basis. But by all means and in all events Congress should cease taxing the people to balance the Budget which pays these bankers quarterly interest on these millions of money locked in their vaults.

Just think of the idea of a sales tax on the poorest of the poor to raise money to pay interest to the big bankers on money which they have locked in their vaults. Congress is making the people pay these robbers for the robbery and murder of the people. It does not sound like this could possibly be so, but it is.

Not only are the big bankers and their allied interest, including the daily press and many of the small weekly

newspapers of the country, putting over these economic outrages, destroying our people and sacrificing their property; but they are skillfully covering their tracks and leading many people to believe that they are innocent of all wrong. For many months they have been flooding the country with propaganda in a more or less successful attempt to cause the public to believe that the whole trouble is not one of crooked finance and banking by the big interests but is merely one of balancing the Budget by cutting the salaries of the most humble employees, increasing postage rates, and the adjustment of other most minor matters, which are but grains of sand as compared to the mountains upon top of mountains of high-handed robbery of the American people by those who as big bankers control the inflation and deflation of our currency.

In their mad rush to cover their own criminal and outrageous conduct they have abused Congress by twisting and distorting the law in reference to mileage and various other most insignificant matters, all of which each year is not one millionth part of the amount these financial bandits sandbag out of the public every hour.

The big banks should not be allowed to exercise the function of issuing our currency. By this means they have plundered our people into the greatest depression of all time, and by it they are preventing the solution of our economic problems. Congress should not permit this high-handed robbery, within the law, to continue. The blame for the entire situation is clearly at the door of Congress. This blame should have been removed long ago. I certainly hope it is removed the first thing at the next session of Congress.

Mr. Chairman, the banks have usurped the power of expanding and contracting the volume of the currency on which the business of the world is done. In this manner the banks hold the world in chains. They shrink the volume of money and prices fall. They expand the volume of money and prices rise.

In May, 1920, the international bankers, through the Federal reserve banks, forced the small banks of the country to pay their obligations to the Federal reserve banks. As the result of these demands in a year and a half nearly $3,000,000,000 was called in and canceled. Thus, this much money was not only taken out of circulation but was actually destroyed. The currency was deflated to this amount in volume, but that which was left was inflated in value. What else happened? When this deflation started cotton was selling on the cotton exchange of New Orleans at between 30 and 40 cents a pound, and within less than a year was selling at 7 cents a pound. This money which was then destroyed has never been put back into circulation and the prices of farm products have never gone back to where they were, but have really gone lower. Can anyone have any doubt as to what is the cause of the depression, and can anyone have any doubt as to what would absolutely cure the depression in so far as it is possible to cure it at this time? It is said that Voltaire, in one of his letters to a friend, explaining how he, residing at Ferney, on the borders of Switzerland, could so readily make money in Paris, wrote:

> A friend of mine who is a director in the Bank of France lets me know in advance when they desire to lower the prices by decreasing the amount of money, and then I sell; he also lets me know in advance when they decide to raise prices by increasing the supply of money, and then I buy.

I am not opposed to the gold standard. I have heretofore demonstrated that without going off the gold standard our currency could be very easily inflated so as to not only bring back prosperity but also enable the farmers to save their homes by settling their present obligations at a great discount with money obtained for a long period of time without any interest and with no payment of principal until the loan becomes due, and with a renewal privilege at maturity.

I am free to confess, though, that I am bitterly opposed to our being a slave to the gold standard. Why should we be worshipers of this golden image? It is only a token or image of value. If all the gold of the world was lost forever, in a little while we would readjust ourselves and there would not be near so much danger of a panic or depression brought on solely and only for and by the big bankers of the Nation.

Very few people, other than bankers and a few Members of Congress, realize just how powerful is this grip of the big bankers and how completely the people are controlled by the manipulators of our present monetary system. The power of the big bankers is absolute and despotic in the extreme. The Supreme Court can set aside a law if it determines that it is unconstitutional, but the big bankers, if they wish, can and do make null and void the laws of Congress at will and without any regard to the Constitution or anything else except that they, the bankers, do not want to obey the mandate of the Congress and of the people. Of course Congress can strip these bankers of this autocratic power, and that is what I am pleading with Congress to do at the earliest possible moment.

But at present let us see what these bankers do with a law permitting them to increase the volume of our currency. They simply refuse to exercise the permit or privilege. But Congress requires and forces them to increase the volume of the currency and then they increase it but lock it up and do not put it into circulation, and we are no better off than we were before the law was passed. Suppose Congress should buy all the gold in the world and deliver it to these bankers, no good would be accomplished unless the bankers wanted to put more money in circulation; they would simply lock up the gold and we would only be out the money that was taxed out of the people to buy the gold.

When England paid us the interest on their obligation a little whole ago no real money was sent over here. No more money was put into circulation over here. What did happen was this: A few sacks of gold was moved a few feet from the gold kept by the English Government and was tagged "Property of the United States." This all happened in England. Suppose it had been sent here in gold and put in the vaults of the United States Treasury, this would not increase our circulation or help solve the present difficulties unless additional currency was issued and actually put into circulation as the result of this gold becoming the property of the United States. Suppose all the foreign debtors paid us all they owe and the gold was simply earmarked "Property of the United States," but left over there or put in the Treasury here, we would be just where we are now unless as the result of this gold becoming ours we increased our circulation of currency both in velocity and amount.

I sometimes feel that if we had a currency base of commodities, such as farm products, farm lands, and so on, we would be better off. There certainly would not be any danger of a ship sinking and our losing a large part of the base of our currency; neither would there be so much danger of the base of our currency all being shipped abroad or stolen or cornered by the big bankers.

But it is urged that neither the Congress nor an agency acting for the people can be entrusted to handle this matter of increasing and diminishing the currency. Would it not be as safe to trust this control to the Congress, selected by the people, as to intrust it to the big bankers?

If we must submit to the Government on questions of property, of liberty, and of life, shall it be said we must not submit to it on questions of finance?

Can not the Government as safely say how much money we shall have as it can say how much bonds we shall issue, how many troops shall compose the Army, how many post offices shall distribute the mail, how many officeholders shall collect the revenues, how much tax we shall pay, and how much money we shall spend every two years?

The people need sound money and honest money and need honest people with sound ideas in control of the issuance of their money. This function of government should not be exercised by the big bankers and for the big bankers, but should be exercised by the Congress for all the people.

PUBLICITY OF INCOME-TAX RETURNS

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have asked for this time in order to invite attention to a subject that is closely related to the appropriation of money.

THE PEOPLE DEFRAUDED

I believe in the publicity of income-tax returns. Secrecy is a badge of fraud. During the last few days we have had an example of what secrecy means and what secrecy in Government will do. All collections for the Government should be made subject to public supervision and all expenditures should be subject to public inspection. It has been disclosed before a Senate committee that the chairman of the board of the second largest bank in the United States evaded the payment of his income tax that was, as a matter of right, due the Government in 1929 by merely transferring certain stocks and securities from himself to one of his close relatives at the end of the year. In this manner he cheated the people out of a large sum of money. The stocks and securities were later transferred back to Mr. Mitchell by this close relative. The Mellons, Morgans, and Mitchells pay no attention to the law. They only believe in law and order when they can make the law and give the order. They use the credit of our Nation free of charge and run rough shod over our laws and Constitution. I do not know whether he made the transfer to his wife, to his daughter, or to his son, but he did admittedly make a transfer of this stock to a close relative in order to evade payment of his income tax for that year. We do not know how many more such cases there are in the United States. The records are secret.

Mr. GOSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. Under the rule, debate is to be confined to the bill. The gentleman is not proceeding in order. The gentleman did not obtain unanimous consent to speak out of order.

The CHAIRMAN. The Chair sustains the point of order. The gentleman from Texas will proceed in order.

Mr. PATMAN. I shall be glad to proceed in order. In order to make this payment which will have to be made the money will have to be raised from some source, from some one.

In order to raise the money to advance the $2,000,000, the best way to do it is to have publicity of income-tax returns; and whenever you have publicity of tax returns, you will get plenty of money to advance this $2,000,000 for the farmers. I doubt that we would have a deficit in the United States Treasury to-day if all income-tax returns in the past had been subject to public inspection.

Mr. GOSS. Mr. Chairman, I make the point of order that the pending amendment has nothing to do with the payment of income taxes.

The CHAIRMAN. The gentleman from Texas will proceed in order.

Mr. GOSS. I shall ask for a ruling if the gentleman persists.

The CHAIRMAN. The gentleman from Connecticut is correct in his position, and the gentleman from Texas will proceed in order.

Mr. PATMAN. I assure the Chairman I am proceeding in order. I am talking about the raising of this $2,000,000 which it will be necessary to advance in order to help the farmers to be benefited in this bill.

Mr. GOSS. There is no money appropriated in this bill whatever.

The CHAIRMAN. The Chair will state to the gentleman from Texas that the last word is "paid," and it pertains to reclamation projects.

LOW INTEREST RATES DESIRED

Mr. PATMAN. Now, in regard to the interest rate in this bill, I am anxious to see the 3 per cent rate prevail. I want a small interest rate in order that the Government may take the lead in lowering all interest rates. There is no reason why anyone should be forced to pay more than 3 per cent interest for any loan for any purpose. The people owe $203,000,000,000 in debts. They can not pay these debts and the high interest rates now required. I believe the day is coming in this country when the banking system will be operated in cooperation with the Government in a way that no one will be required to pay more than 3 per cent interest. For instance, on a savings account, where you deposit $1, the bank can lend $33⅓, and not only does it get interest on the $1 that it has loaned out that you placed in the savings account, but the bank gets interest on $33⅓. The issuance of money is a function that should be exercised by the Government. Under the present arrangement it is farmed out to a few bankers. The Government should get out of private business, and the bankers should be forced to get out of the Government's business.

Under such a set-up or arrangement as we have now people should not be required to pay more than 3 per cent interest for any purpose. Furthermore, the Government is getting money from the people at a rate of interest as low as one-fifth of 1 per cent, and this is an annual rate of interest, too; and let it be remembered that the steamship companies that have subsidies from our Government, aggregating as much as $20,000,000 a year, are receiving money from the Government and paying therefor a small annual interest charge, which is as low as one-fourth of 1 per cent. The brokers who use money for speculation are paying 1 per cent annual interest. It is only the farmers and working people who are required to pay a high interest rate. It is not right. I wish the people knew more about the monetary system of this Nation; many changes would be made.

Mr. LEAVITT. Will the gentleman yield?

Mr. PATMAN. Just for a question.

Mr. LEAVITT. I wish to call attention to the fact that in this case this money comes from a special fund established through the sale of public land and mineral leases, and there is no interest that the Government has to pay on this money at all. The fund is set aside for this purpose.

Mr. PATMAN. I thank the gentleman for his contribution, and in conclusion I simply want to say that one of the best reasons we should have publicity of income-tax returns is because Mr. Mitchell evaded the payment of his income tax in 1929.

Mr. GOSS. Mr. Chairman, I rise to a point of order.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

Mr. STAFFORD. Mr. Chairman, I offer an amendment, in line 11, strike out the proviso.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Beginning on page 2, in line 11, after "1933," strike out the proviso ending in line 15.

Mr. STAFFORD. Mr. Chairman, I would not take the responsibility of offering a preferential motion to increase the rate of interest as carried in the proviso from 3 to 5 per cent. I want to leave the rate to be charged to the discretion of the Secretary of the Interior, as under the existing act, when we for the first time deferred these construction charges for the year 1931 and the first half of 1932.

There is not one scintilla of evidence, the distinguished retired gentleman of the Army from Oregon to the contrary notwithstanding, that the Commissioner of Reclamation advocated the reduction of interest to the extent of from 5 to 3 per cent on the charges that have been deferred under the existing act for 1931 and for the first half of 1932.

In connection with the House bill that was under consideration before the House committee—and the gentleman was present at the hearings—there was no provision whatsoever for reducing the interest rate. This was an afterthought of the gentlemen of that committee.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. STAFFORD. As I have referred to the distinguished retired gentleman, I yield.

Mr. MARTIN of Oregon. What I said to the gentleman was that in the joint committee of the House and Senate the charge was lodged against the gentleman that he was responsible for the rate of 6 per cent interest.

Mr. STAFFORD. It is not 6 per cent, but 5 per cent.

Mr. MARTIN of Oregon. Yes; 5 per cent.

Mr. STAFFORD. It is true that I was delegated by the Members on this side of the aisle—and I could speak more

graciously of the gentleman if he would take his seat on the other side of the aisle, because now he is in favor of raiding the Treasury and I am not. I was delegated to go down there to represent such gentlemen as the gentleman from Michigan [Mr. MICHENER], the gentleman from Massachusetts [Mr. MARTIN], and others to safeguard the interests of the Treasury against the raiders from the reclamation districts of the West, and that is the question we have here. The gentleman from Colorado [Mr. TAYLOR] was there, and the gentleman knows I did not fight his project. The gentleman from Idaho [Mr. SMITH] and the other gentleman from Idaho [Mr. BURTON FRENCH] were there. It was an unpleasant position for me to be in, but I had the backing and support of the Secretary of the Interior in the position I was taking, and now what do these gentlemen propose to do under the reflections cast by the gratuitous remark of the gentleman from South Carolina that I am representing corporations?

Every loan that has been advanced by the Reconstruction Finance Corporation to railroad corporations or to banks bears interest at the rate of at least 5 per cent. In not one instance have we lowered it.

Mr. FULMER. Will the gentleman yield?

Mr. STAFFORD. The gentleman declined to yield to me, and I will extend similar courtesy to the gentleman from South Carolina.

Now, I am leaving it entirely to the discretion of the Secretary of the Interior to fix the interest rate as he may see fit. If he determines that it shall be 3 per cent or 4 per cent, well and good. But I am unalterably opposed to remitting in this case 2 per cent, as the bill provides, for the construction charges deferred by last year's act for the year 1931 and the first half of 1932.

If we make the rate too low, every irrigation district, whether it is in a position to pay or not, will seek the benefit of the act.

Now, how much was involved last year? Four and a half million dollars, and four and a half million dollars will be involved this year.

Mr. CHAVEZ. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. CHAVEZ. Did I understand the gentleman to say that this bill is not indorsed by the Reclamation Bureau?

Mr. STAFFORD. They are not in favor of making it retroactive.

Mr. CHAVEZ. On February 23, a few days ago, Doctor Mead, commissioner, said:

> Therefore I hope the bill S. 5417, now pending in the House, will receive favorable consideration.

Mr. STAFFORD. The position I take to-day is leaving it to the discretion of the Secretary of the Interior to fix the interest rate. The proviso makes it retroactive. I am opposed to that feature; and also believe Congress should permit the Secretary to determine the rate of interest on future deferred payments.

Mr. CLARKE of New York. Mr. Chairman, I ask unanimous consent to speak for one minute out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CLARKE of New York. Mr. Chairman, it is peculiarly appropriate, with Chairman MEAD occupying the Speaker's chair, that I should present to the Congress of the United Sates the resolution of the councilmen of the city of Binghamton, introduced by its former mayor and splendid citizen, John Irving, of thanks to the Congress of the United States for the passage of the bill transferring the post office site to Henry Street, in response to the sentiment of the city.

In accomplishment of this effort Chairman MEAD and the members of the Post Office and Post Roads Committee, through their long tiresome trip to Binghamton, in order to ascertain the facts, have been an invaluable aid. Not politics, just facts, was what they wanted, and then on their return that committee, with their report, has had the cooperation of Chairman LANHAM and his Committee on Public Buildings and Grounds.

As the Congressman representing Binghamton I felt it my duty to do everything possible to the accomplishment of the belated expression, but nevertheless majority sentiment of the city, as expressed in all walks of life. That was my duty, then it was a labor of love in seeing to it that my old college mate who had captained the baseball team I had played on for four years had protection, for he had obtained the contract for the building of that building. I refer to George Walbridge, and above all I doff my hat to Chairmen MEAD and LANHAM for the extra consideration and extra time they gave to the accomplishment of the transfer of the post office site, so the bill was speedily passed by the House.

The Senate, too, has done its bit, so the Lord bless everyone.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment. This House does not dare vote for the amendment offered by the gentleman from Wisconsin. I need not state what would happen if this House goes on record by striking out from this relief bill the interest rate of 3 per cent in the face of what is going on in the country to-day.

I do not believe that many Members on the floor take that position to-day. This is not 1890, it is not 1925 or 1926—it is 1933. Everything is different. The day of the high interest is over. Why, the day of 6 per cent interest is gone. We are in the midst of a complete financial collapse; we are approaching a new economic era.

The people of this country have received a very liberal though costly and disastrous education on the power of money.

I want to say to the gentleman from Wisconsin that I am sure he will recall that when the International Mercantile Marine Co. and the Roosevelt Line and the Dollar Line merged they went to the Shipping Board on their loans and the interest was reduced from 4 and 3 per cent to one-quarter of 1 per cent. That is a matter of record, and not only that, but they were the beneficiaries of postal contracts, besides the loans, from which they received revenue to pay the interest and loan.

The Federal reserve banks of this country are the depositories of Federal funds. Every morning in my city they meet or they contact each other by telephone and fix the rate of interest at 1 per cent per annum for the stock gamblers. It was done this morning. It was done Saturday, and it was done Friday, and here we have citizens who are in real distress asking for the opportunity of deferring payments, and while we are facing a disastrous collapse we lose time in discussing 5 per cent interest on $2,000,000 deferred payment while the Reconstruction Finance Corporation is shoveling out dollars by the millions on dead or moribund securities at 5 per cent, yes; but on paper, and that is as far as it will ever go. Suppose we do not pass this law, suppose these men default on their payments. Do you suppose the water is going to be turned off? Not in 1933, because as soon as it is turned off these farmers will turn it on again. Just bear that in mind. These farmers are decent, clean, honest citizens. They are not crooks like some of our so-called big bankers. That is the age that we are living in to-day, and you can not any more cling to 6 per cent interest or 8 per cent or 10 per cent that the home owners and farmers of the country are bearing than you can establish a postal pony express between New York and San Francisco in competition with air mail. The hours of this Congress are limited, and we have very important work to do. We ought to dispose of this amendment and vote it down overwhelmingly, and take every opportunity that we can to go on record that it is the sense of the Representatives of the American people that no money is worth more than 3 per cent, for that is what we are going to establish, and that is one of the things—one of the changes—that will come out of this terrible disaster. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. TABER. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 2, line 3, strike out all of line 3, down to and including 1933 in line 11.

Mr. TABER. Mr. Chairman, this amendment provides for cutting out of this bill the extension of time for the beginning of the Uncompahgre drainage project and some items relating to the Grand Valley reclamation project. It is my understanding that these projects are water-logged and can not operate at all. A bill was passed permitting the construction of certain drainage on those projects. If that is done, it simply brings more land under cultivation to compete with the products of the farms in your district and in my district. When conditions are such that we have an overproduction of agriculture, then the situation arises where we ought to stop trying to bring more land under cultivation that is not now under cultivation. To me it is a ridiculous thing for us to do anything that will encourage the opening for cultivation of more land than is now under cultivation. I do not know how many of you had the pleasure of hearing the remarks of the gentleman from New York [Mr. CULKIN] the other day on the reclamation question, but it appears from those remarks that tremendous crops are produced on some of those projects, and they do come into competition with the crops that are produced on land operated under the capital of those who own their own farms. It takes only 3 or 4 per cent, sometimes as low as 2 per cent, surplus to break the market, and as a result of that sort of performance the market is broken all the time. It seems to me we ought to call a halt on that sort of thing and adopt this amendment and strike out the further development of these projects.

Mr. TAYLOR of Colorado. Mr. Chairman, I rise in opposition to the amendment. This amendment attacks a project in my own home part of the State of Colorado. The Uncompahgre project is one that is in an adjoining county to the one in which I live. I have known that project intimately for 25 years. It is wonderfully rich land. It has a splendid climate. It has a good water right. The lay of the land is exceptionally good. There are some eight or ten thousand as good and industrious people as there are anywhere under our flag who are dependent upon and whose homes are upon that project. But the Government did not construct the proper and necessary drainage ditches when the project was constructed. The reclamation engineers on all of its recent projects has built drainage canals and ditches to prevent lands from going to seep or becoming water-logged. The Government did not do that in this case. It really was an obligation which the Reclamation Service should have undertaken. But that was 25 or 30 years ago and no one knew as much about irrigation then as we know now. I think the bureau would undertake it now if it were not for the depleted condition of the irrigation reclamation fund which is a fund set apart for the express purpose of these irrigation reclamation projects. The Secretary of the Interior and the Commissioner of the Bureau of Reclamation fully realize the necessity of this work and that that seep land must be drained.

Of course, we are not bringing in any new land under cultivation as the gentleman from New York said. That land has been under cultivation for many years, and it is a part of this project, but many of the farms have become so seeped that they have become unprofitable, and the water users have decided to construct those drainage works themselves. That law I secured the passage of two years ago expressly authorized them to do so so. This whole matter has the hearty approval of the Interior Department, and we are now preparing as fast and as best we can to do that drainage work, but it is an enormous task, and it requires vast preparation, and those people have not got the money up to the present time to get started. The provision of this bill that this amendment attempts to strike out is simply bringing this project under the same condition and giving it the same relief as all the rest. We are asking for one year's deferment of the time in which we shall commence that drainage work. That is all there is to it. It is not costing the Government a dollar. It is not affecting the general reclamation policy. Some one said it is costing the Government $2,000,000. That is nonsense. This whole bill will not cost the Government $2,000,000.

Mr. CULKIN. Will the gentleman yield?

Mr. TAYLOR of Colorado. No; I will not.

Furthermore, this extension of time is only for one year, and we fixed it at 3 per cent. They say, "Why not let those pay who can pay?" Practically speaking, there is nobody on these projects who can pay to-day. They are all in this desperate condition. Why should Congress single out and attack farmers on these Government projects and refuse them any relief? Uncle Sam holds a first mortgage on all those lands and irrigation works, and Uncle Sam is the only one interested. We are trying to make it possible for the people on those projects to save their homes instead of having them driven off of there.

Mr. SIMMONS. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes; I yield.

Mr. SIMMONS. Does the Government have a contract to do this drainage? Is it a part of your contract?

Mr. TAYLOR of Colorado. As a matter of fact, the Government has not entered into a contract to do it, but they authorized us to go ahead and do it.

Mr. SIMMONS. I mean it is a standing agreement with the Government?

Mr. TAYLOR of Colorado. Oh, yes. It is the law to-day. We have the right to go ahead and do this work.

Mr. SIMMONS. Would it be a repudiation of a part of that law then if it were not done?

Mr. TAYLOR of Colorado. In a way it would be a repudiation of a law which I introduced and had passed two years ago.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. MARTIN of Oregon. Is it not a fact that the gentleman from Colorado did not originate this, but it was brought to his attention by the Reclamation Service?

Mr. TAYLOR of Colorado. That is true. The Secretary of the Interior wrote me a letter saying that this provision ought to be in this bill, that otherwise this project would get no relief, and I put it in. Both the House and the Senate committees agreed to it unanimously.

Mr. CULKIN. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. CULKIN. The farmers in New York State do their own reclamation and irrigation. Why is that not a fair proposition?

Mr. TAYLOR of Colorado. You live right near the best markets in the world. We are 2,000 miles away from the market that you have, with the highest freight rates on earth, as a handicap against us. We can not and do not compete with you at all.

Mr. CULKIN. You could not survive then without Government help. Is that the fact?

Mr. TAYLOR of Colorado. No; it is not. That is not the question. Owing to the present appalling conditions and our utter inability to sell our crops we can not meet the annual payments to the reclamation fund and we are asking for a year's moratorium.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. TAYLOR] has expired.

Mr. CULKIN. Mr. Chairman, I move to strike out the last word. This proposition of reclamation is the fatal policy that has brought agriculture to its knees in America. In the last year 11 per cent of agricultural products were grown on reclaimed lands, on lands reclaimed by the Government and by private enterprise. This is simply a continuation of this policy. In New York State when a farmer wants to reclaim land he does it himself.

Mr. LEAVITT. Will the gentleman yield?

Mr. CULKIN. I yield.

Mr. LEAVITT. What percentage is raised on Government projects?

Mr. CULKIN. The percentage raised on Government projects is approximately 1.1 per cent.

Mr. LEAVITT. It is about one-half of 1 per cent.

Mr. CULKIN. One and one-tenth is the amount; but the other 10 per cent has been raised under the stimulus and propaganda of the Reclamation Bureau. I take the viewpoint of the gentleman from New York [Mr. TABER]. I contend that there is no more fatal policy in the history of civilization than the policy of reclamation as carried on in the United States. Every bit of this 11 per cent of production has been brought about by the propaganda of the Reclamation Bureau of the Department of the Interior. This is a continuation of that policy. More overproduction. I am sympathetic with the people who are on this land. I have no desire to destroy them, but when this measure opens the way directly for more reclamation, I say to this House definitely, now is the time to call a halt. To continue this policy against which the Grange, against which the Federation of Farm Bureaus, against which every agricultural body in the United States is opposed, is a defiance of the laws of production. I say to you in conclusion that this policy and this measure which contains the provision for added drainage, is a policy that has brought destruction to agriculture in the United States. I very much hope that the amendment offered by the gentleman from New York [Mr. TABER], in the interest of orderly farm production in the United States, and in the interest of suffering agriculture will obtain and will be carried by this House.

