PETITIONS, ETC.

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

809. By Mr. ANDREW of Massachusetts: Petition adopted by Massachusetts House of Representatives, urging reasonable tariff protection for the fishing industry; to the Committee on Ways and Means.

810. By Mr. ARENS: Petition of New York Mills National Farm Loans Association that Federal land banks and Federal agencies should defer foreclosures until Government action on farm relief; to the Committee on Ways and Means.

811. Also, petition of Charles Munn, speaker of the House of Representatives of the State of Minnesota, adopted by the house of representatives on the 8th day of April 1933, and signed by Frank Starky, chief clerk of the House of Representatives of the State of Minnesota, that Federal action be taken relative to unemployment insurance, that it is unwise and unfair to Minnesota labor and Minnesota industries to have Minnesota be the first, or one of the few States, to adopt compulsory unemployment insurance laws, and also memorialize Congress to create a special commission or board to study this question; to the Committee on Ways and Means.

812. Also, petition of the Central Cooperative Wholesalers, A. J. Hayes, chairman, requesting the Senators and Congressmen of Wisconsin, Minnesota, and Michigan to use their efforts to secure an amendment of the Revenue Acts of 1926 and 1928, so that the Consumers Cooperative Association would be exempt under the revenue acts; to the Committee on Ways and Means.

813. Also, petition of the Central Labor Political Committees of Duluth and Proctor, R. A. Olson, chairman, and Milton Carlson, secretary, memorializing Congress to issue money and establish the value thereof, and that Congress extend to the several States of the Union the same courtesy which is extended to the Federal Reserve bank in the matter of loaning money, and issue directly to the said States on the security of the natural resources of such States, money to be loaned directly to the people through such agencies; to the Committee on Banking and Currency.

814. By Mr. CRAVENS: Petition of Arkansas-Oklahoma Coal Operators' Association, protesting against the passage of the Black bill, S. 158; to the Committee on Labor.

815. By Mr. EVANS: Petition of John Alferi, favoring the payment of the bonus; to the Committee on Ways and Means.

816. By Mr. GIBSON: Petition of the American Legion, Department of Vermont, opposing the proposed cut in the funds appropriated for national defense; to the Committee on Appropriations.

817. By Mr. HOLMES: Petition of the Worcester Chamber of Commerce, Worcester, Mass.; to the Committee on Labor.

818. By Mr. JOHNSON of Minnesota: Resolution of Watonwan County Legislative Committee, favoring refinancing of farm mortgages and controlling inflation; to the Committee on Agriculture.

819. By Mr. LINDSAY: Petition of Brotherhood of Railroad Trainmen, legislative board, Albany, State of New York, favoring the enactment of the Crosser bill, H.R. 4876; to the Committee on Interstate and Foreign Commerce.

820. Also, petition of Briede & Rogovsky, Inc., wholesale tailors, Chicago, Ill., opposing the 30-hour week bill; to the Committee on Labor.

821. Also, petition of John Drzazga, of Jamaica, N.Y., favoring the 30-year retirement bill; to the Committee on Appropriations.

822. Also, petition of Young Men's Board of Trade, New York City, opposing ratification of the proposed treaty with Canada concerning the St. Lawrence seaway; to the Committee on Foreign Affairs.

823. Also, petition of Klein Bros., silk manufacturers, New York City, opposing House bill 3759; to the Committee on Banking and Currency.

824. Also, petition of American Federation of Government Employees, Lodge No. 36, Brooklyn, N.Y., favoring optional amendment to 30-year retirement bill; to the Committee on Appropriations.

825. Also, petition of the American News Co., Inc., New York City, opposing House bill 3759; to the Committee on the Judiciary.

826. Also, petition of Parke, Davis & Co., New York City, opposing House bill 3759; to the Committee on the Judiciary.

827. Also, petition of the Baker Castor Oil Co., New York City, opposing House bill 3759; to the Committee on the Judiciary.

828. Also, petition of the National Grange, American Farm Bureau Federation, Washington, D.C., favoring the Goldsborough bills, H.R. 5073 and 5160; to the Committee on Banking and Currency.

829. Also, petition of Edward Quittner, New Rochelle, N.Y., urging support of House bill 95, for an investigation of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

830. By Mr. RUDD: Petition of the Young Men's Board of Trade, New York City, opposing the ratification of the proposed treaty with Canada concerning the St. Lawrence seaway; to the Committee on Foreign Affairs.

831. Also, petition of Brotherhood of Railroad Trainmen Legislative Board, State of New York, favoring the passage of the Crosser bill, H.R. 4876; to the Committee on Interstate and Foreign Commerce.

832. Also, petition of Brooklyn Chapter, No. 28, Disabled American Veterans of World War, protesting against giving the President power to modify or cancel any contract unless it exempts insurance policies from the operations of its provisions; to the Committee on Appropriations.

833. Also, petition of American Federation of Government Employees, Lodge No. 36, Brooklyn, N.Y., opposing the Director of the Budget's recommendations and dictatorship, etc.; to the Committee on Appropriations.

834. Also, petition of Parke, Davis & Co., New York City, protesting against the passage of House bill 3759; to the Committee on Banking and Currency.

835. Also, petition of the Baker Castor Oil Co., New York City, protesting against the passage of House bill 3759; to the Committee on Banking and Currency.

836. Also, petition of Klein Bros., New York City, opposing the passage of House bill 3759, or any similar bill; to the Committee on Banking and Currency.

837. By Mr. HOWARD: Resolution memorializing the Secretary of Agriculture of the United States to institute prosecution against Swift & Co., Armour & Co., and Cudahy Packing Co. for violation of the Sherman Anti-Trust Act, as adopted by the House of Representatives of Nebraska; to the Committee on Agriculture.

838. By Mr. THOMASON of Texas: Petition of disabled veterans, business men, and other citizens of western Texas, transmitting resolutions adopted in regard to legislation affecting veterans, and for other purposes; to the Committee on World War Veterans' Legislation.

839. By Mr. TREADWAY: Memorial of the House of Representatives of the General Court of Massachusetts, urging reasonable tariff protection for the fishing industry of the United States; to the Committee on Ways and Means.

840. By the SPEAKER: Petition of Cecil W. Rote and other citizens of Oklahoma City, Okla., favoring compulsory retirement of all classified civil-service employees after 30 years' service; to the Committee on the Civil Service.

SENATE

TUESDAY, MAY 2, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

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

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dale	Logan	Sheppard
Bankhead	Dickinson	Lonergan	Shipstead
Barbour	Dill	Long	Smith
Barkley	Duffy	McAdoo	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Bratton	Frazier	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pittman	White
Connally	Johnson	Pope	
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

Mr. KENDRICK. I wish to announce that the Senator from Georgia [Mr. GEORGE], the Senator from North Carolina [Mr. BAILEY], the senior Senator from Illinois [Mr. LEWIS], and the junior Senator from Illinois [Mr. DIETERICH] are necessarily detained from the Senate.

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

FUNCTIONS OF THE SMITHSONIAN INSTITUTION (S.DOC. NO. 53)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Smithsonian Institution, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report as to the functions of the Smithsonian Institution, the statutory authority therefor, and the total annual expenditures thereon, etc., also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed, with an illustration.

PETITIONS AND MEMORIALS

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

STATE OF WISCONSIN.

Joint resolution relating to an increase in the currency of the United States through calling in all Liberty and Victory bonds

Whereas it is urgently necessary that the general price level be raised, and this can be accomplished most easily through an increase in the currency; and

Whereas this purpose can be accomplished in an effective and practical way through calling in for redemption all outstanding Liberty and Victory bonds, paying the owners with new currency secured by these bonds: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin hereby urges the Congress of the United States to enact legislation directing the Secretary of the Treasury to call in and redeem all Liberty and Victory bonds now outstanding, paying for the same with a new currency issue which shall be secured by these bonds. In such legislation provision should be made for continuance of the sinking fund for repayment of these bonds to furnish additional security for the currency issue; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of Puerto Rico, which was referred to the Committee on Banking and Currency:

SENADO DE PUERTO RICO.

I, Enrique González Mena, secretary of the Senate of Puerto Rico, do hereby certify that the following concurrent resolution was unanimously approved by the Senate of Puerto Rico on March 28, 1933, and by the House of Representatives on April 15, 1933:

"Concurrent resolution to request the Resident Commissioner of Puerto Rico in Washington to take the necessary steps so that the bill introduced by the Honorable HENRIK SHIPSTEAD in the United States Senate, entitled 'Authorizing the Reconstruction Finance Corporation to make loans to certain hospitals', be amended in the sense of making same expressly applicable to Puerto Rico

"Whereas the Honorable HENRIK SHIPSTEAD, Senator from Minnesota, has introduced in the United States Senate a bill authorizing the Reconstruction Finance Corporation to make loans to certain hospitals;

"Whereas in the present economic situation in which the hospitals of Puerto Rico find themselves, it would be highly beneficial to secure the extension to Puerto Rico of the benefits of this bill in case it should be passed: Now, therefore, be it

"*Resolved by the Senate of Puerto Rico (the House of Representatives of Puerto Rico concurring)*, To recommend to the Resident Commissioner of Puerto Rico in Washington that he take the necessary steps so that Senate bill No. 5251, introduced in the United States Senate by the Honorable HENRIK SHIPSTEAD, Senator from Minnesota, entitled 'A bill authorizing the Reconstruction Finance Corporation to make loans to certain hospitals', may be amended in the sense of expressly extending to Puerto Rico the benefits of such proposed legislation.

"SEC. 2. To direct, and it is hereby directed, that a certified copy of this resolution be sent to the Resident Commissioner of Puerto Rico in Washington, Hon. SANTIAGO IGLESIAS; to the chairman of the Committee on Insular Affairs of the House of Representatives of the United States; to the chairman of the Committee on Territories and Insular Possessions of the Senate of the United States; to the Chief of the Bureau of Insular Affairs of the War Department, General Parker; to the President of the Senate; and to the Speaker of the House of Representatives of the United States."

For transmittal to the President of the United States Senate, Hon. John N. Garner, Washington, D.C., as provided in section 2 of said concurrent resolution, I have hereunto set my hand and caused to be affixed the seal of the Senate of Puerto Rico, on this the 17th day of April A.D. 1933.

[SEAL] ENRIQUE GONZÁLEZ MENA,
Secretary of the Senate.

The VICE PRESIDENT laid before the Senate a letter from C. W. King, Esq., attorney, Oklahoma Tax Commission, Oklahoma City, Okla., inclosing copy of Senate Concurrent Resolution No. 3 of the Legislature of Oklahoma, which, with the accompanying papers, was referred to the Committee on Finance, and the resolution of the legislature was ordered to be printed in the RECORD, as follows:

Senate Concurrent Resolution 3 (by Nance)

A resolution memorializing the National Congress to enact a law authorizing and empowering the several States to levy and collect license, franchise, gross revenue, registration or other forms of taxes upon or measured by capital represented by property and business employed in interstate commerce

Whereas interstate commerce has expanded to the extent that it covers every business enterprise in which internal commerce is engaged; and

Whereas such commerce has become so intermingled with the internal commerce of the several States, commonly referred to as intrastate commerce; and

Whereas the Congress of the United States is vested with supreme legislative power over commerce among States; and

Whereas interstate commerce, through a single company or corporation in many instances extends into all of the States of the Union, and the business of such company or corporation is so intermingled with internal or State commerce that the same is practically inseparable; and

Whereas the courts of last resort have ruled that in case of a State tax, other than the ordinary ad valorem tax, which substantially affects interstate commerce, or where interstate commerce is so connected and intermingled with internal commerce as to be practically inseparable, the State has no power to levy any form of special tax upon the property or business engaged in either inter- or intra-state commerce; and

Whereas the revenues of the several States are reduced and the exercise of power of taxation of property within the several States is thereby seriously impaired; and

Whereas, pursuant to the program of modern State taxation, it is the purpose to reduce ad valorem property taxation to a minimum by the application of other forms of taxation: Now, therefore, be it

Resolved by the Senate of the State of Oklahoma (the House of Representatives of the State of Oklahoma concurring therein), That the Congress of the United States be, and it is hereby requested to enact a law at the next session thereof, authorizing and empowering the several States to levy and collect license, franchise, gross revenue, registration or other forms of taxes upon or measured by capital represented by property and business employed in interstate commerce, in the same manner that such taxes may be imposed upon like property and business under the constitution and laws of the taxing State: *Provided, however*, That the total rates of such taxes shall not exceed the rate of taxes

levied by any State upon property and business employed in internal commerce: *And provided further*, That such property and business be apportioned so as to include only that part of the property located and business conducted within the taxing State, and that no two States shall tax the same capital so employed, thereby avoiding double taxation; be it further

Resolved, That a copy of this resolution be mailed to each Member of Congress, to the President of the United States, to the Vice President, to the Chairman of the Committee on Finance of the Senate, and to the Chairman of the Committee on Ways and Means of the House of Representatives.

Passed the senate the 9th day of January 1933.

Passed the house of representatives the 8th day of March 1933.

JOHN A. MACDONALD,
Acting President of the Senate.
TOM ANGLIN,
Speaker of the House of Representatives.

Correctly enrolled.

CLAUDE LIGGETT,
Chairman Committee on Engrossing and Enrolling.

The VICE PRESIDENT also laid before the Senate a resolution adopted at a meeting of the Cragin State Bank Depositors Justice Committee, Chicago, Ill., appealing to Congress for the passage of legislation to relieve depositors in closed banks, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter from Dr. William H. Block, of New Orleans, La., relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate a memorial and a letter and a telegram in the nature of memorials from sundry citizens of the State of Louisiana endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Central Trades and Labor Council of Greater New York and Vicinity, New York City, protesting against the existing 15-percent reduction in the pay of Federal employees as tending to undermine the living standards of all workers, both in private and Government employ, which was ordered to lie on the table.

TARIFF DUTY ON OIL

Mr. THOMAS of Oklahoma. Mr. President, I present a concurrent resolution adopted by the legislature of my State, and ask that its title may be read and that the resolution then be referred to the appropriate committee.

There being no objection, the resolution was referred to the Committee on Finance and the title thereof was read, as follows:

A concurrent resolution memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people generally by providing an adequate tariff or tax on oil that will place the domestic oil industry on a competitive basis with imported oil as shown by the reports of the Tariff Commission.

(See concurrent resolution printed in full when laid before the Senate by the Vice President on yesterday, p. 2596, CONGRESSIONAL RECORD.)

WACO, BEAUMONT, TRINITY & SABINE RAILWAY CO.

Mr. SHEPPARD. Mr. President, I ask that there may be printed in the RECORD and appropriately referred a concurrent resolution adopted by the Legislature of Texas with reference to the Waco, Beaumont, Trinity & Sabine Railway Co.'s application for a loan from the Reconstruction Finance Corporation.

There being no objection, the concurrent resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Senate Concurrent Resolution 29

Whereas Waco, Beaumont, Trinity & Sabine Railway Co. owns and operates two lines of railroads in east Texas, one extending from Weldon in Houston County via Trinity in Trinity County to Livingston, the county seat of Polk County, and the second, a branch line from Trinity via Groveton, the county seat of Trinity County, to Colmesneil in Tyler County, with 115 miles of main track, serving five counties in east Texas, together with numerous towns and cities; and

Whereas the operation of said railway company is essential to the economic life and prosperity of the region which it serves, with a population of about 50,000 people, and development of industrial life, which is in transition from mainly the manufacture of lumber to the greater and more important underlying resources; and

Whereas extensions of said railroads are required, namely, from Livingston to the Sabine ports of Beaumont and Port Arthur and from Weldon via Normangee to Waco, Tex., to create a new short, direct route from the Sabine ports to the interior of Texas, connecting with the various trunk-line systems heretofore constructed across the State of Texas, equalizing the position of the Sabine ports with other ports as to rates and distances and rendering the Sabine ports serviceable for the general public, which project has been approved twice heretofore by the Legislature of the State of Texas; and

Whereas as of July 12, 1927, the Interstate Commerce Commission, on the grounds stated, granted the said railway company certificates of convenience and necessity authorizing the railway company to construct said extensions, work on which was begun but now is suspended on account of the present general depression; and

Whereas in January 1932 the railway company submitted to the Congress of the United States, then having under consideration the Reconstruction Finance Corporation Act, its situation, and the Congress, being advised in the premises, added an amendment to the act making railroads in process of construction eligible for loans for completion of their projects; and

Whereas the Waco company has applied to the Reconstruction Finance Corporation for a loan of $5,150,000 to enable it at this time to carry out and complete its plans; and

Whereas consummation of said plans is of intense interest to the entire region between Waco and the Sabine ports; the work is calculated to give employment to several thousand people, afford a market for a large amount of material produced in the local territory, and relieve an acute situation of economic distress and difficulty; and

Whereas the plans of the railway company are sound and meritorious and if consummated under current conditions will not only enable the construction of the railroad with great economy but will contribute to the relief of current conditions and the restoration of prosperity in the section intersected and elsewhere: Now, therefore, be it

Resolved by the House of Representatives and Senate of the State of Texas, That the Legislature of the State of Texas hereby endorses and approves the application made by the railway company to the Reconstruction Finance Corporation and hereby requests the Reconstruction Finance Corporation to grant and the Interstate Commerce Commission to approve the loan applied for;

Resolved further, That certified copies of this resolution be transmitted at once to the Chairman of the Board of the Reconstruction Finance Corporation and to the Chairman of the Interstate Commerce Commission at Washington, D.C.

EDGAR E. WITT,
President of the Senate.

I hereby certify that Senate Concurrent Resolution No. 29 was read and adopted by the senate March 16, 1933.

BOB BARKER,
Secretary of the Senate.
COKE S. STEVENSON,
Speaker of the House of Representatives.

I hereby certify that Senate Concurrent Resolution No. 29 was read and adopted by the house of representatives March 17, 1933.

LOUISE SNOW PHINNEY,
Chief Clerk of the House of Representatives.

PERSECUTION OF THE JEWS IN GERMANY

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD at this point and appropriately referred resolutions, with an accompanying statement, adopted at a meeting of the Federal Bar Association of New York, Connecticut, and New Jersey, relative to persecution of the Jews in Germany.

There being no objection, the resolutions, with an accompanying statement, were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Resolution introduced at the meeting of the Federal Bar Association of New York, Connecticut, and New Jersey, at the Hotel Commodore, on the evening of April 17, by Mr. Hugh Gordon Miller, seconded by John Eubank, Benjamin Hartstein, and others, and passed by a unanimous rising vote

Whereas it has come to our attention that many of our brother lawyers in Germany are being grievously persecuted and driven, without pretense of any process of law and with ruthless and unconscionable violence, insults, and humiliation, not only from the bench to which they were constitutionally elevated but from employment and the practice of their profession, without trial or any judicial procedure whatever. That at the same time their money is impounded and they are penalized for not keeping up their law establishments and continuing to employ their clerks and assistants, and are prevented from leaving the country and kept imprisoned in the confines of Germany, facing distress, slow

starvation, and their children driven from the schools and universities, without which to many of them life is worth nothing, and in other ways treated with a cruelty and in a manner which for ruthlessness was unequaled even in medieval times and paralleled only among barbarians, on account of their race and faith; and

Whereas that race and faith (the Jewish race) has furnished many of the greatest lawyers, lawgivers, and judges of the human race, since Moses on Mount Sinai became the first great lawgiver until this day, when in our own country, among many other great offices, two of them now adorn the Supreme Court of the United States, and many of whom grace the Supreme Court in New York and New Jersey, and one of them now upholds the law as chief magistrate, the Governor of the State of New York, with great distinction, and recently others have been chief justices of England; and

Whereas it cannot, in the light of all recorded history, be claimed even as an excuse that they are dealing with a backward race: Be it

Resolved, That on account of those to a large extent officially admitted or otherwise established persecutions the Federal Bar Association of New York, Connecticut, and New Jersey, regardless of any physical atrocities (and even assuming none such has been perpetuated) extends in the name of law, culture, and science, which knows no national boundaries, to our fellow lawyers so persecuted in Germany our deepest fraternal sympathy.

Tyranny and oppression of the soul and spirit, deprivation of "liberty and the pursuit of happiness", to our profession anywhere in the world is atrocious, and has always been as important to the American lawyer as the deprivation of life. Any government or party flaunting that principle, in the judgment of American lawyers, offends the conscience of mankind and must meet with speedy and outspoken condemnation from the bar.