[Here the gavel fell.]

Mr. LEAVITT. Mr. Chairman, I rise in opposition to the pro forma amendment.

No nation was ever built by the expression of such statesmanship as that in the mind of the gentleman from New York [Mr. CULKIN]. Reclamation projects are built as the result of a policy growing out of the tremendous leadership and statesmanship of Theodore Roosevelt. [Applause.] Theodore Roosevelt came into the western country and he learned the situation there. When he became President of the United States he laid down as one of the four great movements necessary to round out and build the Nation, not for local communities, such as that which the gentleman from New York [Mr. CULKIN] evidently comes from, with restricted vision and without an idea of what is required to build a great nation and balance it in its entire development, the establishment of reclamation projects. It is one of the monuments to Theodore Roosevelt. These reclamation projects mean the possibility of development to great areas of the western part of the United States.

Mr. CULKIN. Will the gentleman yield?

Mr. LEAVITT. Not now.

Mr. CULKIN. Well, the gentleman has referred to me. It seems to me it is only courtesy that the gentleman should yield to me.

Mr. LEAVITT. I yield.

Mr. CULKIN. It may be a monument to Theodore Roosevelt, but is it not the tombstone of the American farmer?

Mr. LEAVITT. Oh, no. I will take the gentleman's figures, although they are incorrect, but I will say 1.1 per cent of the crops on the farms are raised on Government irrigation projects. The great percentage of what is raised on reclamation projects is of a character that does not compete with the ordinary farm products of this country. When the gentleman speaks about the opposition of the farm organizations, their opposition is not to putting water on land and making it productive, but it is against the opening up of new reclamation projects, going further than we have already gone.

Now, coming to the point with regard to this one reclamation project in the State of Colorado, this was one of the first reclamation projects constructed under the reclamation act of 1902. When this Government embarked on the policy of reclaiming arid lands and making homes in that semiarid country it did not have behind it the background of experience it has now. On many of those first projects proper provision was not then made for the drainage of the land which, as the years went by, came to be understood to be just as necessary for the success of many of those projects as the putting on the land of the water to begin with.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. LEAVITT. I yield.

Mr. LAGUARDIA. Is not the cause of a great deal of the trouble we are in, the water which has been put not upon the land, but by some of the people in my State into industry and stocks and bonds? [Applause.]

Mr. LEAVITT. The gentleman is correct.

[Here the gavel fell.]

Mr. CHAVEZ. Mr. Chairman, I ask unanimous consent that debate on the section and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken and on a division (demanded by Mr. TABER), there were—ayes 22, noes 79.

So the amendment was rejected.

The Clerk concluded the reading of the bill.

The CHAIRMAN. Under the rule the committee rises.

The committee rose; and Mr. BANKHEAD having assumed the Chair as Speaker pro tempore, Mr. MEAD, the Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill Senate 5417, for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law, pursuant to House Resolution 391, reported the bill back to the House without amendment.

The SPEAKER pro tempore. The previous question is ordered under the rule.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. SCHAFER) there were—ayes 113, noes 24.

So the bill was passed.

On motion of Mr. CHAVEZ, a motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

CONSENT CALENDAR

The SPEAKER pro tempore. The Chair desires to make an announcement: At the direction of the Speaker, the Chair desires to announce that after the conclusion of a bill which will presently be called up under suspension of the rules, the Unanimous Consent Calendar will be called.

The Chair gives this notice in order that those in charge of the Consent Calendar may govern themselves accordingly.

Mr. SNELL. Can the Chair advise the House as to whether the Unanimous Consent Calendar will occupy the balance of the afternoon?

The SPEAKER pro tempore. The present occupant of the Chair is unable to state that to the gentleman from New York. He will be advised later.

Mr. STAFFORD. Can the present occupant of the Chair advise the House as to whether there will be any further suspensions?

The SPEAKER pro tempore. So far as the present occupant of the Chair is advised there will be no further suspensions this afternoon.

AMENDMENT OF THE SHIPPING ACT, 1916

Mr. DAVIS of Tennessee. Mr. Speaker, I move to suspend the rules and pass the bill (S. 4491) amending the shipping act, 1916, as amended, for the purpose of further regulating common carriers by water in interstate commerce of the United States engaged in transportation by way of the Panama Canal, as amended.

The Clerk read the bill, as follows:

Be it enacted, etc., That when used in this act—

The term "common carrier by water in intercoastal commerce" for the purposes of this act shall include every common and contract carrier by water engaged in the transportation for hire of passengers or property between one State of the United States and any other State of the United States by way of the Panama Canal.

SEC. 2. That every common carrier by water in intercoastal commerce shall file with the United States Shipping Board and keep open to public inspection schedules showing all the rates, fares, and charges for or in connection with transportation between intercoastal points on its own route; and if a through route has been established, all the rates, fares, and charges for or in connection with transportation between intercoastal points on its own route and points on the route of any other carrier by water. The schedules filed and kept open to public inspection as aforesaid by any such carrier shall plainly show the places between which passengers and/or freight will be carried, and shall contain the classification of freight and of passenger accommodations in force, and shall also state separately each terminal or other charge, privilege, or facility granted or allowed, and any rules or regulations which in anywise change, affect, or determine any part or the aggregate of such aforesaid rates, fares, or charges, or the value of the service rendered to the passenger, consignor, or consignee. Such carriers in establishing and fixing rates, fares, or charges may make equal rates, fares, or charges for similar service between all ports of origin and all ports of destination, and it shall be unlawful for any such carrier, either directly or indirectly, through the medium of any agreement, conference, association, understanding, or otherwise, to prevent or attempt to prevent any such carrier from extending service to any publicly owned terminal located on any improvement project authorized by the Congress at the same rates which it charges at its nearest regular port of call. Such schedules shall be plainly printed, and copies shall be kept posted in a public and conspicuous place at every wharf, dock, and office of such carrier where passengers or freight are received for transportation, in such manner that they shall be readily accessible to the public and can be conveniently inspected.

No change shall be made in the rates, fares, or charges, or classifications, rules, or regulations, which have been filed and posted as required by this section, except by the publication, filing, and posting as aforesaid of a new schedule or schedules which shall become effective not earlier than 30 days after date of posting and filing thereof with the board, and such schedule or schedules shall plainly show the changes proposed to be made in the schedule or schedules then in force and the time when the rates, fares, charges, classifications, rules, or regulations as changed are to become effective: *Provided*, That the board may, in its discretion and for good cause, allow changes upon less than the period of 30 days herein specified: *And provided further*, That schedules or changes which provide for extension of actual service to additional ports at rates of said carrier already in effect for similar service at the nearest port of call to said additional ports shall become effective immediately upon notice to the board.

From and after 90 days following enactment hereof no person shall engage in transportation as a common carrier by water in intercoastal commerce unless and until its schedules as provided by this section have been duly and properly filed and posted; nor shall any common carrier by water in intercoastal commerce charge or demand or collect or receive a greater or less or different compensation for the transportation of passengers or property or for any service in connection therewith than the rates, fares, and/or charges which are specified in its schedules filed with the board and duly posted and in effect at the time; nor shall any such carrier refund or remit in any manner or by any device any portion of the rates, fares, or charges so specified, nor extend or deny to any person any privilege or facility, except in accordance with such schedules.

The board shall by regulations prescribe the form and manner in which the schedules required by this section shall be published, filed, and posted; and the board is authorized to reject any schedule filed with it which is not in consonance with this section and with such regulations. Any schedule so rejected by the board shall be void and its use shall be unlawful.

Any violation of any provision of this section by a common carrier by water in intercoastal commerce shall be punished by a fine of not less than $1,000 nor more than $5,000 for each act of violation and/or for each day such violation continues, to be recovered by the United States in a civil action.

SEC. 3. Whenever there shall be filed with the board any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge the board shall have, and it is hereby given authority, either upon complaint or upon its own initiative without complaint, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice: *Provided, however*, That there shall be no suspension of a tariff schedule or service which extends to additional ports actual service at rates of said carrier for similar service already in effect at the nearest port of call to said additional port.

Pending such hearing and the decision thereon the board, upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than four months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the board may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period. The board shall give preference to the hearing and decision of such questions and decide the same as speedily as possible. Nothing contained herein shall be construed to empower the board affirmatively to fix specific rates.

SEC. 4. That nothing in this act shall prevent the carriage, storage, or handling of property free or at reduced rates, for the United States, State, or municipal Governments, or for charitable purposes.

SEC. 5. That the provisions of the shipping act, 1916, and as amended prior to this act, shall in all respects, except as amended by this act, continue to be applicable to common carriers by water in intercoastal commerce.

SEC. 6. That this act may be cited as the intercoastal shipping act, 1933.

The SPEAKER pro tempore (Mr. BANKHEAD). Is a second demanded?

Mr. LEHLBACH. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. LEHLBACH. I am not opposed to the bill.

The SPEAKER pro tempore. The gentleman does not qualify.

Mr. SCHAFER. Mr. Speaker, I am opposed to the bill, and I demand a second.

Mr. DAVIS of Tennessee. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DAVIS of Tennessee. Mr. Speaker, I yield myself five minutes.

Mr. Speaker, this bill provides that all carriers engaged in intercoastal trade passing through the Panama Canal shall file with the Shipping Board a schedule of the rates which they propose to charge in that service. When such schedule of rates is filed and published the rates therein then become the legal rates, and that carrier can not deviate from those rates unless upon 30 days' notice he changes his rates in the manner he originally filed his schedule of rates. He can not grant rebates, and he can not grant a different rate to one shipper from that which he grants to another.

In other words, the purpose of the bill is, in the interest of fairness, to prevent secret rebates and to prevent discrimination, and in order that all the carriers engaged in this trade and all the shippers and the public generally may know exactly what rates are proposed to be charged by any carrier in this service.

The bill does not authorize the Shipping Board to fix rates, either minimum or any other kind. As the bill passed the Senate section 4 authorized the Shipping Board under certain conditions to fix minimum rates; and there was considerable opposition to that section, but it was eliminated from the bill by the House committee, and it will be noted that there is in the bill a House committee amendment striking out that section.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. DAVIS of Tennessee. I yield.

Mr. GOSS. In the case of a contract carrier operating a line through the Panama Canal and also operating a line hauling coal, for instance, from Hampton Roads to some New England port, would the portion of his business between Hampton Roads and New England be affected by this bill?

Mr. DAVIS of Tennessee. No. That very question arose in committee, and there seemed to be some question about it. In order to clarify the language and to make it clear that it did not apply to any shipment, even though a carrier engaged in intercoastal service, except an intercoastal shipment or transportation, in lines 5 and 6 on page 2 we have proposed committee amendments inserting the word "inter-

coastal," so that it will apply only between intercoastal points.

Mr. GOSS. As I understand it then——

Mr. DAVIS of Tennessee. I can not yield further, as there are many other matters to be explained.

Mr. GOSS. The gentleman may cause me to be in favor of the bill.

Mr. DAVIS of Tennessee. That matter is clarified, and the bill speaks for itself in that respect.

There is another committee amendment designed to protect secondary ports, and there is also an amendment proposed by the chief coordinator, similar to a provision in the present interstate commerce act, which permits any coastal carrier to make special rates to the Government or to any branch of the Government, and that this shall not be in violation of law.

Mr. McFADDEN. Will the gentleman yield?

Mr. DAVIS of Tennessee. I yield.

Mr. McFADDEN. Does this apply entirely to domestic companies using the canal, or does it apply equally to foreign-controlled companies that may be so operating; in other words, does it compel foreign lines to file their rates?

Mr. DAVIS of Tennessee. So far as that is concerned, a foreign ship can not engage in intercoastal trade. In other words, under the coastwise law foreign vessels can not carry a passenger or a pound of freight from one American port to another.

[Here the gavel fell.]

Mr. SCHAFER. Mr. Speaker, I yield five minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, this bill does not vest in the Shipping Board any right to specify any rates. It merely provides that the steamship carriers, when they have determined upon a rate, shall make that rate public and stick to it and treat all the shippers fairly and on the same basis. It prevents rebating, it prevents secret trade practices to the detriment of less-favored shippers by those who are favored by the carriers. It is asked for not only by the reputable shipping concerns, but it is generally demanded by the shippers who have to avail themselves of this service both on the Pacific and on the Atlantic coasts. They infinitely prefer a situation where they know what they have got to pay and what their competitors have got to pay to competing in the dark with those who secure unjustifiable advantages.

If there is anything in the bill that anyone desires to seek enlightenment upon, I shall be very pleased to answer any questions, but this is the sum and substance of the bill and is all that it provides.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. LEHLBACH. I will be pleased to yield to the gentleman from Iowa.

Mr. COLE of Iowa. Might it not have been well if the Interstate Commerce Commission, in connection with this legislation, had been given power to coordinate these water rates with railroad rates so that there would not be such destructive competition between the two as there is at the present time.

Mr. LEHLBACH. Inasmuch as under existing law the Interstate Commerce Commission has no jurisdiction over water-borne traffic and the Shipping Board has, the bill now under consideration could not very well go so far. I hope, eventually, such a situation will be brought about, and I think the gentleman's suggestion is an excellent one.

Mr. COLE of Iowa. At the present time it is almost impossible for firms in the interior to do business in competition with these all-water rates through the Panama Canal.

Mr. SCHAFER. Will the gentleman yield?

Mr. LEHLBACH. I yield to the gentleman from Wisconsin.

Mr. SCHAFER. Under this bill, after these rates have been filed by the water carriers, will they be in position to reduce the rates or will they be in the same position that a railroad is now under the regulations of the Interstate Commerce Commission? In order to increase business and keep its rolling stock employed, a railroad carrier can not reduce the rates, for instance, on coal. Would the same ruling apply to these shipments?

Mr. LEHLBACH. It would not. Any shipping operator may reduce his rates upon 30 days' notice at any time and the bill goes further and says:

Provided, That the board may, in its discretion and for good cause, allow changes upon less than the period of 30 days herein specified.

So that a shipping concern has it entirely within its power to reduce the rates. The only thing it must do is to give all the customers equal notice and give them equal opportunity to avail themselves of the new rates.

Mr. SCHAFER. Can an intercoastal shipper file new rates with the Shipping Board and then reduce its own rates or does it have to wait for the Shipping Board to take judicial action, the same as a railroad carrier that desires to reduce its rate on a certain commodity? A railroad can not make such a reduction until it has made application to the Interstate Commerce Commission.

Mr. LEHLBACH. The Interstate Commerce Commission has such jurisdiction over railroad rates. We were very careful not to give such jurisdiction to the Shipping Board over water-borne freight.

Mr. SCHAFER. Perhaps I have not made myself clear.

[Here the gavel fell.]

Mr. SCHAFER. I yield the gentleman five minutes more.

The gentleman knows that now a railroad carrier can not reduce its rates, for instance, on coal, until the Interstate Commerce Commission approves them. If this bill is enacted into law, will one of these water carriers be able to reduce its rates or will it have to wait for a judicial determination by the Shipping Board, the same as a railroad company has to wait for the Interstate Commerce Commission to approve such a reduction?

Mr. LEHLBACH. They will not have to wait for any action by the Shipping Board. They have this entirely within their own control and can reduce rates to any point they wish without asking the permission of the Shipping Board. All they must do is to give everybody equal opportunity and reduce rates to all shippers alike.

Mr. HOCH. Will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. HOCH. What was the occasion for treating contract carriers as common carriers?

Mr. LEHLBACH. The reason is this: There are operated in the intercoastal trade certain what are known as industrial ships, certain ships owned by commercial companies that are not primarily engaged in shipping. They are in the lumber business, the automobile-accessories business, and the steel business.

Now, these parties at times carry their own goods, and at other times they operate as common carriers in competition with those common carriers who only carry goods for shippers. It would be unfair to allow the contract carriers, the industrial vessels, to make, alter, and shift their rates from customer to customer without subjecting them to the same rule of uniformity as applies to common carriers.

Mr. HOCH. If a carrier is simply a contract carrier, does that compel him to make the same publication of rates?

Mr. LEHLBACH. I think it would.

Mr. HOCH. Is not that a radical departure in Government regulation?

Mr. LEHLBACH. It is fundamental in all transportation that all ships should have the same advantage.

Mr. HOCH. There is a plain distinction between a common carrier and a contract carrier. It strikes me as a radical departure from anything the Government is attempting to do, to assert jurisdiction over contract carriers.

Mr. LEHLBACH. In relieving such a situation the Government and Congress has gone further to bring about the same results—that preventing the railroads from carrying their own goods.

Mr. HOCH. But there are no contract carrier railroads.

Mr. LEHLBACH. We have not a precise analogy, because the situation and practice are different in water-borne transportation and railroad transportation.

Mr. DOWELL. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. DOWELL. The purpose of the bill is to prevent the carrier from charging one person a different rate from another.

Mr. LEHLBACH. That is precisely it.

Mr. DOWELL. Heretofore there have been different prices and different rates to different persons.

Mr. LEHLBACH. There have been rate wars, resulting in disorder and loss to shippers as well as transportation owners.

Mr. DOWELL. And this is to prevent conditions that have existed, and charge all persons the same rate.

Mr. LEHLBACH. That is the purpose.

Mr. DOWELL. Will the bill in any manner affect the general rates?

Mr. LEHLBACH. No; no danger of that whatever, that there will be any rise in rates.

Mr. DAVIS of Tennessee. Mr. Speaker, I yield five minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Speaker, I shall not take up all the five minutes. The gentlemen who have preceded me have fully explained the bill. The benefit to trade is in the stabilization of rates; the benefit is in letting them know what those rates are and what they have to deal with in making their contract for transportation. The Shipping Board has no power to fix the rate, but the bill compels the carrier to fix the rates and publish them, so that they shall not be changed overnight. These being the purposes of the bill, I do not see how there can be any objection to it.

Mr. HILL of Washington. Mr. Speaker, will the gentleman yield?

Mr. BLAND. Yes.

Mr. HILL of Washington. An intercoastal shipping company can change its rates on 30 days' notice.

Mr. BLAND. Yes.

Mr. HILL of Washington. What kind of a notice is required, and how is it given?

Mr. BLAND. It is filed with the Shipping Board, as I recollect. The gentleman will find the language in section 3 in respect to the filing of their rates with the Shipping Board and giving notice of those new rates.

Mr. HILL of Washington. Then the Shipping Board publishes the rates so that everybody has knowledge of them?

Mr. BLAND. They must be published so that everybody has notice. I yield back the remainder of my time.

Mr. SCHAFER. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Speaker, I trust that every friend of the merchant marine will vote for this bill. It should have been the law a long time ago. There has been nothing to prevent constant warfare between intercoastal shipping, and it has been a detriment not only to the shippers, but it has been destructive of the shipping interests of the country. What prevails with reference to our intercoastal shipping is likewise true to the detriment of the American merchant marine in our overocean shipping. They have tried for years through conferences to agree on rates, and have agreed on them at different times, only to violate them, so that these conference agreements have become a farce. Now they are proposing by law, when rates are fixed, that they shall remain fixed so that the public and all the world can know what they are and so that they shall be applied to every shipper and that there can be no rebate. Big shippers have been given a great advantage over small shippers by reason of secret agreements for rebates after the shipping is over. The small shipper, not shipping in such large quantities, can not get the benefit of those rebates. The small shipper, if this becomes a law, will have the same rights, the same privilege, the same protection that the large shipper has. I think there is no objection to this bill, and there is every reason why it should become a law, not only in the interest of the shipper but in the interest of the shipping industry of the country.

Mr. COLE of Iowa. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. COLE of Iowa. Of course the gentleman is aware that by the use of water there is a destructive competition with the transcontinental railroads. Does not the gentleman think some authority ought to be vested somewhere so that the rates between the water carriers and the rail carriers may be coordinated?

Mr. WOOD of Indiana. I think the gentleman is right, and I think the time is not far distant when for the protection of the railroads of this country and for the protection of the water-shipping interests there must be some law that will protect one against the other, so that destructive competition can not exist between them. We all know that water shipping is cheaper than rail, and we all know that the railroads have been competing in many instances to their own detriment; but a law should regulate that thing, and through proper legislation it is bound to come.

Mr. SCHAFER. And will the passage of this bill cause an additional expense out of the people's Treasury, with another large staff of Federal employees running around the country?

Mr. WOOD of Indiana. It will not necessitate the employment of a single additional person.

Mr. SCHAFER. I am glad to hear that, and I withdraw my opposition to the bill in view of the gentleman's statement.

Mr. DAVIS of Tennessee. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. BRIGGS].

Mr. BRIGGS. Mr. Speaker, this measure has been rather fully explained by the preceding speakers. The bill in substance requires the filing and publishing of intercoastal steamship rates by lines operating through the intercoastal canal. It will prohibit and eliminate rebates and remove discriminations, but does not prevent carriers from reducing their rates. Such carriers, however, give 30 days' notice, except in specified instances, so that the legislation will protect the shipping public and the carriers themselves against unlawful rebates. Practices have arisen which have a tendency not only to demoralize intercoastal service and injure shippers but to jeopardize the investment the United States Government has in many of the vessels operating in such service, running up into many millions of dollars. The safety of the balance loaned for construction and owing for purchase money of ships to the United States Government is very seriously threatened by these rebates and secret practices, and this bill, through the publicity section and requirements, will have a tendency to correct the situation.

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. LAGUARDIA. I notice that nearly everyone who has spoken in favor of this bill regrets the fact that the bill is innocuous and that it has not any teeth in it. Conditions and practices are bad. What are we doing here? Playing solitaire?

Mr. BRIGGS. It was stated before our committee by those advocating this measure that if they could get this publicity section in the bill, requiring intercoastal shipping companies, both common and contract carriers, to file and publish their rates, with 30 days' notice of any change, except in emergencies, and fixing penalties for variation from those rates, the legislation would correct 80 per cent of the existing trouble and practices which ought to be corrected.

Mr. LAGUARDIA. And now, to correct the other 20 per cent, may I leave this one impression with the committee, because my days are numbered: See to it that intercoastal trade is not subsidized, so that shipping lines that are engaged in coastwise trade do not have to meet competition with favored shipping companies who are receiving subsidies on the fiction that they are touching at a foreign port because they go through the Panama Canal.

Mr. BRIGGS. I think the Merchant Marine Committee is thoroughly in sympathy with the suggestion made, for it

was never the purpose that anything of that kind should follow from any of the legislation enacted, but any such situation that may have developed has been due to the construction placed upon it by the executive branch.

I yield back the balance of my time, Mr. Speaker.

Mr. SCHAFER. Mr. Speaker, I yield myself one minute.

After obtaining all the information in the debate, and after finding that our distinguished colleague, Doctor SIROVICH, has carefully considered this bill and reported it out, I shall withdraw my opposition and not use the balance of my time.

The SPEAKER pro tempore (Mr. BANKHEAD). The question is, Shall the rules be suspended and the bill as amended be passed?

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

SILVER AND GOLD—EXTENSION OF REMARKS

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, many things have been tried as a remedy to restore prosperity and each has failed. Four billion dollars of debt has been created in experiments and it has helped but little if any at all, and this indebtedness must be raised by taxation in future years.

We are now in no better condition than when the depression started; in fact, we are not all as well off as we were then.

The President of the United States, as a relief measure, advocated a moratorium for all European nations. This moratorium at that time had not been asked by any debtor nation. Enough of the Members of Congress indorsed his request for this authority to give him the authority to grant it. I wired the President within five minutes after I received his wire, asking my indorsement of the moratorium, that I thought it was unwise and that it should not be granted. I thought then he was wrong, and now time has revealed that it was a great mistake. It was the beginning of our trouble, and $252,000,000 that they owed was not paid when due.

The next proposition proposed by him was to create a great corporation, giving it the power to issue bonds bearing interest and sell them to get money to loan to big business, such as railroads, insurance companies, trust companies, banks, and building and loan associations, in the hope that some of it would trickle through and help the fellow below, that creates wealth and gives employment to labor.

The bonds and paper of the above-named institutions was largely held by the large central bank and trust companies. The most of it was held by Wall Street bankers, and when the bonds were refinanced it simply changed the location of the bonds. They were properly classed by the President as "frozen assets." We gave them cold cash for frozen assets. The bonds issued for this purpose must be paid by the taxpayers of the United States.

Concentration of all the wealth in the hands of a few persons is dangerous for any Government. They can bring on a money panic at their will, as they have recently done.

Our country has been drained of its money in the sale of foreign securities in the last three years to an amount of between thirty and forty billions of dollars.