That our association desires to go on record as not only viewing such uncivilized and boasted conduct toward these members of our profession, whether physical or mental, with the deepest horror and condemnation but hereby express our public sympathy to them; and further that we hereby call upon all believers in human justice throughout the world to publicly condemn the indefensible course that has so far been taken toward those members of our profession, and other professions, by the present administration of the Government of Germany.

We assert that our position is the same as expressed by the British Foreign Secretary in the House of Commons on April 13 (the birthday of Thomas Jefferson, the author of the statute for Virginia for religious liberty, on which those clauses in our Federal and State Constitutions are modeled) that:

"This is not a Jewish outlook, or the outlook of a section or party. It is an Anglo-Saxon outlook.

"It would be a profound mistake for anyone to imagine the feeling in this country is limited to members of the Jewish community.

"It is a spontaneous expression of the principle of racial toleration."

Resolved, That we tender our assurance to Sir John Simon, the British Foreign Secretary, a leader of the English bar, that in those sentiments Anglo-Saxon lawyers, at any rate, stand on common ground.

We aver that this protest and appeal to what we believe to be a real German culture in the name of humanity and elementary justice, as practiced in all ages by civilized peoples, will be heeded when inflamed passions subside. That we are not concerned with the form of the German Government, and hereby affirm that our concern in this connection is merely that ordered justice may again be established by this great nation.

Knowing, nevertheless, that the present party of Hitler came into power on a platform declaring an intention to carry out such a persecution, we will not, and cannot in the name of humanity remain silent, while it is being thus put into effect, regardless of any camouflage for foreign consumption.

Resolved further, That there can be no true and actual feelings of fraternity or fraternal intercourse between the members of the Federal bar of New York, Connecticut, and New Jersey, and the bar of any nation so long as they permit or encourage the persecution of our brothers because of race or religion. That to be silent in the face of such continued, calculated, and premeditated horrors against our brothers as have shocked the world would be a betrayal of our position as upholders and ministers of justice, and make us unworthy of the heritage of our fathers; that any fraternal invitations from the bar of the United States to the bar of Germany in connection with the coming Chicago Exposition, or any other invitation to the bar of Germany which calls for fraternal intercourse, be at once recalled unless the German Government at once orders a stop to these persecutions; and be it further

Resolved, That a copy of this resolution be transmitted to the President and Secretary of State of the United States, that it be called to the attention of both Houses of Congress, and that a copy of this resolution be transmitted to that great brother lawyer the British Foreign Secretary and the House of Commons with our compliments. We ask all professional and scientific bodies in America to follow suit.

A further resolution was adopted making Mr. Miller a committee to carry out the resolution.

In presenting the resolution Mr. Miller said:

"Gentlemen, no Jew suggested or had anything whatever to do with this resolution. It is a Gentile expression of outraged justice to our brothers of the Jewish race in Germany and our token of fraternal regard. Mere words mean little and the contemplation of such a thing in the twentieth century should sicken the conscience and revolt the soul of any human being not gone mad. Blind justice in this matter covering her face in horror cries out in an appeal to the court of last resort, a court which in the last analysis is final, the collective judgment of mankind which is molded to a large extent by the bar. Let this resolution be the answer, so far as this association is concerned.

"Jewish brains do not enrage their Anglo-Saxon brothers certainly in America, and apparently not in Great Britain. Thank God, Anglo-Saxon lawyers have inherited a sporting sense along with the traditions of liberty and justice."

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, May 2, 1933, that committee presented to the President of the United States the enrolled joint resolution (S.J.Res. 13) 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.

BILLS INTRODUCED

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

By Mr. GOLDSBOROUGH:

A bill (S. 1556) granting a pension to Milton Carroll Merryman; to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 1557) for the relief of Harry Lee Shaw; to the Committee on Military Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 1558) for the relief of the Security Trust Co., of Indianapolis, Ind.; to the Committee on Finance.

A bill (S. 1559) granting a pension to Nellie C. Manning; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 1560) granting insurance payments to Hugh H. Newell (with an accompanying paper); to the Committee on Finance.

RELIEF OF HOME OWNERS—AMENDMENT

Mr. SHEPPARD (by request) submitted an amendment intended to be proposed by him to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

ALCOHOL MANUFACTURED FROM CORN, ETC.

Mr. SHIPSTEAD. I ask unanimous consent for the present consideration of Senate Resolution 65, submitted by me on yesterday and now on the table.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the resolution, which was read, as follows:

Resolved, That the Secretary of Agriculture is hereby requested to investigate, through the agencies of the Bureaus of Agricultural Economics, Chemistry and Soils, and Agricultural Engineering of the Department of Agriculture, the practicability and advantages to agriculture of using alcohol manufactured from corn and other farm products, in motor fuel, and to report thereon to the Senate as soon as possible.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Minnesota what will be the cost of the investigation?

Mr. SHIPSTEAD. I can inform the Senator that the Department have the data already gathered, but it is desired to get them up here and have them referred to the committee.

Mr. ROBINSON of Arkansas. Very well, I have no objection.

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

The resolution was agreed to.

FEDERAL RESERVE SYSTEM—ARTICLE BY GEORGE W. EDWARDS

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an article on the proposed revision of the Federal Reserve System, by Prof. George W. Edwards, of the College of the City of New York.

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

INTRODUCTION

The purposes of the legislation herein proposed are as follows:

1. The positive purpose is to bring about the expansion of investment credit in order to revive business activity.

2. The negative purpose is to control both the quantity and quality of such credit in order to avoid the financial evils of the period ending in 1929.

In other words the purposes are to control both deflation and inflation.

The means for attaining these purposes are as follows:

1. Extension of the powers of the Federal Reserve Board and the Federal Reserve banks to control investment credit.

2. Extension of membership and facilities of the Federal Reserve System to investment institutions such as savings banks, investment banks, mortgage banks, and insurance companies.

I. Extension of powers of Federal Reserve Board and Federal Reserve banks

(1) THE FEDERAL RESERVE BOARD SHOULD HAVE POWER TO CONTROL THE QUANTITY OF INVESTMENT CREDIT

Reason: As the plan herein proposed provides for an expansion of investment credit, it is essential at the same time to provide for a check or control over overexpansion in the future. The Federal Reserve has not possessed sufficient power to control investment-credit inflation in the past, particularly in the period ending with the collapse in October 1929. Over these years the amount of investment in the form of new issues of stocks and bonds or new financing rose enormously and was far in excess of the amount of savings or capital accumulation. This excess of demand for capital over the supply caused the maladjustment in the capital market which finally collapsed in the fall of 1929.

The Federal Reserve through its power to raise and lower the rate of rediscount and through its open-market operations has been able to a large extent to stabilize the rates on commercial credit in the form of notes and bills. However, throughout the entire history of the Federal Reserve it has for the most part not been able to control the rates on investment credit which have fluctuated widely.

Operation: Under the above power the Federal Reserve Board would budget the capital market by closely watching the volume of new financing in relation to the amount of savings. If the volume of new issues continued to exceed the amount of savings over a long period of time, the Federal Reserve Board would then prevent further new issues until equilibrium between the demand and supply of capital had again been restored.

Precedent: This power to control the volume of investment credit was granted to the Bank of England during the war under the Defence of the Realm Act, and has since then been exercised informally. During the war the United States granted similar power to the Capital Issues Board.

(2) THE FEDERAL RESERVE BOARD SHOULD HAVE THE POWER TO CONTROL THE QUALITY OF INVESTMENT CREDIT

The quality of investment credit in the form of both foreign and domestic bonds became poorer and poorer in the years immediately preceding the crash of 1929. The fall in bond prices adversely affected not only individual holders of bonds but brought heavy losses to all classes of institutions holding bonds, such as commercial banks, savings banks, insurance companies, and even investment dealers themselves. In fact, the fall in bond prices was among the most important causes of the failure of most commercial banks in recent years, and for the wide-spread lack of confidence in banks by the general public. The collapse of the bond market also has made it difficult to undertake new financing. As a result of losses on bonds there is today wide-spread lack of confidence in bonds and in the entire investment system, and a discouragement of thrift. Because of his losses on securities, the investor is in revolt. As a result he has withdrawn his funds from banks, and refuses to buy any bond except United States Government obligations, and then only short-dated bonds. The result is a deflation in investment credit and a financial starving of industry.

Operation: The Board would determine the quality of investment credit by establishing minimum standards and by defining the purpose of new bond issues in the form of evidences of debt maturing over a year and sold to the public. This proposal would carry out the recommendations of William Green, president of the American Federation of Labor, for a "Government service for investors."

The proposed securities bill seeks to prevent the issue of fraudulent securities, but does not check the issue of securities of unsound credit. It is therefore proposed that the Board establish minimum standards of credit which must be met by any bond before it can be sold in interstate commerce.

Under the new securities bill the specific purpose of an issue must be stated. In addition, the Board should have the power to grant approval to a new issue only if it has a productive purpose.

The prospectus of every bond would contain a statement that the issue had met the minimum standards as established by the Board. Undoubtedly some issuing houses might seek to avoid this regulation by selling their bonds only within State borders. However, if the prospectus of such a local bond failed to show the certification of the Federal Reserve Board that minimum standards had been met, such a bond would meet with strong sales resistance.

Objection may be raised to this plan on the ground that it would seem to give the guarantee of the United States Government to such a bond. In answer it can be pointed out that the above plan gives no more guarantee to a bond than the application of the Pure Food and Drug Act does to any other commodity. The above plan merely certifies that at the time of issue a bond met certain minimum requirements. The plan in no way determines the price, which is a matter of bargaining between the investment house and the bond buyer.

The above plan may seem drastic and novel in character, but as a matter of fact a proposal embodying the same principle of approval of bonds by a regulatory body was suggested by so conservative and sound a banker as Paul M. Warburg in an address before the Bond Club of New York as far back as 1919 when he recommended the appointment of a voluntary committee in each Federal Reserve district, "which would be prepared to examine a prospectus before the securities are offered and would certify that certain papers necessary to authenticate the facts have been filed * * * that it is published over the signature and under the responsibility of the corporation or government issuing the securities or of the investment house offering the same * * * and that important facts have not been omitted. * * * If a committee of this character were organized, the public could soon be warned that no security should be considered unless the prospectus or offering showed the certification number of the securities committee of the district.

"Unless something of this sort be done, it is only a question of time for some grave disappointments or scandals to occur, discrediting future issues and interfering with the free and healthy development of our security markets."

A productive purpose is the best assurance that a bond will be repaid at maturity. A productive purpose for investment credit is parallel to liquidity for commercial credit. In other words, as the Board now has the power to define the eligibility of commercial paper which may be rediscounted, so it should also have the power to determine the desirability of an investment offered to the public.

At the present time the Federal Reserve Bulletin and the annual reports of the Board together with the publications of the local Federal Reserve banks disseminate valuable financial information. However, it is confined almost entirely to commercial credit, and to meet the present needs it should be widened in scope to cover investment credit. The Division of Research and Analysis of the Federal Reserve Board should undertake careful investment research and should publish the results for the benefit not only of the investor but also the banker and the officer responsible for the financial policy of his corporation. There is ample precedent for this power, since for many years the United States Department of Commerce has given out commercial credit information.

Thus in summary the Federal Reserve Board would have the control over the quantity or volume of both bonds and stocks and the determination of the quality of bonds only. Stocks, both common and preferred, should be issued without regulation as to quality except as specified in the new securities act, for it is necessary to permit freely the financing of new enterprises which involve an element of risk and which require financing by stocks of various grades.

To facilitate the Federal Reserve Board in carrying out these additional functions of controlling the quantity and the quality of investment credit, two additional organizations should be added to the Federal Reserve System. There should first be constituted a Federal advisory council for investments, similar to the present advisory council which confers with the Federal Reserve Board on the matter of commercial credit policy. This Federal advisory council on investments should be appointed in the same manner as the present advisory council for commercial credit, by the nomination of one member by each of the board of directors of the 12 Federal Reserve banks.

There should also be created a new issues committee similar to the present open-market committee of the Federal Reserve System. This new issues committee would be made up of 1 representative from each of the 12 Federal Reserve banks. This committee would take the initiative in controlling the volume of investment credit, but its decisions would require the approval of the Federal Reserve Board.

Precedent: Precedent for control of the quality of new financing is found in the Transportation Act of 1920 which confers similar powers on the Interstate Commerce Commission in the regulation of railway financing. Moreover the proposed securities act itself may provide for such control of the volume and quality of new issues. This act in its administration may be interpreted nar-

rowly as simply a Federal blue-sky act, but it may be administered broadly to give the Federal Reserve Board power to regulate both the volume and quality of new financing.

(3) THE INVESTMENT DIVISION OF THE FEDERAL RESERVE BANKS SHOULD GRANT ADVANCES TO MEMBER BANKS ON THEIR NOTES SECURED BY THE DEPOSIT OF MINIMUM-STANDARD BONDS

Reason: Federal Reserve credit should be made available to facilitate financing not only through commercial but also through investment credit. Investment credit has become increasingly important in American corporate finance. As a result commercial banks have had less eligible paper to offer to the Federal Reserve for rediscount, while they have been increasing the amount of their bonds. The above proposal seeks to enable the member banks to obtain credit on their bonds from the Federal Reserve. A further reason for the policy of granting advances on bonds has been the increase in the listing of bonds on the New York Stock Exchange in recent years.

Operation: A member bank of the investment division of the Federal Reserve would offer its note collateraled by bonds possessing at least minimum standards and the Federal Reserve bank would grant an advance or loan for 15 days up to a certain percent of the value of the bonds. This percent would vary with the quality and marketability of the bonds. The rate on such an advance would be a penalty rate, or higher than in the case of a rediscount, and so to make such borrowing by a bank only in case of emergency.

Each Federal Reserve bank would be divided into two separate divisions, one for granting commercial credit in the form of rediscounts and the other for investment credit in the form of advances. Each division would have its own capital and the assets and reserves of each would be entirely distinct. However, both divisions of each Reserve bank would be under the same administration, and the Federal Reserve Board as the unifying force should have supervision over both activities of the revised system.

Precedent: Such advances can be granted under the Federal Reserve Act on United States Government bonds, but today they are being granted on almost any kind of asset. Most of the central banks of the world, including the Bank of England, grant such advances.

II. Extension of membership in the Federal Reserve System

(4) COMMERCIAL BANKS, MEMBERS OF THE RESERVE SYSTEM, SHOULD BE DIVIDED INTO THREE SEPARATE DEPARTMENTS, NAMELY, COMMERCIAL, INVESTMENT, AND SAVINGS

Reason: The trend toward banking integration or so-called "department-store banking" has long been in progress in this country. It has lead to numerous banking evils, but at the same time in certain localities it has given communities a complete and efficient banking service. In order to retain these advantages the general principle of bank integration may be continued, but the evils of the past overcome by requiring a tight-water compartment system of separate departments or really separate banks in addition to the safeguards established by the Glass Act.

Operation: Such separation of three departments would be accomplished by separate capitalization and separate assets. Not only should the capitalization be separate, but in each case it should be adequate.

The commercial banks should be required to maintain an amount of net capital funds in proportion to their bond holdings. Under the present provisions of the Federal Reserve Act, commercial banks are required to meet definite reserve requirements in order to maintain their liquidity. However, one of the most important lessons of this depression is the fact that a bank must possess not only liquidity but also safety, or the ability of meeting losses on security holdings. The Glass bill is a move in the right direction in increasing the present minimum capital requirements for member banks. It graduates the amount of such capital by requiring a higher amount according to the size of the city in which the bank is located. A better plan would be to require that investments must not exceed a certain percent of the net capital funds (capital, surplus, and undivided profits minus amount invested in furniture, fixtures, bank building, and other real estate).

The law should prohibit the payment of dividends or the buying of any assets by a commercial bank, such as investments (and even require the immediate sale of investment holdings), until the minimum percent of net capital funds was restored.

Not only should there be a separation of capital but also a separation of assets for each department. This is particularly important for the savings department. At the present time commercial banks are permitted to receive not only commercial but also savings deposits. The law should require a segregation of these savings or thrift deposits. This recommendation was made by Mr. Joseph Broderick, banking superintendent of New York State, in his report of 1931.

The original Glass bill contained an excellent definition of thrift accounts which are defined as follows: "All deposits subject to not less than 60 days' notice before payment which are not subject to transfer by check and the total monthly balance of which in any individual case does not exceed $5,000." This definition should be reintroduced into the bill.

The funds deposited in these savings accounts should be invested only in safe and liquid assets and in bonds which meet the minimum standards as described above. Against these savings accounts the commercial banks would carry a reserve with the investment division of the Federal Reserve banks.

(5) SAVINGS BANKS SHOULD BECOME MEMBERS OF THE INVESTMENT DIVISION OF THE FEDERAL RESERVE SYSTEM

Reason: This recommendation, as well as the following, seeks to develop a unified and complete banking system which does not at the present time exist.

Operation: This recommendation would apply to both the mutual institutions in the Northeastern States and the stock savings banks in the rest of the country. These banks would also be required to purchase, in proportion to their capitalization, an amount of Federal Reserve bank stock. Savings banks would also be required to carry a certain reserve against their deposits with the investment department of the local Federal Reserve bank. The percent of this reserve would be the same as in the case of the thrift accounts of the commercial banks.

In recent years the savings banks throughout the country have been facing a more and more pressing problem of liquidity. In realization of this problem Mr. Broderick, superintendent of banking in New York State, has very properly recommended the creation of a bank of rediscount for savings institutions within New York State. Similar facilities could be extended to all savings banks if they were included in the membership of the Federal Reserve. If the Federal Reserve banks were permitted to grant advances on the notes of member banks collateraled by bonds meeting minimum standards, such credit could be obtained by the savings banks in case of need.

(6) INVESTMENT BANKS SHOULD BECOME MEMBERS OF THE INVESTMENT DIVISION OF THE RESERVE SYSTEM

Reason: The Glass bill makes no provision for the regulation of investment banking. In fact, if the affiliates are divorced, the entire machinery of investment credit will be unsupervised. There is just as much need to supervise investment banking as commercial banking.

In the past, investment banking has been subject only to the same legal regulation as would apply to any other form of business, except for State blue-sky laws.

An investment bank would be defined as a financial institution engaged in the business of trading in securities in such manner that any of such securities are sold or offered for sale to the public. All investment banks should be required to incorporate and to possess a certain minimum paid-up unimpaired capitalization before they could sell securities in interstate commerce. These banks would then be required to purchase, in proportion to their capitalization, a certain amount of stock of the local Federal Reserve bank.

Such investment banks should be required to make reports of their inventory of these securities to the Federal Reserve bank of which they become members. This information would be kept confidential by the local Federal Reserve bank, but would be published weekly in composite form in such manner as the present reports on commercial banks. The publication of these figures would be a guide to investment bankers in determining their investment policy, and thus by self-control by the bankers themselves there would be need of regulating the quantity of investment credit by the Board only in case of threatened financial emergency. Not less than three detailed reports should be made annually on call of the Federal Reserve bank on dates to be fixed by the Federal Reserve Board. As a condition of membership such investment banks should likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal Reserve bank by examiners selected or approved by the Federal Reserve Board.

Such investment banks would be able to obtain advances on their notes collateraled by bonds which met the minimum standards.

(7) INSURANCE COMPANIES AND MORTGAGE BANKS SHOULD BECOME MEMBERS OF THE INVESTMENT DIVISION OF THE FEDERAL RESERVE SYSTEM

Reason: At the present time these institutions are unable to obtain immediate cash without sacrificing their bonds on the market. The power to obtain advances would enable them to meet sudden demands for cash by their creditors. These advances are being granted by the Reconstruction Finance Committee today, but this function should be taken over by the Federal Reserve System.

CONCLUSION

This memorandum has so far explained in detail each specific recommendation. It is essential in an examination of these technical details of banking operation that sight is not lost of the essential purpose underlying these various recommendations. Taken separately these recommendations aim to extend the power of the Federal Reserve Board and the Federal Reserve banks to control both the quantity and quality of investment credit, and to extend membership in the Federal Reserve System not only to commercial but to investment institutions as well. The above proposals also seek to protect the investor against unsound securities in the future. All these aims in themselves are important, but they in turn are only the means to the underlying object of enabling the financial system to perform its function of increasing once more the national income for all classes of society. This aim can be obtained not only by bringing about an immediate expansion of investment credit in order to revive business actively but at the same time by giving assurance that the quantity and quality of such investment credit could be controlled.

A Federal Reserve System as revised above should possess such powers of check and balance that the two ends could be attained as follows:

1. The first result should be a restoration of confidence on the part of the investor in investment bankers and new investment securities, due to the fact that the investment banker would be under Federal Government supervision and bonds would be required to meet minimum standards.

(2) This restoration of confidence should then bring out of hoarding the billions of idle dollars which have been accumulating and which have been awaiting investment ever since the fall of 1929. First the soundest and best-known utility, railroad, industrial, and municipal corporations should again be able to market their bonds. After such high-grade issues have been successfully floated, other companies less well known should in turn be able to dispose of their securities provided at all times they met the minimum standards.

(3) Such new financing should be promptly followed by definite beneficial results. In addition to the public works financed by Government credit, there would now be a vast amount of private works which would be financed by the companies able to obtain the funds in the security market. The amount of such financing which has been held back all these years is enormous. In many fields there is need of prompt and urgent renovation of the industrial plant and equipment. For in these years many technical changes have rendered the old plants obsolete and others have depreciated badly because there has been no money for maintenance. Immediately all over the country thousands of workers would be back on the job.

A further result from such new financing should be the improvement of the banks. At the present time many of these institutions are water-logged, for ever since the beginning of 1930 they have been carrying many corporations through short-time loans. These would now be funded and converted into long-term bonds sold to the public and the proceeds applied to the repayment of the loans granted to the corporations by the banks. They in turn would then be free to grant commercial credit to the merchant and business man for the financing of small-scale manufacture and retail operations.

The above plan thus proposes the financing of business revival through the expansion of private investment credit. In order to facilitate this natural expansion of private investment credit through the sale of bonds to investors, the above plan also provides for the application of reserve investment or credit to speed up such credit expansion. As explained above, the Federal Reserve banks would be given the power to grant advances to commercial banks, savings banks, investment banks, insurance companies, and mortgage companies. If in the operation of the above general plan there is need of accelerating it, the Federal Reserve banks would follow a liberal policy in granting credit. The advances could be renewed, the interest rate on such advances could be held low, and the margin between the amount of the advance and the value of the underlying collateral bonds could be reduced. In this way the volume of investment credit granted by the Reserve banks could be increased.

At the same time, the above plan provides for definite checks to such credit expansion. Conversely the rate could be raised, renewals could be reduced, and margins could be raised. But more important, the Federal Reserve Board would be able definitely to prohibit any further new financing and could apply the brakes on such expansion. In other words, the above system enables the Federal Reserve to control both inflation and deflation, which is the essential problem today.

JOHN P. ST. JOHN, OF KANSAS—TRIBUTE BY GEORGE H. HODGES

Mr. CAPPER. Mr. President, Saturday, February 25, 1933, was the one hundredth anniversary of the birth of John P. St. John, former Governor of Kansas and subsequently nominee of the Prohibition Party for President of the United States. A memorial booklet on his life was published recently by the journalism class of Olathe High School.

A tribute was paid by ex-Governor George H. Hodges to his old friend on behalf of the Woman's Christian Temperance Union.

I ask unanimous consent that the tribute may be printed in the RECORD.

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

The Woman's Christian Temperance Union bespeaks the privilege of but a word of appreciation of their champion of the rights of man. This symbol (a bouquet of lillies of the valley) mutely attests their affection for the love of this man of men. Dedicating his life to the championship of woman and the enfranchisement of men from the bondage of drink, he has accomplished more for humanity than the combined efforts of any dozen men who live today.

If those mute lips could but speak, they would testify, as they have declared in the past, that his belief that a proper application of the Golden Rule would be that all women are born free and equal, as are men in every and all natural rights, and that they, like men, have every right to life, liberty, and happiness. He knew that the woman voter would purify the ballot, as she sanctifies the home, and with the dawn of Nation-wide equal suffrage the death knell would be sounded to every saloon in America.

There can be added to the efforts of the two saints, John of long ago, the vitality of the present, John P. St. John, the great apostle of prohibition. How unnecessary it would be for me to recount any special virtue—his entire being was but the vehicle of virtue. The recesses of his soul were illuminated to the world in an answer he made to an Olathe hotel man, "Why, Governor, I am obeying your order and feeding all the tramps that come along, but only about 1 out of 10 is worthy." The answer here befitted the man: "I'd rather feed 50 unworthy men than to have 1 turned away hungry."

The entreaties of men did not dissuade him, and with characteristic resolve he turned from the dominant party, spurned a seat among the councils of the Nation, and gave his life to his ideals. He knew he would be misunderstood, for the sluggish depth of the human soul is only stirred up and tossed as if by storm when a great reformer comes along and a new faith springs up and grows with supernatural energy. They scourged Christ before Pilate.

Our friend suffered the wickedness, the mockery, the lash of public bigotry and intolerance with the toleration and gentleness of the lowly Nazarene. Great men sow that others may reap. They work and plant for those who neither know the name of the doer or care in what unregarded grave his ashes shall repose. The thoughts of the past govern the laws of the present and the future.

What we may say or do, though it last not beyond the limits of a single life, is unimportant. That which shall live after we are dead as a part of the great mass of laws enacted by the dead is the only thought worth thinking, the only act worth doing.

Man is seldom accorded the privilege of seeing his life's work fruition, but our friend has gone beyond proudly conscious that that to which he had dedicated his life was finished, was completed. He took up his journey without fear and with a fortitude that will grace none more royally. Through their suffering, if suffering there may be, may our friends, as he has done, look calmly into the future with a heroism born of supreme faith in the lowly Nazarene (faith so necessary when we approach the end), trilling with our latest breath a sweet note of exultation as one who knocks on the gates of eternal morn. To have the sweeter consciousness of eternal life will mark the passing of the greatest characters we have ever known—our friends.

Each returning springtime, when the snowballs and lilacs hold high carnival, we pause and breathe a prayer above the sod and leave them free from care with God; clothed in robes immaculate, asleep 'neath a wilderness of spring flowers that fain would kiss their eyelids into waking, with ear attuned to the music of the infinite, our friend catches the celestial strain so beautifully sung by Tennyson—

Sunset and evening star,
And one clear call for me!
And may there be no moaning of the bar,
When I put out to sea.

Monuments are erected to the achievements of man, but this will be the greatest monument, the noblest heritage the world can give—the love and respect of his fellow man.

EDITORIAL FROM THE PHILADELPHIA RECORD

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Philadelphia Record of April 13, 1933, not only for the purpose of showing what is contained in it but also because of the advice for the future which it gives and to show the course of events which took place following the time of the publication of the editorial.

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

2+2=4

If people have no money, they cannot buy.

If people do not buy, stores cannot sell.

If stores do not sell, they cannot buy from factories.

If stores do not buy, factories cannot employ men to produce more goods.

If factories do not employ, the people have no money to buy.

The vicious circle of depression. We hope our readers do not think we are insulting their intelligence by a succession of Mother Goose truisms. But the obvious is often ignored by wise men.

All are agreed that something is wrong. In a land of plenty, honest, decent people should not suffer from want.

We have had a thousand and one remedies offered by national leaders—but all seem to ignore the obvious:

Without money, the people cannot buy.

The Record is much impressed by the speech of Senator LONG, of Louisiana, in the Senate Tuesday, because it states the obvious in direct, homely language that any man can understand.

The much-maligned Louisiana "Kingfish" may prove the Mother Goose that Washington needs to lead it out of involved thinking to the simple truths which will solve the present terrible situation.

In the 5 weeks of its existence, the Roosevelt administration has proven its energy and sincerity by a prodigious production of new measures to cure everything but the obvious.

When will President Roosevelt awaken to the obvious fact that without money the people cannot buy; that while he has been cleaning up weak banks he has tied up the spending money of 5,000,000 families; that he may raise the price of farm produce by his agricultural bill, but he hasn't put money into the hands of city folks to buy higher-priced foodstuffs; that by refinancing farm mortgages he strengthens insurance companies and savings banks but puts no immediate cash into the hands of families who need it; that he has done everything but attack the vicious circle of depression, which is as simple and obvious as a Mother Goose rhyme?

Meanwhile time runs against him. Unemployment increases. Purchasing power decreases. Danger of complete collapse grows more imminent. The only way out is the obvious way—to give to the people credit or currency with which to buy.

This can be done fairly, constructively, in many ways. The Government must immediately return to depositors in closed banks a major portion of their credits. It must finance the replacing of city slums with model tenements, the tunneling of the Delaware and other great rivers, billions of major construction to give work to every man who wants to work.

We still have confidence that once President Roosevelt discovers the obvious he will attack it and fight the depression as we fought the war.

But to discover the obvious he will have to turn to either HUEY LONG or Mother Goose in preference to some of his present advisers.

PROBLEMS OF OCEAN SHIPPING—ADDRESS BY ADMIRAL CONE

Mr. COPELAND. Mr. President, I ask to have printed in the Appendix of the RECORD an interesting and admirable address by Admiral Hutch I. Cone, Chairman of the Shipping Board, delivered at the Twentieth National Foreign Trade Convention, Pittsburgh, Pa., April 28, 1933.

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

In its work of establishing and maintaining an adequate merchant fleet under the American flag, the Shipping Board has enjoyed the support of several large and influential organizations, all vitally interested in achieving the same objective. The American Steamship Owners' Association, the National Council of American Shipbuilders, the United States Chamber of Commerce, the National Manufacturers' Association, the Middle West Foreign Trade Committee, the Mississippi Valley Association, and the Propeller Club of the United States may be cited as examples of the type of organization to which I refer.

Prominent among these bodies is the National Foreign Trade Council, whose slogan, "Greater prosperity through greater foreign trade," clearly indicates where the council stands on the subject of American shipping. Composed of traffic and foreign-trade specialists, the council realizes—as everyone realizes who has given the matter serious thought—that our foreign commerce can be developed and handled in the most satisfactory manner only if the country possesses an efficient merchant marine. No other country has the same incentive to make a good job of it.

It has been suggested that I speak today on the subject, Problems of Ocean Shipping. In the present depressed state of international trade this is a pretty large order, for the problems are many and difficult. My only hope of covering the subject in the brief time allotted is to paint a broad picture of the situation without filling in the details.

You gentlemen are aware that the renaissance of the American merchant marine dates from the Great War, when, as part of our contribution to the cause of the Allies, we undertook the enormous task of building ships in sufficient number not only to transport and maintain an army of millions of men overseas but to replace the mounting marine losses of Great Britain, France, and Italy. You are also aware that the United States Shipping Board, in the post-war period, used the more serviceable units of this great fleet to reestablish the American flag on the world's trade routes, and that after varying vicissitudes most of the services so established were disposed of to private American purchasers. Today, with 85 percent of the vessels composing the American merchant marine in private hands, it might be thought that we have solved about all the major problems that faced the Nation in 1916 when it resolved to acquire a strong commercial fleet of its own.

But it is one thing for the Government to establish a great industry and quite another to perpetuate and safeguard it after it has been transferred to private ownership. Particularly is this true of that part of the merchant marine which operates in foreign trade—the field in which you gentlemen are especially interested. Here the American shipowner encounters a most ruthless and devastating form of competition. It is a field in which successful operation depends not so much on enterprise and skill—for all seafarers are enterprising and skillful—as on the comparative cost of equipment, labor, and supplies. Just as the Japanese artisan is able to produce electric-light bulbs at a figure with which American labor cannot compete, so the foreign shipyard produces ships at a cost that would ruin the American shipbuilder.

The foreigner's cheaper ships and lower operating costs impose on the American shipowner who engages in foreign trade a competitive handicap that would absolutely prohibit our citizens from risking their capital in ventures of this sort were it not for the fact that Congress has wisely provided certain aids designed to lower the building and operating differentials and thus make American competition possible. Without these aids our ships would either be driven from the seas or returned to the Government for operation at a cost to the taxpayer far in excess of the present subsidies.

Since our possession of a merchant marine in the foreign trade depends on the aids granted by Congress, the principal problem facing American ocean shipping today is to secure the continuance of those aids. No other problem is half so vital.

It might be supposed that in the case of an industry so necessary to the Nation's economic stability, no question would be raised as to the wisdom of continuing the aids from the Federal Treasury. But the fact remains that ever since the subventions were determined upon as essential to the carrying out of our merchant-marine policy, they have been subjected to continuous attacks both at home and abroad. Let us briefly examine the arguments of those who would abolish the subsidies to American shipping and thus in effect abolish the merchant marine itself.

Foreign opposition to our present policy of Government aids—aids granted in the form of construction loans and contracts for the carriage of ocean mails—is easy to understand if we compare the situation as it exists today with the situation that existed before the war. In the pre-war days foreigners held a stranglehold on our ocean-carrying trade, dictated freight and passenger rates, and for transporting American exports and imports enjoyed a revenue of hundreds of millions of dollars annually.

During the post-war period we have succeeded in developing our merchant marine to a point where its participation in the ocean carriage of American freight and passengers has made serious inroads in the near monopoly previously enjoyed by the foreign maritime nations. Alarmed at the trend of events, which has been rendered more acute by the slump in international trade, foreign shipowners demand that something be done about it. They profess to believe that we do not know how to operate ships; that we cannot train a sea personnel competent to hold its own with experienced foreign seamen; that our subsidies, far from being designed to make American competition possible, were deliberately intended to stifle competition; that, with world shipping already overtonnaged, we have recklessly gone ahead with an ambitious construction program; that, in short, since we lack the seamanship of our forefathers of the clipper-ship era, and can only operate our ships with Government assistance, we would do well to scrap our merchant fleet and abandon without further ado the whimsical notion of becoming a first-class maritime power.

Arguments such as these carry no weight with persons who have even a superficial knowledge of the facts. Without dignifying them by a detailed refutation, I will merely state, without fear of successful contradiction, that the present ills of shipping are not even remotely due to marine developments in the United States. They have been brought about partly by the unprecedented decline in international trade, partly by the construction of unneeded tonnage by our competitors, and partly by the failure of other maritime nations to emulate the example set by the United States in scrapping obsolescent ships. Any argument is good enough to bolster up a desperate cause, and when this country is accused by foreign propagandists of launching superfluous tonnage it becomes high time to consult the official records. What do they disclose?

The records show that during the past 10 years Great Britain France, Italy, Japan, Germany, and the United States have built 2,100 ocean-going ships, each of 2,000 gross tons or over, totaling 14,000,000 gross tons. To this formidable number our own modest contribution has been less than 100 ships, of about 850,000 gross tons. Great Britain heads the list, with nearly 1,400 ships of 8,500,000 tons, outranking us in number of ships by 14 to 1 and in tonnage by 10 to 1.

In the same period the United States has led the world in breaking up cargo ships of semiobsolete types, while the total American-flag tonnage removed from registry during the past 6 months alone surpasses the scrapping acvtivities of all other nations combined.

The real shipping surplus exists in those countries which have built up their commercial fleets to a point in excess of their own requirements. In order that this superfluous tonnage may be profitably employed, it is sent into trades properly belonging to other nations. And when—as in the case of the United States—the nation whose trade is thus invaded comes to the aid of its shipping to the extent of lowering competitive handicaps, every conceivable argument, regardless of logic or cogency, is, as I have shown, brought to bear in an endeavor to becloud the issue.

The fact that our foreign competitors view the renaissance of the American merchant marine with so much solicitude is at once a tribute and a warning. It is a tribute to the giant strides we have made since the war. It is a warning that we must be alert to defend the strategic position we have already attained on the trade routes of the world. Our competitors will enter the forthcoming world economic conference determined to launch a vigorous offensive against the American merchant marine. For months the Shipping Board has been preparing the case for American shipping.

Nearer home we encounter a more disquieting form of opposition to our present merchant marine policy. Some of our lawmakers—and a few persons not in public life—argue that the Federal expenditures so essential to the support of American shipping constitute an unnecessary drain on the Public Treasury. The efforts of the administration to balance the Federal Budget—and I take it for granted that every patriotic citizen supports that laudable endeavor—are used as an argument in justification of

proposals to reexamine and revamp the national shipping policy as laid down in the Merchant Marine Acts of 1920 and 1928.

In proposals of this sort there is grave danger of becoming "pennywise and pound foolish." One is tempted to believe that Americans who seek to do away with the present subventions fail to realize the magnitude of the work already accomplished, the great financial stake involved, and the obvious fact that the Nation's future welfare depends in great measure on its commercial strength at sea.

They should be reminded that the United States, with a shore line of 15,000 miles, boasts more than 150 seaports which engage in foreign trade; that Federal, State, and municipal authorities have expended for seacoast, harbor, and channel improvements upwards of $600,000,000; that a survey recently completed for the Shipping Board by the Army engineers shows that the value of American seaport water terminals, utilized wholly for foreign trade, is nearly $1,000,000,000; that our shipyards alone represent an investment in excess of $100,000,000 and could not be replaced today at anything like that figure; and that the book value of our overseas merchant fleet has recently been estimated at $628,000,000.

Are we to abandon these superb facilities, developed at so great an expenditure of time, thought, and money, and turn the entire industry over to the foreigner? Are we to forego the $300,000,000 which in every normal year accrues to us in freight and passenger revenues through the operation of American ships? Are we to throw out of marine employment thousands of men, afloat and ashore? Are we to saddle American agriculture and industry with the handicap of increased ocean rates and occasionally disrupted service? Are we to intrust the development of our foreign markets to aliens? And finally, are we to leave the American Navy without an adequate number of effective auxiliaries for use in time of national peril?

While I yield to no man in a sincere desire to see every reasonable economy effected in governmental expenditures, I say to you gentlemen that unless we can honestly give affirmative answers to the questions I have just propounded we should dismiss as an unworthy pleasantry any suggestion that we abolish or curtail the aids granted by Congress in behalf of the American merchant marine.

Among the truths which must be faced in this time of economic dislocation is that the old days when foreign ships monopolized our ocean-carrying trade are gone, never to return. Overseas shipping may some day be rationalized on an international scale. Zones of influence may be agreed upon; trades may be apportioned among the nations; rates and charges may be standardized. In these and other ways world shipping may eventually achieve a gratifying measure of stability.

We can bring that day nearer by holding fast to what we have, with a view to further development of the fleet when prosperous times again return. Meanwhile, the amount spent annually in subsidies—approximately $19,000,000 for the fiscal year 1932—should be looked upon as an insurance premium paid to protect the vast investments which the American people have already made in American shipping, and for the promotion of foreign trade.

In conclusion, let me say that on March 20 the President of the United States appointed a new Shipping Board. As Chairman of that body, it is my pleasure to convey to you the Board's best wishes. We have a feeling that the American merchant marine needs your moral and material support, and that you in turn are not unmindful of the great help that American shipping can be to you in your efforts to blow the breath of life once more into international trade. Permit me to bespeak a closer bond of friendship between the two organizations, and to thank you for your kind attention.

LIMITATION OF HOURS OF LABOR

Mr. BLACK. Mr. President, I send to the desk and ask unanimous consent to have read for the information of the Senate an amendment which I propose to offer to House bill 4589, the District of Columbia appropriation bill, relating to the hours of labor in industry.

While this is not the exact bill which I introduced some time ago and which was passed by the Senate, it is in line with it. I expect to offer this amendment to the District bill; and if, later, the House does not have an opportunity to pass upon the bill which the Senate passed, it is my intention to offer that bill as an amendment to an appropriate bill.

I ask that the amendment be read.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Without objection, the amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The following amendment is to be proposed to House bill 4589:

Insert in the proper place:

"No article or commodity shall be purchased by the United States, or any department or organization thereof, which article or commodity was produced or manufactured in any mine, factory, workshop, mill, quarry, or manufactory establishment, situated in the United States, in which any operator or worker was employed, after the enactment of this law, more than 5 days in any week or more than 6 hours in any day.

"Each contract made with a contractor for any public works shall contain a provision that the contractor will buy no article or commodity to use on or in any public work which was produced in any mine, factory, workshop, mill, quarry, or manufactory establishment in which any operator or worker was employed more than 5 days in any week or more than 6 hours in any day."

MESSAGES FROM THE PRESIDENT

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

MUSCLE SHOALS

The Senate resumed consideration of the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes.

Mr. VANDENBERG. Mr. President, the pending motion is my amendment to strike out section 13 of the pending bill, found at page 14. I understand that the Senator from Nebraska [Mr. NORRIS], in charge of the bill, proposes to perfect the section. I should be very happy to yield to him for the purpose of enabling him to perfect the section before going ahead with the motion to strike out the entire section.