Sixty per cent of the money of the United States is hidden away and not in use, and so far as the good it is doing it might as well never have been coined. You can not carry on business without a medium of exchange. Under present conditions we have no adequate medium of exchange.

Just two things alone would bring back prosperity in this country. One is to lower the tariff and give us trade relations with all the world. We can not prosper with a wall built around us like the tariff wall and no one need expect it. If our new President does not advocate that in the call session of Congress in April, I shall be disappointed. We should at least have reciprocal trade relations established as was provided for in the bill we passed last session, and which was vetoed by the President, Mr. Hoover.

The next thing we should have is to provide for an adequate medium of exchange.

My judgment is we should go back to our Constitution and establish a bimetallic standard of both gold and silver as our money. You do not have to go off the gold standard to do this. You would let gold remain as the standard of money, as it is now, and we need it in our foreign trade with countries that are now on a gold standard, and we need silver money for the same reason, to trade with foreign countries that are on a silver basis. Only one-fifth of the nations of the world now use gold and four-fifths use the single silver standard. In other words, we need about four times as much silver as we do gold, to carry on our trade with the world.

The two metals, gold and silver, should be linked together as is provided for in a bill I introduced and as is provided for in the Cross bill now on the calendar.

This bill, the Cross bill, was reported out by the Committee on Coinage, Weights, and Measures. The title of the bill is as follows:

To restore confidence by raising commodity prices through expanding the currency by using silver to broaden the metallic monetary base while preserving the gold standard.

Section 1 of this bill reads as follows:

SECTION 1. That to expand the currency to restore confidence, the Secretary of the Treasury is hereby authorized and directed to purchase silver bullion, at the market price, whenever 371.25 grains of fine silver is less in value than 25.8 grains of gold, nine-tenths fine, and to pay for same by issuing to the seller or sellers silver certificates in denominations of $1, $5, $10, $20, $50, and $100, payable to bearer on demand.

Section 2 provides for the ratio between the two metals to be used. The section provides that the silver certificates issued under the act shall be good legal tender for all debts, both public and private.

Section 3 provides as follows:

That there shall be engraved on one side of each silver certificate so issued, "This certifies that there is on deposit in the Treasury of the United States silver bullion equivalent, when valued in gold, to the face value of this certificate," and on the reverse side, "This certificate is legal tender for all debts, both public and private."

This section ties the two metals together and is as good as the other.

Section 5 reads as follows:

That the Secretary of the Treasury is further authorized and directed to issue additional certificates against said silver bullion so acquired and deposited in the Treasury under this act: *Provided*, That the amount of silver bullion so acquired and on deposit in the Treasury as aforesaid exceeds by 10 per cent in value all certificates issued against same, including the additional certificates when valued in gold. The additional certificates so issued shall be put in circulation by discharging current obligations of the Government.

This provision will keep the two metals in a comparative parity or balance. The silver in a silver dollar now is worth about 25 cents. When it is remonetized it will bring its value back to 100 per cent.

A gold dollar when measured in farm products is now worth $2.02. As silver comes up gold will go down until it reaches a level with silver. This will bring commodity prices up and then the man who produces can live.

Section 6 reads as follows:

That should at any time the amount of silver bullion acquired and deposited in the Treasury under this act become in value less than 10 per cent in excess of the face value of all certificates outstanding against same, the Secretary of the Treasury shall at once proceed to purchase a sufficient amount of silver bullion and deposit same in the Treasury until the amount on deposit in the Treasury shall exceed by 10 per cent in value the total face value of all certificates issued and outstanding against same, and the sum of $100,000,000 is hereby appropriated to be used for that purpose if necessary.

Section 7 of the bill further ties the two metals together and no man can say that one is not just as good as the other.

Other nations who are on the gold standard, like France, are now putting in use more silver money than they have

ever had. The Constitution of the United States gives to Congress the power to coin money and to regulate value thereof. Congress several years ago turned this power by act of Congress over to Federal reserve.

The law provides that a reserve of 40 per cent of gold shall be kept in the Treasury for the redemption of gold certificates. There is not enough gold in the world to carry on the business of the world. We only have $11,000,000,000 of gold in the world. The United States has nearly five billion of that and France about four billion, leaving only two billion for the rest of the world. The world can not carry on business and prosper on a single gold standard. There is just about the same amount of silver in the world as there is gold, and if every ounce of gold and silver in the world was coined into money we would not have any too much of it.

To illustrate what I have tried to say, let me say this: When you use the two metals you establish a scale of justice to weigh the two metals in. When justice is done the scales would be in even balance. If one of the metals went high, and the other low, all you have to do is to use one that is low and the one that is high will come down to a balance with the other.

To further illustrate, let me use this crude illustration. Suppose we only had two meats, pork and beef. Then let us suppose that Congress had the power by legislation to say which one of the two should be used by the 120,000,000 people. If they said you should all use beef it would be high and pork would be low, or if the act said you should eat pork it would go high and beef low. But if you have the right to use both, when one goes high you can use the other, and by that means you will keep them on a parity one with the other.

If we go to a double standard of money the same will be true. Give us a low tariff and a medium of exchange to carry on business and prosperity will come from around the corner.

REGULATIONS GOVERNING VESSELS IN HARBORS, RIVERS, AND INLAND WATERS OF THE UNITED STATES

The SPEAKER pro tempore. The Clerk will call the first bill on the Consent Calendar.

The Clerk called the first bill on the Consent Calendar, S. 4008, to amend article 5 of the act of Congress approved June 7, 1897, relating to the approval of regulations for preventing collisons upon certain harbors, rivers, and inland waters of the United States.

The SPEAKER pro tempore (Mr. BANKHEAD). Is there objection to the present consideration of the bill?

Mr. JENKINS. Reserving the right to object, Mr. Speaker, I should like some explanation of this matter.

Mr. DAVIS of Tennessee. Mr. Speaker, I wish to state that this bill was recommended by the Department of Commerce. There was no objection from any source except one company that operated a large number of scows, and apprehended that it might not include scows, and with the consent of the Department of Commerce, because I consulted with them, it was amended, and that is the committee amendment. With that amendment it meets the approval of everybody as far as I know. I will state it is simply to make the international rules and our own law conform on the regulation with respect to those lights.

Mr. JENKINS. I might state to the gentleman that from my reading of the bill and the report, it must be a very satisfactory and necessary bill, although I raised the point with reference to it just so the gentleman might explain it.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That article 5 of the act of Congress approved June 7, 1897, be amended by striking out the word "or" after the word "way" and preceding the word "being" in the first line thereof, and adding the words "and any vessel" after the word "way" and before the word "being" hereinabove referred to; and that the article be further amended by inserting a comma and the words "except barges and canal boats, when in tow of steam vessels," between the words "towed" and "shall," so that the article as amended shall read as follows:

"ART. 5. A sailing vessel under way and any vessel being towed, except barges and canal boats, when in tow of steam vessels, shall carry the same lights as are prescribed in article 2 for a steam vessel under way, with the exception of the white lights mentioned therein, which they shall never carry."

With the following committee amendments:

On page 1, line 9, strike out the words "barges and canal boats" and insert "barges, canal boats, scows, and other vessels of nondescript type"; page 2, line 6, strike out the words "barges and canal boats" and insert "barges, canal boats, scows, and other vessels of nondescript type."

The committee amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SELECTION OF CERTAIN LAND FOR CALIFORNIA STATE PARK SYSTEM

The Clerk called the next bill, H. R. 14534, to provide for the selection of certain lands in the State of California for the use of the California State park system.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, there are 189,940 acres of public land involved in this bill. I doubt the wisdom of passing a bill of this magnitude in the closing hours of Congress, in the closing session of Congress, under unanimous consent. Since, however, the gentleman from California [Mr. SWING] desires to make a statement, he may do so, if the Members are willing to give him the time, and I will reserve the objection, but ultimately I shall object.

Mr. SWING. Mr. Speaker, I want to read from the report of the Secretary of the Interior to the Senate Committee on Public Lands, which explains exactly why this proposal is before the House. The report reads as follows:

The Nation is fortunate to have this opportunity to preserve some of the remains of the great palm forests formerly existing in southern California, such as are found in this area. Its outstanding qualities are of countrywide interest. The State of California has sensed its responsibility in preserving this unique area which can not be duplicated elsewhere. The State of California has already purchased 5,000 acres of strategic privately owned lands, interspersing the public lands, and stands ready to bear all the expense of building the necessary roads, and developing, protecting, and maintaining this proposed State park for the people.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SWING. Yes. I yield.

Mr. COCHRAN of Missouri. If this bill becomes a law, will the Government have to pay taxes to the State of California as we have to do in Oregon?

Mr. SWING. This bill will cost the United States Government absolutely nothing.

Mr. COCHRAN of Missouri. That is what they told us when we passed that bill for Oregon.

Mr. SWING. The State of California will bear all of the expenses, both of the establishment, the maintenance and operation, and the protection of the area as a State park.

Let me say that the Land Office has made a field survey of this land. I wish the gentleman from Texas would note the statement appearing on page 4 in the report to this effect:

It appears from a report made by the field service of this office (General Land Office) that the public lands withdrawn July 18, 1929—

And those are ones covered by the bill—

are nonmineral, contain no commercial timber, and are, with the exception of a small portion in the valley proper without value for agricultural purposes.

The area is desert in character, but the rare specimens of cacti and other desert flora are being raided by selfish people, who carry them away to their homes and plant them in their yards. This flora ought to be preserved for the benefit of all the people of this generation and future generations also. The State of California is willing to preserve them at its own expense for the benefit of the people of the Nation.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. SWING. I yield.

Mr. BLANTON. These are now public lands, are they not?

Mr. SWING. They are and subject to be entered under our public land laws.

Mr. BLANTON. These are now public lands, are they not?

Mr. SWING. Yes.

Mr. BLANTON. They belong to the people of the United States?

Mr. SWING. Yes.

Mr. BLANTON. They are subject to entry by the people of the United States?

Mr. SWING. Yes.

Mr. BLANTON. Does my friend, the gentleman from California, get as many applications from his constituents as we who live elsewhere get from ours for information and data respecting public lands that may be entered?

Mr. SWING. I get inquiries.

Mr. BLANTON. I wrote letters to-day to the Commissioner of the General Land Office asking that he send out this information. People want to take up these public lands. They want to enter them. We must give them a chance.

Mr. SWING. It would be an injury to settlers to permit them to take this land up because it is not agricultural land. There is not enough water to raise a crop on any of it.

Mr. BLANTON. I want to remind the gentleman from California of the fact that in the State of Texas the public lands were distributed to the counties for school purposes. Each of the 254 counties in Texas was allotted certain school lands, but half of those counties have let their lands get away from them through improvident acts of the officials who had it in charge.

Mr. SWING. If any part of this land was agricultural land I would not favor setting it aside as a park.

Mr. BLANTON. We Representatives here in Congress are the custodians for the people of the public lands of the United States, and as one custodian I am here to see that these lands are not frittered away.

Mr. SWING. I may say to the gentleman from Texas that it would be an injustice to the people themselves to encourage them to go on this kind of land where there is poor soil, no water, no rainfall, and no possibility of raising crops. The only things there of value are the unusual desert fauna and flora, and they must be preserved for the many, not allowed to be destroyed by the few. The county of San Diego would be the first one to oppose this withdrawal from sale to the public, in the interest of its own right to tax private lands, if it could be sold to private people, but as there is no sale for it to individuals, the county of San Diego favors its use for State park purposes.

Mr. BLANTON. When our friend comes back here two years from now we will then see about his bill, but now we object.

Mr. Speaker, I object.

BRIDGE ACROSS NEW YORK BAY BETWEEN BROOKLYN AND STATEN ISLAND

The Clerk called the next bill, H. R. 14631, authorizing the Interboro Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across New York Bay between Brooklyn and Staten Island.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object I notice that the Bureau of Roads of the Department of Agriculture says that this appears to be a matter which concerns chiefly the city of New York and for that reason the department does not feel that it should interpose any objection. I am going to relieve the department of that, because I expect to object.

The city of New York has the Brooklyn Bridge, the Manhattan Bridge, the Williamsburg Bridge, and the port of Albany has built the George Washington Bridge. We have about 100 bridges in New York City, and as long as I am here we are not going to peddle out franchises for bridges across the Bay of New York.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. JENKINS. I am very much interested in the position the gentleman from New York has taken. Unfortunately the gentleman is not going to be with us in the next Congress. Lately he has developed a very strong antipathy, apparently, to certain bridge bills, just like the gentleman from Missouri.

Mr. LAGUARDIA. I am following the policy of the Road Bureau.

Mr. JENKINS. I do not find fault with it, but I wish the gentleman would take 5 or 10 minutes to give us the benefit of his research and the reason why he has taken this position on all these bills.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, I object.

DEGREE-CONFERRING INSTITUTIONS

The Clerk called the next bill, S. 100, to amend section 586c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions," approved March 2, 1929.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, is this the universities' bill? I do not see the necessity for calling up this bill now.

The SPEAKER pro tempore. Does the gentleman object?

Mr. LAGUARDIA. Yes.

Mr. BLANTON. Will the gentleman withhold his objection a minute?

Mr. LAGUARDIA. I withhold it a moment.

Mr. BLANTON. Is the gentleman from New York in favor of every little two-bit, so-called correspondence school in Washington's conferring B. A. and other degrees?

Mr. LAGUARDIA. That is why I am objecting.

Mr. BLANTON. Is not this the bill designed to stop that very practice?

Mr. LAGUARDIA. Oh, it does not. This is a bill to break down the law prohibiting that and extending the privilege to a so-called American university in a foreign country.

Mr. BLANTON. I thought that it was the other bill, which had a favorable committee report, which would break up this diploma mill in Washington.

Mr. LAGUARDIA. This would let down the bars, and I do not want to let down the bars.

Mr. BLANTON. I am with the gentleman. Mr. Speaker, I object.

TRANSFER OF LAND TO HAWAII

The Clerk called the next bill, H. R. 13042, to authorize the transfer of land from the War Department to the Territory of Hawaii.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War is hereby authorized to transfer to the Territory of Hawaii all the right, title, and interest of the United States in such portion of the land at the base of the east breakwater at Kahului, county of Maui, Territory of Hawaii, as is not required for the maintenance of said breakwater, on such terms and conditions as the Secretary of War may determine.

With the following committee amendment:

Page 1, line 9, after the word "determine," insert "*Provided*, That the conveyance shall be upon the express condition and with a reservation reserving the right to resume and occupy said tract of land whenever in the judgment of the President an emergency exists that requires the use and appropriation of the same for public defense, and also with the further reservation as to that portion of said tract of land other than that known as Pier No. 1 and the land immediately adjacent thereto that it shall be used for park purposes, and that in case it is not so used it shall revert to the United States."

The committee amendment was agreed to.

The bill 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.

TAX ON FURS

The Clerk called the next bill, H. R. 14532, to amend section 604 of the revenue act of 1932, relating to the tax on furs.

Mr. GOSS. Mr. Speaker, I object.

Mr. LAGUARDIA. Will the gentleman withhold his objection a moment?

Mr. GOSS. Yes.

Mr. LAGUARDIA. This is simply to carry out the intent of Congress on the original section. When this section was put in the revenue bill, I personally asked the gentleman from Georgia——

Mr. GOSS. I am familiar with that debate of the gentleman with Mr. Crisp in trying to correct this; but I may say to the gentleman I do not think that the consideration of the Consent Calendar is a good time to open up the question of the tariff, when there are several gentlemen present on the floor with amendments to the bill.

Mr. LAGUARDIA. I am simply telling the gentleman what this does.

Mr. GOSS. I am in sympathy with that part of it, but there are gentlemen sitting around here who would be glad to have considered general provisions of the tariff bill.

Mr. O'CONNOR. Will the gentleman reserve his objection until I can explain the nature of the bill?

Mr. GOSS. I withhold it.

Mr. O'CONNOR. This bill amends section 604 of the revenue act of 1932, taxing furs. As the gentleman from New York [Mr. LAGUARDIA] has said, at the time of its debate in the House it was not clear what was the real intent of the committee. The gentleman from New York [Mr. LAGUARDIA] and myself engaged in a colloquy with members of the Ways and Means Committee, particularly Mr. CRISP, the acting chairman. This is the situation that has arisen. Section 604 taxed furs or the material to which they were attached whenever the fur was the component material of chief value. The latter language led to the trouble. The tax was intended to be on furs, we felt, but the Commissioner of Internal Revenue ruled so they took a coat, for instance, and if the fur was the most valuable thing on the coat, they taxed the whole coat. This was not so bad, but when the Commissioner of Internal Revenue issued his regulations in reference to the matter, instead of taking the whole coat in contrast to the fur to find out which was the more valuable, he broke down the coat into certain parts, cloth, lining, and findings, so in every event he could find that the fur was the most valuable material in the coat.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. LAGUARDIA. He excluded labor, and then when he taxed it he taxed the whole thing, including labor.

Mr. O'CONNOR. Exactly; so his regulation was contrary to the real intent of Congress when it passed the revenue act.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. COCHRAN of Missouri. I am in favor of doing what this bill seeks to accomplish, but I think the best thing for the gentleman to do, if, as he says, the Treasury has violated the intent of Congress, is to get the new Secretary to make a change. I would like to know why the Committee on Ways and Means brings in a bill like this and keeps in its pigeonhole the bills to eliminate the tax on checks and the bill to restore first-class postage to a rate of 2 cents. They are very important measures.

Mr. O'CONNOR. Of course, I am not responsible for that.

Mr. GOSS. That is my point, Mr. Speaker. I object.

SALARY RATES OF CERTAIN CIVIL-SERVICE POSITIONS

The Clerk called the next bill, H. R. 14410, to amend section 3 of the act of May 28, 1928, relating to salary rates of certain civil-service positions.

Mr. BLANTON. Mr. Speaker, I object.

Mr. JEFFERS. Mr. Speaker, will the gentleman withhold his objection?

Mr. BLANTON. If the gentleman desires to be heard, Mr. Speaker, I reserve the objection.

The SPEAKER pro tempore. Is it the purpose of the gentleman to object?

Mr. BLANTON. Eventually, yes.

Mr. JEFFERS. Would the gentleman be at all open to an explanation of this measure?

Mr. BLANTON. I do not want to allow a bill to pass by unanimous consent which in any way enlarges the present situation.

Mr. JEFFERS. This is simply a bill to make corrections in the maladministration of the law enacted by the Congress of the United States when the original classification act was passed.

Mr. BLANTON. Will the gentleman yield?

Mr. JEFFERS. I yield.

Mr. BLANTON. The gentleman knows that I now have before the committee my House Joint Resolution 344 to repeal that act of 1923 and readjust all of the maladministration matters that have come from it. We ought not to do that by piecemeal. In my judgment, if we do not repeal that act in toto, we will not have done the thing that would help bring the Government back to normalcy quicker than anything else.

Mr. JEFFERS. In this case deserving people who are not responsible will be penalized.

Mr. BLANTON. Oh, there are lots of deserving people penalized by that act. There are many hard-working employees in the Government who are working for starvation wages, while some numerous pets at the top are getting enormous wages, with their salaries doubled and trebled since 1923.

Mr. JEFFERS. This is for the relief of employees.

Mr. BLANTON. But for only a few of them. We ought not to do it by piecemeal; we ought to go to the root of the whole thing. I object.

HOMESTEAD ENTRIES TO WIDOWS OF PERSONS WHO SERVED IN INDIAN WARS

The Clerk read the next bill on the Consent Calendar, S. 2654, to allow credit in connection with homestead entries to widows of persons who served in certain Indian wars.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, may I inquire whether we granted the same privilege to the children who are minors in case of death of the widow of veterans of the Spanish-American War, the Civil War, and the World War? I did not have time to examine the statute.

Mr. CHAVEZ. I can not tell the gentleman from Wisconsin, but I am sure it must have contained a provision for the young children of widows.

Mr. STAFFORD. Assuming that a widow dies leaving a child 4 or 5 years of age, is it proposed to grant the child a patent?

Mr. CHAVEZ. If the mother has applied for a homestead prior to that time, yes. Of course, it would be under the jurisdiction of the probate court.

Mr. STAFFORD. Can the gentleman inform the House the number of persons that would be benefited by this gratuity?

Mr. CHAVEZ. Oh, there could not be many; the Indian wars took place a long time ago.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the provisions and limitations of the act entitled "An act to allow credit to homestead settlers and entrymen for military service in certain Indian wars," approved April 7, 1930, are hereby extended to the widow of any person who would be entitled to make homestead entry or settlement and receive credit in connection therewith for military service under the provisions of such act, if such widow is unmarried and otherwise qualified to make entry of public lands under the provisions of the homestead laws of the United States and has heretofore made or shall hereafter make such entry: *Provided*, That in the event of the death of any such widow prior to perfection of title, leaving only a minor child or children, patent shall issue to the said minor child or children upon proof of death, and of the minority of the child or children, without further showing or compliance with law.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. Has the bill been amended as recommended by the commissioner of the General Land Office?

Mr. CHAVEZ. It has been so amended.

Mr. STAFFORD. So that this is in the identic form that meets his approval?

Mr. CHAVEZ. Yes.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PROTECTION OF NATIONAL MILITARY PARKS, ETC.

The next business on the Consent Calendar was the bill, S. 5233, to provide for the protection of national military parks, national parks, battlefield sites, national monuments, and miscellaneous memorials under the control of the War Department.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object. There are two things that I desire to inquire about. First, what publication, if any, is provided for the regulations prescribed by the Secretary of War by reason of the provisions of this bill; and, second, whether these regulations are uniform? It seems to me that, if we are going to constitute a crime for the violation of any regulation made by the Secretary of War and the regulations are not published and a caretaker can arrest on account of a violation, we are going too far.

Mr. McSWAIN. So far as the regulations' being uniform is concerned, there will be no question about that.

Mr. LAGUARDIA. How can the public have knowledge of them?

Mr. McSWAIN. There can be no knowledge of a constructive nature so far as I know, except I should think that common sense would dictate that copies of the regulations be posted at each of the reservations or military parks.

Mr. LAGUARDIA. And also let us hope that the regulations would be the result of common sense.

Mr. McSWAIN. Yes; that the regulations be uniform and practical. The reason behind this bill is this: It is not an effort to aggrandize power, but complaints have come up from a great many communities that these reservations in these days of automobiles have become a sort of legal no man's land, and to prevent immoralities or indecencies of a certain sort in these parks it is desirable that these guards and caretakers have police powers.

Mr. LAGUARDIA. We are granting authority here to the Secretary of War to make certain regulations. Then we provide that any person who violates any such regulation is guilty of a misdemeanor, and we provide further he is subject to a maximum fine of $100 or imprisonment for three months. It seems to me that is a little severe.

Mr. McSWAIN. I see much in the gentleman's point, that the regulations should be promulgated and published so that any person who contemplates a violation may know what would be the penalty and what practices are prohibited.

Mr. LAGUARDIA. Will the gentleman accept an amendment on line 9, page 1, to insert, after the word "who," the words "knowingly and," so that it would read "and any person who knowingly and willfully violates any such regulation," and so forth?

Mr. PATTERSON. What is the regulation?

Mr. LAGUARDIA. We do not know.

Mr. PATTERSON. I think it is important to have some idea of that.

Mr. LAGUARDIA. You can not be presumed to know regulations. Every one is presumed to know the law.

Mr. HILL of Alabama. Let me say to the gentleman from New York that with reference to most of these national military parks and monuments, the bills authorizing them carry this authority, and the Secretary of War to-day has the authority to make these regulations, and a violation of the regulations constitutes a crime along the same line as is provided for in this bill. There are a few of these monuments and parks where the police guarding them do not have any such authority. Therefore this bill is offered to take care of the situation where there is no authority.

Mr. PATTERSON. Is that all it does?

Mr. McSWAIN. Not only is the power already in existence to promulgate regulations, but this proposes to give them power to enforce the regulations.

Mr. PATTERSON. And they do not have power now to enforce them?

Mr. McSWAIN. No.

Mr. PATTERSON. I am very much in sympathy with the purpose of the bill, but I am wondering if this power will not be abused in some instances.

Mr. McSWAIN. I think the suggestion of the gentleman from New York would prevent the abuse of the power, because a man can not wilfully and knowingly violate a regulation unless he has a chance to know what the regulation is.

Mr. LAGUARDIA. I think so.

Mr. JENKINS. The gentleman from New York [Mr. LAGUARDIA] has brought out the fact that somebody is liable to be fined or sent to jail for three months. What court would have jurisdiction over that?

Mr. McSWAIN. The Federal court.

Mr. STAFFORD. As I understand the legislation, you are merely giving to the Secretary of War the same authority now carried in law so far as national parks are concerned, which is vested in the Secretary of the Interior?

Mr. McSWAIN. That is my information; and also the same power that is given the Secretary of Agriculture with regard to certain lands in the prevention of tick fever and things of that kind.