Mr. NORRIS. Mr. President, I have an amendment which may be considered now, or I will let it be pending, and the Senator can proceed with his remarks if he desires.

The VICE PRESIDENT. The Senator from Nebraska offers an amendment, which will be stated.

The LEGISLATIVE CLERK. On page 16, at the end of line 2, it is proposed to insert the following proviso:

Provided, That the percentages to be paid to the States of Alabama and Tennessee, as provided in this section, shall be subject to revision and change by the board, and any new rates established by the board, when approved by the President, shall remain in effect until and unless again changed by the board with the approval of the President. No change of said rates shall be made more often than once in 5 years, and no change shall be made without giving to the States of Alabama and Tennessee an opportunity to be heard.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. VANDENBERG. Mr. President, I should like to ask the Senator from Nebraska 2 or 3 questions respecting interpretations related to this bill. He was good enough to submit himself to questions last evening prior to the taking of the recess, but the recess came before I could make several inquiries on which I think some light is advisable.

Mr. President, I find no estimates in the report respecting the immediate expenditures that are contemplated by this bill. I wonder if the Senator could tell me, in a sentence or two, what immediate expenditures are contemplated by the bill?

Mr. NORRIS. I do not know that I can make a definite reply to the Senator. My own idea is that when the bill shall be passed the Bureau of the Budget will examine it and will submit an estimate to the Congress that will probably be incorporated in a deficiency bill this year.

The amount could vary greatly. For instance, in my opinion, one of the necessities for immediate work would be Cove Creek Dam—I am thinking now of the employment of labor—and the transmission line to it. If the bill remains as the Senate bill now stands, the probabilities are that the first thing that would be done would be the building of a transmission line. That work would be going on at the same time they would be clearing away and proceeding at the site of Cove Creek Dam. The transmission line ought to be constructed from Dam No. 2, so that in the construction of Cove Creek Dam they could have the benefit of the Government power which is now going to waste. If they do not build that transmission line at once they will have to buy power where they can get it.

Mr. VANDENBERG. Is there an estimate of the cost of the transmission line?

Mr. NORRIS. Yes. An estimate was made several years ago, when prices were much higher than they are now, which was $6,000,000.

Mr. VANDENBERG. What is the estimate on the Cove Creek Dam?

Mr. NORRIS. The estimate on the Cove Creek Dam made at the same time was between $33,000,000 and $34,000,000.

Mr. VANDENBERG. So that the two immediate projects which the Senator identifies would involve roughly $40,000,000?

Mr. NORRIS. Yes. But I will say to the Senator that while the entire amount estimated for the transmission ought to be appropriated, I think, yet there will be no necessity for appropriating the entire cost of the Cove Creek Dam because it is going to be 3 or 4 or perhaps 5 years before it can be built.

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

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

Mr. VANDENBERG. Certainly.

Mr. McKELLAR. I will say that I have made some inquiry about costs and I have been informed that the costs at the present time are from 20 to 22 percent less than the estimates made several years ago, so that both items will probably cost not much over $30,000,000 at the present time.

Mr. VANDENBERG. Could the new Tennessee Valley authority, under the terms of the bill, proceed without further legislation to build the transmission line and build the Cove Creek Dam?

Mr. NORRIS. They would have to have an appropriation.

Mr. VANDENBERG. They would have to have an appropriation first?

Mr. NORRIS. Yes.

Mr. VANDENBERG. I want to ask the Senator if there is any possibility of confusion on that point in the language in section 15, on page 16, which refers to the privilege of issuing bonds? That privilege seems to attach, reading at line 19, "to the construction of any future dam or other facility." I want to know whether in the Senator's judgment that would not permit the bonding privilege to be used by the Tennessee River authority not only in connection with Cove Creek or the transmission line but any other of the facilities involved in this great project, without coming back to the Congress for any appropriation, provided it could be financed by bonds?

Mr. NORRIS. Probably; but let me tell the Senator something with reference to the bonds which are provided for. Incidentally, the bonding provision went into the bill on the suggestion of President Roosevelt. I never had incorporated such a provision in a Muscle Shoals bill before. I have some doubt, and expressed it to the President at the time, about the bonds being salable. He was thinking of the Port Authority in New York, where it worked very successfully, but there the property reconstructed all brought an income.

There is another place in the bill where it is provided that the board shall allocate the costs not only of the properties now there but of any new dam, and decide how much of it can properly be charged to navigation, flood control, power, national defense, fertilizer, and so forth. The bonds provided for in the Senate bill have to be based entirely upon the revenue feature of any improvement, which is the power feature. It would be an impossibility to do such a thing as to undertake to build Cove Creek Dam out of the proceeds of the sale of bonds. While the items of cost have not been allocated, anyone who has given any study to the question will necessarily reach the conclusion that Cove Creek Dam is in the main a flood-control navigation proposition, and I should say that the very much larger part of the expenditure will be allocated to those two items. The power feature is only an incident to it. There could be no bond issue excepting for the power part of it.

Let me say to the Senator further that I do not believe any engineer could tell definitely, until we had tried out the project, how much power will be developed at Cove Creek. The fact will be that they will have to take water enough out of that reservoir every year to leave room for the flood waters that form in the flood season of the year. I have an idea they will have to operate it several years before they will know within any definite degree how much water they can safely take out or, rather, leave in the reservoir.

As a practical proposition, considering the construction of Cove Creek Dam, I do not see how it is possible for it to be done through the issuing of bonds. If we had a dam that we were constructing there that was known to be mainly for power benefit, it would be an entirely different thing; but I would be unable myself to give the Senator a definite idea, and do not believe anybody else can give a definite idea as to just how much power we are going to develop or will be able to develop at Cove Creek. We do know that a large portion of the power that will be developed there will be secondary power, and the benefit to Cove Creek comes through navigation. The Government gets another benefit from it because when we are letting the water out in low season, decreasing the power at Cove Creek, we increase the power at Dam No. 2.

Mr. VANDENBERG. Then it would be true, abstractly at least, that, insofar as the Board could find a market for bonds, it is unlimited in its right to proceed with any phase of this project?

Mr. NORRIS. I think that is a fair construction.

Mr. VANDENBERG. But there is a practical limitation to which the Senator has adverted?

Mr. NORRIS. Yes; and I think that really controls it. It seems to me from what I know about it that if I were going to build the Cove Creek Dam I would not think of any such thing at the present time as the issuing of any bonds, because in the first place I would have to confine the amount of the bonds to the power part of the structure which is going to bring a return in money. The bonds would be based on that. I do not believe the bonds would sell with the uncertainty that necessarily would surround that particular transaction.

Mr. VANDENBERG. If bonds are issued, the latter portion of the section then dedicates all the net proceeds from the sale of power to the payment of the bonds and the interest?

Mr. NORRIS. Yes.

Mr. VANDENBERG. There is no provision, is there, for reimbursement to the Federal Government in the power section of the $125,000,000 investment at Wilson Dam or reimbursement to the Federal Government for any of the power investments that might subsequently be made by direct appropriation?

Mr. NORRIS. No. The only provision in regard to that is the section of the bill which provides that after the expenses are paid the surplus in the hands of the board, less a sufficient amount to carry on the business, shall be paid to the Treasury of the United States.

Mr. VANDENBERG. The only reference to rates that I find in the bill is the reference that they shall be "reasonable, just, and fair." I apprehend that contemplates the status of the consumer primarily?

Mr. NORRIS. I think so.

Mr. VANDENBERG. Would the Senator say that the rates are reasonable, just, and fair except as they comprehend also a legitimate reimbursement for the Federal investment allocatable to power in connection with the enterprise?

Mr. NORRIS. It would not be my idea that the Government ought to make a rate there that would be a gift of the power. It seems to me there are so many elements involved, with the exception of power and the possible exception that Congress might enact a law in the future levying a toll on the tonnage passing through the river, that I do not see how we could reach a conclusion that would enable us in advance to say just how much should be charged, at least until we have allocated and divided up all the costs.

If the board undertook to charge off all the expenditures for power, of course, they could not sell the power, because

they would have to put it at such a price that would make it unsalable. On the other hand, in my own humble judgment, if the part allocated to power is properly apportioned and then rates were made based on that allocation, they could make a reasonable rate and make a great deal of profit. I anticipate, let me say to the Senator, that in the end, although it will be a good many years from now, we will get enough out of the power to pay the whole thing, but it will take a long time. At the present time, and for several years to come, there will be but little income from power because of the larger governmental provisions in the bill.

Mr. VANDENBERG. The Senator is familiar with the fact that the House bill contains a sinking-fund clause with respect of each of the power dams. I am wondering why it is not advisable to establish the sinking-fund principle in regard to the Government's contribution, inasmuch as we undertake partially to establish it in respect to the bondholders' contribution. It seems to me the Federal Government, as an investor in this enterprise, is entitled to at least as much consideration as the bondholder, and probably a prior consideration. That section of the House bill, therefore, appeals to me very much. It seems to me it is supported by logic.

Mr. NORRIS. My own idea is that it is absolutely unworkable and that it would not mean anything if we put it in the bill. In the broader sense, when we comprehend the whole work to be done by the Government in the Tennessee River Basin, power is only an incident. It is an important incident, it is true, and one that in the years to come is going to bring returns; but the great bulk of the funds which are going to be expended there will not be for power and not with the idea of producing power. Power only comes in as an incident. It would be a sin, for instance, in my judgment, to build Cove Creek Dam and not provide for the development of power there, although if the Senator and I were building Cove Creek Dam and putting our own money into it and had nothing in mind except to make money, a perfectly legitimate project, we would not think of navigation and we would not care anything about flood control. We would keep the reservoir full of water all the time and there would be no benefit to navigation. There would be the same floods then that there are now, because there would be no reservoir to hold the flood waters. But the Government, having in view the benefit of navigation, having in view the prevention of destruction by flood control not only in the Tennessee River but in the Mississippi River as well, would spend public money for the purpose of making a flood-control dam there at the mouth of that great reservoir.

That is the real object that the Government has, I take it, in building that dam. The power comes in only as an incident. I could not tell the Senator now—I do not know; if I were going to reach a conclusion, it would be only a guess—as to how much of that ought to be allocated to power. After the dam has been in use 2 or 3 years it can be told with very reasonable accuracy. If I were guessing about it, I should say that of the Cove Creek Dam expenditure not more than 25 percent ought to be allocated to power. Perhaps that is too great. It may not be great enough, it is true.

Mr. VANDENBERG. I thank the Senator for his answers to my inquiries. The emphasis that he puts upon the collateral, social, industrial, and agricultural advantages to this great section of the country as a result of this legislation only illuminates completely the reason why I have submitted the motion to strike out section 13, starting on page 14 of the bill—a section which undertakes, in addition to all of these stupendous advantages, to pay in perpetuity an annual cash fee to the States of Alabama and Tennessee, a fee charged against the Treasury of the United States—in net effect, as I shall clearly show, charged against the Treasury—literally an admission fee to the States of Alabama and Tennessee before the Federal Government shall be permitted to enter these constituencies and bring these great beneficences to this area.

I think there is no morals and no logic in it. I think there is no precedent for it. So far as the general proposition is concerned, I have always proceeded in respect to these enterprises on the theory that we have no right to spend Federal funds for industrial activities or related commerce except on at least an approximate warrant of self-liquidation.

I voted for Boulder Dam upon that basis, Mr. President, and Boulder Dam self-liquidates $140,000,000 of its $165,000,000 construction cost before the States of Nevada or Arizona get a penny out of the surplus power proceeds. It was on the basis of that assurance—an assurance which is guaranteed by contracts made by the Secretary of the Interior—that I supported the Boulder Dam legislation, and it was on that basis that the legislation went through the Congress. But under this pending bill, Alabama and Tennessee do not wait for the reimbursement of the Federal Treasury before taking toll. They take toll whether Uncle Sam is repaid or not—and there is no provision in the bill that Uncle Sam shall be repaid at all.

There is a power proposition pending in connection with the St. Lawrence River to which the able senior Senator from New York [Mr. COPELAND] referred yesterday afternoon. Regardless of the merits or the demerits of the proposition itself, the fact remains that the Federal Government does not put down one stone in the power system to be developed in respect to the St. Lawrence until the Commonwealth of New York has guaranteed to pay the entire power cost and to reimburse the Government for the complete power investment. That is an utterly different contemplation from the pending draft upon the funds of the United States Treasury.

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

Mr. VANDENBERG. I yield to the Senator from Alabama.

Mr. BLACK. After that has been done, who owns the power company?

Mr. VANDENBERG. The State of New York.

Mr. BLACK. Who gets the total income from it?

Mr. VANDENBERG. The State of New York. And in kindred analogy, I should love to sell Muscle Shoals to the States of Alabama and Tennessee and let them have anything they can get out of it, if they will put $125,000,000 back into the Treasury, or that portion of $125,000,000 which is reasonably allocatable to power at Muscle Shoals.

Mr. BLACK. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. BLACK. The Senator has not introduced any bill to that effect since he has been here, has he?

Mr. VANDENBERG. That is entirely correct. I should be very happy to support one.

Mr. President, if unfortunately we are going to depart from the self-liquidation theory in these power enterprises, most certainly there is no reason, to my way of thinking, for a philosophy such as is contained in section 13, because under that philosophy we not only depart from the self-liquidation theory, but in addition we permit ourselves to be assessed an annual fee in return for having yielded up the self-liquidation theory.

What does section 13 do?

It proposes to pay the State of Alabama a 5-percent gross dividend—and I emphasize the word "gross"—each year from the power developed from Dam No. 2, or any present or future steam plant. It does not make any difference whether the operation shows a profit or not. It does not make any difference whether the Government breaks even on the operation. Always the first 5 percent goes to the State of Alabama; and since the Government must meet the deficit if the operation is not a fiscal success, inevitably that means that the 5 percent comes out of the Treasury of the United States under those circumstances and is a charge squarely to the taxpayers of the United States.

Alabama gets not only 5 percent of the gross in an annual dividend, regardless of whether anybody else gets a dividend, but it gets 2½-percent gross dividend on the excess

power at Dam No. 2, which may come in as the result of the Cove Creek construction, and it gets 2½-percent gross on the power sales proceeds from any other dam that may be constructed under this great, wide authority. Meanwhile, the State of Tennessee in a similar bonanza gets 5 percent gross from the power proceds at Cove Creek, for which we are about to spend thirty or forty million dollars of public money, and 5-percent gross on the power proceeds from any other dam or any other steam plant within the boundaries of the State; and then it gets 2½-percent gross from the proceeds of any excess power at Dam No. 2 as the result of the construction at Cove Creek, and 2½-percent gross from the proceeds of any other power developed at other dams within the State.

I should say, in order to make the record perfectly plain, that the sale of power to public units such as municipalities, and so forth, is excluded from the purview of the section, which is to say that those sales proceed without this tax.

The section certainly is improved by the amendment that has been submitted this afternoon by the Senator from Nebraska [Mr. NORRIS] which permits an occasional review of these percentages and a change in them; but the basic vice and challenge stand there just the same, and I submit to the Senate that there is neither rime nor reason in any such innovation in respect to our dealings with enterprises of this nature.

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

Mr. VANDENBERG. I yield.

Mr. FESS. What was the determining factor in writing "gross" instead of "net" into the section? The Senator has made it perfectly clear that if it is gross it is a fixed charge, just the same as payment of interest or anything else that does not change, and if there be no profit the charge goes on; but if it were net, then there would be some security.

Mr. VANDENBERG. Mr. President, I understand that the theory upon which it is done is that this is in lieu of taxation; and on that theory it is assumed that since a tax is a fixed charge, regardless of profit or loss, this payment in lieu of taxation should be regardless of profit or loss. I think that is a fair statement of the matter. I am coming to that phase of the problem in just a moment.

Now, I want to reiterate that this perpetual franchise fee goes to the States of Alabama and Tennessee regardless of whether the Federal Treasury gets its money back, regardless of whether power is made and sold at a profit, regardless even of whether there is an operating deficit which would result in making these subsidies a direct drain upon the Treasury of the United States to be met by the taxpayers in all of the States of the Union.

I want to call your attention to the fact that this 5-percent proposal was not in the original Muscle Shoals bill, and there was considerable controversy as a result. In 1930 it made its appearance in the bill; and on April 4, 1930, I moved to strike it from the bill. My motion was defeated by a vote of 34 to 32. The closeness of that vote, it seems to me, justifies a resubmission of the issue to the Senate.

I realize that since 1930 the control of the Senate has passed across the aisle; but I am, nevertheless, heartened to renew this motion from the fact that among those who agreed with me in 1930, and who voted to strike this section from the bill, were such eminent gentlemen across the aisle as the Senator from Kentucky, Mr. Barkley; the Senator from Washington, Mr. Dill; the Senator from Georgia, Mr. George; the late Senator from Georgia, Mr. Harris; the Senator from Mississippi, Mr. Harrison; his colleague from Mississippi, Mr. Stephens; the Senator from Maryland, Mr. Tydings; and the Senator from Massachusetts, Mr. Walsh.

I want to remind you also that this clause is not in the House bill, which passed the House a short time ago by an overwhelming vote; and every Member of Congress from Alabama and Tennessee in the House of Representatives voted for the bill without the 5-percent clause in it, indicating that it is no very great reproach or crime if the Senate similarly should think of the Treasury of the United States first in passing upon this particular section of the bill.

I repeat that this 5-percent clause is a perpetual franchise fee to the States of Alabama and Tennessee. It comes ahead of interest or sinking fund on the bonds, if issued, that are to be sold to investors to carry on some of these great enterprises. Regardless of whether the bonds are liquidated, regardless of whether they earn and draw their interest, this immutable and everlasting franchise fee takes precedence, and moves into the earnings, and takes out its 5 percent. It is ahead of any reimbursements to the Treasury of the United States. It makes no difference what this adventure may cost the Treasury. We all hope, as does the Senator from Nebraska, that it will not represent an operating deficit at any time. Nevertheless, there have been operating deficits before in enterprises of this nature, and they probably will occur again. Any deficit is charged to the Public Treasury; and long before the Treasury is reimbursed—if ever—the States of Alabama and Tennessee take their 5-percent admission fee from Uncle Sam in return for his journey into that great section of this land for the purpose of taking it the greatest single benediction that it ever received!

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

Mr. VANDENBERG. I yield.

Mr. BLACK. I assume from the Senator's attitude that he has made vigorous speeches against those laws heretofore passed since he has been here that provided money for the States of the Union where the Federal Government owns lands, and provided them money in lieu of taxation.

Mr. VANDENBERG. Mr. President, the analogy is not accurate, because in none of those instances was the Government entering into these domains with additional public expenditures for the purpose of development.

Mr. BLACK. The Senator is very badly mistaken. The Government has entered into those States, and has spent large sums of money for the building of roads, for the improvement of its public land, and frequently it has taken away the sole taxes from a county. Since the Senator has been here, he has voted for the appropriation of money in lieu of taxes for those States which have thus lost their taxes.

Mr. VANDENBERG. Yes, Mr. President; but since the Senator has been here he has never voted for the expenditure of Federal funds in industrial activities on any such basis as the Senator from Alabama indicates, and he will not, so long as he knows what he is doing.

Mr. BLACK. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. BLACK. The Senator draws a distinction between money spent for industrial activities and money spent to develop the land which the Government owns in the way of building highways and other improvements upon the property of the State?

Mr. VANDENBERG. Certainly, because the Government is extending highway aid almost uniformly throughout the Nation.

Mr. BLACK. Yes; but the Government extends highway aid to the public lands in a way in which it does not extend highway aid where there are no public lands. The Government extends a limited amount of highway aid to the States proportioned upon their matching it, but it by no means builds all the roads through the States.

Mr. VANDENBERG. Mr. President, I repeat that I am unable to see the slightest analogy in the example which my able friend from Alabama submits. In this instance the payment of this admission fee might actually force a deficit in the operation of these power plants, because if the revenue from the sale of power just balances the operating outgo, up to the point where this 5-percent admission fee is to be paid to the States of Alabama and Tennessee, obviously the payment of the admission fee forces the balance sheet into a deficit, and the deficit is charged to the Treasury of the United States.

Mr. BLACK. Mr. President, will the Senator yield again?

Mr. VANDENBERG. I yield.

Mr. BLACK. The payment of money in lieu of taxes in States where there are public lands creates a deficit, which is, as the Senator says, a bonus to the States, and I might call the Senator's attention to the fact that if he will investigate he will find that this 5 percent will not begin to make up for the taxes lost by the States of Alabama and Tennessee, while in other instances the payment does.

Mr. VANDENBERG. Mr. President, I am coming to that, and I shall have to repeat again that there is no relationship between public lands and the entry of the Government into the power business. So long as it goes in on a self-liquidating basis, and as an adjunct to other useful and necessary and legitimate public enterprises, like flood control, navigation, and so forth, I have no hesitation in going along, but I repeat that I decline to go along when the proposition is not self-liquidating; and I certainly reject any theory that we should be charged a commission upon our own largesse, and I want to amplify that thought in just a moment or two.

The Senator from Alabama has been discussing the need and the equity in some extra compensation to the States when the Federal Government enters Alabama and Tennessee for this great adventure in the development of vast areas in those Commonwealths. Let us see whether we do owe Alabama and Tennessee this perennial subsidy. We are proposing to do a very great deal for them at the expense of the balance of the country, and I am not quarreling with these collateral objectives. But I resent being charged for the privilege of thus playing Santa Claus.

The bill says in its preamble that we are undertaking this great enterprise—

> For the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development—

I repeat that phrase—

> for agricultural and industrial development, and to improve navigation in the Tennessee River—

That is another thing we are proposing to do—

> and to control the destructive flood waters in the Tennessee River and Mississippi River Basins.

That is another thing we are proposing to do. Those are the objectives embraced within the preamble. Then when we move over into the body of the bill, to page 22, we discover that the objectives are so broad to which this great adventure is dedicated that it contemplates provision "for the general welfare of the citizens of said areas", and that general welfare a little further down on the same page contemplates the "physical, economic, and social development of said areas." We are proposing to proceed into Tennessee and Alabama for the benefit of the "physical, economic, and social development of said areas."

That is not all. The Senate committee report says, at page 2, as the Senator from Nebraska himself has so emphatically stated, that the generation of electric power, in the final analysis, is ultimately secondary to all these other great beneficences which are to be sent under Federal impulse into this section of the country, which now says that we should not enter with these beneficences unless we will pay an admission fee each year. Here are some of the things, according to the report, which we are going to do:

We are going to serve the maximum amount of flood control.

We are going to serve the maximum development of the Tennessee River for navigation.

We are going to serve the proper use of marginal lands.

We are going to serve the proper method of reforestation of such lands in said drainage basin suitable for reforestation.

We are going to serve the most practical method of improving agricultural conditions in the valleys of said drainage basin.

We are going to do all those thing for this one fortunate section of the Nation. We shall do it at Federal expense. We are glad and happy to do it, but I submit we ought not to be charged an admission fee for the privilege of doing it.

Mr. President, let us turn for a moment to the House hearings on the Muscle Shoals bill, at page 61, and we will get this vision in a sentence. Representative BROWNING, of Tennessee, is testifying. Representative COCHRAN asked, referring to the power which is about to be developed:

> Is there any use for all this power?

Representative BROWNING, of Tennessee, replied:

> No; not at this time. There is no demand for that amount of power now, but if we develop the industrial empire down there that we hope for, there will be a use for that power.

In other words, this is a prospectus for an industrial empire, and they propose to charge us an admission fee for using Federal resources to create an industrial empire in this section of the Nation. An industrial empire!

I submit that we still have a primary responsibility to the Federal Treasury and to taxpayers everywhere. I submit that the Budget will not stay balanced, if it is balanced at all, without a continuity of vigilance, and this is one point at which we had better continue to walk sentry post.

Mr. BONE. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. BONE. I wonder if I understood the Senator correctly to say that he was opposed to subsidies?

Mr. VANDENBERG. The Senator is opposed to subsidies which are not either self-liquidating upon the one hand, or which are not productive of an equivalent direct advantage to the Government itself.

Mr. BONE. Last year this Government out of its Treasury gave steamship companies $28,000,000. Capitalized at 5 percent, that represents $560,000,000. That $560,000,000 goes out of the Treasury without any return; it is not self-liquidating. I assume that is correct.

Mr. VANDENBERG. That is a matter of argument.

Mr. BONE. I realize that, but if we object to subsidies, I am wondering how long we are to continue that sort of subsidy to private business enterprise; and that is a constant drain.

Mr. VANDENBERG. Mr. President, I think it was perhaps a necessary adventure when it was undertaken if we were to rejuvenate the American merchant marine, but I think we have come to a point where very shortly it will be necessary to look upon mail contracts, air mail contracts, and ocean mail contracts in a totally different light from that in which we have looked upon them before, if they do not very soon justify themselves as a matter of dollars and cents. But if the Senator from Washington outdoes me in his opposition to subsidies, of course, there is no question about his whole-hearted opposition to section 13 of the pending bill.

Mr. BONE. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. BONE. I do not want to interfere with the Senator's argument——

Mr. VANDENBERG. The Senator is not interfering; he is very welcome.

Mr. BONE. The Senator will realize, I am sure, that one of the very common objections to public ownership of power lies in the fact that the properties are generally, under constitutional provisions, free from taxation.

Mr. VANDENBERG. I am coming to that, and I would prefer not to anticipate it. I shall be happy to listen to the Senator in just a moment after I have reached that phase of the problem.

Mr. President, I just want to point out this one further thought, that when Muscle Shoals was established in Alabama——

Mr. BLACK. Mr. President, will the Senator yield for just a moment with reference to the subsidy feature?

Mr. VANDENBERG. I yield to the Senator.

Mr. BLACK. Last year we had under consideration, in connection with the Reconstruction Finance Corporation bill, what I consider to be the greatest subsidy the Government has ever offered or ever given. That measure provided

for subsidies of billions of dollars to private business. It carried subsidies which would permit and has permitted the payment of salaries of over $100,000 a year out of money borrowed from the Government. I offered an amendment to prevent at least that part of the subsidy and asked that the salaries of those drawing Government money be limited to $12,500, then that they be limited to $50,000, then that they be limited to $100,000, thinking that in some way we might save a part of the subsidy which the Government was giving out. Does the Senator recall how he voted on those amendments?

Mr. VANDENBERG. Is the Senator through?

Mr. BLACK. Yes.

Mr. VANDENBERG. Mr. President, I voted for the Reconstruction Finance Corporation measure, which provides specifically within it that every dollar loaned shall be upon sound collateral, which shall return itself fullfold in the event of the failure of the loan, and if that sort of a warrant can be written into the power section of the pending bill, I shall be very happy to vote for it.

Mr. BLACK. How did the Senator vote on the subsidy to those who were borrowing Government money to run railroads, a great deal of which money most of us knew would never be repaid? The amendment offered would have prevented that which has occurred, the presidents and other officers drawing salaries in some cases of over $100,000 a year out of Government money.

Mr. VANDENBERG. Mr. President, I am not going to discuss the salaries of railroad presidents at a moment when I am trying to save Uncle Sam from annual assessments payable to the States of Tennessee and Alabama, which, so far as I am concerned, is utterly more incontinent than any salary I know of that was ever drawn by any railroad president. Whether railroad presidents are overpaid or not, the States of Alabama and Tennessee will be most emphatically overpaid if this particular section stays in the bill.

Now I want to renew the thought to which I was adverting when last interrupted. I want to say again that when the State of Alabama asked to have Muscle Shoals established within its confines there was not any talk then about charging the Government for the privilege of bringing this benediction into that great area of the Nation. There was no talk about an admission fee then. On the contrary, the CONGRESSIONAL RECORD of those other days indicates that when this dam was built in Alabama every single State officer, every member of the Alabama Legislature, every Member of Congress from Alabama, including both Senators from that State, petitioned Congress to proceed into Alabama with this development. Not only that, but the Legislature of Alabama in September 1915 authorized a joint commission, which included not only official spokesmen but many distinguished private citizens of Alabama, to come to Washington to importune the administration to proceed into Alabama with this great development. The situation is just the same now as it was then. It is just as great an advantage to a Commonwealth today as it was then to have the Federal Government enter it with its boundless resources and commit itself to great construction enterprises therein.

In fact, at this very moment there is hardly a State in the Union that is not begging for Federal funds to be used in construction projects as an offset to unemployment. I do not know of any of these situations in which the rest of us have asked for a commission for ourselves upon the very expenditure which we beg and pray to have made in behalf of our constituencies.

Tennessee is a stupendous beneficiary from this act, and I doubt very much whether anyone from Tennessee would deny it. It is a beneficiary in respect to flood control; it is a beneficiary in respect to navigation; it is a beneficiary in respect to agriculture; it is a beneficiary in respect to industrialization, because one of its own representatives testified that there is contemplated an industrial empire—that was his phrase, "an industrial empire"— as a result of this Federal benefaction. I submit that this Federal prospectus involves no justification for a perpetual cash bonus in addition, as if we were moving into Alabama and Tennessee upon some predatory or destructive mission.

Now, just briefly, as to the two excuses which are offered for the existence of this section of the bill. The first one is that it will compensate for the loss of State taxes on these properties which the States would obtain if developed under private auspices. In the first place, it is repeatedly stated in the testimony that there could and would be no such development under private auspices. In the second place, I again submit that there is compensation a hundredfold in the collateral advantages to which I have referred.

It is the theory of the bill—and if the bill shall be a success, the theory will be a success—that it is to provide cheaper power for the benefit of these great sections of the country; and if it does provide cheaper power, there is their quid pro quo, without charging a brokerage commission on the expenditure of their own Federal Government to produce these benefits for them.

The other excuse, as I understand, that is given for this section—a section, I again say, which is not in the House bill that was supported by every Member of the House of Representatives from Tennessee and Alabama—the second excuse is that it provides a tax item to offset a similar item in private utility operations.

The able Senator from Nebraska [Mr. NORRIS] has demonstrated that a 5-percent figure is a very conservative and justified figure for the purpose of that calculation. I have no quarrel with that proposition. Furthermore I agree, as a matter of bookkeeping, that this tax item or its equivalent ought to enter the balance sheet of a public-utility operation in order to make the comparison fair; but, Mr. President, there is no requirement in this bill that the 5-percent fee shall be earned. Therefore the bookkeeping is academic, and we have no right to penalize the Public Treasury merely to create a meaningless balance sheet.

So, without further invasion on the Senate's good nature, Mr. President, I submit that the amendment to strike this offending section, which stayed in the last bill only by two votes, certainly ought to succeed at this time, in view of the benefits which, in addition to all the other benefits heretofore contained in Muscle Shoals bills for Alabama and Tennessee, are included in the pending measure.

Mr. AUSTIN. Mr. President, there are at least six reasons why I am opposed to the passage of the Muscle Shoals bill. Let me observe, at the outset and before naming them, that there is no sectionalism in those reasons. Indeed, I would not have the Federal Government invade the State of Vermont with the powers which this bill proposes to give over affairs that are strictly intrastate, and have ever been known to belong to the sovereignty of the State, for the price in money that is provided to be paid to the States of Tennessee and Alabama by the clause which is moved to be stricken from this bill by the Senator from Michigan.

The six reasons, briefly stated, are as follows: First, as an experiment the bill is untimely; second, as an investment of the people's money it comes at a time when they have no money to invest; third, any estimate of the income from the project as set up by this proposed legislation will show a loss; fourth, it put the Government into direct competition with private enterprise; fifth, additional generating equipment in this country is wholly unnecessary at the present time; and sixth, it threatens the welfare of depositors in banks and policyholders with loss through depreciation of public-utility bonds which constitute a large part of the assets of such institutions.

I propose, Mr. President, briefly to support these six reasons with evidence. As to the first reason why I am opposed to this bill, namely, that as an experiment it is untimely, let me say that there is no opportunity for debate over the question whether this is an experiment or not. It is so reported by the committee. It is stated in the report of the committee:

(4) For the operation of experimental plants on a larger scale than has ever before been undertaken in the history of the world, for the purpose of discovering new methods of production of fer-

tilizers, with the object of cheapening the cost of fertilizers, not only to the farmers in the Tennessee Valley but everywhere in the Nation.

And the Senator from Nebraska yesterday in his explanation of the bill and argument in support of it stated:

We are trying to give the board the proper authority to carry on the greatest experiment that has ever been undertaken in the history of the world. That is what we are doing in the bill. It is for the cheapening of fertilizer.

So we are on common ground when we say that the bill is an experiment, the "greatest experiment in the history of the world"; and the claim which we make is that, with industry prostrate, with all the people of the Nation suffering from a great depression, with the burden of taxation unendurable at the present time, with a great amount of taxes wholly unpaid in this country and wholly uncollectible, it is an extremely inopportune time for the Congress of the United States to enter upon "the greatest experiment in the history of the world", which involves a very large sum of money, and, further, that it is inexpedient to do this thing at a time when the development of the art of producing fertilizer has reached the stage that it has reached today.

I call attention to a report of the Chamber of Commerce of the United States of America, dated January 10, 1931, in which the following statement appears:

The idea persists also that the Muscle Shoals nitrogen plants are valuable as an experimental laboratory. Our committee found that "the great progress that has been made in recent years in nitrogen fixation has resulted from a widespread research in this field, both by governmental and private agencies." The consensus of opinion that it gathered was that "this progress will continue without any particular inducement or effort on the part of the Federal Government of the nature contemplated by Muscle Shoals."

Since our committee's special report on Muscle Shoals was written, the chief chemical engineer of the Bureau of Chemistry and Soils of the Department of Agriculture said at the hearings above mentioned, "I do not see the necessity of doing any research at Muscle Shoals. * * * I do not see that the equipment there is particularly useful in the program." Moreover, the head of the fertilizer and fixed-nitrogen investigations of the Bureau of Chemistry and Soils of the Department of Agriculture, who has been closely identified with nitrogen-fixation experimentation since the beginning of the war, said: "It seems to me it (Muscle Shoals) might just as well be disposed of on the best terms possible. * * * It seems to me the purposes for which it was originally built have been served."

Mr. President, there are figures and data contained in this statement which I have marked and which I should like to have printed in the RECORD at this point in my remarks, if there is no objection.

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

The matter referred to is as follows:

The same facts which lead to the conclusion that Muscle Shoals should be disposed of by the Government, since it has no further value for national defense, apply with equal force to nitrogen as a fertilizer ingredient. Nitrogen is but 3 percent by weight of the average commercial fertilizer. Ninety-seven pounds of material in the supply of which Muscle Shoals has no special advantage must be added to these 3 pounds of nitrogen. The chemical engineer of the Department of Agriculture, quoted above, said: "My opinion is that the shortest road to cheap fertilizer is to help the manufacturer. * * * It has only been a few years since liquid ammonia cost from 30 to 35 cents a pound in cylinders. * * * Competition came along between various manufacturers, * * * and now it is reported as being sold for about 5½ cents a pound in tank cars." Asked whether sodium nitrate was manufactured for agricultural purposes at one of the large privately owned plants, he replied, "Yes, sir; they do; a trainload every day."

Ordnance experts testified that when Government operation of Muscle Shoals was planned in 1919, "ammonium sulphate was selling at $65 per ton. We estimated the Government could produce it at Muscle Shoals for $48.20 per ton. Ammonium sulphate is selling in the market today for $38 a ton."

Mr. AUSTIN. Mr. President, there are some facts bearing on the proposition that at the present time it is inexpedient to enter upon this enormous experiment found in a statement by the National Fertilizer Association of April 5, 1932, a more recent statement of facts. These facts show that there are now 205 phosphoric-acid plants in the United States connected with the fertilizer industry; that 6 of these plants are concentrated or triple superphosphate plants, producing 45 to 48 percent of the available phosphoric acid, and that for lack of demand they are practically shut down at this time.

Other statements occur in the list which I wish to have interposed at this point in my remarks, including the following:

Power waste involved: Assuming the manufacture of nitrogen by plant no. 2 as it stands and the production of phosphoric acid by an electric-furnace process plant to be built, the ultimate proposal of the bill is as follows: 40,000 tons of nitrogen, using 16,000 kilowatt-hours per ton fixed, 640,000,000 kilowatt-hours; 40,000 tons of phosphoric acid, estimating 11,500 kilowatt-hours per ton, 450,000,000 kilowatt-hours; total, 1,090,000,000 kilowatt-hours.

This represents twice the primary power now available at Wilson Dam, estimated at 438,000,000 kilowatt-hours, and slightly more than the total primary power of 1,037,000,000 that will be developed if and when Cove Creek Dam is built. The value of this power, taking the average price at present realized in Alabama of 1.2 cents per kilowatt-hour, is $13,080,000.

Would not this represent a criminal waste to bring about the production of 40,000 tons of nitrogen in a Nation that has a present capacity to produce over 600,000 tons, or 40,000 tons of phosphoric acid in the face of an existing capacity to produce over 1,000,000 tons?

For these reasons—and they are purely economic—they are nonpolitical; they are not sectional, and there is no emotion in them; they are facts, facts of economy—is it not obvious that of all times in our history, of all times during this long consideration of the Muscle Shoals legislation, no one could conceive of a poorer time to make this greatest experiment in the world's history than the immediate present time?

I ask that other portions of the statement of the National Fertilizer Association may be printed in the RECORD at this point.

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

1. That there are now 205 phosphoric-acid plants in the United States connected with the fertilizer industry.

2. That 6 of these plants are concentrated or triple superphosphate plants, producing 45 to 48 percent available phosphoric acid (P205), and that for lack of demand they are practically shut down at this time.

3. That 9 phosphoric-acid plants are located in Tennessee, and 21 in Alabama; that 40 are located in the adjacent State of Georgia, and 7 in Mississippi; a total of 77 phosphoric-acid plants in the Muscle Shoals region.

4. That the available phosphate-rock deposits are located 75 miles northeast of Muscle Shoals, Ala., in Tennessee. Hence, production at Muscle Shoals would necessitate shipping 3 tons of phosphate rock from the Tennessee mines for each ton of phosphoric acid made, when it would be more economical to build a plant at the mines and transport only the power.

5. That 3 of the 6 concentrated phosphoric-acid plants mentioned in paragraph 2 are located in Tennessee, 1 at Nashville and 2 near Columbia, from whence would be shipped the phosphate rock with which Muscle Shoals would build itself into a great phosphoric-acid manufacturing center.

6. That superphosphate is the form in which farmers the world over prefer their phosphoric acid, and that the United States is now and for decades has been the largest producer of superphosphate in the world, having actually produced, as long ago as 1919, over 5,800,000 tons containing over 933,000 tons of available phosphoric acid.

7. That our present total productive capacity of phosphoric acid is about 1,120,000 tons, whereas our demand in 1931 was 520,000 tons, and this year promises to be about 400,000 tons.

In the face of such facts as these—and many others of great importance can readily be supplied—what excuse is there for the insistent proposal that direct Government or Government-subsidized private manufacture of phosphoric acid shall be undertaken at Muscle Shoals?

Mr. AUSTIN. Mr. President, as to the investment of the people's money, the proposal comes at a time when they have no money to invest. That is a premise which amounts to an axiom. It needs no proof. The only other premise necessary to point out in this syllogism is the premise of what are we stepping into for cost? How much will probably be hazarded in this adventure?

I have the pleasure and the honor to refer to an authority on this subject which is probably as sound as any authority to which we could refer, and that is the veto message of President Hoover on March 3, 1931, the message by which he vetoed a former edition of the Muscle Shoals bill. I

refer to it on the point of the financial hazard of the people's money. Understand, we are dealing with other people's money and we ought to visualize this problem as if we were to go to every taxpayer in the Nation and determine whether it would be better for his welfare and the welfare of the country that the money should remain in his pocket, if he had it, to be employed in other uses than taxation, or whether it would be for the higher welfare of himself and his Nation that it should be paid out in taxation to support this enterprise. I read from page 2 of that message the summary of statistics regarding the properties and proposed extensions embraced in the projects, as follows:

The total valuation of the old property to be taken over for the power portion of the project is therefore $42,000,000 after the above deductions from original cost. The new expenditures from the Treasury applicable to the power business are estimated at $90,000,000, less $5,000,000 which might be attributable to flood control, or a total of $127,000,000 of capital in the electrical project. This sum would be further increased by accumulated interest charge during construction. As shown later on, several millions further would be required for modernizing the nitrate plants. The total requirement of new money from the Federal Treasury for the project is probably $100,000,000, even if no further extensions were undertaken.

I understand how difficult it is for a Senator in charge of a bill to answer didactically the questions which were asked of the Senator from Nebraska [Mr. NORRIS] as to the amount of money hazard there is in the bill. I employ these figures, used by the President of the United States, in the faith that they represent probably the best information that the President could obtain at that time.