Mr. HILL of Alabama. The Secretary of the Interior has this authority with reference to national parks. It would come under the Interior Department. There is nothing new about this legislation. There are plenty of precedents.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of War is hereby authorized to prescribe such regulations as he deems necessary for the proper government and protection of, and maintenance of good order in, national military parks, national parks, battlefield sites, national monuments, and miscellaneous memorials as are now or hereafter may be under the control of the War Department; and any person who willfully violates any such regulation shall be deemed guilty of a misdemeanor and punishable by a fine of not more than $100 or by imprisonment for not more than three months, or by both such fine and imprisonment.

SEC. 2. That the commissioners, superintendents, caretakers, officers, or guards of such national military parks, national parks, battlefield sites, national monuments, and miscellaneous memorials, or any of them, are authorized to make arrests for violations of any of the regulations prescribed pursuant to this act, and to bring the offenders before the nearest commissioner, judge, or court of the United States having jurisdiction in the premises.

Mr. LAGUARDIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. LAGUARDIA: On page 1, line 4, after the word "prescribe," insert "and publish," and in line 9, after the word "who," insert "knowingly and."

The amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

MORRISTOWN NATIONAL HISTORICAL PARK

Mr. STEWART. Mr. Speaker, I move to suspend the rules and pass the bill (S. 5469) to provide for the creation of the Morristown National Historical Park in the State of New Jersey, and for other purposes, with amendments.

The Clerk read as follows:

Be it enacted, etc., That when title to all the lands, structures, and other property in the military camp-ground areas and other areas of Revolutionary War interest at and in the vicinity of Morristown, N. J., as shall be designated by the Secretary of the Interior, in the exercise of his discretion, as necessary or desirable for national-park purposes, shall have been vested in the United States, such areas shall be, and they are hereby, established, dedicated, and set apart as a public park for the benefit and enjoyment of the people, and shall be known as the Morristown National Historical Park: *Provided*, That the United States shall not purchase by appropriation of public moneys any lands within the aforesaid areas, but such lands shall be secured by the United States only by public or private donation: *And*

provided further, That such areas shall include, at least, Jockey Hollow camp site, now owned by Lloyd W. Smith and the town of Morristown; Fort Nonsense, now owned by the town of Morristown; and the George Washington headquarters, known as the Ford House, with its museum and other personal effects and its grounds, now owned by the Washington Association of New Jersey.

SEC. 2. The Secretary of the Interior is hereby authorized to accept donations of land, interest in land, buildings, structures, and other property within the boundaries of said park as determined and fixed hereunder and donations of funds for the purchase and/or maintenance thereof, the title and evidence of title to lands purchased to be satisfactory to the Secretary of the Interior: *Provided*, That the Secretary of the Interior is authorized, in his discretion, to accept on behalf of the United States other lands, easements, and buildings of Revolutionary War interest in Morris and adjacent counties in New Jersey as may be donated for the extension of the Morristown National Historical Park.

SEC. 3. After the acquisition of the museum and other personal effects of the said Washington Association by the United States, including such other manuscripts, books, paintings, and other relics of historical value pertaining to George Washington and the Revolutionary War as may be donated to the United States, such museum and library shall forever be maintained as a part of said Morristown National Historical Park.

SEC. 4. The Washington Association of New Jersey, Lloyd W. Smith and the town of Morristown having, by their patriotic and active interest in conserving for posterity these important historical areas and objects, the board of trustees and the executive committee of the said association, together with Mrs. Willard W. Cutler, its curator, and Clyde Potts, at present mayor of Morristown, shall hereafter act as a board of advisers in the maintenance of said park. The said association shall have the right to hold its meetings in said Ford House.

SEC. 5. Employees of the said Washington Association who have been heretofore charged with the care and development of the said Ford House and its museum and other effects may, in the discretion of the Secretary of the Interior, hereafter be employed by the National Park Service in the administration, protection, and development of the said park without regard to the laws of the United States applicable to the employment and compensation of officers and employees of the United States.

SEC. 6. The administration, protection, and development of aforesaid National Historial Park shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes," as amended (U. S. C., title 16, secs. 1–4): *Provided*, That no appropriation of Federal funds for administration, protection, and maintenance of said park in excess of $7,500 annually shall be made for the fiscal years 1934, 1935, and 1936.

SEC. 7. Nothing in this act shall be held to deprive the State of New Jersey, or any political subdivision thereof, of its civil and criminal jurisdiction in and over the area included in said National Historical Park, nor shall this act in any way impair or affect the rights of citizenship of any resident therein; and save and except as the consent of the State of New Jersey may be hereafter given, the legislative authority of said State in and over all areas included within such National Historical Park shall not be diminished or affected by the creation of said park, nor by any terms and provisions of this act.

The SPEAKER pro tempore. Is a second demanded?

Mr. MICHENER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. MICHENER. I am, Mr. Speaker.

Mr. STEWART. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. STEWART. Mr. Speaker, I wish to be notified when I have consumed 10 minutes.

Mr. Speaker, this bill provides for the creation of a national historical park by setting aside certain areas at and in the vicinity of Morristown, N. J. Mr. Lloyd W. Smith proposes to donate to the Federal Government approximately 1,000 acres of land, and the city of Morristown has, by a referendum of its citizens, voted to turn over about 300 acres of land to the Federal Government. These two gifts comprise the camp ground occupied by the Revolutionary Army during the winters of 1779 and 1780, and the Revolutionary cemetery. In addition, the Washington Association of New Jersey proposed to donate the famous Ford House, used by General Washington and his staff as headquarters during the time the Army was in camp at Morristown. This donation is to include also the many priceless relics which have been collected by the Washington Association.

As a matter of historical interest, General Washington and his army spent approximately one-eighth of the entire Revolutionary period at Morristown. Among the generals on duty with the Army during the encampment at Morristown were Greene, DeKalb, Knox, Von Steuben, Lafayette, St. Clair, Howe, Stirling, Stark, Clinton, Maxwell, Hand, Irvine, Smallwood, Gist, and Huntington. During the winter and spring the Revolution Army was camped at Morristown, General Baron von Steuben, that great German soldier of the army of Frederick the Great, was in charge of the drilling and disciplining of the Revolutionary Army, and at the beginning of the spring campaign of 1780 remarked that the Revolutionary Army was the best drilled army in the world. It was at this camp that the French minister and a committee from Congress brought the news that France was to come to the assistance of the Colonies.

Much of the powder used by the Continental Army was made in a powder mill located in the rear of Washington's headquarters, and is to be included in the park area. The location of this powder mill and iron works, which were making shot and munitions, gave Morristown a peculiar importance in the minds of the British. A number of attempts were made by the British to reach Morristown to destroy these works, but no British soldier ever set foot in Morristown, except as a prisoner of war.

The entire area has been marked by patriotic societies, replicas of the log huts have been reconstructed, and the entire area, including the famous Jockey Hollow camp ground and Fort Nonsense are now in practically the same condition as they were at the time of the Revolutionary War. The Ford mansion, which is now known as Washington's headquarters, has been preserved by the Washington Association and is considered to be the finest Washington museum in the country. It contains an original Stuart portrait of Washington, an original Houdon bust, and Washington's original commission as Commander in Chief of the Army, signed by John Hancock; also the uniform in which he attended the inaugural ball. It also contains most of the original furniture used by General and Mrs. Washington and many of their personal belongings.

Governor Randolph, at the dedication of Washington's headquarters in 1875, said, "Under this roof have gathered more characters known to the military history of our Revolution than under any other roof in America."

The Secretary of the Interior is authorized by this bill to accept donations of land, interests in land, building structures, and other property; and we are reliably advised that if this bill becomes a law, there will be turned over additional lands and property of great historical and monetary value. It is estimated that the areas now included are valued in excess of $1,000,000.

It must be remembered that New Jersey was in reality the battleground of the Revolutionary War. On 10 separate occasions Washington with his army traversed the State. The important and decisive battles of Princeton, Trenton, Monmouth Courthouse, Red Bank, Springfield, and innumerable engagements were fought in New Jersey.

The establishment of a national historical park in this location so close to the great metropolitan districts and less than 25 miles from the city of New York will be of inestimable value in recalling to the present generation the privations, suffering, patriotism, and final victory of the American Colonies from which has grown this great Republic.

I trust that there will not be a vote in opposition to accepting this splendid and patriotic gift. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. STEWART. I yield.

Mr. BLANTON. There is now in this Ford House mentioned a museum, is there not, which visitors attend?

Mr. STEWART. Yes.

Mr. BLANTON. And there is a charge made for admission?

Mr. STEWART. I am not sure about the charge.

Mr. BLANTON. Formerly there was an admission charge. Is there not a charge made now?

Mr. STEWART. I think not.

Mr. BLANTON. But it is a place of historical interest, to which many people go now, from all parts of the United States?

Mr. STEWART. Yes; that is true.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. STEWART. Yes; I yield.

Mr. HILL of Alabama. From a reading of the bill I judge it is the intent to make this park somewhat like our military park at Gettysburg and the one at Chickamauga commemorating the great military feats of the Revolutionary Army?

Mr. STEWART. There were no battles fought at Morristown proper.

Mr. HILL of Alabama. Were there any battles fought on this particular ground?

Mr. STEWART. No. This is the great encampment and drill ground. It was practically the Government of the United States during the Revolutionary period, because Congress was in constant touch with Washington at that particular location.

Mr. HILL of Alabama. Washington had his headquarters there?

Mr. STEWART. Yes.

Mr. LAGUARDIA. It is more in the nature of an historical museum than anything else?

Mr. BLANTON. Oh, but it involves 1,300 acres. It is more than a museum.

Mr. HILL of Alabama. The reason I asked the question I wondered if, in preparing the bill, the gentleman considered whether this park should be under the Secretary of War or whether it should be under the Department of the Interior; and, if so, what reasons actuated the gentleman?

Mr. STEWART. I yield to the gentleman from Arkansas [Mr. FULLER] at this point, and he can explain the entire viewpoint of the committee. Of course, I do not know what their deliberations were.

Mr. WATSON. Will the gentleman yield?

Mr. STEWART. I yield.

Mr. WATSON. Morristown is so closely allied with Washington when he was on the west side of the Delaware River and when Washington crossed the Delaware River and attacked Trenton and there established our Nation that we should not turn down the gentleman's proposition.

Mr. STEWART. I thank the gentleman.

Mr. WATSON. It is said that Washington's Farewell Address was never delivered, but it was printed in a Philadelphia paper. That original address was bought and is now in one of the historical societies of Washington. The Congress failed to appropriate $2,000 for that very important paper. I think we as Members of Congress and that this great Nation should not turn down the gentleman's proposition, which is an historical one for those who come after us.

Mr. STEWART. I thank the gentleman. I can not yield further. Mr. Speaker, I reserve the balance of my time.

Mr. MICHENER. Mr. Speaker, the purpose of this bill is probably wholesome. There is not any question about the historic value of this site. There is not any question but that there is a splendid museum there. There is not any question but that it is owned by wealthy people—that it is available to the public. But there is a question as to whether or not the Federal Government at this time should accept any more parks which are to be developed, maintained, and protected under the National Park Service. If this bill becomes a law, it must be remembered that we will have authorized all appropriations necessary in the future for the development, for the maintenance, and for the care of this particular park, and will have removed from the tax rolls all of this property.

It is true the bill provides for an appropriation of only $7,500 per annum for three years, but at the end of this period without further legislation it will be possible for the Committee on Appropriations to allow such money as it may see fit for any purpose authorized under the National Park Service Act.

We have a number of parks of this particular nature now rapping at the door of Congress for consideration. I heard one Member from another State say on the floor this afternoon, that he had a park up there where there were some historic monuments that he had contemplated and does contemplate asking the Federal Government to take over and maintain in the future. Why? Not because the State is not maintaining it but because the State and those who own the museums desire to-day to shift from their backs the burden of maintenance in the future.

In prosperous times, possibly, it is all right for the Federal Government to indulge in activities of this kind; but with men out of work, with everybody borne down by the burden of taxation, I think Congress can little afford to embark upon further park development. When people are crying for bread I am surprised that a bill of this nature should be brought before the House. Oh, yes, it calls for but $7,500 a year for the next three years, but tell me what is going to happen after three years? Even though the $7,500 be a mere pittance it is one of the little things which added together make up the big things that make the taxes we must raise to-day. This is the place to begin with economy legislation.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. COCHRAN of Missouri. As a matter of fact, this is about the first bill that has been introduced which gives the Government something for nothing. The Government is being given property worth $1,000,000 for only $7,500 a year for maintenance.

Mr. MICHENER. I yield no further. There is another bill pending providing for the taking over of the Everglades in Florida. Some people call it the alligator park bill. It is along the same lines this bill is. The Government is to get something for nothing. If we pass one bill both should be passed, for the reason that in the other case land only—the Everglades—are given to the Federal Government. All we have to do is to maintain them, keep them, develop them, and protect them in the future. That is just what we are asked to do under the present bill. It is true that is a natural park. It is the Everglades. They want to preserve rare species of alligators, snakes, and fish.

In this bill now before us we are asked to lift from the wealthy constituents of the gentleman from New Jersey the burden of caring for this park at this time. Some day we may want to do this, but, Mr. Speaker, now is not the time. The American people have placed their stamp of disapproval upon anything along this line, and this House can ill afford to adopt a bill of this kind.

Mr. EATON of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. EATON of New Jersey. Do I understand the gist of the argument of the gentleman from Michigan is that the holy and sacred ground occupied by Washington and the fathers of this Republic is on a level with the alligators and the snakes of the Everglades?

Mr. MICHENER. Oh, the gentleman's question is so facetious that it ill becomes his intelligence to ask it on the floor of the House. He knows better. He knows my comparison was not that. They are both parks. Each has its virtue. There is just as much virtue in developing the Everglades Park as there is in turning over this one which has already been developed.

Mr. EATON of New Jersey. But this park in New Jersey has to do with stirring events in our national life. It has nothing to do with alligators or snakes.

Mr. TABER. The virtue is that the Government pays the bill.

Mr. MICHENER. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, under ordinary conditions, if we were in a state of normalcy, I would have no objection to this bill provided there were eliminated from it two-thirds of the last section, section 7.

I am not in favor of the Government of the United States accepting any gift that has strings all over it. Whenever the Government of the United States accepts 1,300 acres of land I want it to be within the control of the Government of the United States and not within the control of a State legislature.

Notice this language from section 7:

Nor shall this act in any way impair or affect the rights of citizenship of any resident therein; and save and except as the consent of the State of New Jersey may be hereafter given, the legislative authority of said State in and over all areas included within such national historical park shall not be diminished or affected by the creation of said park, nor by any terms and provisions of this act.

It leaves absolute control in the hands of the New Jersey Legislature, and Congress does not have a word to say about it. I am not willing for the Government of the United States to take over an area of 1,300 acres of land to develop, care for, and protect throughout the years, and allowing New Jersey, through its legislature, full control of it, to say what shall be done with this or with that concerning the park.

Now, it is true we can not spend more than $7,500 annually for the next three years on this park, but after that what is contemplated, and after the three years what is in mind? It is that after this 3-year period is up, the Government then will commence to develop and protect this 1,300-acre park subject to whatever provision the Legislature of New Jersey may see fit from time to time to inflict by law upon the management of the park, and it may cost us eventually several hundred thousands of dollars.

Talk about the shrine of the great Father of our Country. I will tell you where the real shrine is. It is down at Mount Vernon, where Washington spent much of his married life. The first thing I want to see done about a Washington national shrine is to remove the admission charge that must be paid by every American boy and girl who goes to Mount Vernon—the shrine of the Father of his Country. There are several thousand people in Washington to-day who have never been to Mount Vernon. They can not afford the time. Some of them are poor people and can not afford to pay the admission charge. If you would take off the admission charge at Mount Vernon, every school child in Washington could go there and every school child in Washington ought to go there. There is nothing about Mount Vernon that is connected with war or bloodshed. It is a real shrine. It is something that uplifts every American. We ought not to pass this bill now, and when we do pass the bill we ought to take off these strings tied to it. If we could amend the bill and take the provisions with respect to control by the State Legislature of New Jersey out of it, I would vote for it; but as long as you put the control of this 1,300-acre tract of land in the hands of the State legislature, I am opposed to it. I want to see the strings taken off before we pass a measure of this kind.

[Here the gavel fell.]

Mr. FULLER. Mr. Speaker, when this bill was before the Public Lands Committee it received its unanimous indorsement. The Republican members of the committee from the West, I think, are better qualified with respect to matters of this kind than any group in the House, and many of them went to New Jersey and inspected this proposed park.

There is no comparison between this park and the proposed Everglades Park. There is not the slightest resemblance between the two.

We had a special rule for the consideration of this measure, but we did not bring it up. This means something for our Government.

It happened that a certain man some time ago purchased what is called "Jockey Hollow," consisting of 1,000 acres, where for seven years the American Revolutionary forces camped every year. This place is now improved in every way, and the Government does not need to spend anything upon it. The old houses have been restored, and this man is now getting old and has agreed that if we will take this offer up at once he will donate this entire tract worth $500,000. The city has had a referendum and is turning over to us a park of about 350 acres. They are also turning over to us the Ford House, with about 5 or 6 acres of land in connection with it. There is a museum in this house, and this is self-sustaining right now. It does not cost $3,000 a year now to operate it, and if the Government through the Interior Department wants to do so it can go ahead and charge fees and make this self-sustaining.

This is a matter where we are getting much over $1,000,000 in actual value, and we are saving something of great historic value for posterity.

The last two books on the life of Washington that have come to us were written in the Ford House, which is on this spot.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. MARTIN of Massachusetts. If this proposition can be made self-supporting, why is the Government asked to pay for its maintenance? Why do not those who have it now keep it?

Mr. FULLER. They will if we do not accept this offer. They are wealthy and willing the Government should have it for a much-needed historical park.

Mr. MARTIN of Massachusetts. Does not the gentleman think they should keep it at this time?

Mr. FULLER. No; no one else has ever come here and offered us anything like this since I have been on the committee. This is a patriotic movement started by the citizens of this town and fostered by the legislature and the governor of the State.

Now, as to section 7, this section we have inserted for the purpose of preventing the Government from being required to go into the court and take care of criminal prosecutions.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. LAGUARDIA. Why, not five minutes ago we had up a bill under which we had to extend the jurisdiction and power of the Secretary of War in order to provide for the protection and policing of some park, and this section is for the purpose of avoiding that responsibility.

Mr. FULLER. That is exactly why we did it. It was done in order to make the city and the State take care of and police this proposed park so that would not be any expense on the Government.

Mr. COCHRAN of Missouri. There is no charge, as I understand it.

Mr. FULLER. There is no charge. Some one has said there will be a lot of improvements necessary. The improvements have already been made and the roads have been built.

This is the biggest thing we have had before our committee, and it is not like taking a piece of wild territory and making improvements upon it.

At the solicitation of our good Republican friends from the West, we have created park after park out there; and while we have also created a few in other parts of the country, you can name hardly one in the East.

The gentleman from Texas talked about the people having the right to go to Mount Vernon and see the resting place of the Father of Our Country by admission charge. This is not a public but private property. If they would turn Mount Vernon over to us, do you not suppose every man here would be glad to accept it on behalf of the Government?

This proposed park is only 25 miles from the heart of the greatest city in the world, New York City. The people of this city can go out there and visit this historical place and have much recreation and pleasure at a very beautiful spot.

If you understood this bill like the members of the Committee on Public Lands, there would not be a man within the hearing of my voice who would think of being opposed to it.

We have an amendment attached so as to bring it within the President's program and meet the wishes of the Budget, and this amendment provides that for the next four years the expense shall not exceed $7,500 a year.

The gentleman from New Jersey [Mr. STEWART] introduced this measure in the House, where we had extensive

hearings. They had a true copy introduced in the Senate. That bill has passed the Senate and is the pending measure for passage in the House. The Committee on Public Lands has refused numerous requests for public parks, but realizes this to be a most meritorious measure, meeting the approval of the Budget, Director of Public Parks, and the President. It carries no appropriation.

Mr. EATON of New Jersey. Mr. Speaker, I am acquainted with this park, it being near my home. George Washington spent one-fourth of his entire campaigning time in New Jersey, centered about Morristown as his headquarters. As for Mount Vernon being a great shrine, in the language of the gentleman from Texas, it is a great shrine because it was the home of George Washington, who in eight years of desperate struggle led our people in war to save us from a dictator. As has been well said, Morristown is the Valley Forge of New Jersey. It ought to be preserved as a sacred shrine by and for our people to the end of time.

And as for the cost, it is proposed to present to the Government of the United States a tract already developed, which is worth now under depressed conditions over $1,000,000. If the United States Government was to spend $10,000 a year for the next hundred years in support of that institution, it would then be worth more than the entire cost. I sincerely hope, in the interest of idealism in our Nation, as well as because of the fact that we are getting a great gift for nothing, the House will put this bill through. [Applause.]

The SPEAKER pro tempore. The question is on suspending the rules and passing the bill.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 124 ayes and 9 noes.

Mr. BLANTON. Mr. Speaker, I make the point that there is no quorum present, and I object to the vote for that reason.

The SPEAKER pro tempore. The gentleman from Texas makes the point that there is no quorum present. The Chair will count. [After counting.] One hundred and sixty-two Members present, not a quorum. That results in an automatic roll call.

The question was taken; and there were—yeas 234, nays 107, answered "present" 1, not voting 84, as follows:

[Roll No. 170]

YEAS—234

Abernethy	Colton	Flannagan	Kvale
Aldrich	Condon	Fuller	LaGuardia
Allgood	Connery	Gambrill	Lamneck
Amlie	Connolly	Garber	Lankford, Ga.
Andrew, Mass.	Cooper, Ohio	Gasque	Lankford, Va.
Auf der Heide	Cooper, Tenn.	Gillen	Larsen
Bachmann	Corning	Glover	Lea
Bacon	Cox	Goss	Leavitt
Bankhead	Coyle	Granfield	Lehlbach
Barton	Crail	Green	Lichtenwalner
Beam	Crosser	Greenwood	Lindsay
Black	Crowther	Gregory	Lonergan
Bland	Crump	Griffin	Lovette
Bloom	Culkin	Griswold	Lozier
Boileau	Cullen	Guyer	McCormack
Boland	Darrow	Hadley	McDuffie
Bowman	Davenport	Haines	McKeown
Boylan	Davis, Pa.	Hall, N. Dak.	McMillan
Briggs	Davis, Tenn.	Harlan	McSwain
Britten	Delaney	Hartley	Magrady
Browning	De Priest	Hastings	Major
Brumm	DeRouen	Hill, Ala.	Maloney
Buckbee	Dickinson	Hill, Wash.	Manlove
Bulwinkle	Dickstein	Hooper	Mansfield
Burch	Dieterich	Houston, Del.	Mapes
Burdick	Disney	Hull, Morton D.	Martin, Oreg.
Campbell, Pa.	Dominick	Jacobsen	Mead
Canfield	Doughton	Jeffers	Millard
Carden	Doutrich	Johnson, Okla.	Miller
Carley	Doxey	Johnson, S. Dak.	Milligan
Carter, Calif.	Drewry	Kahn	Nelson, Me.
Carter, Wyo.	Driver	Keller	Nelson, Mo.
Cartwright	Dyer	Kelly, Ill.	Niedringhaus
Cary	Eagle	Kelly, Pa.	Nolan
Celler	Eaton, Colo.	Kemp	Norton, Nebr.
Chapman	Eaton, N. J.	Kennedy, Md.	O'Connor
Chavez	Englebright	Kennedy, N. Y.	Oliver, N. Y.
Chindblom	Evans, Mont.	Kerr	Overton
Christopherson	Fernandez	Kinzer	Owen
Clark, N. C.	Fiesinger	Kleberg	Palmisano
Clarke, N. Y.	Finley	Kniffin	Parker, N. Y.
Cochran, Mo.	Fish	Knutson	Parsons
Cochran, Pa.	Fishburne	Kunz	Patman
Cole, Md.	Fitzpatrick	Kurtz	Patterson
Perkins	Seger	Sutphin	Weaver
Pittenger	Selvig	Swank	Welch
Purnell	Shreve	Sweeney	West
Rainey	Smith, Va.	Swing	Whittington
Ramspeck	Smith, W. Va.	Taylor, Colo.	Williamson
Ransley	Somers, N. Y.	Temple	Wilson
Rayburn	Spence	Thurston	Wolcott
Reed, N. Y.	Stafford	Tierney	Wolfenden
Reid, Ill.	Steagall	Timberlake	Wolverton
Reilly	Stevenson	Turpin	Wood, Ind.
Rogers, N. H.	Stewart	Underwood	Woodruff
Romjue	Strong, Kans.	Vinson, Ga.	Woodrum
Rudd	Strong, Pa.	Vinson, Ky.	Yon
Schafer	Stull	Warren	
Schuetz	Summers, Wash.	Watson	

NAYS—107

Adkins	Frear	Lambeth	Rogers, Mass.
Allen	Fulmer	Lanham	Sanders, N. Y.
Andresen	Gibson	Larrabee	Sanders, Tex.
Andrews, N. Y.	Gifford	Ludlow	Sandlin
Arnold	Gilchrist	McClintic, Okla.	Schneider
Baldrige	Hall, Ill.	McClintock, Ohio	Seiberling
Beedy	Hancock, N. Y.	McFadden	Shallenberger
Biddle	Hancock, N. C.	McGugin	Shott
Blanton	Hardy	McReynolds	Simmons
Bohn	Hart	Martin, Mass.	Sinclair
Bolton	Haugen	May	Snow
Buchanan	Hess	Michener	Sparks
Burtness	Hoch	Mitchell	Stalker
Busby	Hogg, Ind.	Mobley	Stokes
Cable	Hollister	Moore, Ky.	Sumners, Tex.
Cannon	Holmes	Moore, Ohio	Swanson
Castellow	Hope	Morehead	Swick
Christgau	Horr	Murphy	Taber
Collins	Howard	Oliver, Ala.	Tarver
Cross	Huddleston	Parker, Ga.	Thomason
Crowe	Jenkins	Parks	Tinkham
Dies	Johnson, Mo.	Partridge	Wason
Dowell	Johnson, Tex.	Peavey	Whitley
Drane	Jones	Polk	Wigglesworth
Ellzey	Kading	Ramseyer	Withrow
Eslick	Ketcham	Rankin	Wood, Ga.
Estep	Kopp	Robinson	

ANSWERED "PRESENT"—1

Boehne

NOT VOTING—84

Almon	Douglass, Mass.	Igoe	Ragon
Arentz	Erk	James	Rich
Ayres	Evans, Calif.	Johnson, Ill.	Sabath
Bacharach	Flood	Johnson, Wash.	Shannon
Barbour	Foss	Lambertson	Sirovich
Beck	Free	Lewis	Smith, Idaho
Brand, Ga.	Freeman	Loofbourow	Snell
Brand, Ohio	French	Luce	Sullivan, N. Y.
Brunner	Fulbright	McLeod	Sullivan, Pa.
Byrns	Gavagan	Maas	Taylor, Tenn.
Campbell, Iowa	Gilbert	Montague	Thatcher
Cavicchia	Golder	Montet	Treadway
Chase	Goldsborough	Mouser	Underhill
Chiperfield	Hall, Miss.	Nelson, Wis.	Weeks
Clague	Hare	Norton, N. J.	White
Clancy	Hawley	Person	Williams, Mo.
Cole, Iowa	Hogg, W. Va.	Pettengill	Williams, Tex.
Collier	Holaday	Pou	Wingo
Cooke	Hopkins	Prall	Wright
Curry	Hornor	Pratt, Harcourt J.	Wyant
Douglas, Ariz.	Hull, William E.	Pratt, Ruth	Yates

So (two-thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

The following pairs were announced:

Until further notice:

Mr. Prall with Mr. Snell.
Mr. Ragon with Mr. Evans of California.
Mr. Pou with Mr. Beck.
Mr. Byrns with Mr. Bacharach.
Mr. Montague with Mr. Luce.
Mr. Brunner with Mr. McLeod.
Mr. Ayres with Mr. Rich.
Mr. Lewis with Mr. Taylor of Tennessee.
Mr. Sullivan of New York with Mr. Foss.
Mr. Flood with Mr. Treadway.
Mr. Douglas of Arizona with Mr. Thatcher.
Mrs. Wingo with Mr. Erk.
Mr. Hare with Mr. Free.
Mr. Goldsborough with Mr. Cavicchia.
Mr. Douglass of Massachusetts with Mr. Barbour.
Mr. Collier with Mr. Campbell of Iowa.
Mr. Montet with Mr. Chiperfield.
Mr. Brand of Georgia with Mr. Smith of Idaho.
Mr. Almon with Mr. Wyant.
Mr. Pettengill with Mr. James.
Mrs. Norton with Mr. Hawley.
Mr. Gavagan with Mr. French.
Mr. Horner with Mrs. Pratt.
Mr. Wright with Mr. Clague.
Mr. Gilbert with Mr. Lambertson.
Mr. Shannon with Mr. Arentz.
Mr. Williams of Missouri with Mr. Johnson of Washington.
Mr. Sirovich with Mr. Person.
Mr. Igoe with Mr. Hopkins.

Mr. Williams of Texas with Mr. Pratt.
Mr. Sabath with Mr. Clancy.
Mr. Fulbright with Mr. Golder.
Mr. Hall of Mississippi with Mr. Holaday.
Mr. Yates with Mr. Mouser.

The result of the vote was announced as above recorded. The House bill was laid on the table, and the rule providing for consideration was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the amendment of the House to a bill of the Senate of the following title:

S. 5445. An act to extend the time for the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex.

The message also announced that the Senate had receded from its amendments numbered 1 and 2 to the joint resolution (H. J. Res. 138) entitled "Joint resolution for the relief of the State of Idaho."

CAMP SITES OR RIFLE RANGES FOR NATIONAL GUARD IN SOUTH DAKOTA

Mr. WILLIAMSON. Mr. Speaker, I move to suspend the rules and pass the bill S. 1752, to authorize an appropriation for the purchase of land in South Dakota for use as camp sites or rifle ranges for the National Guard of said State.

The Clerk read the bill, as follows:

Be it enacted, etc., That a sum not to exceed $14,000 is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the purchase of camp sites or rifle ranges in the State of South Dakota, for the use of the National Guard of said State. All purchase of land under this act shall be made by the Secretary of War pursuant to law governing the acquisition of land for the use of the National Guard.

The SPEAKER pro tempore. Is a second demanded?

Mr. BLANTON. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Is the gentleman from Texas opposed to the bill?

Mr. BLANTON. I am; I objected to it on the Unanimous Consent Calendar.

Mr. WILLIAMSON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WILLIAMSON. Mr. Speaker, I yield to myself five minutes.

Mr. COCHRAN of Missouri. A parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. COCHRAN of Missouri. The gentleman calls up a Senate bill, and the Senate bills are not available to Members. Does not the rule provide that bills must be available when they are called up? The same situation occurred with the previous bill—the House bill was available but the Senate bill was not. How are we to know what is being considered?

The SPEAKER pro tempore. The Chair will state that ordinarily that is the rule; but the gentleman from South Dakota moves to suspend the rules and all regulations of the House.

Mr. WILLIAMSON. The Senate bill is identical with the House bill.

If I may have the attention of the House while I explain this bill, I do not think there will be any opposition to it. Originally the Government owned a camp site near Watertown, S. Dak. In the 1918 appropriation bill the Secretary of War was authorized to sell National Guard camp sites and rifle ranges where for any reason they might become unavailable for such purposes. The camp site and rifle range was close to the city of Watertown. The town grew toward the camp site until it became dangerous to use the camp site as a rifle and artillery range. Because of that fact the site was sold. Under the national defense act of 1916, the law required that in cases where camp sites were sold the proceeds should be placed to the credit of the State, Territory, or District in which the camp site was located. Some one in the Treasury Department handling the funds erroneously placed them to the credit of the general fund, and therefore they became unavailable to the State of South Dakota for use in the purchase of another camp site. The proceeds of sale have remained in the general fund since 1921, and ought to be restored to the State as provided by law. The only way that this can be done now is to authorize the reappropriation of the fund.

Mr. GARBER. To what general fund does the gentleman refer?

Mr. WILLIAMSON. To the general fund for the arming, equipping, and training of the National Guard for the country at large. In 1909 an appropriation of $2,000,000 was made for the purpose, among other things, of buying camp sites and rifle ranges throughout the country, the fund to be distributed among the States of the Union upon the basis of their representation in Congress. Every other State in the Union has received its share of that $2,000,000. They have retained their proportionate shares of that fund until now and always will have it.

So far as I know, the only State in which a camp site has been sold and the money placed in the general fund, is the State of South Dakota. All we are asking is to have the fund credited to the State as required by law. In place of this being done, as stated, it was placed to the credit of the general fund, and therefore has not been available for the purposes intended by Congress. That is all there is to the bill. [Applause.]

This bill has the approval of the Bureau of the Budget, is very much desired by the War Department, and, in all fairness, should be passed at this session.

In 1909, as I have already indicated, there was appropriated $2,000,000 in accordance with the provisions of section 1661, Revised Statutes, as amended by the acts of June 6, 1900, and June 22, 1906, which money was to be used, among other things, for the purchase of camp sites and rifle ranges throughout the United States for the National Guard. The distribution of the money among the several States was made upon the basis of the number of Representatives and Senators in Congress as follows:

Alabama	$43,188.07
Arizona	11,360.99
Arkansas	35,335.69
California	39,261.87
Colorado	19,630.94
Connecticut	27,483.32
Delaware	11,778.77
District of Columbia	37,203.08
Florida	19,630.94
Georgia	51,040.44
Hawaii	14,775.00
Idaho	11,778.77
Illinois	106,000.70
Indiana	58,892.61
Iowa	51,040.44
Kansas	39,261.88
Kentucky	51,040.44
Louisiana	35,335.69
Maine	23,557.12
Maryland	31,409.51
Massachusetts	62,819.01
Michigan	54,966.63
Minnesota	43,188.07
Mississippi	39,261.87
Missouri	70,671.38
Montana	11,778.77
Nebraska	31,409.51
Nevada	11,778.77
New Hampshire	15,704.75
New Jersey	47,114.25
New Mexico	10,312.05
New York	153,147.74
North Carolina	47,114.25
North Dakota	15,704.75
Ohio	90,302.13
Oregon	15,704.75
Oklahoma	27,483.32
Pennsylvania	133,469.97
Rhode Island	15,704.75
South Carolina	35,335.69
South Dakota	15,704.75
Tennessee	47,114.25
Texas	70,671.38
Utah	11,778.77
Vermont	15,704.75
Virginia	47,114.25
Washington	19,630.94
West Virginia	27,483.32

Wisconsin	$51,040.44
Wyoming	11,778.77
Division and National Militia Affairs and National Militia Board	30,000.00
Total	2,000,000.00

Mr. BLANTON. Mr. Speaker, I yield myself five minutes. In 1906 this Government bought 40 acres of land near Watertown, S. Dak., for a military target range. I imagine some of our western friends were instrumental in having that done. Two years later 70 acres more were purchased to add to this target range, so that in all the Government had 110 acres there, which cost the Government $10,640. Following 1918, after our good friend ROYAL JOHNSON had gotten back from over yonder and had done such valiant service for the country, it was found that this target range was useless; it was unavailable for the purposes for which it had been purchased. A bill was passed to permit the War Department to dispose of all such useless target ranges. One of two facts had to exist before they could dispose of it. Either the target range had to be "useless" or it must be "unavailable for the purposes for which it was bought." It is to be presumed, when the War Department disposed of it, that it was either useless or unavailable. All these years have run along, and our friend is now wanting the Government to spend as much as $14,000 to reacquire the target range.

Mr. WILLIAMSON. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Just a moment. I would rather the gentleman would use his own time. If the gentleman wants to ask me some questions and will yield me five minutes I shall answer the questions in his time, and not in mine. The question is whether we are going to expend $14,000 to buy it back, and then maintain it each year at a great cost. What is there about these 110 acres near Watertown, S. Dak., that since we sold them suddenly has made them useful or has made them available for a target range? What has happened? Not a thing except the desire of our friend to pass this bill. Why does the Government need the 110 acres for a target range out there? Oh, for the pleasure of some of the boys who want to go out and shoot. I helped to organize a rifle team in Texas, and it is a splendid rifle team and some of the best marksmen in the country are on that team. Instead of calling on the Government for a rifle range, they went several miles from home and secured for themselves a rifle range and they go out there frequently and shoot.

Mr. WILLIAMSON. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes; if the gentleman will yield me some of his time.

Mr. WILLIAMSON. I yield one minute to answer the question.

Mr. BLANTON. Very well. Mr. Speaker, I shall answer the gentleman's question in the one minute he has yielded of his time.

Mr. WILLIAMSON. The gentleman's State got $70,671 out of the same appropriation, and it has the $70,000 yet.

Mr. BLANTON. I remind the gentleman that we have in Texas 254 counties, and I guarantee that in my home county, Taylor, just 1 out of the 254, we have more expert rifle shots than the gentleman has in his whole State of South Dakota. Texas is a big State. The gentleman could put his State in one corner of our State. Fort Sam Houston at San Antonio, and Fort Bliss at El Paso, and forts along the Mexican border are in Texas. That is the reason for it. I am not advocating the Government buying any rifle ranges down in Texas now. I am advocating that this Government retrench and get back on a sound financial footing. That is what we Democrats promised the people of the United States we would do, and that is what I am going to help the Democrats do, as long as I am a Member of this Congress.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Oh, just a moment. There is no politics in this.

No beer, no wort, and no extra prescriptions from physicians to prescribe beer, which the gentleman put in and which was taken out by the Senate committee to-day.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. BLANTON. Mr. Speaker, I yield myself five additional minutes.

I want to ask my friends this question: I want to ask my new leader here, whom I follow now, our distinguished colleague from the great Northwest, General MARTIN, of Oregon, and he is my leader now and I am following him many times, I ask you, General MARTIN, what are you going to do about this retrenchment? What are we going to do about taking this deficit out of the Treasury? What are we going to do to restore the confidence of the people in this Congress?

Have we not got to stop this everlasting spending? Now, if we appropriate $14,000 to buy these 110 acres out near Watertown, S. Dak., for a rifle range, do not you know that every year from then on you will have to appropriate money to take care of it? You will have to appropriate money to pay custodians. You will have to appropriate money to maintain it. I am in favor of cutting down. Now, are we just going to go along and vote for all these bills? From now until we adjourn sine die next Saturday at noon, it behooves everyone of us to sit on this floor day and night all the time and watch every single bill that comes up here under suspension, and if it seeks to take money out of the Treasury that ought not be taken out or that we can get along without taking out, we ought to vote against it. We ought to keep our pledge that we made to the people of the United States when they elected us and gave us 313 Democratic Members in the next House. They did it because they believed we would give them some economy in public business. I am one who is going to keep my pledge to them, the pledge of the Democratic Party that we would cut down expenses; that we would balance this Budget, and that we would put the Government on a sound economical basis.

Are you Republicans with us to do that? Just because my friend from South Dakota wants this little hand-out, are you going to vote with him for it? Hand-outs here and hand-outs there, "You scratch my back and I will scratch your back." Is that still going on in this Congress? There has been too much of it going on. That is why you have a deficit of a billion dollars a year. It is the aggregate of these little amounts that make this big deficit each year.

I know one Member over here, if he votes like he has been preaching, he will vote to stop this spending, and that is McGUGIN, of Kansas. Are his preachments sincere? Does he mean what he says? Does he want to balance the Budget? Does he want to stop this spending? If you do, McGUGIN, get up here and I will give you five minutes to speak against this bill. It ought to be stopped.

Mr. Speaker, I reserve the balance of my time.

Mr. WILLIAMSON. Mr. Speaker, I yield five minutes to the gentleman from Alabama [Mr. HILL].

Mr. HILL of Alabama. Mr. Speaker, this bill simply provides a rifle range for the National Guard of the State of South Dakota, just as the Federal Government has provided rifle ranges for the other States throughout the Nation.

In 1906 the Congress passed an act authorizing the appropriation of $2,000,000 for the purchase of National Guard rifle ranges in the different States. As a result of the passage of this act, a rifle range was purchased near the city of Watertown, S. Dak., for the National Guard of South Dakota. In 1918 there was a provision carried in the War Department appropriation bill authorizing the Secretary of War to sell any National Guard rifle range if, for any reason, that rifle range had become unusuable or unavailable for purposes as a range, provided that if any range be sold, the money derived from that sale be credited to the National Guard of the State in which the range was located.

Mr. LEAVITT. Will the gentleman yield for a question?

Mr. HILL of Alabama. Yes; I yield briefly.

Mr. LEAVITT. I notice the Government is paying $640 a year rent now. Would that be stopped if this bill were passed?

Mr. HILL of Alabama. Why, certainly. The payment of this rent would be stopped.

Under authority of the War Department appropriation bill of 1918 the Government sold this rifle range at Watertown, S. Dak., and the money derived from the sale of this South Dakota rifle range, in the amount of about $14,000, should have been credited to the National Guard of the State of South Dakota, for the purchase of a new rifle range that was usuable and that would be available for purposes as a rifle range.

Some one in the Treasury Department made an error, and instead of crediting this sum of $14,000 to the National Guard of the State of South Dakota, it was turned into a general fund. As a consequence, the State of South Dakota lost its National Guard rifle range, and the Federal Government has had to pay each year $640 rent to provide a range for that State. All this bill would do would be to take this $14,000 which the Government derived from the sale of the Watertown, S. D., rifle range, and permit the Secretary of War to buy a new and usable range for the State of South Dakota.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. McSWAIN. Is it not a fact that in other States the Federal Government provides each of their National Guards with a range and National Guard encampment sites?

Mr. HILL of Alabama. It does.

Mr. McSWAIN. And unless this bill passes there will be a discrimination against this particular State.

Mr. HILL of Alabama. That is exactly true. There was a rifle range sold in the State of Texas that brought $70,671, and when the sale was made the Government turned this money over for the purchase of a new rifle range, and the National Guard of Texas is to-day using their new rifle range.

We had this rifle range near Watertown, S. Dak. The town grew. This made the rifle range unusable. All we are doing, Mr. Speaker, is simply providing a new range for an old one that became unusuable and had to be sold. We are not taking one dollar out of the Federal Treasury that was not put there by the sale of the old range.

Mr. STRONG of Kansas. By a mistake.

Mr. HILL of Alabama. Put there by a mistake, exactly. Unless this bill is passed the Government will in the future have to pay $640 a year rent and perhaps even more from year to year, or South Dakota will be the one State of the Union for whose National Guard the United States does not provide a rifle range. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Speaker, on this retrenchment policy I am in accord with the Democratic leader from Texas, Mr. BLANTON, and shall vote against this appropriation; $14,000 here and $25,000 there and $100,000 some other place all add to the burden of the American taxpayers.

Of course, at all times the gentleman who so kindly yielded this time does not think about the taxpayers. I offered an amendment that would save the taxpayers $9,000,000 on the prohibition-enforcement item of the Coast Guard appropriation. The gentleman from Texas voted against that saving. We also had an amendment to reduce by about $9,000,000 the Prohibition Enforcement Bureau appropriation, and the gentleman forgot all about the taxpayers at that time.

When it came to submitting the eighteenth amendment repeal resolution—which, when ratified, will save the taxpayers hundreds of millions of dollars each year—the gentleman from Texas forgot about the taxpayers. When we look at the facts we find that during the year prior to prohibition the Federal Treasury received $483,000,000 by reason of the tax on beverages containing more than——

Mr. BLANTON. Mr. Speaker, will the gentleman yield? I wish to ask the gentleman a question.

Mr. SCHAFER. Just a minute; let me finish this—by reason of the tax on beverages containing more than one-half of 1 per cent of alcohol. Now I yield to the gentleman.

Mr. BLANTON. Does the gentleman think it is fair, when he assured me he would use his time in speaking against this bill if I would give it to him, for him to get up now and waste time with a lot of folderol beer bunk?

Mr. SCHAFER. I am speaking against the bill, but I am going farther in the interest of the taxpayers than the gentleman ever dared to go.

Mr. BLANTON. I voted for the funds needed by our efficient Coast Guard and for funds to enforce national prohibition. My official oath "to uphold the Constitution" required that, and I have voted for every real economy proposal thus far.

Mr. SCHAFER. I am with the gentleman in his fight against this pending bill.

Mr. BLANTON. I would like for my friend not to double-cross me. I did not yield him time to use in double-crossing me.

Mr. SCHAFER. There is no double-crossing at all. I used a few moments to talk in the interest of the taxpayers.

Mr. Speaker, I want to congratulate the President elect for appointing our colleague the gentleman from Arizona [Mr. DOUGLAS] as Director of the Budget. [Applause.] He is an able colleague, and I at this time want to ask the Democratic brethren to support Mr. DOUGLAS in his new undertaking. We all remember back in the last session of Congress when our colleague [Mr. DOUGLAS] was a member of the Economy Committee and made a ringing speech on the floor of the House for economy. The Members on both sides rose and for about five minutes applauded and cheered him. Then a few weeks later the Democratic leader on the Committee on Appropriations, the gentleman from Alabama [Mr. OLIVER] stood in this very well and heaped maledictions upon the head of the gentleman from Arizona [Mr. DOUGLAS], and the same Democratic brethren reversed themselves and stood up en masse and cheered that castigation. The other day you stood up and cheered and applauded extensively when Mr. DOUGLAS entered the Chamber. I ask you to continue to support and uphold him, because he has a dirty, mean job cut out for himself to reconcile the conflicting promises that the Democratic Party has given to the country to reduce the cost of Government 25 per cent and at the same time fulfill the many other promises that would increase the cost several hundred per cent.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. SCHAFER. I yield.

Mr. GREEN. I am wondering if we can depend upon support from the gentleman's side in the matter of economy?

Mr. SCHAFER. Yes; the gentleman always will find plenty of support on the Republican side for real economy. I do not know whether the gentleman was a recent convert to the cause of the antiprohibitionists in their fight to repeal the eighteenth amendment, which amendment has already cost the American taxpayers many billions of dollars.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. SCHAFER. Yes; but I want to get back to this bill. [Laughter.]

Mr. BLANTON. I think the gentleman's friends back in Milwaukee were just about as ungrateful to him as he has been to me for yielding him this time. We had this bill defeated until the gentleman engaged in partisan politics.

Mr. SCHAFER. The gentleman's friends may have been ungrateful in falling for the bunko and conflicting promises of the Democratic Party, but I assure the gentleman that I have not double-crossed him in making this little talk in behalf of substantial relief for the taxpayers. I am truly grateful to the distinguished colleague from Texas for yielding me five minutes in order that I might speak for the taxpayers.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield one minute to the distinguished gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Speaker, I want to recognize the great honor this old Member of the House, my friend, the gentleman from Texas, has done me by saying he is going to follow me. Well, if he does he is going to get some mighty good legislation. I can tell him that. [Laughter.]

I agree with the gentleman from Texas on this bill. I think it is a reflection at this time, with the country in the shape it is, that Congress should be frittering and fooling away its time on such a bill as this, taking $14,000 out of the Treasury.

Do we want to bankrupt Uncle Sam? The idea of taking $14,000 away from the Treasury at this time. We are spending too much money on the National Guard anyway. Those fellows up there in South Dakota should buy their own rifle ranges the same as the boys do down in Mr. BLANTON's district.

Mr. BLANTON. Mr. Speaker, I yield the balance of my time to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Speaker, I shall not betray my friend from Texas [Mr. BLANTON], by making a speech on another question. I do not think at this serious hour when we are closing this session of Congress we ought to take up time by engaging in levity and discussing questions that are foreign to those which should be under consideration by the House.

I agree with the gentleman from Texas that in the closing hours of Congress every Member should be in his seat and should be watchful of what passes this body. My experience of four years has been that more money is wasted in the last week of Congress than is wasted in the month prior thereto.

I do not believe we ought to go out now, in this time of depression, and spend $14,000 of the Government's money in buying rifle ranges and camp sites. Why, the condition of this country is getting such that you will not have to camp but one night until you will have to move on.

Mr. WILLIAMSON. Will the gentleman yield for a question?

Mr. GLOVER. Not just now.

Our country to-day is in absolute distress and much of the country is in want. We have 13,000,000 people to-day out of employment, and we have at least 40,000,000 who are receiving help from the National Government and the State governments under which they live; and yet we come here at this hour and want to give $14,000 to buy a site for rifle practice. I do not think a bill of this kind ought to be considered under suspension of the rules in the closing hours of the Congress.

Mr. McSWAIN. Will the gentleman yield for a question?

Mr. GLOVER. I yield to my good friend and colleague [Mr. McSWAIN].

Mr. McSWAIN. I want to ask my distinguished friend if he knows what it costs the Government to provide Fort Logan H. Roots, in the State of Arkansas, as a national camp.

Mr. GLOVER. Fort Logan H. Roots is taking care of more men for the amount of money expended upon it than any place in any State of the Union.

Mr. McSWAIN. I agree with the gentleman; and why should we not let the State of South Dakota have this little rifle range?

Mr. GLOVER. Fort Logan H. Roots is taking care of men who can not take care of themselves. They are taking care of men who are demented and must be cared for by the Government. They are not doing any rifle practice out there, I will say to the gentleman. They can not practice with a rifle. They are not even permitted to go at large. They are confined because they are not able to take care of themselves.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. GLOVER. Yes.

Mr. HILL of Alabama. The State of Arkansas, from which the gentleman comes, got not $14,000 but $35,335.69 from this fund.