The pending bill provides for an equitable distribution, so far as possible, of the power in all the area surrounding the power project. That means not merely the establishment of transmission lines that link up the different dams and turbines on the streams, but it means the great transmission lines which reach out into the market. The cost of such lines is an important part of the consideration of whether this is a wise bill to pass at a time when the people have no money to invest. On that cost we find the following statement in the message to which I have referred:

It further provides that the policy of the Government must be to distribute the surplus power equitably amongst States, counties, and municipalities within transmission distance of Muscle Shoals and provides for the construction of transmission lines to effect this purpose. Such a transmission system for wholesale purposes only is estimated to cost $40,000,000. If it is proposed to sell power at retail to householders, then there would need be a great increase in the estimates of capital outlay and operation costs for such distribution.

Mr. President, we recognize that in this bill there is a provision for retail distribution by the corporation itself, the installation of the necessary transformers to step down the high voltage of the transmitted current, and deliver the current on its way to farms, to small enterprises, and to villages and towns, wherever they may be, all over that part of the country.

The third reason for opposition to the measure is that any estimate of the income from the project as set up by this legislation shows a loss. Referring again to President Hoover's message, we find the following on page 4:

Assuming that the whole 1,000,000,000 kilowatt-hours should be sold to municipalities or other power distributors, it would, on the basis of the realizations of the private companies of 7.2 mills, yield a gross annual income to this project of about $7,200,000, or a loss upon this basis of nearly $2,000,000 annually. This territory is now supplied with power, and to obtain such an income it would be necessary to take the customers of the present power companies. To secure these customers it would be necessary to undercut the rates now made by them. It is difficult to estimate the extent to which it would be necessary to go in such rate cutting in order to secure the business. In any event it would, of course, diminish estimated income and increase the losses.

It is obvious that any estimate of income contains a large element of conjecture, as the proportions of industrial and municipal load cannot be foretold. But any estimate of the income of the project as set up by this legislation will show a loss.

Mr. President, on studying the hearings held on a similar bill before the Committee on Military Affairs of the House, a bill which contained practically the same provisions relating to manufacture and sale of power, it is discovered that there was obviously an objective by those who favored the bill to break down the rates charged to the ultimate consumer in the very territory where the plant is to be set up. It was pointed out even by those who were friendly to the measure that, even possessed as the Federal Government will be of exemption from regulation, exemption from taxation, the ability and absolute dictatorial power to fix rates and fix retail and resale rates—notwithstanding all these things, the Government would be at a disadvantage, because it would have to compete with private enterprise, which would fight for its life and reduce its rates to such a point that there would fall back upon the taxpayer the burden of sustaining that battle, and this measure would then be disclosed to be what it really is.

At a time like this when the taxes of the people are unbearable it seems to me that we should consider that an investment in the public-utility game, an adventure by the National Government in the business of producing power at the expense of the folks at home, is something that we should pause long before voting for.

I have mentioned the fact that there are private companies in that neighborhood that are already engaged in the manufacture and sale of power and in the service of that community. Against these companies the Federal Government steps forward by this bill, not as a benign government aiming to regulate and control within reasonable limitations the activities of a public utility, but the Government now steps out in an entirely new aspect and says to its citizens, "We are about to enter upon an entirely new phase. We will abandon the old constitutional position that Congress has occupied in the past and we will create a machine that we can send out into the markets, a sort of robot operated by the President of the United States, and back of him by the Congress of the United States"—a governmental agency, as this corporation is called in the bill itself. "We will send this machine out to destroy, to break down these private enterprises"—for what reason?—"because here and there over this country there are companies that have charged too much for their current; because there have been abuses in the capitalization of these companies; because these companies must earn more return than they ought to by reason of the watering of stock."

All of us have heard these reasons stated many different times and in different places. I am not undertaking to dispute the reasons, but what I do undertake to dispute is the proposition that the Federal Government should now enter into competition with private enterprise under any guise whatever, through a corporation created as this bill creates it or directly by legislation of Congress or directly by the acts of the President of the United States. Because this bill does put the Federal Government into direct competition with private enterprise, and because the promise of the bill is destructive competition, and because that competition is the most unfair thing imaginable in business I think we ought not to pass this bill.

I have made the assertion that it is unfair and that it is destructive. The reason why I have asserted that is that the United States of America and its instrumentality, this corporation—its agency, this corporation—is not subject to regulation by the States of Alabama and Tennessee and Kentucky and other States in the Union in which it does business. It is an absolute dictator; it may be a tyrant; and, because the bill contains that possibility, we ought not to pass it.

Another reason why I say it is unfair and destructive is that this corporation, this governmental agency, has a tremendous advantage over the private enterprise in respect to taxation.

Mr. President, if the bill now being considered by the Committee on Finance to levy a tax of 3 cents per kilowatt upon all electrical energy at the source were to pass——

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). Does the Senator from Vermont yield to the Senator from Texas?

Mr. AUSTIN. I do.

Mr. CONNALLY. Did the Senator say 3 cents per kilowatt?

Mr. AUSTIN. That is what the Senator said. Will the Senator from Texas kindly state what it is?

Mr. CONNALLY. It is 3 percent on the gross revenue.

Mr. AUSTIN. I thank the Senator. He came in just in time.

If that bill were to be enacted and that tax levied against these private corporations that are in competition with the national organization or national agency which this bill undertakes to create, it is perfectly obvious that that tax alone would be enough to drag down those companies and to hinder them in their competition with the Government. It is obvious that if the Government is to undertake to protect its citizens in this venture, and save them from loss, it must have business; it must have customers; and it must take those customers away from the private enterprises that must pay this tax, whereas the Government does not pay the tax.

I have said that it was unfair, that it was destructive to put this agency of Government into competition with these private enterprises for another reason, and that is this:

We have forbidden any combination in restraint of trade by private enterprise. We have forbidden combinations which eliminate competition and tend to create a monopoly. We have forbidden private institutions to enter into contracts fixing the resale price of any commodity in interstate commerce. Is this a clog upon industry and business? There probably is not a Senator within the sound of my voice who does not know that it is, and has been throughout the existence of these measures. Yet the company to be created by this bill, this agency of Government, suffers under no such disability. Congress expressly invests it with full authority not only to fix its rates wholesale but to fix the price that shall be charged by any private enterprise that buys its goods at wholesale and undertakes to retail them. If that is not unfair, destructive competition, please tell me what is.

Of course, there is in this bill, there is in this project, flood control, a beneficent purpose; but the flood-control feature of this bill is the most insignificant part of it. The cost of the flood-control feature of this bill, if it were administered solely for flood control, would be but a small fraction of the burden that is being laid upon the taxpayers of the United States for another purpose; and what is it really? As we envisage the corporation created by this bill, we see a huge public-service corporation manufacturing electricity to go into the market in competition with the product of private enterprise with all these unfair advantages to enable it to destroy private competition.

For this reason I am opposed to this bill. One does not have to make the general statement that he is opposed to public ownership of public utilities to be opposed to this particular bill. One has only to visualize the possible effect of this measure and realize how much destruction is contained in its potentialities, to have a very good reason for not voting for the bill.

Mr. President, I desire to insert in my remarks at this point certain tables which show the projected effect of such a tax as that to which I have referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Effect of 3-percent tax on domestic and commercial electricity based upon 1932 revenues of all operating enterprises

Total sales of domestic and commercial service	$1,198,000,000
Deduct 10 percent for exemptions to customers included in above, but which the rulings of the Bureau of Internal Revenue considered "industrial", etc	120,000,000
Total revenues to which tax will apply	1,078,000,000
Tax of 3 percent on this	32,340,000
Less credit of 13.75 percent on Federal income tax, say	4,000,000
Total tax to Federal Government	28,340,000
Less credit on State corporation taxes, say	540,000
Total tax burden on enterprises	27,800,000

Same data if municipal systems are not included

[Private companies only]

Total sales of domestic and commercial service	$1,108,000,000
Deduct 10 percent as above	111,000,000
Total private-company revenues to which tax applies	997,000,000
Tax of 3 percent on this	29,900,000
Less credit of 13.75 percent on Federal income tax, say	4,000,000
Total tax to Federal Government	25,900,000
Less credit on State corporation taxes, say	540,000
Total tax burden, companies only	25,360,000

Effect of a 3-percent tax on gross revenues from all sales of electricity upon representative holding companies, based on 1933 operations

Holding company	Net income after preferred dividends (last available)	3-percent tax; not applicable to holding company	Tax is percent net	Effect on common-stock earnings per share	
				As is	After tax
			Percent		
American Gas & Electric	$9,184,856	$675,000	7.3	$2.17	$2.01
American W. W. & Electric	2,491,621	225,000	9.0	1.42	1.29
Cities Service	11,311,555	325,000	2.9	.30	.29
Columbia Gas & Electric	11,120,026	300,000	2.8	.96	.93
Commonwealth & Southern	3,390,437	1,165,000	34.3	.10	.6
Electric Bond & Share	5,132,736	335,000	6.5	.99	.92
American Power & Light	[1] 206,847	(2)	(2)	(2)	-------
Electric Power & Light	[1] 532,600	(2)	(2)	(2)	-------
National Power & Light	7,151,093	440,000	6.2	1.31	1.23
Engineers Public Service	1,692,242	245,000	14.5	.89	.76
Niagara-Hudson Power Co	12,196,611	635,000	5.2	1.40	1.33
North American Co	14,595,717	1,580,000	10.8	1.94	1.73
Standard Gas & Electric	3,296,504	685,000	20.8	1.52	1.20
United Corporation	6,358,398	635,000	10.0	.44	.40
United Gas Improvement	32,099,546	1,200,000	3.7	1.38	1.33
United Light & Power	1,500,000	550,000	36.6	.44	.28

[1] Deficiency. [2] Preferred-stock holders bear tax.

Effect of 3-percent tax on domestic and commercial service upon group of 138 representative operating companies which are subsidiaries of large holding companies, 1932 operations

Total revenues from domestic and commercial service		$695,000,000
Deduct 10 percent for exemptions to customers included in above, but which the rulings of the Bureau of Internal Revenue considered "industrial", etc		69,500,000
Total revenues to which tax will apply		625,500,000
Tax 3 percent upon these revenues		18,765,000
Less credits against Federal income tax	$2,580,000	
Credits against State income taxes, say	320,000	
Total deductions		2,900,000
Net amount paid by 138 operating companies		15,865,000
Of this amount:		
In 2 companies bondholders pay		30,000
In 24 companies preferred-stock holders pay		1,840,000
In 112 companies common-stock holders pay		13,995,000
Of these payments by common-stock holders:		
The general public owning common stock of these operating companies pays		4,520,000
Holding companies owning common stock of these operating companies pay		9,475,000

NOTE.—This tabulation regards Consolidated Gas Co. of New York as an operating company.

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

Mr. AUSTIN. I yield to the Senator from Ohio.

Mr. FESS. I think the Senator has made a very strong statement, with special reference to the effect in competition with private enterprise that a project of this kind will have. What I am concerned about is that on the one hand the bill is lessening the ability of business to pay taxes, so that the Government can pay its expenses, and on the other hand it is definitely determined to draw from the Treasury in time more money.

I cannot get away from the idea that at this crisis, when the one thing that is necessary is the revival of business, without which there is going to be no reemployment of the unemployed, we are constantly embarrassing business, on

the one hand, and thus denying to the Treasury the needed taxes, on the other, and cutting at both ends—reducing the ability of business to pay taxes, and increasing the demands for taxes by the increased expenditures. We are attacking the problem at the wrong end, and we will definitely see the results of it if there is not a change.

Mr. AUSTIN. Mr. President, I thank the Senator from Ohio for his statement. Let me say that the remarks of the Senator from Ohio fit into an impression which I have had in the Senate regarding the trend of our legislation. That is, that there are two great opposing forces here, there are two great opposing interests here, and that we are trying to serve them both at the same time, which is something that it is humanly impossible to do. One of those is economy and the other is charity.

A claim made for this bill, and probably with some justice, is that it would immediately give employment to some who are now unemployed. One can grant that; one can give to the bill all the benefit and support that such an admission makes, and yet he ought not to vote for the bill, because the chief thing is the thing recognized and stated so well by the Senator from Ohio. That is, that in order to start business in this country, in order to encourage capital to come out and engage itself in the battle against depression, in order to put men at work in this country, we must place the credit of the Federal Government on a sound footing. We cannot come in here one day and pass an economy measure that tends to balance the Budget and save and restore the credit of the Nation and on the next day squander billions of money thus ripping the Budget open again, and by such a course do any constructive work in restoring confidence in this country and starting up the wheels of prosperity.

For that reason, admitting that this bill would put some men to work and some women to work, the extravagant cost of it is such at this particular time of depression that still we should not vote for it.

The fifth reason is that additional generating equipment is not necessary. I will not detain the Senate to read the material I have collected upon this subject. I ask unanimous consent to have it inserted in the RECORD at this point.

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

THE NORTH AMERICAN CO.,
New York, March 20, 1933.

Mr. H. P. WILSON,
Investment Building, Washington, D.C.

DEAR MR. WILSON: I am attaching four tables containing summary and supporting data resulting from my computations and setting forth my estimate as to the increased load in kilowatts which can be carried by the electric light and power companies of the country. The summary table (marked in pencil "no. 1") shows that the estimated maximum demand of the power plants of the country in 1932 was 16,728,500 kilowatts and that the installed capacity of these plants aggregated 33,592,500 kilowatts. Making due allowance for stand-by capacity necessary to insure continuity of service and reserve capacity necessary in case hydroelectric plants are affected by unfavorable water conditions, this installed capacity could carry a maximum demand of at least 21,491,000 kilowatts, representing an increase over the 1932 demand of 4,762,500 kilowatts, or 28.5 percent. The figures just quoted are for the total United States, and the summary table referred to contains similar figures for nine geographical divisions, the make-up of which by States is shown on a separate sheet.

Because of somewhat incomplete data for recent years, the computations underlying my estimate are rather involved. The year 1928 happens to be the only year for which there are available maximum demand figures which have been summarized by geographical divisions. These figures have been collected for 1928, 1929, and 1930, but for the last 2 years were summarized only for the entire country. The table marked in pencil as "no. 2" shows complete data by geographic divisions for the year 1928—that is, kilowatt-hours generated, kilowatt maximum demand, and kilowatt capacity, with the derived ratios of load factor (ratio between maximum load and average load), maximum demand in percent of capacity, and capacity factor (ratio of actual output to the output which would have been secured if the installed capacity had been operated 24 hours a day every day in the year). The total maximum demand shown in parentheses is the sum of the nine geographical division figures, whereas the total not in parentheses is an estimate of the simultaneous maximum demand for the entire country, referred to eastern standard time. You will note that for the country as a whole for 1928 the average load factor was 55.7 percent, and that the 1928 maximum demand was equivalent to 60.5 percent of the installed capacity, the 1928 capacity factor being 33.7 percent. The year of maximum output of the industry was 1929. The figures shown for that year in table marked in pencil "no. 3" indicate a capacity factor of 34.8 percent, or, in other words, a slightly better utilization of installed capacity than was true in 1928. The same table shows that the 1932 output as compared with the installed capacity available at the end of that year indicated an average capacity factor of only 26 percent.

Assuming that the actual load factors achieved in 1928 could be achieved now on existing capacity provided the increased load was presented to the industry—and I think that is an entirely reasonable assumption as undoubtedly the 1929 load factors were somewhat higher—the maximum demand represented by the 1932 actual output was estimated to be 16,728,500 kilowatts as shown in table 1. The next column in table 1 shows the actual capacity December 31, 1932, to which have been applied the 1928 ratios of demand to capacity, and this computation indicates that this capacity could carry at least 21,491,000 kilowatts of load. The difference between the figures in this column and the actual demand for 1932 estimated as described is shown in the seventh column of table 1 and aggregates 4,762,500 kilowatts, which figure represents the increase in load which can be carried. This increase averages 28.5 percent for the country as a whole and varies from 19.4 percent for the west northcentral geographic division to 85 percent for the mountain geographic division. The exceptionally large percentage increase in this latter division is due to the fact that the companies located in those States have suffered a more severe decline in load from their 1928 and 1929 peaks than has been suffered by companies in some of the other geographic divisions.

The attached table marked "no. 4" in pencil is in the nature of a check on the above computations, as it represents merely the 1929 generation in percent of 1932 generation and the 1932 capacity in percent of 1929 capacity. For the country as a whole the generation was 18.4 percent greater in 1929 than in 1932, indicating that such capacity as existed in 1929 had actually carried 18.4 percent more load than it carried in 1932. In the meantime, installed capacity itself in 1932 shows an increase of 13.6 percent over 1929. Adding these two percentages together results in a figure of 32 percent, which is in substantial agreement with the increase of 28.5 percent shown in the last column of table 1.

If you have any questions with respect to any of these figures or if my explanation as to their derivation is not entirely clear I shall be glad to have you get in touch with me. I am sending a carbon of this letter and these tables to Mr. Doolittle in Washington, and inasmuch as I have discussed with him my methods of computation, he is also in position to throw additional light on the derivation of these figures in case any is needed.

Very truly yours,

R. GILMAN SMITH,
Assistant Vice President.

GEOGRAPHIC DIVISIONS

New England: Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

Middle Atlantic: New York, New Jersey, and Pennsylvania.

East North Central: Ohio, Indiana, Illinois, Michigan, and Wisconsin.

West North Central: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.

South Atlantic: Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida.

East South Central: Kentucky, Tennessee, Alabama, and Mississippi.

West South Central: Arkansas, Louisiana, Oklahoma, and Texas.

Mountain: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada.

Pacific: Washington, Oregon, and California.

Electric light and power industry in the United States

Geographical division	1932 generation	1928 load factor	Estimated 1932 maximum demand	Capacity Dec. 31, 1932	1928 ratio demand to capacity	Indicated possible maximum demand, 1932	Increased load which can be carried	Increase over 1932
	Kilowatt-hours	*Percent*	*Kilowatts*		*Percent*		*Kilowatts*	*Percent*
New England	5,241,465,000	44.2	1,353,000	2,658,600	62.6	1,664,000	311,000	23.0
Middle Atlantic	19,793,281,000	50.5	4,450,000	8,100,400	69.4	5,540,000	1,090,000	24.5
East North Central	17,819,998,000	52.0	3,910,000	8,101,400	67.4	5,460,000	1,550,000	39.6
West North Central	5,307,065,000	55.5	1,090,000	2,543,900	51.4	1,302,000	212,000	19.4
South Atlantic	8,774,596,000	47.3	2,120,000	3,999,700	64.6	2,580,000	460,000	21.7
East South Central	2,883,458,000	53.4	616,000	1,449,200	51.1	741,000	125,000	20.3

Electric light and power industry in the United States—Continued

Geographical division	1932 generation	1928 load factor	Estimated 1932 maximum demand	Capacity Dec. 31, 1932	1928 ratio demand to capacity	Indicated possible maximum demand, 1932	Increased load which can be carried	Increase over 1932
	Kilowatt-hours	*Percent*	*Kilowatts*		*Percent*		*Kilowatts*	*Percent*
West South Central	4,012,084,000	60.1	762,000	1,693,700	59.1	1,000,000	238,000	31.2
Mountain	2,335,671,000	79.0	337,500	1,098,600	56.8	624,000	286,500	85.0
Pacific	10,523,514,000	57.5	2,090,000	3,947,000	65.4	2,580,000	490,000	23.4
Total, United States	76,691,132,000	52.4	16,728,500	33,592,500	64.0	21,491,000	4,762,500	28.5

Electric light and power industry in the United States, year 1928

Geographic division	Kilowatt-hours generated	Kilowatt maximum demand	Kilowatt capacity	Load factor	Maximum demand in percent of capacity	Capacity factor
				Percent		*Percent*
New England	5,340,450,000	1,380,000	2,201,970	44.2	62.6	27.4
Middle Atlantic	19,458,680,000	4,392,000	6,327,783	50.5	69.4	34.8
East North Central	20,340,968,000	4,465,000	6,626,305	52.0	67.4	35.1
West North Central	4,817,706,000	990,000	1,923,358	55.5	51.4	28.6
South Atlantic	9,193,725,000	2,220,000	3,440,189	47.3	64.6	30.5
East South Central	3,055,822,000	653,000	1,278,982	53.4	51.1	27.3
West South Central	4,030,127,000	765,000	1,293,193	60.1	59.1	35.6
Mountain	3,722,889,000	537,000	945,735	79.0	56.8	45.0
Pacific	10,493,131,000	2,082,000	3,183,148	57.5	65.4	37.6
		(16,484,000)		(55.7)	(60.5)	
Total, United States	80,453,498,000	16,265,000	27,220,663	56.4	59.7	33.7

Electric light and power industry in the United States

Geographic division	1929			1932		
	Total capacity	Kilowatt-hours generated	Capacity factor	Total capacity	Kilowatt-hours generated	Capacity factor
	Kilowatts		*Percent*	*Kilowatts*		*Percent*
New England	2,311,871	6,016,471,000	29.7	2,658,600	5,241,465,000	22.4
Middle Atlantic	6,907,763	21,587,025,000	35.7	8,100,400	19,793,281,000	27.8
East North Central	7,438,333	22,846,684,000	35.1	8,101,400	17,819,998,000	25.0
West North Central	2,076,246	5,387,220,000	29.6	2,543,900	5,307,065,000	23.7
South Atlantic	3,520,237	10,378,505,000	33.6	3,999,700	8,774,596,000	25.0
East South Central	1,350,246	3,397,435,000	28.7	1,449,200	2,883,458,000	22.7
West South Central	1,421,938	4,887,615,000	39.2	1,693,700	4,012,084,000	27.0
Mountain	1,042,733	3,785,516,000	41.4	1,098,600	2,335,671,000	24.2
Pacific	3,489,270	11,797,957,000	38.6	3,947,000	10,523,514,000	30.4
Total, United States	29,558,637	90,084,428,000	34.8	33,592,500	76,691,132,000	26.0

Electric light and power industry in the United States

Geographical division	1929 kilowatt-hour generation	1929 generation in percent of 1932 generation	Capacity Dec. 31, 1929	1932 capacity in percent of 1929 capacity
		Percent		*Percent*
New England	6,016,471,000	114.8	2,311,871	115.0
Middle Atlantic	21,587,025,000	109.0	6,907,763	117.2
East North Central	22,846,684,000	128.2	7,438,333	108.9
West North Central	5,387,220,000	101.6	2,076,246	122.6
South Atlantic	10,378,505,000	118.3	3,520,237	113.6
East South Central	3,397,435,000	117.7	1,350,246	107.3
West South Central	4,887,615,000	121.8	1,421,938	119.1
Mountain	3,785,516,000	162.0	1,042,733	105.3
Pacific	11,797,957,000	112.0	3,489,270	112.7
Total, United States	90,084,428,000	118.4	29,558,637	113.6

Mr. AUSTIN. This material shows that the present equipment of the United States generally, throughout, is sufficient to produce much more current than the demands of this country call for at the present time, and that there is no need of any such increase or addition to the present equipment to produce electricity.