Mr. GLOVER. I do not know when they got it. They have not got it since I have been here, and they have not got it at my instance. I think the gentleman is referring to Camp Pike, where so many soldiers have been trained.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Speaker, I yield the balance of my time to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Mr. Speaker, it is my firm conviction that I am the only living man who knows all about the facts in this case, and I am going to try to divorce politics from this matter, state the facts, and I do not worry about how anyone is going to vote, not even the gentleman from Arkansas, the gentleman from Oregon, or the gentleman from Kansas, who have been referred to in this discussion.

In 1906, the year I was graduated from college, the Government appropriated $2,000,000 to buy rifle ranges in the United States. These rifle ranges were sold in every State and, except in the case of the State of South Dakota, the money was properly placed to their credit in the United States Treasury, and with the exception of South Dakota, the other States received the money to which they were entitled. In South Dakota the Government appropriated $10,000 for the rifle range. About 1907, 1908, and 1909, I was a captain of the National Guard of that State, and those of us who were in the National Guard in those days did not get any money when we attended drills, only when we were in camp. We were just crazy, fool militarists. So we contributed one-half of our salary as officers to improve this property, and I have half of my salary tied up in this, given at a time when I was a captain of the National Guard, and so does every other National Guard officer who served during those years. This is the reason the land was sold for $13,000 instead of the $10,000 the Government paid for it. We gave the money to improve it.

When this money came back to the Treasury it was reappropriated to the States, and every other State in the United States has a range but this State. Some clerk in the War Department made a mistake and credited this money to the general fund, and South Dakota has never been able to get it.

This rifle range was set in close to the city of Watertown and things were expanding and then the World War came on. South Dakota does not have much infantry now; it has artillery, and there is no artillery range, although the State has a National Guard organization. If this money is expended, it will go into a combined rifle and artillery range, and it takes some land for that.

This will save the Government $640 a year rent for all time.

Mr. LAGUARDIA. Does this call for a rifle range?

Mr. JOHNSON of South Dakota. Yes; but it is also an artillery range. It is all thrown into one, as the gentleman knows, because he knows something about war.

The gentleman from Arkansas, whom I respect very much, I know believes in economy. The gentleman from Arkansas [Mr. GLOVER] and the gentleman from South Carolina [Mr. McSWAIN], who, incidentally, is for this bill, because he knows the facts and knows about war, well remember the facts in connection with the construction of perhaps the greatest hospital in the United States in the city of Hot Springs, which was necessary at that time.

Let us take up some of the other States which have secured money out of this fund to which they were entitled.

Alabama, $43,000; Arkansas, $25,000; money that was their money, except that South Dakota guard officers paid $3,000 out of our salaries.

Texas, another great State, who had some great soldiers, $30,671; Wisconsin, $51,040.

Mr. O'CONNOR. Were those appropriations for ranges?

Mr. JOHNSON of South Dakota. For ranges, exactly as this one is, out of money appropriated, and which they secured, and the State of South Dakota could not secure, because of a mistake of a clerk in the War Department who credited it to the general fund instead of to South Dakota.

Now, this will save $640 a year.

They must have this range, and the State is entitled to the money, and $13,000 was contributed by us who were crazy enough to go into the National Guard. We did not take all of our pay but turned it back to help the Government and help ourselves to secure the services that we ought to have had.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield.

Mr. REED of New York. I am in sympathy with the gentleman, but I do not quite understand how you are going to save this $640.

Mr. JOHNSON of South Dakota. The rent of the present range is $640 that we now pay.

Mr. BLANTON. But what about the interest on the $14,000? The United States will be out its $14,000. Certainly the interest on it is worth something annually.

Mr. JOHNSON of South Dakota. If there was anything of interest, it ought to go to South Dakota that has lost the money for all these years, and that which we contributed ourselves. We ought to be entitled to it, although we were willing to devote it for the purpose of adequate preparation for war, which I think is the most important Government activity we could have. [Applause.]

Mr. BLANTON. Does not the gentleman think that if we could get the Senate to pass the bill we passed and sent to them guaranteeing bank deposits, which is the only measure that will ever stop wholesale bank failures, and then get the President to sign it, it would save all these banks from closing? That is far more constructive than this rifle range bill.

Mr. JOHNSON of South Dakota. Instead of that I think if the House organization had brought out the Glass bank bill and passed it you would not have had banks breaking all over the United States.

Mr. WOODRUFF. Does not the gentleman believe that the gentleman from Texas would have more influence with the gentleman who is holding up that bill in the Senate than the gentleman from South Dakota?

Mr. JOHNSON of South Dakota. I do not know that I should express any opinion concerning the other governing body.

Mr. STEAGALL. Will the gentleman tell us what provision in the Glass bill he desires to be enacted?

Mr. JOHNSON of South Dakota. Every one of them, commencing at the top, giving the comptroller the power he should have, control of security affiliates; and I would like to see the provisions with reference to branch banking enacted for the benefit of my State. I think the bill is based on good common sense.

The SPEAKER pro tempore. All time has expired, and the question is on suspending the rules and passing the bill.

The question was taken, and on a division (demanded by Mr. BLANTON) there were 123 ayes and 40 noes.

Mr. BLANTON. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. The gentleman from Texas demands the yeas and nays. As many as are in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Eight members have risen, not a sufficient number, and the yeas and nays are denied.

So, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

QUALIFICATION OF BANKERS

Mr. GILLEN. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. GILLEN. Mr. Speaker, something was said a moment ago about bank legislation. I rise to call attention to a proposition relating to banking which has been engaging the attention of the banking fraternity for a number of years. As an outgrowth of the agitation for this legislation, a number of my banker friends in my home State have asked me to introduce a bill, it being introduced this morning, which I now call to the attention of the House and for which I ask your careful consideration. I know that can not be given at this session of Congress and that it will have to go over to the coming Congress. I refer to legislation designed to get at the qualification of bankers from the grade of cashier on up. In other words, it has been advocated and it is desired by the honest bankers of this country, if possible, to reduce to a minimum the number of unscrupulous men who are engaging in the banking business.

Recent disclosures have brought to our attention very forcibly the fact that sentences to the penitentiary come too late. If we are to have the banking industry placed in the hands of honest men, men of integrity, it seems to me the time has come when serious attention should be given to this question, to the end that qualifications may be set up and inquiry made into the integrity of these men, into their qualifications, so that in the future a proper guard may be thrown around that fraternity just as qualifications are required for the legal fraternity, for physicians, for dentists, and for other persons. [Applause.]

IMPEACHMENT OF JUDGE HAROLD LOUDERBACK

Mr. SUMNERS of Texas. Mr. Speaker, I offer the following privileged report from the Committee on the Judiciary, which I send to the desk and ask to have read, and ask its immediate adoption.

The Clerk read as follows:

House Resolution 402

Resolved, That HATTON W. SUMNERS, GORDON BROWNING, MALCOLM C. TARVER, FIORELLO H. LAGUARDIA, and CHARLES I. SPARKS, Members of this House, be, and they are hereby, appointed managers to conduct the impeachment against Harold Louderback, United States district judge for the northern district of California; and said managers are hereby instructed to appear before the Senate of the United States and at the bar thereof in the name of the House of Representatives and of all the people of the United States to impeach the said Harold Louderback of misdemeanors in office and to exhibit to the Senate of the United States the articles of impeachment against said judge which have been agreed upon by the House; and that the said managers do demand the Senate take order for the appearance of said Harold Louderback to answer said impeachment, and demand his impeachment, conviction, and removal from office.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BLANTON. Is it not usual in such cases to provide for the managers on the part of the House to interrogate witnesses?

Mr. SUMNERS of Texas. This is the usual resolution which is adopted.

Mr. BLANTON. But this resolution does embrace that power and authority?

Mr. SUMNERS of Texas. Yes. It is the usual resolution.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. STAFFORD. This House, which is about to expire, has leveled impeachment articles against a sitting judge. It is impracticable to have the trial of that judge in the expiring days of the Congress. Has the gentleman considered what the procedure will be in respect to having the trial before the Senate in the next Congress?

Mr. SUMNERS of Texas. The Committee on the Judiciary to-day gave full consideration to all of the angles that suggested themselves to the committee for consideration, and this arrangement seems to be more in line with the precedents and to be most definitely suggested by the situation in which we find ourselves.

Mr. STAFFORD. Then, I assume, from the gentleman's statement, that it is the purpose that the gentlemen named

in the resolution shall represent the House in the next Congress?

Mr. SUMNERS of Texas. No; I believe not. I think it is pretty well agreed that the next Congress will probably have to appoint new managers before they may proceed. I think gentlemen on each side agree substantially with that statement as to what probably would be required.

Mr. STAFFORD. There is nothing in the Constitution that would prevent Members of this Congress from serving as representatives of this House before the Senate in the next Congress, even though they be not Members of that Congress.

Mr. SUMNERS of Texas. I hope my friend will excuse me for not taking the time of the House to discuss that feature of the matter.

Mr. STAFFORD. It is quite an important subject.

Mr. SUMNERS of Texas. It is an unsettled subject, and one we have tried to avoid.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

Mr. SUMNERS of Texas. Mr. Speaker, I desire to present a privileged resolution.

The Clerk read as follows:

House Resolution 403

Resolved, That a message be sent to the Senate to inform them that this House has impeached Harold Louderback, United States district judge for the Northern District of California, for misdemeanors in office, and that the House has adopted articles of impeachment against said Harold Louderback, judge as aforesaid, which the managers on the part of the House have been directed to carry to the Senate, and that HATTON W. SUMNERS, GORDON BROWNING, MALCOLM C. TARVER, FIORELLO H. LAGUARDIA, and CHARLES I. SPARKS, Members of this House, have been appointed such managers.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

AMENDMENT OF FARM LOAN ACT

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass the bill (S. 5337) to amend the Federal farm loan act, as amended, to permit loans for additional purposes, to extend the powers of Federal land banks in the making of direct loans, to authorize upon certain terms the reamortization of loans by Federal and joint-stock land banks, and for other purposes.

The Clerk read as follows:

S. 5337

An act to amend the Federal farm loan act, as amended, to permit loans for additional purposes, to extend the powers of Federal land banks in the making of direct loans, to authorize upon certain terms the reamortization of loans by Federal and joint-stock land banks, and for other purposes

Be it enacted, etc., That for a period not to exceed five years any borrower who has obtained a loan from a Federal land bank may on application to such Federal land bank and upon approval of such application by the directors of the bank postpone the payment of any unpaid installment or installments in the manner herein provided in this section. Such postponed payment shall be made by paying at the time each succeeding annual installment is due one-tenth of the amount of the postponed payment, and, in the case of semiannual installments, by paying at the time each succeeding semiannual installment is due one-twentieth of the postponed payment until the amount of such postponed payment has been paid. In any case in which the number of remaining installments due on the mortgage is less than 10, in the case of annual installments, or less than 20, in the case of semiannual installments, the amount of the postponed payment shall be distributed proportionately over the remaining number of installment payments.

SEC. 2. Section 7 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 711–722), is amended by adding at the end thereof the following new paragraph:

"Whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed in any locality in the continental United States, or that the farmers residing in the territory covered by the charter of a national farm-loan association are unable to apply to the Federal land bank of the district for loans on account of the inability of such association to indorse such loans, the Federal Farm Loan Board may, in its discretion, authorize said bank, at any time within five years after this paragraph takes effect, to make direct loans to borrowers, secured by first mortgages on farm lands situated within any such locality or territory. Except as herein otherwise specifically provided, all provisions of this act applicable with respect to loans made through national farm-loan associations shall, in so far as practicable, apply with respect to such direct loans, and the Federal Farm Loan Board is authorized to make such rules and regulations as it may deem necessary with respect to such direct loans, provided no such loan shall be made for more than $15,000. Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of $5 for each $100 or fraction thereof borrowed."

SEC. 3. That subsection "Ninth" of section 12 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, sec. 771), is amended so as to read as follows:

"Ninth. For the period of five years after the passage of this act every borrower shall pay simple interest on extended payments the same rate of interest as stipulated in the mortgage securing the loan as to payments not in default and by express covenant in his mortgage deed shall undertake to pay when due all taxes, liens, judgments, or assessments which may be lawfully assessed against the land mortgaged. Taxes, liens, judgments, or assessments not paid when due, and paid by the mortgagee, shall become a part of the mortgage debt and shall bear interest at the rate provided in the mortgage. Every borrower shall undertake to keep insured to the satisfaction of the Federal Farm Loan Board all buildings the value of which was a factor in determining the amount of loan. Insurance shall be made payable to the mortgagee as its interest may appear at time of loss, and, at the option of the mortgagor and subject to general regulations of the Federal Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed."

SEC. 4. Subparagraph (b) of paragraph "Fourth" of section 13 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, sec. 781), is amended by adding at the end thereof a new sentence to read as follows: "Every such bank may carry real estate as an asset, for a period of not exceeding five years, at the amount of the bank's investment therein at the time of acquirement of such real estate."

SEC. 5. Section 13 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, sec. 781), is further amended by adding at the end thereof the following new paragraph:

"Eleventh. When in the judgment of the directors conditions justify it, and with the approval of the Federal Farm Loan Board, to reamortize, in whole or in part, the aggregate amount remaining unpaid under the terms of any mortgage, and to accept payment of such aggregate amount on an amortization plan by means of a fixed number of annual or semiannual installments sufficient to cover the interest payable on the mortgage, and in addition thereto such amounts to be applied upon the principal as will extinguish the debt within an agreed period of not more than 40 years from the date of the reamortization; to deposit such mortgages with the farm loan registrar as collateral security for farm-loan bonds at an amount not exceeding the principal of the original loan remaining unpaid at the date of such amortization; and with the approval of the Federal Farm Loan Board to charge the borrower an amount not to exceed the actual cost incurred in connection with such reamortization."

SEC. 6. Section 14 of the Federal farm loan act (relating to express prohibitions on the exercise of powers by the Federal land banks) (U. S. C., title 12, sec. 791) is amended by adding at the end thereof the following new paragraph:

"Sixth. To accept as security or additional security for any loan to any borrower under this act, or any installment on any such loan, any security other than first mortgages on farm real estate or Federal land-bank stock; and the transfer to any Federal land bank of any such security if it may not be accepted by the bank under this subsection shall be void: *Provided*, That any bank may accept an assignment of the landlord's rent to the amount of any taxes paid on such land by the bank, or any interest due."

SEC. 7. That section 19 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 851–856), is amended by adding at the end thereof a new paragraph, to read as follows:

"Such farm-loan registrar shall accept as collateral security in place of mortgages withdrawn, purchase money mortgages and contracts to sell acquired real estate, for a period not to exceed five years, at the amount of the land bank's investment therein. The banks shall have power to execute all necessary conveyances, transfers, and assignments to carry out this provision."

SEC. 8. That the land banks shall use the balance of the $125,000,000 provided in the act of January 23, 1932, not heretofore so used, in carrying out the provisions of this act for extension of loans or making new loans.

Mr. McFADDEN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. McFADDEN. As it is at present, I am.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

Mr. STEAGALL. Mr. Speaker, the plan under which we are proceeding is to substitute in the House a bill reported by the Committee on Banking and Currency in the House

for a bill which has passed the Senate and which is now pending in the House, the purpose being to afford an opportunity to complete the legislation in conference and, as we hope, prepare a measure that will improve on either of the original bills.

It should be understood by all who are interested in this legislation that it is not offered as a complete answer to the demands and the necessity for legislation respecting the difficulties of the farmers of the country in connection with land-bank mortgages. There are pending in the House committee and in the Senate Committee on Banking and Currency other bills of larger range and covering in a much broader way the entire land-bank mortgage situation; but some of us concluded that it was not reasonably probable we should be able, during this short session, to pass comprehensive legislation on this subject.

Pursuing that theory, the Committee on Banking and Currency of the House and the Committee on Banking and Currency of the Senate took up the two bills to which I have referred—the bill introduced by me in the House and the bill introduced by Senator FLETCHER of Florida in the Senate. It was our thought that we could, in the way we have undertaken, solve some of the difficulties in which the farmers are involved who have their mortgages with the Federal land banks. Only a limited number of our farmers have their mortgages with the Federal land banks. Of course it would be desirable to do anything that we might reasonably do for the relief of all farmer borrowers in the country who are embarrassed in this period of depression and distress, but we have not felt we would be able to accomplish that task in the short time afforded for consideration of such legislation. We thought it desirable to secure a limited measure of relief rather than try the largest task without results. We have reason to hope for passage of the bill before us and presidential approval.

The bill requires the Federal land banks, when extending loans of borrowers or renewing delinquent and unpaid installments, to spread those delinquent payments over a period of 10 years, in 10 equal amounts, so that a farmer may not have his installments accumulating during a period of low prices, and at a time when the farmer finds it so hard to carry on with his operations, but to permit borrowers to extend payments, in worthy cases, in such way as to give him an opportunity to work out his problem and meet his obligation.

We do not provide in the bill that any farmer may require an extension of his loan. We preserve the discretionary powers of the officials of the land banks to pass on each particular case as in their judgment its merits warrant. But when an extension is allowed the bill requires that it be spread over a period of years, so as to give the borrower an opportunity to work out his problems and pay his debts. This difficulty has been encountered by some of the farmer borrowers under practices that have prevailed. When extensions have been granted by officials of a bank conditions were attached that robbed the action of its benefits to the borrower. It will be remembered that we passed a bill last year in which we extended aid to the Federal land banks in the form of subscriptions by the Treasury to capital stock in the amount of $125,000,000, $25,000,000 of which were required to be used in the extension of loans of borrowers. The act provided that such extensions might be made in the discretion of the bank officials and payments spread out over a period of 10 years. The record fails to disclose a single instance in which the provisions of the act passed last year were carried out by the officials of the land banks. Your committee made diligent inquiry, and we have not yet learned of an instance where any borrower had his loan or his delinquent payments extended over a period of years, as contemplated by the act of last year.

Not only that, but where extensions are made, it is the prevailing rule of the land banks to require the borrower, as a condition to the extension to be allowed, to execute chattel mortgages, covering his crop, his farm implements, his livestock, everything the farmer owns to secure the delinquent payments, notwithstanding the debt is already amply secured by the land conveyed in the original mortgage when the loan was made. Such a rule necessarily leaves the farmer with no opportunity to obtain advances or secure supplies to enable him to make a crop, and in conditions that exist now, he is left with no incentive to undertake to carry on or try to meet his obligations. The rule is harsh and unjust. It violates every purpose of the Federal farm loan act, if indeed it is not contrary to the technical provisions of the law. It discredits the land-bank system and every official in any way responsible for it.

Such a proceeding is, theoretically, a foreclosure, because it treats the farmer-borrower in such cases as a tenant. We have provided in this bill that no security shall be taken covering extended payments save on the real estate conveyed in the original mortgage, except to cover advances made to pay taxes on the land or interest due.

In my congressional district the Federal land bank—and I have letters in my files which were exhibited to the Committee on Banking and Currency to substantiate this statement—laid down the unvarying rule that no farmer's mortgage would be extended, no matter how long it had been running or how many payments had been met, even though the land more than amply secured the loan, unless the farmer executed a mortgage covering his chattels, his farming implements, his livestock, his cattle, his provisions, his crop, and everything to be grown on the farm during the year of the extension and for subsequent years. That was the unvarying rule that prevailed.

It is the judgment of the committee that such a practice works an undue hardship; that foreclosures under such conditions not only mean to turn farmers out of their homes, to take the shelter off their families and leave them as a charge upon the public not only such hardships upon the borrowers themselves but such a rule means the sacrifice of the securities of the banks. Members well understand that when the land banks go into an agricultural community and advertise a large number of farms for sale under present conditions, they not only turn the farmer-mortgagors in particular cases out of their homes and work irreparable hardship upon them; it demonstrates that in that community the other assets and securities represented by lands in the same community are without value, or at least that the banks can not realize upon their securities. Such a practice ruins both the borrowers and the banks. Such a rule is not followed by any other business institution in the land. The commercial banks uniformly refrain from such practices. Their assets are carried at fair valuation.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield for a question.

Mr. MAY. We have a land bank in Louisville, Ky. In the eastern end of the State there are 40 or 50 counties not particularly adapted to farming. Under section 2 of this bill can a farmer apply to the Federal land bank without regard to the organization of the farm-loan associations?

Mr. STEAGALL. I may say to the gentleman that I have just discussed one section of the bill, and that most hurriedly. Now to answer him, there is incorporated in this bill a provision authorizing loans to be made directly to individual borrowers in communities where national farm-loan associations are not in condition to offer acceptable security to the land banks.

Mr. WHITTINGTON. What amount would be available for this use?

Mr. STEAGALL. The maximum amount of a direct loan is $15,000.

Mr. WHITTINGTON. What amount is available in the 12 land banks?

Mr. STEAGALL. That involves an inquiry into the balance sheet of the banks. I will discuss that a little later, if I have an opportunity. That should come in connection with the last provision in the bill. The banks are now in

position to grant many loans, though probably not in the amounts for which there will be demands.

Mr. WHITTINGTON. I would be very glad if the gentleman would tell us.

Mr. SHALLENBERGER. I agree with the gentleman that the bill authorizing an extension of loans requiring additional security did not work as we had hoped it would work out, because the property was all the time in the hands of the bankers. If we pass this bill to help the farmer, will the bank be willing to advance the money?

Mr. STEAGALL. I may say to the gentleman that we have attempted, as I thought I had intimated in the outset of my remarks, to prepare a bill which Congress will pass and which will become a law. If we go further in taking away the discretion of the officials of the land banks in dealing with individual loans on their merits, we will never get the bill enacted finally because it will not be approved by the President. So we have preserved the discretion of the board. We have provided that where a loan is extended there may be no penalty interest rate charged. We thought this desirable in the present situation.

Mr. SHALLENBERGER. It has been our experience in Nebraska that the banks refused every time to take care of the defaulted interest unless the farmer secured them as the gentleman said.

Mr. STEAGALL. We are proceeding upon the idea that we may hope for a more liberal administration of the Federal land banks. Unless we have a more sympathetic policy in the administration of these banks, the legislation we are attempting to pass will not be of much value.

Our purpose in preparing this bill is to remove every obstacle in the machinery of the law that will interfere with a common-sense, constructive administration of the banks. But we must of necessity depend upon the officials who administer these banks, as we have to depend upon officials who administer all the various agencies set up by the Government. This is true of many departments of the Government of which complaint is made. Much of our troubles, I am sure, are due to unwise policies of administration. But I do not desire to indulge in criticism. What we desire is to secure relief as far as we may.

Mr. STEVENSON. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. STEVENSON. The gentleman from Nebraska asked a question as to why the banks could not take additional security. I desire to call attention to the fact that the average loan has been in existence seven years, and payments have been made during all that time. If the loan amounted to 50 per cent of the value of the farm, at least seven-fiftieths has been paid and there is sufficient margin there to take care of a year's interest or two years' interest in a time when there is need for it.

Mr. STEAGALL. The gentleman is correct. He has stated the situation clearly. I must hurry on to other phases of the bill. Another provision of the bill permits the reamortization of loans over a period not to exceed 40 years. This provision will enable officials of a bank to take a solvent loan, in some instances perhaps where payments have been made for 15 years, and where the mortgagor is a good citizen, a home owner, a borrower whom they can trust to meet his obligations if given an opportunity. In a case like that this provision will save the farmer's home and prevent the sacrifice of the security of the bank by reamortizing the loan. We think this is a wholesome provision. The bill permits mortgages that have been extended to be carried as security against the bonds, and likewise real estate to the amount of the investment of the bank. Then we require finally that the banks shall use whatever funds they have remaining out of the $125,000,000 appropriated last year for making loans or for the extension of loans to borrowers. The banks have $115,000,000 in cash and bonds. Their payments received from borrowers amount to $82,000,000 annually. Their interest obligations on bonds amount to only $52,000,000 annually. The bank officials do not anticipate any difficulty in collecting half the interest maturities on their mortgages. So, it will be seen that with the funds on hand and additional privileges of borrowing of the Reconstruction Finance Corporation, we make possible a liberalization of the policies of the Federal land banks that will be of substantial benefit to the farmers of the Nation. [Applause.]

AMENDMENT OF FEDERAL FARM LOAN ACT

Mr. McFADDEN. Mr. Speaker, I yield myself 10 minutes.

Mr. GREEN. Will the gentleman yield for a question and answer it in his time? I should like to have brought out definitely whether or not in counties where the organization is now in default and not operating, the owner of a farm located in such county can obtain a loan under the provisions of this amendment. This is the main thing in which I am interested.

Mr. McFADDEN. That is one of the purposes of the bill, I will say to the gentleman.

Mr. GREEN. Is it mandatory or optional?

Mr. McFADDEN. Optional.

Mr. Speaker, I am entirely in sympathy with the main part of this measure. It is right and proper in these times of stress that every assistance that can be given to these borrowers, who are not in a position to meet their amortization payments, that they should be given this help and that they should have every opportunity to thus avoid an absolute default. I believe this to be for the best interests, not only of the farmer borrower, but also for the Federal farm-loan system itself.