I also have some material here which shows that at the present time, right in the territory of the Muscle Shoals project, there is already generating equipment of private power plants which is in excess of the demands for power. I ask to have these things inserted in the RECORD.

The PRESIDING OFFICER. Is there objection?

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

ALABAMA POWER CO.,
Birmingham, Ala., August 20, 1931.

Hon. W. R. AUSTIN,
Burlington, Vt.

DEAR SIR: In view of statements from time to time in the public press and on the floor of Congress concerning the attitude of Alabama Power Co. toward the Muscle Shoals project, your attention as a Member of Congress is respectfully invited to the enclosed pamphlet reciting the history of past relations of the company with the Federal Government with regard to the purchase of power.

Since the completion of the Muscle Shoals hydropower plant in 1925 the company has purchased varying amounts of surplus power under a day-to-day contract in replacement of power it otherwise would have generated in its steam plants; the right to purchase power being revocable by the Government at any time. The company at all times has been willing to contract for a much greater volume of power and pay an increased price therefor if assured of reasonable notice of the cancelation of such contract. As shown in the enclosed pamphlet, dated February 10, 1931, under an offer terminable on 18 months' notice, submitted September 4, 1928, at the request of the Secretary of War, the receipts to the Government for the year 1931 would be not less than $2,200,000 instead of $595,000, the estimated amount under the present day-to-day contract.

In a recent report (S.Doc. 222, 71st Cong., 3d sess.) the Secretary of War said:

"Considering the present equipment of the properties at Muscle Shoals and the fact that all contracts must be revocable without notice in order to leave this property free for whatever action Congress may desire to take, the contracts with the Alabama Power Co. give the Government by far the highest obtainable financial return."

At present the generating equipment of the private power plants in the Muscle Shoals territory is in excess of the demands for power. The company is, however, willing to lease the power-generating plants at Muscle Shoals or buy at a fair price and on reasonable terms all power generated, or buy such surplus power as may not from time to time be used in the manufacture of fertilizer or other products, and will thus cooperate in making a success of any well-considered program for operating the nitrate

plants for the benefit of agriculture and the industrial development of the Tennessee Valley.

In the event the Government continues to operate the power plants, the company feels that the Government should not also engage in the distribution of electric energy in competition with thousands of citizens who are stockholders of the company and in other privately owned power companies operating in Alabama, Mississippi, Tennessee, and Georgia. Such action on the part of the Government would be not only unfair to these investors but also would be contrary to sound governmental policy and to the regulatory and taxation policies of the surrounding States.

Very truly yours,

ALABAMA POWER CO.,
By THOS. W. MARTIN,
President.

Mr. AUSTIN. Mr. President, I now come to the last reason—and I am going to make it brief—which I have stated that I have for not supporting this measure, namely, that it threatens the welfare of depositors in banks, and policyholders with loss, through depreciation of public-utility bonds, which constitute a large part of the assets of such institutions.

Too many times has it become necessary here to point out that appeals of prejudice against corporations, and attempts to defeat or promote a certain objective by shouting invectives at banks, and railroads, and insurance companies, are misguided, are not well considered. In the first place, that type of appeal ought not to be made upon consideration of legislation. In the second place, when we are talking about banks and insurance companies, we are talking about institutions which are the representatives of the people of this country. Insurance companies have promised in writing to pay to the estate of a poor man on his death, or before death to him, according to the contract, sums of money which are the product of his thrift through life. So it is with banks; they promise to pay, and they owe the duty of paying, to the frugal people of the United States, those small sums which have been collected in the banks, deposited there, and if their power to do that is destroyed, immediately the welfare of the people of the United States is destroyed.

Mr. President, is this a serious threat that is contained in this bill or is it merely a trivial ground for argument? I asked the Department of Commerce for information regarding the holdings of the bonds of public utilities, and I received this reply, a letter dated April 12, 1933, signed by O. P. Hopkins, Acting Director:

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, April 12, 1933.

Hon. WARREN R. AUSTIN,
Senate Office Building, Room 311,
Washington, D.C.

MY DEAR SENATOR: In accordance with your request, we are giving below the statistics on the investments of banks and life insurance companies in public-utility securities. These confirm the figures which were given your office over the telephone today by the Economic Research Division.

Statistics compiled by the Comptroller of the Currency indicate that the total investments of the banks in railroad and other public-service corporations as of June 1932 amounted to $4,276,059,000. The Comptroller's reports do not segregate the holdings of railroad securities. These figures are compiled annually, the latest figures being those quoted above.

The figures on investments of the life insurance companies are furnished to us by the Association of Life Insurance Presidents and cover companies having 82 percent of the admitted assets of life insurance companies. As of January 1933 these companies had investments in railroad securities of $2,638,000,000, and in other public-utility companies of $1,671,000,000, or a total investment in public utilities of $4,309,000,000.

The valuation of these securities represents the "book value" in each case, and not the market value.

* * * * * * *

O. P. HOPKINS, *Acting Director.*

Mr. President, I should like to insert in the RECORD at this point a table of estimates of bonds of public utilities other than railroads held by financial institutions in the United States at recent dates. This collection of statistics seems to be necessary on account of the failure of the department's records to show any classification at all.

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

Estimates of bonds of public utilities other than railroads held by financial institutions in the United States at recent dates

Type of institution	Date	Amount
Life insurance companies	Dec. 31, 1932	$1,802,705,000
National banks	Sept. 30, 1932	668,403,000
Banks other than national	June 30, 1932	444,528,000
Savings banks	do	646,614,000
Total owned by banks	1932	1,759,545,000
Held for trust accounts by national banks	June 30, 1932	277,268,000
Total controlled by banks	1932	[1] 2,036,813,000
Total banks and life insurance companies	1932	[1] 3,839,518,000

[1] Excluding holdings for trust accounts held by banks other than national.

Mr. AUSTIN. Mr. President, that is general. I want to call attention to a specific case, because this tends to illustrate how much of a threat this bill is to the policyholder.

I hold in my hand a statement of the New York Life Insurance Co. made public on February 10, 1933, as its annual statement of December 31, 1932, in which appears the heading, "The following table shows the assets of the company under various headings and the percentage of each to the total."

I am going to call attention to only two items:

State, county, and municipal bonds	$129,436,343.11
Percent total assets	5.56

The second item is:

Public-utility bonds	$147,550,734.61
Percent to total assets	7.47

Mr. President, I represent that that company probably is typical of all large insurance companies, and that it is apparent that the depreciation of 7.47 percent of its total assets, which logically would follow the enforcement of this bill if enacted into law, by the destruction of private enterprise, or by such a competition as would reduce it to a nonpaying basis, would have to be reflected through the policies to the policyholders. As to banks, this statement which I file tends to show that banks would be similarly damaged by such injury.

Mr. President, without stating other reasons for objecting to this bill which I have, some of which are, I believe, important, I may say that for the six reasons which I have undertaken to support by evidence, I must vote against the Muscle Shoals bill.

EFFECT OF THE ECONOMY LAW

Mr. ROBINSON of Indiana. Mr. President, I shall not attempt to discuss the Muscle Shoals bill at this time. Rather I beg leave to invite the attention of the Senate to the manner in which the so-called "economy law" is working out, and to bring before this body some specific cases.

Permit me to quote from the Blaine County Press of April 20 the following:

CLAREMONT, ILL.—Using a sharp butcher knife to cut his throat, Arthur C. Freeman, 59, committed suicide this morning at his home in Claremont Township. His son, Arthur, found his body about 11 o'clock this morning in his bedroom. The knife was found at his side. He had severed his jugular vein, but had not cut into his windpipe. Freeman had been despondent for several days. A Spanish-American War veteran, he was worried over the approaching loss of his pension from the new Federal regulations cutting veterans' expenditures, and feared he might lose his farm home, which he had recently purchased.

That is similar to an item appearing in the Detroit papers a little while ago, excepting that in the latter case the wife of a Spanish-American War veteran, not able to go on further after suffering the loss of the little pension they had received, took her own life.

Mr. President, my attention has just been called to a letter written by Maj. Richard F. Sortomme, United States Army, retired, from Tucson, Ariz., to Hon. James A. Freer. Permit me to quote from this communication:

Within 24 hours of the issuance of the President's Executive order three patients died at the veterans' hospital here. During the next 24 hours four more died. In addition, nine were transferred from double rooms to terminal rooms, indicating they were nearing the end. Fourteen more have suddenly taken a turn for the worse and are expected to die. One patient, when informed by his wife of the order, was reported to have said, "There appears to be no hope left, so I might as well give up fighting."

He was stated to have turned over and died within 5 minutes. Another was stated to have died within 15 minutes after being informed by his wife of the new order.

A former war nurse, reported to be suffering with TB, and living with a family out on the desert, is now said to be sinking rapidly because of worry resulting from this act. Having served overseas, it seems it was only a few years ago that she finally broke down too late to come in under even the presumptive act.

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

Mr. ROBINSON of Indiana. I am glad to yield to my friend the Senator from Louisiana.

Mr. LONG. I should have been paying attention, but my attention was distracted. Is the Senator speaking on the economy bill?

Mr. ROBINSON of Indiana. Precisely; and mentioning some specific cases of those whom the economy bill has killed. I am glad, of course, as is the Senator from Louisiana, being conscience-free in this matter, that their blood is not on our hands.

Mr. LONG. From what is the Senator from Indiana reading?

Mr. ROBINSON of Indiana. I am reading from various authorities and from various sources.

Mr. President, what I shall now read comes from the Danville Times, of Danville, Ill., of April 28:

A sorry sight in Danville is the discharged veterans from the local home here actually "panhandling" in the streets to get something to eat and a place to sleep. How will Danville take care of the approximate 1,500 who will be discharged from the local home without transportation or means of support?

Of course, the blow will fall next July 1, Mr. President, when the order goes into effect in all its cruelty and inhumanity.

Here is a letter from Harold Werber, Post 227 of the American Legion, which was sent to the Boston Post of April 10, 1933, and forwarded to me by Jeremiah Sullivan, of Dorchester, Mass. This legionnaire writes the editor of the Boston Post:

Recently in Roxbury a crowd of young men ridiculed and jeered a passing veteran in a Legion uniform. Resenting the insults, he was beaten so badly that he had to be removed to a hospital. There is was found that he was a tubercular case, resulting from gas, and had had his left arm shattered at St. Mihiel, so that self-defense was impossible.

These young men who yelled "Tin soldier!" and "Bonus hound!" at him were not entirely to blame. They, like most other citizens, have been worked into a state of mind bordering on hysteria by the truly horrible propaganda directed against the veteran. Cartoons have pictured him as an armed thug about to raid the Federal building; radiobroadcasts have been insidiously unfair, and certain organizations have so misled the public that today the average veteran is bitter and disillusioned. He has been given no voice, no day in court.

Here is a newspaper clipping, Mr. President, from the Dayton Herald of April 23, which has just come to my hands. The principal headline of the story is:

County turns down plea to transport veterans to homes. Cost becoming too much of a burden, commissioners tell association.

I will read from that in just a moment, but permit me to say, Mr. President, at this point that our national security is threatened by the folly of false economy—a false economy for which the President is responsible and which is administered by a young and untried Director of the Budget who has had a grand total of 2 months' experience in handling the financial affairs of the Nation. How amazing that our destinies should be entrusted by the President to such youthful and inexperienced hands. It would be humorous were it not for the fact that he is actually imperiling public safety.

Already hundreds of millions have been taken from the disabled veterans by a cruel law demanded by the Chief Executive, and by him made even more cruel. The Budget Bureau Director is his chief executioner. The vested rights of those who served in the Spanish-American War have been ruthlessly violated. The policy of short-sighted Budget cutting is actually jeopardizing our national existence. Our safety as a Nation depends upon our national insurance, and our national insurance is our national defense. This is being destroyed by the inexperienced Mr. Douglas.

A nation which disregards her security and safety to such an extent that she allows her Regular Army to be cut down in numbers to a figure less than that allowed Germany under the Treaty of Versailles and permits a young Budget Director to weaken the Navy and Marine Corps to a point of futility is certainly on the road to ruin.

Thanks to the supereconomists, we have a third-rate Navy, with hardly facilities for an adequate showing should an emergency demand it. This may come in the twinkling of an eye. Congress has abdicated most of its power to the President and to his Director of the Budget Bureau, but it must be remembered that, under the Constitution, it cannot abdicate its responsibility to the people. This responsibility is terrifically increased today by reason of unrest throughout the world.

I have before me a clipping from the Dayton, Ohio, Herald of April 23. I just mentioned it, and I will read more from it in a moment, but the import of this story, Mr. President, is that the veterans are being thrown out of the Government hospital in Dayton in the most cruel fashion as a direct result of the so-called "Economy Act" as administered by the youthful Mr. Douglas; and were it not for the patriotic citizens of Dayton these disabled men and women, cruelly abandoned by an ungrateful Government, would be left to starve and die. They had even been denied transportation to their homes. For this inhuman treatment the President, of course, is to blame, but, since Mr. Douglas is his willing agent, it is interesting to recall what the latter said when he was running for office last year. Then he wrote as follows from Phoenix, Ariz., under date of September 8, 1932:

Hon. R. C. STANFORD,
Ellis Building, Phoenix, Ariz.

DEAR JUDGE STANFORD: I am writing this letter to advise you fully concerning my stand on legislation in regard to the Spanish-American War veterans.

It is not now, never has been, and never will be my intention to require of the Spanish-American War veteran proof of service-connected disability. I realize that, after the lapse of all these years since the Spanish-American War, it would be impracticable if not utterly impossible for the vast majority of these veterans to prove such service connection, although it actually exists.

I have not now, nor did I ever have, any idea of disturbing any legislation concerning the Spanish-American War veterans, except those economically independent.

Trusting that this satisfactorily explains my stand in regard to the matter of special interest to you and the hundreds of other Spanish-American War veterans throughout Arizona, I am,

Very sincerely yours,

L. W. DOUGLAS.

Of course, Mr. President, he has completely repudiated his campaign pledge, and today, with President Roosevelt's sanction, requires proof of service connection for Spanish-American disabilities of 35 years ago, when everybody knows that in that day service records were practically unknown and, of course, were not kept. The average age of these veterans is nearly 60 years, and many are much older. Their treatment by the Government under the President's direction and that of Mr. Douglas is utterly cruel and inhuman. Our young Budget Director is making a travesty of the Budget, and it is being done at the direction of the Chief Executive of the Nation. The tragic part of it is that in the end the American people must suffer for the youthful indiscretions, inexperience, and experimentation of the Budget Director.

Mr. President, of course there is no occasion to magnify Mr. Douglas. I recognize he is just a tool of the President; he does what the President tells him to do; but the President cannot escape the responsibility. Rumors are going around that he goes back to the President with a $380,000,000 cut, and Mr. Roosevelt says, "That is not enough; it must be $400,000,000; go back and cut and cut and cut until you have wiped out $400,000,000", regardless of all elements of justice and mercy or of decency. Mr. Douglas goes back and cruelly cuts and cuts and cuts.

Let us see about Dayton and what is going on there. This is one thing for which the President will be remembered in history. I hope his administration succeeds in assisting the country to prosperity, and whenever I think it is right, with

a whole conscience, I shall vote to help in any laudable ambition the President may have in that direction; but whether he shall succeed or not, Mr. President, he will be remembered throughout all time for this injustice, cruelty, and inhumanity to the defenders of the Nation. That is one thing, Mr. President, that we may depend upon.

As to the story from Dayton, they have disabled veterans in the hospital there. I understand that the Chief Executive has ordered, through Mr. Douglas, that the disabled veterans be thrown out. They are also going to eliminate all the branch offices, the regional offices of the Veterans' Bureau; that has been ordered; all wiped out; 54 regional bureaus in 47 States, in all but the State of Delaware, which has none. They are concentrating all those cases here in Washington, so that in the very nature of things it will be 2, 3, 4, or 5 years before the Government here in this central place can attempt to adjudicate these 2,000,000 cases. What a difficult time Members of the Congress in both Houses will have to secure justice for their constituents when that day comes—and it is just around the corner; the order has been issued. So at Dayton this is what is taking place:

Russell Schlafman is the treasurer of the Montgomery County Veterans' Association out there, it seems. One of the commissioners is John Brumbaugh. John Brumbaugh told Schlafman:

"The Government should take care of them"—

That is, the disabled veterans who are being thrown out of the hospital—

"The Government should take care of them, but it is not; and we now have 40 disabled dependent veterans in our home on East Second Street that have been turned out of the home", Schlafman retorted.

In another place in the news item it is stated:

Since April 1 the commissioners have been providing for an average of 35 veterans a day at the temporary home established at 123 East Second Street.

Further on appears this statement:

Schlafman said that many of the disabled veterans discharged from the home have service disabilities as shown by their discharge papers, but in some cases such disabilities have been disregarded entirely.

Still further along in the article:

Schlafman said that he was informed Thursday that 8 war nurses between the ages of 35 and 50, all unable to provide for themselves and 4 of whom receive medical attention, are to be discharged from the home shortly and permitted to shift for themselves.

"Three of these women who were heroines during the war, contracted tuberculosis and another has a tropical fever contracted while in the service in Panama," he said.

Mr. President, I ask that the entire article may be inserted in the RECORD at this point.

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

The article is as follows:

[From the Dayton (Ohio) Herald, Apr. 23, 1933]

COUNTY TURNS DOWN PLEA TO TRANSPORT VETERANS TO HOMES—COST BECOMING TOO MUCH OF A BURDEN, COMMISSIONERS TELL ASSOCIATION

Request of Russell Schlafman, treasurer of the Montgomery County Veterans' Association, for transportation for 6 veterans, discharged from the soldiers' home, back to their homes, was refused Thursday by the board of county commissioners, who advised him that the county can no longer stand the growing cost of caring for veterans.