However, I want to direct your attention particularly to two clauses in this bill, and I refer to sections 7 and 8. I am fearful that these two sections, while intending to be helpful, may do more harm than good in destroying confidence of the investing public in the security back of the bonds.

In section 7 the language is as follows:

> Such farm-loan registrar shall accept as collateral security in place of mortgages withdrawn, purchase money mortgages and contracts to sell acquired real estate, for a period not to exceed five years, * * *

This is a weakening of the security back of the bonds which are issued and sold to investors by the Federal farm-loan system. It permits the substitution of real estate which has been foreclosed and thus acquired by the system, and also permits the substitution, in place of mortgages, land contracts where the land so acquired under foreclosure has been sold to new purchasers under contract, in the place of prime mortgages as now provided by law. I want to make perfectly clear to you just what this language does.

Section 8 provides that the land banks shall use the balance of the $125,000,000 provided in the act of January 23, 1932, not heretofore so used, in carrying out the provisions of this act for extension of loans or for making new loans.

This is a direction to the Federal land banks directly from Congress as to the use of the remainder of the funds amounting to $50,000,000 which were appropriated last year. "This section is an alarm signal to investors and has been particularly so to the bankers who dispose of these farm-loan bonds."

Both of these provisions tend to weaken, in the mind of the investor, at least, and section 7, particularly, does weaken, the security of these Federal farm-loan bonds. Section 8 brings a doubt in the minds of the bond purchasers as to the ability of the Federal farm-loan system to carry on without Government aid in the form of further appropriations.

We must recognize that for the successful operation of this institution, the Federal farm-loan system, we must preserve the confidence of the investing public; if this is not done, there will be no one to buy their bonds. Last year we appropriated $125,000,000 and provided that $25,000,000 of it should be used to give assistance to the prior borrowers who were not able to meet their amortization payments. The Federal farm-loan system in the use of the other $100,000,000 of this fund has used it in carrying out several different functions, and the farm-loan com-

missioner has given me a statement showing how this fund has been disposed of and handled. It shows there is a balance of approximately $50,000,000, which remains in the Treasury not yet disposed of. While I have not sufficient time to go into this completely, I think I should give this information to the House: Uses made by Federal land banks of proceeds of $125,000,000 of capital stock subscribed by the Secretary of the Treasury during 1932 under the act of Congress passed last year. The $125,000,000 of capital stock was subscribed as follows: Twenty-five million dollars for extensions in February, 1932.

This amount, together with earnings on it, has been used or is held exclusively for extensions. The 12 banks reported that through December 31, 1932, they had granted extensions to approximately 93,000 borrowers covering delinquent obligations totaling $23,419,800.46. In addition, they were carrying thousands of other delinquent borrowers.

ONE HUNDRED MILLION DOLLARS GENERAL CAPITAL

Thirty-four million, seven hundred and thirty-four thousand, seventy-five dollars and sixty-three cents during February, 1932, for the purpose of strengthening the collateral position of the banks by removing unsatisfactory collateral pledged with the registrar.

Three million, five hundred and nine thousand, six hundred and sixty-four dollars and thirty-seven cents during February, 1932, for the purpose of retiring the Spokane participation certificates representing advances previously made to the Spokane bank by the other 11 banks.

Eleven million dollars during April, 1932, in nine of the Federal land banks which requested the funds in anticipation of increased demands for new loans.

Fifty million, seven hundred and fifty-six thousand, two hundred and sixty dollars during June, 1932, to increase the earnings of the banks and to provide them with reserve funds with which to meet contingencies, the need for which resulted from heavy delinquencies.

GENERAL COMMENT REGARDING USES MADE OF THE FUNDS

Of the $100,000,000 not earmarked specifically for extensions, $52,291,490, or slightly more than 50 per cent, was subscribed to stock in four banks, the Federal Land Banks of Columbia, New Orleans, St. Paul, and Spokane. Because of unusually heavy delinquency these banks were particularly in need of additional income in order to retain their solvency and to provide adequate collateral behind their bonds. Of the funds received, the four banks used $14,628,991.32 for the purchase and retirement of their own bonds, and the resulting profit of $1,964,008.68 was an important factor in the effort which was made to prevent an impairment of capital, to sustain the credit of the banks, and to preserve the equity that farmer-borrowers have in the banks through their ownership of the national farm-loan associations.

Funds used for the purpose of strengthening the collateral position of the banks generally were first invested in Government securities, which were then substituted for undesirable collateral pledged with the registrars. Funds so used, however, were available for the purpose of making loans, since when and as loans were made they could be pledged with the registrars and a corresponding amount of Government securities and/or cash released to the banks. During the year the banks closed new loans totaling $27,569,800, a part of which were made from proceeds of Government capital-stock subscriptions.

By reason of the additional capital funds which they have received the banks have been enabled to carry thousands of delinquent borrowers in addition to those to whom definite extensions have been granted and the banks' forbearance has made it necessary for ten of them to use $6,683,471.47 for the purpose of paying interest on their outstanding bonds.

Exclusive of securities and cash pledged as collateral for bonds there remained on December 31, 1932, approximately $50,000,000 from the $100,000,000 fund for future needs and contingencies. If the banks continue to carry as many borrowers as now are being carried, these funds will shortly be required for the purpose of meeting interest on bonds.

Mr. ALLGOOD. Will the gentleman yield there?

Mr. McFADDEN. Yes, briefly.

Mr. ALLGOOD. Will the gentleman explain why they did not use that $50,000,000 in making new loans or in extending loans?

Mr. McFADDEN. The Farm Loan Commission stated the reason this money was not used was because, in the judgment of the Board, the money should be kept as a reserve to meet emergencies of the system and, possibly, to provide for future interest payments, not knowing to what extent further delinquencies might take place. The interest on the outstanding bonds runs something like $42,000,000 a year, and we must recognize the fact that there are many delinquencies in the system and when delinquencies do occur interest and amortization payments stop; and in the management of the system they have seen fit to conserve their cash resources to meet these undisclosed conditions, among which is the question of having on hand in advance of due date the total amount of necessary money to meet the payment of interest on their bonds.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield myself one more minute.

I may say to the House, frankly, in this minute, that section 8 should go out of the bill. I am not sure, under the parliamentary situation that now exists, whether any amendments can be offered to the bill or not.

Mr. Speaker, I would like to ask whether or not, under the peculiar parliamentary situation now existing, amendments may be offered to the bill.

The SPEAKER pro tempore (Mr. O'CONNOR). The Chair will advise the gentleman that amendments to the bill are not in order.

Mr. McFADDEN. Then it is to be hoped that if this bill goes to conference, this particular portion of the bill will be taken out, because it may vitally affect the sale of Federal farm-loan bank bonds in the future as the mere reporting out of the committee of this bill with section 8 in it has caused a decline in the quotation of Federal farm-loan bonds in the market of several points.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Speaker, ladies and gentlemen of the House, I regret that I can not follow our able chairman in supporting this measure. It is true that the bill contains several sound and desirable provisions which, if fairly and sympathetically put into effect, would aid the distressed borrower. However, in view of the fact that practically the same provisions were contained in the bill reported by our committee and passed during the last session which the chairman himself admits in his argument have never been administered for the benefit of the farmer, I do not think that we should in this fashion tinker with such an important problem.

This is a moment of catastrophe. We face a national crisis calamitous in its possibilities. Fear grips the heart of every man, woman, and child in the land, and no one can predict what trouble will come on the earth to-morrow. The mortgage-debt problem is commanding nation-wide attention, and at the present price levels there is no hope that these obligations can be discharged. Although the Federal land bank system has had at its command millions of dollars since the last session, its general policy toward the borrower has not been as lenient as Congress intended that it should be when it was voted the additional $125,000,000. As a matter of fact, less than the $25,000,000 earmarked for granting extensions has been used for that purpose; and the remaining portion, plus loans secured from the Reconstruction Finance Corporation, has been used for steadying the credit structure of the banks and bolstering the bank's securities. In these times such a policy would seem to be inhuman and cruel.

This measure which is now being taken up under suspension, and without the privilege of offering an amendment, appears to me to be unworthy of the intelligence and wisdom of our committee in an effort to meet this serious debt problem, which should be attacked in a comprehensive way. Without reflecting upon anyone, I feel that this measure is a flop and a sort and unworthy of the serious attention of the House. It is true that it would prohibit the banks from taking additional security to cover delinquent installments and in certain ways enable the banks to utilize their resources more effectively during this crisis, all of which would seem to be desirable. On the other hand, why arouse false hopes at a time like this when all of us must know that a modicum of relief is extended in this measure to the thousands of worthy and deserving borrowers, who, by no fault of their own, can not even pay their taxes with commodity prices at the present level? You may put it down in your book that commodity prices have got to be raised or debts have got to be reduced.

Though I have reached no definite conclusion with respect to the soundness or desirability of the Robinson bill or the Hull bill, I am opposed to further patchwork efforts regarding this situation. When we retrospect we are obliged to admit that Congress has failed to anticipate the depth of this depression and that all we have done under the present administration and by its leadership has been to swing onto the tail end of the depression hoping in that way to stop it. We now see, as we could not perhaps see at that time, that the only way to break the vicious circle of deflation and stop human suffering would be to go to the bottom of this situation in a courageous and heroic method. It is useless to patch the house at the top when the walls are cracking on the inside as the result of unstable foundation.

For more than three months many of us have been giving serious thought to legislation which would operate fairly to the borrowers, the banks, and the holders of the securities. Surely no person with good common sense would represent that this measure even slightly tended to solve the problem. Since no relief extension or indulgence can be granted under this measure without the approval of the Farm Board, how could any sane person, in the light of what has happened for the past 12 months, even hope that any of its benefits would be carried to the borrower? That being true, why, at this time, wreck the system, as this measure will certainly do if it is enacted into law?

Though I must confess that I am primarily interested in aiding the borrower, I would not want to be unfair to the system or the individuals and institutions which have, in good faith, invested their money in its securities. I fully believe that with careful study and thorough planning, as our committee should have been doing since the session commenced, we can solve this problem by reducing the interest rate on the bonds and the mortgages to around 2 or 3 per cent. When I think of this bill I am reminded of this often-quoted saying: "The mountain labored and gave forth a mouse."

If you do not believe what I am telling you, just wait until we get back in the special session. Personally, I know that there is not a man in the Nation, without a single exception, who is more sincerely and intensely interested in assisting the farmers with their mortgage troubles than our chairman, but I can not understand why he should indulge in an empty gesture and vain attempt like this. He knows, as all of us do, that the President would immediately veto this bill with section 8 in it. Why should we here, during this crisis, consume our time with further legislation which merely covers up the evils instead of uprooting them? So far as I am concerned, politics may go to the winds and it shall be my purpose to support every sound measure which treats heroically and courageously the debt problem in fairness to debtor and creditor. There is no doubt in my mind but that the wages of capital must be reduced if we are to preserve this Republic and hope for any recovery in the years ahead.

The membership of this House know that I have not indulged in the discussion of matters generally, but that I have always confined my remarks to legislation which I have considered in the Committee on Banking and Currency.

Though I do not like to refer to my own efforts, I desire to call the attention of the House to the fact that more than six weeks ago I introduced a resolution providing for a standstill arrangement on all debts secured by mortgages or other similar instruments. I felt that since a national emergency existed equal to or greater than that of any war period, that economic patriotism and social sense, as well as a wise financial policy, warranted the passage of a resolution of this kind so as to give the millions of mortgage debtors a breathing spell during which they could get with their creditors and make some fair adjustment. The people of this great country of ours want two things—work and security; and every effort here should be directed for such an accomplishment.

Though the purpose of this bill is designed unquestionably to aid the distressed borrower, in my judgment it will not only fail to do this, but it will have an immediate, unwarranted depressing effect upon the outstanding securities, which, in turn, will jeopardize the remaining credit structure of the banks. When this is done, the borrower certainly has not improved his position and others have been hurt seriously. Though great concessions must be made by the security holders, it is foolish to single even them out for unjust punishment when no one benefits by such action. The announcement of the passage of this legislation would practically mean destruction of the Federal land-bank system.

When I learned that our chairman had secured a ruling on this bill, I was preparing to offer an amendment which would enable a borrower from any Federal land bank or joint-stock land bank at any time, when he is privileged under the provisions of the Federal farm loan act to pay the entire principal of his loan, to surrender to the farm-loan registrar of that bank any farm-loan bonds with all unmatured coupons attached issued by such bank, and, if the par value of such bonds equaled the amount of the debt of the borrower to the bank, the borrower would be entitled to withdraw his note and mortgage from the registrar. This would facilitate, in a fair way, the liquidation and in a much more equitable way than now obtains. It would merely give the borrower in a limited way the same privilege which section 894 of the act gives to the banks in an unlimited way. It would be fair to the borrower and fair to the bondholder, and the banks could not justly complain that any violence had been done their rights because they did not continue to have the exclusive privilege of taking advantage of their own default.

The number of my bill, which has been favorably reported by the Committee on Banking and Currency, is H. R. 14618, and the report number is 2089. I am satisfied that this measure will have no chance for passage during the present session, but it is my purpose to continue every proper effort to put it into the law unless some better plan is worked out during the special session.

The chairman of our committee stated that H. R. 14689, which we are now considering, was a temporary measure and would exist as such pending the enactment of one of the comprehensive plans which have been introduced by Senator ROBINSON and others in the Senate.

Mr. STEAGALL. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I gladly yield.

Mr. STEAGALL. The gentleman does not mean, I know, to misquote me. I had not thought of saying that this is a temporary measure. It is permanent, and I think ought to have been in it all the time.

Mr. HANCOCK of North Carolina. Of course, I did not intentionally misquote the gentleman, but I maintain everything that I have heretofore said about this bill, and I regret that I misunderstood the chairman's statement. If the measure is permanent, it even makes the situation a great deal worse.

Mr. Speaker, it is inconceivable to me that this House should be content to consider this legislation as its contribution to this all-important and serious problem. I certainly

trust I have not been misunderstood, and I only wish that the time were mine to give you the facts and information pertinent to this situation which I have received and developed as a result of my continuous study and investigation. I do not mean to create the impression for a minute that I know more about it than any of you gentleman, but it happens that in my work I have had opportunities which perhaps have not come to you.

Finally, may I say in the best of spirit that I abhor this method of dealing with such important subjects and especially when we have had practically three full months, spending a greater part of such time in matters of far less importance. For myself, I can not but feel sensitively ashamed.

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Speaker, I desire to make only a brief statement as to what this measure will do for the farmer. In the first place, at least 50 per cent, and I believe 90 per cent, of the farm-loan associations in the country are defunct. They met and got an organization and got their loans, and then they quit business, and many of them are absolutely insolvent because of the judgments for deficiencies that have been made against them. A farmer in such a county can not get a loan because his association is in that condition, and the association is not in a position to do business because it is already insolvent and its indorsement would not be accepted by the bank. The result is that we are giving the farmer an opportunity in a situation of that kind to go directly to the bank.

In the next place, we have provided that he shall not be penalized by being charged a rate of 8 per cent interest whenever he defaults on the payment, automatically increasing his interest rate above what interest can be paid and continue to do business, and we allow him to pay the same interest provided in the mortgage itself. In the next place, we provide for a reamortization of loans. Let us take a man who has paid for 10 years and he finally gets to a place where he can not. The upshot is that he has to be sold out or reamortized. They take what is remaining of his debt and reamortize it, and divide it into not over 40-year payments and fix the interest rate at a reasonable rate and reamortize it, and his first installment does not fall due until a year after that, so that automatically he gets a year's grace in which we hope the Lord will do something for this country, as nobody else seems able to do.

In the next place, we hear talk about paying the interest on the farm loan bonds. Section 8 provides:

> That the land banks shall use the balance of the $125,000,000 provided in the act of January 23, 1932, not heretofore so used, in carrying out the provisions of this act for extension of loans or making new loans.

That which is used for the extension of loans is to merely pay the interest on the bonds, which they do not get from the borrower—it is to pay that out of this, and that provides for it absolutely, and if it does not, then in conference we shall certainly make that provision beyond peradventure.

The SPEAKER pro tempore. The time of the gentleman from South Carolina has expired.

Mr. HASTINGS. Mr. Speaker, has all time expired?

The SPEAKER pro tempore. All but one minute in charge of the gentleman from Pennsylvania.

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent, notwithstanding the expiration of the time, that I may proceed for three minutes on this bill. The bill has not been debated here. Some of us have not had an opportunity to express ourselves.

Mr. McFADDEN. Mr. Speaker, I yield one minute to the gentleman from Massachusetts.

The SPEAKER pro tempore. The Chair will put the request of the gentleman from Oklahoma after the time has expired.

Mr. LUCE. Mr. Speaker, the practical situation is that if we should reject this bill there will be no legislation on this subject at this session. The need for action is imperative. The bill contains some provisions which it is to be hoped may be changed in conference. Out of the conference may come a bill that will meet the criticisms that have been passed upon it. Therefore, to me it seems the wise thing, almost the imperative thing, to pass the bill through this stage, so that it may receive the further consideration that is certain.

The SPEAKER pro tempore. The gentleman from Oklahoma asks unanimous consent, notwithstanding the expiration of the time for debate, to address the House for three minutes. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object, and I regret I shall have to do so. I am afraid it would be establishing a bad precedent under the rules to extend the time for debate beyond the 40 minutes provided in the rule. The reason these matters are brought in under suspension of rules is to confine the debate to 40 minutes. The three minutes the gentleman requires would establish a precedent. I wish the gentleman would not press the matter.

Mr. HASTINGS. I hope the gentleman will not enter his objection. Aside from the gentleman from North Carolina [Mr. HANCOCK] there has been no debate on the other side on this bill.

Mr. O'CONNOR. I would much rather the gentleman would ask to proceed out of order.

Mr. HASTINGS. Then I ask unanimous consent to proceed out of order for three minutes.

Mr. STEVENSON. Why does the gentleman not extend?

Mr. HASTINGS. I want to talk here a little bit.

The SPEAKER pro tempore. The gentleman from Oklahoma asks unanimous consent to address the House for three minutes out of order. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, if no other person makes a request for additional time I shall not object, but I shall object at this late hour if there is any similar request.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HASTINGS. Mr. Speaker, I am tongue-tied. No man in this House knows the disappointment I feel. I can not find parliamentary language to express myself on this bill. It is a mere flyspeck. It would not do a particle of good to the poor farmers of this country.

It is a confession of this great Committee on Banking and Currency, composed of strong men, that after studying this question for three months they are unable to agree on and report legislation that will adequately meet the situation. Mortgages are being foreclosed by the thousands. Outraged farmers are meeting and vigorously protesting the sale of lands. What does this bill do? Does it afford them relief? No. In the aggregate there are $9,241,390,000 in amount of real-estate mortgages, as reported by the Bureau of Economics. What does this bill provide? It makes available the balance of the $125,000,000 which I am advised, and if I am wrong let somebody correct me in his own time, that there are only $50,000,000.

The chairman of the Committee on Banking and Currency [Mr. STEAGALL] in the course of his remarks with reference to the administration of the act of January 23, 1932, making an appropriation of $125,000,000 in aid of the Federal land banks, stated that the bill in effect gave a legislative direction to use $25,000,000 in payment of the interest and extension of loans to farmers.

The chairman of the Committee on Banking and Currency [Mr. STEAGALL] has just stated with reference to this bill:

> The act provided that such extensions might be made in the discretion of the bank officials and payments spread over a period of 10 years. The record fails to disclose a single instance in which the provisions of the act passed last year were carried out by the officials of the land banks. Your committee made diligent inquiry, and we have not yet learned of an instance where any borrower had his loan or his delinquent payments extended over a period of years, as contemplated by the act of last year.

Yet in the face of this statement the remainder of the balance unused of that appropriation, estimated to be around $50,000,000, is to be made available for these same Federal land banks.

As above stated, the records show that there are outstanding farm mortgages amounting to $9,241,390,000. Of this amount insurance companies hold $2,164,000,000. What relief does this bill give to a farmer where an insurance company holds the mortgage on his land? Of course it affords him no relief. Commercial banks hold farm mortgages in the sum of $1,020,000,000. How is the farmer helped by this bill where a commercial bank holds the mortgage on his land? There is no pretense that this bill will afford him any relief. Retired farmers hold $1,006,000,000 in mortgages on farm lands. Will some one explain how this bill helps the farmer where the mortgage on his land is held by this class of mortgagees?

The records show that there are $214,033,000 of mortgages on farm lands in my State of Oklahoma, but I do not know of a single farmer in my district that this bill will help. It is a pretense and a sham.

In every agricultural State in the Union the question of the refinancing of farm mortgages and the reduction of taxes are the burning questions. The reduction of ad valorem taxes is for the State legislatures and favorable action is imperative.

The whole country is ablaze, yet we go to quench this fire with a tin cup filled with water.

There are approximately $1,200,000,000 of farm mortgages held by the Federal land banks. The balance of approximately $50,000,000 of the $125,000,000 remaining unused would not be a drop in the bucket. Everyone knows it and everyone concedes it. Why attempt to fool and deceive the farmer? He will get no substantial relief out of this bill. Unless the Senate amends the bill in conference there is no hope for the despairing bankrupt farmer in this bill.

When Congress convened in December last approximately 100 Members of Congress representing agricultural districts associated themselves into a group to study the farm problem. They have met from time to time during the past three months. As a result of their study many bills have been introduced in the House, and some in the Senate, which would adequately meet the situation and afford some relief to the farmers of the country. However, if you take a legislative microscope and search for a week you will not find any relief in this bill for a single farmer in my district.

Everyone knows that the use of $50,000,000 with only one class of mortgagees, the Federal land banks, would be of no appreciable benefit.

Only one local farm-loan association was formed in my district. Because of bad crop conditions, corn selling for 10 or 12 cents per bushel, oats around 10 cents per bushel, wheat from 25 to 30 cents per bushel, and cotton around 6 cent per pound or less—all below the cost of production—the farmers have been unable to pay their taxes and upkeep of their farms and to pay the interest on their loans. Their purchasing power is gone. They need a comprehensive and a permanent measure. If we fail to enact one we admit we are unable to cope with the situation. For one, I am not going to recommend to the farmers of my district this legislative evasion of our responsibility to our constituents.

I was born and reared on a farm, own much farm land now, and feel that I have a practical knowledge of farm conditions. Our inaction will destroy the farmers. They have been facing bankruptcy for 10 years. Their eyes have been on Washington for relief. They see comprehensive legislation and money appropriated through the Reconstruction Finance Corporation in terms of billions for the benefit of other classes of citizens, including railroads, banks, and corporations of various kinds, and when we go to explain to them how we have helped the farmer, and present this measure, this homeopathic dose, they will demand to know how they will be aided in refinancing their mortgages, and it will dawn upon them, as it did when the original $125,000,000 was appropriated, that the farmer is the "forgotten man."

Let no farmer be deluded in the belief that this bill will give him any relief.

Here is a great committee of the House of Representatives. The farming question has been one demanding attention for years. An intensive study has been given to this situation during the entire three months since Congress convened in December, but there has been no comprehensive action. To-day, without roll call, unknown to more than a half dozen Members of the House, this legislative flyspeck is called up under suspension of the rules, with but 20 minutes of debate on each side, every minute of it consumed by the committee, and all in favor of the bill, with the exception of 5 minutes used by the gentleman from North Carolina [Mr. HANCOCK], so that the House has had no opportunity whatever to study the bill, and no opportunity to amend it; no general analysis of the terms of the bill has been made.

Here is the most important matter confronting the country, one in which the greatest number of people are interested, and the bill is considered in the way I have just indicated, with the committee practically admitting that it is the best bill they can bring out. Oh, the shame of it all! Nero fiddled while Rome burned. It is asked what objection there is to the bill. The objection is that it does not afford any relief to the farmers of the country. It is the sin of omission rather than of commission. It makes available the balance of $125,000,000, estimated to be around $50,000,000, for the use of the Federal land banks, when it is admitted that not a single farmer secured any relief out of the original appropriation, and no effort whatever is made to take care of the untold thousands of farmers who have given mortgages on their land to other agencies. If the farmers were to take a pack of bloodhounds and hunt through the various provisions of this bill they would be disappointed in not finding a scent of relief.

Section 1 authorizes the Federal land banks to postpone the interest and installments on farm loans not to exceed five years. In some counties in my district it is estimated that 65 per cent of the farm lands have gone into foreign ownership. The Federal land banks do not own a single mortgage in most of these counties. I know of only one county in my district where the land bank has made loans and they are not making any now. How would this section of the bill help farmers in those counties? It is a legislative omission to accept our responsibility and to do our duty.

Section 2 provides that direct loans may be made to farmers under certain conditions. I tried to get this provision inserted in the act of Congress approved July 17, 1916. However, in districts where the Federal land banks are making no loans how can the farmers be helped? Again this section requires the farmers who borrow money to covenant to join local loan associations, which in my district they will refuse to do. Surely, so far as this legislation is concerned, the farmer is the "forgotten man."

There are a large number of bills now pending before the House and Senate committees which deal in a comprehensive way with the farm-mortgage question. It is a great disappointment that some one of these many measures is not brought before the House for consideration, instead of this bill, which affords no relief.

The farmers in my district are not going to be deceived by this measure. They thought they would get some relief out of the $125,000,000 appropriated by the act of January 3, 1932, but not one of them got any relief. They were deceived into the belief they were going to get some assistance from the home loan bank bill, enacted during the last session of Congress, but when rules and regulations were promulgated it was held not to apply to farm lands. When the city home owner in my State applied for a loan he was required to make application through a building and loan association, and when he did that he was told that because of certain State laws loans were not permitted to be made.

We ought to be frank about the matter. Congress should study the most important question before the American people to-day and instead of evading responsibility should meet it in a broad, comprehensive, and constructive way.

The hope of the country is now and always has been in encouraging the American people to become home owners. The farmers, because of economic conditions beyond their control, are distressed beyond belief.

I have attended every meeting of the agricultural group which has met from time to time to study this most important question. I have earnestly presented this matter to the House on three different occasions. In an extended speech I urged the Banking and Currency Committee of the House several weeks ago to bring in a comprehensive bill.

Let me repeat that no one in the House is more bitterly disappointed than I am at this idle gesture. Our only hope is that the Senate conferees may insist upon some provisions that may be helpful.

Only four legislative days remain during the present session of Congress. No other bill is expected to be reported to the House by the Banking and Currency Committee during this session. We return to our several districts where the questions of the refinancing of farm mortgages and farm relief are the principal ones being discussed because every business man, banker, merchant, and laborer, who are all dependent upon the farmer, are vitally interested. When we return we will be asked what legislative relief was enacted for the benefit of the farmer. I would like to be down in my district and hear one of the proponents of this bill who spoke in its favor in the House to-day explain to a crowd of deeply interested farmers, where not a single farm land-bank mortgage has been made, how this bill will help one of them.

I end as I began, by saying that I can not find parliamentary language in the limited time at my disposal, when I am only permitted to speak through the courtesy of unanimous consent, to express my very great disappointment.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members have three legislative days in which to revise and extend their remarks on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. GILCHRIST. Mr. Speaker, I do not oppose the bill. As I see it, it will do no harm, but it certainly will do no considerable good for the bankrupt farmers of this country, and especially to those in the State of Iowa, whom I have the honor of representing on this floor. They have asked for bread. This bill is a stone.

Thousands of them are being driven from their homes without any fault of theirs. In recent press dispatches we are told that whole communities of Russian peasants—not individuals, but whole populations—have been driven from their homes and from the land of their ancestors into the dreary and snowbound wastes of northern Siberia. But the Russian Government did not do such a wicked thing until it first determined that some of these folks, and the leaders of them, had failed in their duty toward the Soviet Government. Innocent men, innocent women with babes in arms, and innocent children are now treking across the snow wastes of western Asia toward the mines of northern Siberia through no fault of themselves. Indescribable suffering awaits their banishment.

Nobody claims that our farmers have done any wrong. They are free from fault. The conditions surrounding them were not of their making. They are industrious. The members of their families are industrious. In the summer time all of them work from the time when the sun, still below the eastern horizon, has not yet dispelled the darkness of night until a time long after night has fallen upon the world. In the winter they work from sun to sun and from daylight into darkness. They are not impecunious. They are industrious and frugal. I repeat that they have asked for bread; and I rejoice that they are going to have bread and will not be despoiled of their homes through ruthless foreclosures and under the hammer of the sheriff without a struggle. The revolution will be lawful.

It will not be attended with bloodshed, but I predict that neither sheriff nor militia nor standing Army will be allowed in America to drive populations from their firesides and homesteads and from the land of their fathers.

Everybody knows these conditions. Everybody knows that no farmer can pay his taxes and the interest on his mortgage under present market conditions. The cost to produce a bushel of corn is ten times as much as he can now sell it for. I am not discussing here this afternoon the question as to whether corn has gone down in value, nor as to whether 23.22 grains of pure gold has gone up in value. As I see it we must maintain, if we can, financial solvency for banks and business institutions. We are striving to do this, and I believe we will succeed. It remains yet to be learned just what will happen on the morrow or next week or next month to these financial institutions. I will go along with any Member on this floor in any honest endeavor to save them. This Congress has already, and very properly, poured out the money and credit of this Government into the currents of finance and trade and transporation. The Reconstruction Finance Corporation has allocated billions of dollars to this purpose. Yet this Congress has done next to nothing to prevent farm foreclosures and to save the farms of this country for its best class of citizens.

Yes; there were $25,000,000 allocated to the use of the Federal land-bank system in order that it might carry along farm mortgages, but this is a mere grain of sand upon the seashore. We have somewhere between nine and ten billions of dollars of mortgages upon farm lands, and there are probably two to three billions of dollars more of chattel mortgages upon farm property. These farm mortgages about equal in amount the entire stock of monetary gold in the entire world. It is a just criticism of the inaction of this Congress to say that we have not dealt with the farm-mortgage situation either equitably or adequately, or with foresight or wisdom. I fear that we continue to fiddle while Rome burns.

The bill as I see it will do no harm. But it is so inadequate in compass that it does not meet the situation, and it will not rescue a great God-fearing, long-suffering, hard-working populace from impending ruin. The times demand that we refinance agriculture just exactly as we have tried to refinance trade and banking industries. We should now arrange to give the farmer cheap rates of interest. We have done this for others, and we should do it for him. We should amortize his mortgage over long periods of time. I do not wish him to get subsidies, but wisdom requires that we should send on succor to him just as we have for others. He belongs to a class that has always proven to be the bulwark of our civilization and that has in every peril stood as a solid wall in defense of American institutions and liberties. Without its success banks and business, commerce and carriers, trade and traffic must all go into ruin. There may be isolated cases whereby this bill will be helpful and be the means of putting a little cheer into farm homes. But it is a vain thing and it will scarcely affect the situation at all. I do not rise to protest the bill, but in the closing days of this Congress I do protest the fact that our legislation upon the farm-mortgage situation has been so small, insignificant, and trifling when judged in the light of the great need of the country, as to be of no great help. We have failed to discharge the duties we owe to agriculture in this respect. Our responsibility is to rescue farm homes and farm property from further despoliation. If failure in this respect were the result of ignorance, it might be excused; but there is no process of mind which can excuse selfishness or sloth or inattention to known duty. And when we know that men and women are being sold out of house and home, without any fault of theirs, we should act and act speedily. We must not longer allow them to be sold down the river into economic slavery. We must not banish them into the snow and cheerless wastes of bankruptcy and despair.

The SPEAKER pro tempore. The question is, Shall the rules be suspended and the bill (S. 5337) be passed with an amendment?

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed as amended.

A similar House bill and rule were laid on the table.

THE LATE HON. WILLIAM YERGER HUMPHREYS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, with very great sorrow I announce the death of former Representative William Yerger Humphreys on last night, February 26, 1933, at his home in the city of Greenville, Miss. He succeeded his father, the late Benjamin Grubb Humphreys, who was elected 11 consecutive terms to Congress from the third district of Mississippi, upon his death on October 16, 1923, at a special election held on November 27, 1923, to fill the unexpired term in the Sixty-eighth Congress, and he served until March 4, 1925, when I succeeded him.

He married Clara Mai Nulsen, of Greenville, Miss., June 1, 1911, and he is survived by his widow and three children. He is also survived by his mother, Mrs. Louise Y. Humphreys, and by his sister, Mrs. Ralph McGee.

William Yerger Humphreys was born in Greenville, Miss., September 9, 1890. After serving as assistant superintendent of the House document room, he began the practice of law in Greenville, Miss., on June 1, 1914, and with the exception of filling the unexpired term of his lamented father was continuously engaged in the practice of his profession except during his service in the World War.

Will Humphreys volunteered in the World War and was a first lieutenant in the chemical warfare service.

Having lived in Washington for many years, Will Humphreys, when elected to the House, was thoroughly familiar with the duties and responsibilities of Members of Congress. He succeeded his father as a member of the Committee on Flood Control, and like his father promoted the improvement of the Mississippi River. He made an enviable record during his brief service in Congress.

Shortly after retiring from Congress Will Humphreys, as he was affectionately and familiarly known, was elected prosecuting attorney for Washington County, Miss., which position he held at the time of his death. He was both fair and successful as a prosecuting attorney. He mastered the theory and science of criminal law. He was unswerving in the discharge of his duties. He prosecuted no innocent person. He was concerned not only in punishing the guilty but in improving the criminal. He insisted upon the enforcement of the law but at the same time he was profoundly concerned about the improvement of society. He was impartial. All, without regard to station in life, were accorded a fair and just hearing. He was among the outstanding prosecuting lawyers in Mississippi and the South.

Will Humphreys was a gentleman. His forebears were cultured and refined. His father spent his life in the public service. His grandfather was a gallant officer of the Confederacy and Governor of the State of Mississippi.

He was attracted to the public service. He loved his country. He was anxious to discharge the obligation of good citizenship to the State and the Nation. He was patriotic. He was true to every friend and loyal to every trust. Like his father and his grandfather, Will Humphreys was honest in his thinking and courageous in his convictions. He thought for himself. He reached his own conclusions. As a citizen and as a public official he was always true to his ideals of the public service. He possessed and always practiced intellectual integrity. The death of William Y. Humphreys at the age of 43, in the full maturities of his powers, is a distinct loss to his family, to Washington County, to the Delta district that he loved and served, and to the State of Mississippi.

SUSPENSION OF ANNUAL ASSESSMENT WORK ON MINING CLAIMS IN UNITED STATES AND ALASKA

Mr. SMITH of West Virginia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the resolution (H. J. Res. 533) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the House joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

Mr. STAFFORD. Reserving the right to object, what is the purport of the Senate amendment? I think the gentleman should withdraw this matter until to-morrow morning, until we may examine the Senate amendment.

Mr. SMITH of West Virginia. Well, Mr. Speaker, I insist on the matter at this time. It is only a request to appoint conferees.

Mr. STAFFORD. Will the gentleman acquaint the House with what the Senate amendment is?

Mr. SMITH of West Virginia. Well, we disagree with the Senate amendment.

Mr. STAFFORD. I ask the gentleman to withdraw this until to-morrow. If the gentleman will bring it up to-morrow morning, we will have an opportunity to consider it to-night.

Mr. SMITH of West Virginia. Very well, Mr. Speaker, I will withdraw the request.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mrs. WINGO (at the request of Mr. DRIVER) indefinitely on account of illness.

To Mr. SIROVICH on Tuesday on account of death in family.

To Mr. BRUNNER on account of illness.

SENATE BILLS REFERRED

Bills of the Senate of the following title were taken from the Speaker's table and, under the rule, referred as follows:

S. 4326. An act for the relief of R. S. Howard Co. (Inc.); to the Committee on War Claims.

S. 5427. An act to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located; to the Committee on Indian Affairs.

S. 5625. An act authorizing an appropriation to provide for the completion of the George Rogers Clark memorial at Vincennes, Ind.; to the Committee on the Library.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 2601. An act for the relief of William Mathew Squires;

H. R. 5367. An act for the relief of Jerry V. Crane;

H. R. 6270. An act for the relief of Alexander F. Sawhill;

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

H. R. 10749. An act to authorize acceptance of proposed donation of property in Maxwell, Nebr., for Federal building purposes;

H. R. 11980. An act authorizing the President to make a posthumous award of a distinguished-flying cross to Glenn H. Curtiss, deceased, and to present the same to Lua Curtiss, mother of the said Glenn H. Curtiss, deceased;

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

H. R. 12977. An act to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928;

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. 13750. An act to regulate the bringing of actions for damages against the District of Columbia, and for other purposes;

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. 14204. An act to amend section 653 of the Code of Law for the District of Columbia;

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. 14363. An act 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;

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. 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 reconstruction 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. 14562. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes;

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.; and

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.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 5445. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval bills of the House of the following titles:

H. R. 194. An act to amend section 6 of the national charter of the Great Council of the United States of the Improved Order of Red Men;

H. R. 2872. An act for the relief of the Dongji Investment Co. (Ltd.);

H. R. 3036. An act for the relief of Florence Mahoney;

H. R. 3607. An act for the relief of Dr. M. M. Brayshaw;

H. R. 3727. An act for the relief of Mary Elizabeth Fox;

H. R. 3905. An act for the relief of Maj. L. D. Worsham;

H. R. 7121. An act to repeal obsolete statutes and to improve the United States Code;

H. R. 7548. An act granting six months' pay to Ruth McCarn;

H. R. 8216. An act for the relief of the First National Bank of Junction City, Ark.;

H. R. 8800. An act for the relief of Laura J. Clarke;

H. R. 9336. An act for the relief of Emily Addison;

H. R. 9476. An act for the relief of the Merchants & Farmers Bank, Junction City, Ark.;

H. R. 10086. An act to amend the act of February 14, 1920, authorizing and directing the collection of fees for work done for the benefit of Indians;

H. R. 10641. An act to amend section 122 of the Judicial Code;

H. R. 11735. An act to permanently set aside certain lands in Utah as an addition to the Navajo Indian Reservation, and for other purposes;

H. R. 13655. An act to amend the act of May 10, 1928, entitled "An act to provide for the times and places for holding court for the eastern district of North Carolina" (45 Stat. 495);

H. R. 14392. An act to authorize the payment of taxes and assessments on family dwelling houses in the District of Columbia in quarterly installments, and for other purposes;

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 reconstruction of a railroad bridge across the Little River at or near Morris Ferry, Ark.;

H. R. 14562. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes;

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.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Tuesday, February 28, 1933, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

949. Under clause 2 of Rule XXIV a letter from the Public Printer, transmitting a list of files that have no permanent value nor historical interest and requesting authority to dispose of as waste paper, was taken from the Speaker's table and referred to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless

papers in the Interior Department (Rept. No. 2156). Ordered to be printed.

Mr. GILBERT: Committee on the District of Columbia. S. 4082. An act to regulate the business of executing bonds for compensation in criminal cases and to improve the administration of justice in the District of Columbia; without amendment (Rept. No. 2171). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BRITTEN: Committee on Naval Affairs. H. R. 14674. A bill to authorize the placing of a bronze tablet bearing a replica of the congressional medal of honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va.; without amendment (Rept. No. 2155). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 994. A bill for the relief of Edna B. Wylie; without amendment (Rept. No. 2157). Referred to the Committee of the Whole House.

Mr. BALDRIGE: Committee on Claims. H. R. 2245. A bill for the relief of Stella E. Whitmore; without amendment (Rept. No. 2158). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2926. A bill for the relief of R. K. Miller, J. M. Grigg, S. F. Gaylord, M. D. Boyce, William T. Bryan, Joel Duke, O. D. Hartman, M. C. Boyette, and C. C. Butler; without amendment (Rept. No. 2159). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 10112. A bill for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes; with amendment (Rept. No. 2160). Referred to the Committee of the Whole House.

Mr. LOZIER: Committee on Claims. H. R. 11559. A bill for the relief of A. H. Marshall; with amendment (Rept. No. 2161). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 12684. A bill for the relief of Capt. James L. Alverson; with amendment (Rept. No. 2162). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 13227. A bill for the relief of Manuel Merritt; without amendment (Rept. No. 2163). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 13421. A bill for the relief of C. A. Dickson; without amendment (Rept. No. 2164). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 13946. A bill for the relief of O. S. Cordon; without amendment (Rept. No. 2165). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 13948. A bill for the relief of Paul Bulfinch; without amendment (Rept. No. 2166). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 13952. A bill for the relief of Joseph Shabel; with amendment (Rept. No. 2167). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 14043. A bill for the relief of B. Edward Westwood; without amendment (Rept. No. 2168). Referred to the Committee of the Whole House.

Mr. BLACK. Committee on Claims. H. R. 14212. A bill for the relief of Ralph E. Woolley; with amendment (Rept. No. 2169). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 14259. A bill for the relief of Lula A. Densmore; with amendment (Rept. 2170). 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:

Ly Mr. GILLEN: A bill (H. R. 14781) to require certification by the Comptroller of the Currency to the fitness of individuals to execute certain offices in member banks of the Federal reserve system prior to their appointment or election to such offices; to the Committee on Banking and Currency.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 14782) to amend sections 23 and 25 of the revenue act of 1932; to the Committee on Ways and Means.

By Mr. BACON: A bill (H. R. 14783) relating to the record of registry of certain aliens; to the Committee on Immigration and Naturalization.

By Mr. FIESINGER: A bill (H. R. 14784) to preserve and protect the gold standard through establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold-value equivalent and under such regulations as will provide protection to gold from being cornered and protection from inflation in gold values during periods of excessive demands; to the Committee on Coinage, Weights, and Measures.

By Mr. ROMJUE: Resolution (H. Res. 401) calling for a report concerning the transfer of non-civil-service employees in the Federal Government into classified civil-service positions between the dates of November 8, 1932, and March 4, 1933; to the Committee on Rules.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of North Carolina, memorializing Congress to refrain from a further invasion of sources of taxation heretofore enjoyed by the State, and that the Congress balance the Budget without further increase in tax levies; to the Committee on Ways and Means.

Memorial of the Council of Lakewood, Ohio, memorializing Congress to enact House Joint Resolution 191; to the Committee on the Post Office and Post Roads.

Memorial of the Council of the City of Monessen, Pa., memorializing Congress to enact House Joint Resolution 191; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. JENKINS: A bill (H. R. 14785) granting an increase of pension to Mary M. Folden; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 14786) granting an increase of pension to Susan A. Jordan; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

10707. By Mr. ANDREW of Massachusetts: Petition of the Board of Aldermen of Beverly, Mass., memoralizing Congress to enact House Joint Resolution 191 and Senate Joint Resolution 105, providing for a special series of postage stamps to commemorate the one hundred and fiftieth anniversary of the naturalization of General Kosciusko as an American citizen and his appointment as brigadier general in the Revolutionary Army; to the Committee on the Post Office and Post Roads.

10708. By Mr. ARENTZ: Memorial of Carson City (Nev.) Chamber of Commerce, protesting against what they consider unwise action of the House of Representatives in striking from the appropriation bill the necessary appropriation for the support of the Carson City assay office, and begging the United States Senate to have this appropriation restored to the bill; to the Committee on Appropriations.

10709. By Mr. CARTER of Wyoming: Memorial of the Twenty-second Legislature of the State of Wyoming, memoralizing the Congress of the United States to establish a fish hatchery with the State of Wyoming; to the Committee on Agriculture.

10710. Also, memorial of the Twenty-second Legislature of the State of Wyoming, requesting that an investigation be made to determine the feasibility of an air mail route from

Denver, Colo., via Cheyenne, Casper, and Sheridan, Wyo., to Billings, and Great Falls, Mont.; to the Committee on the Post Office and Post Roads.

10711. By Mr. CLARKE of New York: Petition of Vivian Barrett and 232 residents of Endicott, N. Y., urging favorable action on the stop-alien representation in the United States, to the Committee on the Judiciary; and favoring passage of Senate Bill 3770 and Senate Resolution 170 to investigate the moving-picture industry; to the Committee on Interstate and Foreign Commerce.

10712. By Mr. CONDON: Petition of John Geiger, Alfred E. Millard, Oreste Pieranunzi, Harold S. Thatcher, John A. Brown, Matthew A. Whelan, James H. Dolan, John McManus, and 636 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependants; to the Committee on World War Veterans' Legislation.

10713. By Mr. DELANEY: Petition of Kenny Bros., of New York, petitioning that provisions be made in the Department of Commerce appropriation to continue the plumbing and heating products unit by the Federal Government; to the Committee on Appropriations.

10714. Also, petition of the New York County Andrew Jackson Chapter of the United States Daughters of 1812, protesting against that part of the Connery amendment to the War Department appropriation bill which takes pay from any retired officer whose income is in excess of $3,000; to the Committee on Appropriations.

10715. Also, petition of the Fellowship of Reconciliation of New York City, protesting against COUZENS's proposal to appropriate $22,000,000 for sending unemployed young men to citizens' military training camps and urging instead the passage of the Cutting bill, providing $15,000,000 for local agencies; to the Committee on Military Affairs.

10716. By Mr. DOUTRICH: Petition of Cumberland County (Pa.) Woman's Christian Temperance Union, opposing any change in our prohibition laws; to the Committee on the Judiciary.

10717. By Mr. GARBER: Petition of the Associated Industries of Oklahoma, Oklahoma City, Okla., pledging continued support and cooperation toward securing a more equitable tax or tariff upon imported petroleum and its products; to the Committee on Ways and Means.

10718. Also, petition of the Tonkawa and Carlisle Parent-Teachers Association, Tonkawa, Okla., urging enactment of law establishing a Federal motion-picture commission, declaring the motion-picture industry a public utility, regulating the trade practices of the industry used in the distribution of pictures, supervising the selection and treatment of subject material during the processes of production, and providing that all pictures entering interstate and foreign commerce be produced and distributed under Government supervision and regulation, and specifically urging support of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

10719. By Mr. GIBSON: Petition of Barre Unit, No. 10, the American Legion Auxiliary, Department of Vermont, opposing any proposed reductions in the benefits now being paid and against any revision in the privileges that are now accorded by law to veterans of all wars; to the Committee on World War Veterans' Legislation.

10720. Also, petition of Vergennes Post, No. 14, American Legion, Department of Vermont, opposing present proposed reductions in benefits now being paid or any detraction from the privileges now accorded by law to veterans of all wars; to the Committee on World War Veterans' Legislation.

10721. Also, petition of Nelson E. Pickwell Post, No. 15, American Legion, Department of Vermont, opposing any proposed reductions in benefits now allowed and any revision in privileges now accorded by law to veterans of all wars; to the Committee on World War Veterans' Legislation.

10722. By Mr. HANCOCK of New York: Petition of Maria W. Bishop and other residents of Cortland, N. Y., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

10723. By Mr. LEAVITT: Petition of Montana State Legislature to the Interstate Commerce Commission of the United States, advocating a reduction of freight rates on gasoline from midcontinent points; to the Committee on Interstate and Foreign Commerce.

10724. By Mr. PARKER of Georgia: Resolution passed by Chapter No. 60, National Sojourners, Fort McPherson, Atlanta, Ga., recommending the immediate building of our Navy to the limits of the London treaty and that the provisions of the national defense act concerning the Army, Marine Corps, and reserves be complied with fully; to the Committee on Naval Affairs.

10725. By Mr. PERSON: Petition of Woman's Society of Peoples Church, East Lansing, Mich., favoring the establishment of a Federal motion-picture commission; to the Committee on Interstate and Foreign Commerce.

10726. By Mr. SELVIG: Petition of the Woman's Christian Temperance Union of St. Charles, Minn., urging enactment of legislation providing Federal regulation of motion pictures; to the Committee on Interstate and Foreign Commerce.

10727. By Mr. STRONG of Pennsylvania: Petition of New Century Club of Indiana, Pa., favoring legislation to control the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10728. By Mr. SUTPHIN: Petition adopted at the annual meeting of the Brunswick National Farm Loan Association, favoring readjustment in interest and principal payments on Federal land bank mortgages; to the Committee on Banking and Currency.

10729. By Mr. SWICK: Petition of Margaret Peebles, R. F. D. 3, Slippery Rock, Pa., president, Bertha Shoaff, R. F. D. 1, Volant, Pa., secretary, and members of the Women's Christian Temperance Union, of Plain Grove, Lawrence County, Pa., urging legislation to establish a Federal motion-picture commission to regulate and censor the production and exhibition of motion pictures; to the Committee on Interstate and Foreign Commerce.

10730. By Mr. WYANT: Petition of the city of Monessen, Westmoreland County, Pa., urging legislation for issuance of special series of 3-cent postage stamps commemorating the one hundred and fiftieth anniversary of the naturalization as an American citizen of Thaddeus Kosciusko and his appointment as brigadier general of the Continental Army, on October 13, 1783; to the Committee on the Post Office and Post Roads.

SENATE

TUESDAY, FEBRUARY 28, 1933

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

NAMING A PRESIDING OFFICER

The Chief Clerk (John C. Crockett) called the Senate to order and read the following communication:

UNITED STATES SENATE,
Washington, D. C., February 28, 1933.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. SIMEON D. FESS, a Senator from the State of Ohio, to perform the duties of the Chair this legislative day.

GEO. H. MOSES,
President pro tempore.

Rev. W. S. Abernethy, D. D., pastor of the Calvary Baptist Church of the city of Washington, offered the following prayer:

Eternal God, our Heavenly Father, Thou who hast promised us daily strength for our daily requirements, grant to us all that we need for this day's duties. May our thinking to-day be on high levels. May the things that we do be according to the highest standards of truth and justice and integrity. Bless, we pray Thee, all who have heavy responsibilities resting upon them. We pray for our President. We pray for the one who is so soon to assume the duties of this high office. We pray for the men who sit in this hon-