"It seems to me that there should be some way found to get the Government to take care of these veterans and provide transportation back to their homes when they are discharged," Commissioner John Brumbaugh told Schlafman.

MAKE SUGGESTION

"The Government should take care of them, but it is not, and we now have 40 disabled and dependent veterans in our home on East Second Street that have been turned out of the home," Schlafman retorted.

"You might get in touch with Congressman BYRON HARLAN and see if he won't do something about it," he added.

Since April 1 the Commissioners have been providing for an average of 35 veterans a day at the temporary home established at 123 East Second Street. Twenty-five veterans have been given transportation back to their homes by the county, and the veterans' organization has succeeded in locating friends and relatives of that many more who have provided transportation.

The organization has also been successful in getting authorities at the home to readmit a number of disabled veterans after they were discharged, by showing officials that the veterans are in need of medical attention and have no means of getting it except from the Government.

POPULATION CUT

Schlafman said that many of the disabled veterans discharged from the home have service disabilities, as shown by their discharge papers, but in some cases such disabilities have been disregarded entirely.

Since April 1, the population of the home has been reduced from approximately 5,400 to approximately 3,700, which means that 1,700 veterans have been discharged in that short period of time, in spite of the fact that the provisions of the National Economy Act do not take effect until July 1.

Officials of the home have stated that the majority of those leaving the home are on furlough and that the others are discharged because of being cured. These statements are refuted by the veterans organization which has declared that the men on furlough are on "enforced furlough", which means that they cannot return to the home until the officials permit them to reenter, and that many of those discharged as being cured are actually in need of daily medical attention.

HAVEN FURNISHED

The haven on East Second Street is now completely furnished with cots, bedding, a cooking stove, and cooking utensils. The latest addition was received Thursday, it being a brand new electric refrigerator provided by Powell Crosley, of Cincinnati, who is a war veteran.

Schlafman said that he was informed Thursday that 8 war nurses between the ages of 35 and 50, all unable to provide for themselves, and 4 of whom receive medical attention, are to be discharged from the home shortly and permitted to shift for themselves.

"Three of these women who were heroines during the war, contracted tuberculosis, and another has a tropical fever contracted while in the service in Panama", he said.

Schlafman said that his organization intended to continue its fight against "any program that deprives disabled veterans of their just rights."

Mr. LONG. Mr. President——

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

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I wonder why the Senator does not take this matter up with the National Economy League. I think he is wasting time here.

Mr. ROBINSON of Indiana. Does the Senator agree with me that the National Economy League are largely responsible for the legislation?

Mr. LONG. I think they have had it in charge. I think the Senator is wasting time to present the matter to the United States Senate. The National Economy League, financed by 15 distinguished multimillionaires, seem to have the matter in charge. I think the Senator from Indiana, instead of trying to get relief through Congress, should not waste his time here, but should go to those 15 multimillionaires who have been running the matter and see if he can achieve results there. He will not get any results here. The matter has been here. The bill was prepared here and passed here. It is strictly a matter of those multimillionaires who decided to take the soldiers off the pay roll. When the Senator knows who has the matter in charge, why mess around here with it, where it will not do any good?

Mr. ROBINSON of Indiana. Mr. President, I fear there is a great deal of truth in what the Senator has said. But permit me to say to the Senator that I hope to offer an amendment to the tax bill when it comes before the Senate which will deal directly with the gentlemen of the Economy League. I hope the Senator from Louisiana will assist me in having it adopted by the Senate and by the Congress and enacted into the law of the land. Then this group of individuals in the Economy League will have an opportunity to make their proper contribution to the cost of running the Government of the United States.

Mr. President, I invite the attention of the Senate now to the fact that this youthful Director of the Budget is asking—and of course he would not ask unless he had the approval of his chief, the President of the United States—for authority practically to destroy the armed services of the country, the Army, the Navy, and the Marine Corps.

In that connection I should like to read from an editorial appearing in yesterday's Washington Times, written apparently by James T. Williams, Jr.:

Owing to misdirected economy in recent years our Navy has sunk to third place among the navies of the world.

"Whether from short-sightedness, from selfish indifference, or from sentimentality," recent Congresses have whittled down our Regular Army until its combat forces now available for the defense of our homeland are actually smaller than Great Britain maintains, smaller than even Germany is permitted under the Treaty of Versailles.

Yet this is the disappearing Army and the third-rate Navy which a new and untried Director of the Budget, after less than 2 months' experience in that office, is asking from Congress dictatorial powers to demoralize and wellnigh destroy.

Before the Congress abdicates its constitutional authority and responsibility "to raise and support armies" and "to provide and maintain a Navy" and surrenders these powers to an ambitious Budget Director or to any other executive agent, surely those Senators and Representatives who take their oath of office seriously will wish "to read, mark, learn, and inwardly digest" the warning words of the great American who was quoted in that letter which the President of the United States, the Commander in Chief of the Army and Navy, received at the White House the other day.

Mr. President, I ask that the entire article be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection it is so ordered.

The article is as follows:

[From the Washington Times, May 1, 1933]

FALSE ECONOMY SAPS OUR COUNTRY'S DEFENSE

By James T. Williams, Jr.

In his mail the other morning, President Roosevelt found a letter that must have made a strong appeal to his sympathy because it contained these timely words of counsel from the writings of his illustrious kinsman and predecessor in the White House—Theodore Roosevelt:

"Neither a nation nor an individual can surrender conscience to another's keeping. Neither can a nation, which is an entity and which does not die as individuals die, refrain from taking thought for the interest of the generations that are to come, no less than for the generation of today; and no public men have a right, whether from short-sightedness, from selfish indifference, or from sentimentality, to sacrifice national interests which are vital in character.

"The United States Navy is the surest guarantor of peace which this country possesses. It is earnestly to be wished that we would profit by the teachings of history in this matter. * * * To stop building ships for 1 year means that for that year the Navy goes back instead of forward. The Navy can only attain efficiency if enough officers and men are provided.

"Again and again in the past our little Regular Army has rendered service literally vital to the country, and it may at any time have to do so in the future. Its standard of efficiency and instruction is higher now than ever in the past. But it is too small. There are not enough officers; and it is impossible to secure enough enlisted men. We should maintain in peace a fairly complete skeleton of a large Army. In particular, it is essential that we should possess a number of extra officers trained in peace to perform efficiently the duties urgently required upon the breaking out of war."

When the Great War ended, our Senators and Representatives in Congress were deeply mindful of the fact that we had entered that conflict in a deplorable state of unpreparedness. We were in the war for a whole year before we could train and equip one division of 25,000 men to engage in battle.

FORGET LESSONS OF WORLD WAR

And not until we had been in the war for a year and a half was it possible for the United States to organize and put into battle an all-American Army. Even then practically all our machine guns, artillery guns, and ammunition, airplanes, and other important equipment had to be supplied to us by French and British factories.

Throughout all that time the armed forces of France and Great Britain stood between us and the armed forces of Germany and Austria, with which we were at war.

After months of study and review of opinions of our most experienced civil and military leaders, Congress profited by the lessons of the Great War. In 1920 the National Defense Act was passed. This authorized the maintenance at all times of a Regular Army of sufficient strength to insure the timely mobilization of the citizen army and an adequate reserve of essential war munitions to tide over the time necessary to mobilize industry.

This meant the maintenance of a Regular Army of approximately 300,000 officers and men, with a war reserve of arms, equipment, ammunitions, and other supplies for a minimum combat force of a million men.

These elements were intended to supply the foundation upon which the citizen army, consisting of the National Guard and the Organized Reserves, could be mobilized in a major emergency.

Then, as we got farther away from the Great War, and began to forget its major lessons, Congress started whittling down the strength of the Regular Army by failing year after year to appropriate adequately for its maintenance.

No change was made in the National Defense Act, but by reducing annual budgets our Army was cut first to 175,000, then to 150,000, to 125,000, until today it is only about 118,000. And instead of 14,000 officers we have only 12,000.

At the end of the Great War, Congress decided that our national security required that we maintain at all times a Navy "equal to the strongest in every class of combatant ship."

We would have such a Navy today had Congress kept faith with the country and carried out its obligations under the Washington treaty, by which we sacrificed superiority on the seas for equality with the British Navy.

But Congress is again forgetting the lessons that the American people learned from the Great War. Congress is ignoring the warning words of Theodore Roosevelt. Congress is refusing, as it did before the War of 1812, before the Civil War, before the War with Spain, and before the Great War, to "profit by the teachings of history" in this vital matter of national defense.

National defense is national insurance. No prudent citizen begins his economies in a time of depression by cutting down his insurance or by letting it lapse.

NAVY HAS SUNK TO THIRD PLACE

If it be the duty of the head of a family to economize in every other direction before letting his insurance lapse, it would seem to be the imperative duty of the head servants in the Federal city of the great American family that is the household of the Nation to eliminate unnecessary expenditures in other executive departments before reducing our national insurance by cutting the combat strength of our Army and Navy.

Owing to misdirected economy in recent years, our Navy has sunk to third place among the navies of the world.

"Whether from shortsightedness, from selfish indifference, or from sentimentality", recent Congresses have whittled down our Regular Army until its combat forces now available for the defense of our homeland are actually smaller than Great Britain maintains, smaller than even Germany is permitted under the Treaty of Versailles.

Yet this is the disappearing Army and the third-rate Navy which a new and untried Director of the Budget, after less than 2 months' experience in that office, is asking from Congress dictatorial powers to demoralize and well-nigh destroy.

Before the Congress abdicates its constitutional authority and responsibility "to raise and support armies" and "to provide and maintain a Navy" and surrenders these powers to an ambitious Budget Director or to any other executive agent, surely those Senators and Representatives who take their oath of office seriously will wish "to read, mark, learn, and inwardly digest" the warning words of the great American who was quoted in that letter which the President of the United States, the Commander in Chief of the Army and Navy, received at the White House the other day.

Mr. ROBINSON of Indiana. But why continue? From all over the United States we are hearing of injustices wrought by the so-called "Economy Act", this infamous, utterly indefensible legislation enacted by the Senate and the body at the other end of the Capitol at the direction, aye, on the demand of the man who now is President of the United States, he himself Commander in Chief of the Army, the Navy, and the Marine Corps, and responsible for this unfair, unmerciful, unjust, cruel, and inhuman treatment of those who offered their lives for the honor, the majesty, and the flag of this great Nation, which has been admired and envied by every other power on the face of the globe.

Mr. President, while there are many other specific instances of cruelty that I might bring to the attention of the Senate, I shall not detain Members any longer, but I hope sincerely that we may at an early date undo this great wrong we have done to those who wore the uniform. This Nation never can be on the upgrade again until that legislation is wiped off the statute books, repealed, and until the Government again shows the world that the American Republic is grateful to those who have defended it in time of peril.

MUSCLE SHOALS

The Senate resumed consideration of the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes.

Mr. METCALF obtained the floor.

Mr. McNARY. Mr. President, 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:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dale	Logan	Sheppard
Bankhead	Dickinson	Lonergan	Shipstead
Barbour	Dill	Long	Smith
Barkley	Duffy	McAdoo	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Bratton	Frazier	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pittman	White
Connally	Johnson	Pope	
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

Mr. KENDRICK. I desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Georgia [Mr. GEORGE], and the Senators from Illinois [Mr. LEWIS and Mr. DIETERICH] are necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. METCALF. Mr. President, for the past 15 years there has been before Congress the proposition of creating a permanently operated Government power and fertilizer plant at Muscle Shoals. This measure has been of great importance because it establishes the principle of government in business. In the past, the arguments in favor of Muscle Shoals have been confined largely to the theory that governmental competition with private power interests would eliminate many of the abuses on the part of these interests, the value of the project for flood control, and the possibility of increased agricultural production through cheap and efficient fertilizers.

It is now claimed that the Muscle Shoals project is an emergency measure, and that it will give employment to some 250,000 men; that it will create a miniature Utopia in the lowlands of Tennessee and Alabama. It is a fact that there is in this country some sentiment in favor of governmental operation of most forms of business which have the aspect of interstate commerce, or which are created directly out of the natural resources of the country.

In the past we have attempted governmental operation of the railroads as an emergency measure, and closed that experiment with a shameful record. The same lesson should have been learned in our experience with the United States Shipping Board, and in a measure with the more recent efforts to enter into the business of buying and selling farm products. But these were temporary expedients, if indeed we are charitable enough to call them expedients. The Muscle Shoals project is proposed for the purpose of putting the Government permanently into the business of producing and selling power and manufacturing and selling fertilizer.

It is no simple matter in ordinary times for the Congress to confine the Government to legitimate functions. It is exceptionally difficult in times like these to keep our feet on solid ground, so we may enact helpful emergency measures without causing a change in our whole national policy. We are inclined to take unusual liberties with the Constitution under the theory that that document was written to steer the Nation under normal economic and social conditions.

The Muscle Shoals project is deliberately intended to destroy business by pouring millions of dollars, torn from the people in excessive taxation, into competition with that business. We are taxing electricity in order that we may have funds to compete with those who produce electricity and we are taxing fertilizer in order to have funds to drive the fertilizer industry out of business.

One of the debated differences between the House and Senate bills is whether or not the Government will manufacture and sell fertilizer. I understand that the anticipated capacity for fertilizer production of the Muscle Shoals project is some three times all the fertilizer used in the United States in 1932. Accordingly, the Tennessee Valley Authority will be forced to increase the consumption of fertilizer by 200 percent in order that the plants may be operated at capacity. How may this be done? Only by a systematic campaign to educate the farmers in the use of this Government-produced fertilizer and by selling it at new low prices.

The first campaign will have for its intended result an increased production of basic farm commodities, particularly cotton; for it is in the cotton land that a vast percentage of fertilizer is used. But the sole purpose of the farm bill recently enacted was exactly the opposite. We have bestowed upon the Secretary of Agriculture unprecedented power to tax the people in order to reduce production of basic agricultural commodities. We have levied additional millions in taxes in order to decrease this production. We went even farther than that: We offered to reward the farmer with cash mulcted from the taxpayers for not using fertilizer. I quote the language of the bill:

> Without increase in commercial fertilization per acre.

How on earth can we explain away such flagrant inconsistencies in our efforts to bring this country out of its present emergency?

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Nebraska?

Mr. METCALF. I do not like to yield at present. It destroys the continuity of my remarks.

Mr. NORRIS. I am sure the Senator does not want to make a misstatement. He is talking about the Senate bill.

Mr. METCALF. I spoke about both of the bills, as the Senator would have noticed if he had listened carefully.

Mr. NORRIS. I have listened carefully. The Senator has not quoted from the Senate bill. There is no such language in it.

Mr. METCALF. I spoke about the House bill, and this is what I said:

> One of the debated differences between the House and Senate bills is whether or not the Government will manufacture and sell fertilizer.

I am careful not to make mistakes. I do not intend to do so.

On the one hand we are taxing the people to produce more fertilizer and to encourage its use, and on the other hand we are taxing them to pay the farmer not to use it. In one bill we wage a colossal campaign to boost production, and in the other a campaign to decrease it. We are at one and the same time spending money to lessen farm products and to increase them.

It is said that this measure will give employment to thousands of men. What will become of the 25,000 workers in the fertilizer plants now operating in 36 States, and of the 100,000 who depend upon them for food and clothing? What will happen to the 12,000 citizens of Maryland, the 11,000 citizens of Georgia, the 8,000 citizens of North Carolina, and the thousands from other parts of the country who depend for a living on work in these plants? Are we going to move the 12,000 of Maryland's population to the unpopulated regions of Alabama, or are we going to rely upon the charitable inclinations of the people of that State to feed and clothe them? What about Virginia, Florida, South Carolina, and New Jersey? What about the stockholders and bondholders of the $350,000,000 fertilizer business already operating in three fourths of the States of the Union? I suppose they do not count. We are going to say to them: "Pay these new taxes to Uncle Sam so that he may make your bonds worthless, that he may close down your factories, that he may throw your workers out of jobs. Be patriotic, and help your new competitor, who

is unhampered by law, untaxed on his property, who may condemn land, and whose losses are only the taxpayers' money."

One of the best-known principles of that school of thought which is supporting this measure is that there should exist free and open economic competition between the people and between the corporations of this country. We have numerous laws intended to enforce and protect this principle and to inflict penalties upon those who may violate it. But the adherents to this school are today, in proposing to inflict competition on the power and fertilizer industries, more unfair than the most flagrant case ever cited in the history of our country. If we want free and open competition, then why do we not grant to our competitors the same rights and privileges and immunities we are to use to compete with them?

This bill gives to the Tennessee Valley Authority the power of eminent domain. It will have the power to condemn land for transmission lines and power plants. It may tear down houses and excavate city streets. Why do we not grant that power to our proposed competitors?

The corporation may sell or give away products for experiment, or for sales talk. Can our competitors tax the people for this purpose? No; they must pay, and pay, and pay for this industrial promotion; and it is such promotion which has made the United States the tremendous economic power which it is today.

The Government may borrow money for 3 to 4 percent in interest and still maintain its bonds at par regardless of any losses at Muscle Shoals. Show me, if you can, a power company or a fertilizer factory with 3-percent bonds outstanding to its creditors.

The property of the Muscle Shoals corporation, being a part of the public domain, will be exempt from taxation. Are the fertilizer properties of Maryland and Georgia exempt from these levies?

Long before private industry may even anticipate a dividend a large share of the earnings must be set aside for the payment of income and corporation taxes. Will Muscle Shoals' immunity be upholding the principle of open and free competition? No! It will pay 5 percent of its gross income to Tennessee and Alabama instead.

The Tennessee Valley authority will have available for its use every branch of the Government—research experts, engineering advice, executives, and hundreds of services for which private industry must necessarily pay. Muscle Shoals will exempt itself from the jurisdiction of legally constituted public-utilities commissions in the States where it is selling power. It need consider no dividends for its stockholders or interest on its investment, for its stockholders are all the people of the United States, who, in a case like this, may expect little consideration from the taxing power.

If there ever existed an example of unfair competition, this bill is it. It reeks to high heaven with the odium of the usurpation of a Government's constitutional powers for the purpose of industrial competition with the people who furnish these powers. Every power industry or fertilizer industry, regardless of its size or the character of its charter, is really composed of the bondholders and stockholders who are its basic creditors. When we enter competition with any private industry we are entering into competition with the humblest citizen, who, by virtue of years of thrift, has managed to invest the money for which he has sacrificed in the obligations of industry in order that in his declining years he might have some assurance of the necessities of life. To destroy these bonds or to destroy this stock is to my mind one of the most cruel and unprincipled acts which a government might take. Not only does it scent of Communism, but it is characterized by the cruel and destructive stroke always prevalent when a government makes a violent change in its fundamental nature.

I venture that if we should give to any private industry, regardless of its size or nature, one half the rights and privileges and immunities and exemptions which we are paternally bestowing upon Muscle Shoals, that no Government-operated industry would last 6 weeks in competition with it. We are exempting the Tennessee Valley authority from a great portion of the basic costs which necessarily must characterize any private enterprise.

That is not all. We are assenting to a method of accountancy that would be an insult to Insull. The Tennessee Valley authority may charge off all sorts of losses to flood control, navigation, and research. Much of its expenditure may be for the traditional bugaboo of "relief to agriculture." I think no mathematician in this country would care to wrangle with the formulas of accountancy which may be used to show a profit on this project. And there can be no collapse such as followed the high accountancy of Krueger, for the taxpayers will continue to pay and the corporation will continue to waste. But, disregarding the odious principle of Government in business, we surely should have been convinced by now that this proposition is uneconomical and unsound.

Consider the report of Col. M. C. Tyler, which resulted from the most complete study of a river project in the history of hydroelectric power. Colonel Tyler shows that the Cove Creek Dam and power station would cost in excess of $34,000,000. That is exclusive of navigation works. This plant would be equivalent to a steam plant, with an estimated cost of $70 per kilowatt, or approximately $10,000,000. Assuming fixed charges of 10.5 percent for the steam plant and 8.5 percent for the water power, he shows that the Cove Creek project would cost almost exactly twice as much as the value of its power would warrant. Even this unfavorable comparison depends upon the assumption that there would be a sale for over 400,000,000 kilowatt-hours.

Furthermore, the estimated cost of construction does not include transmission lines to the markets for electrical energy. That is, indeed, if there will be a market. The Government, of course, may be able to sell this power much cheaper than the power plants now operating in that section because of the numerous reasons I have already mentioned. But even if the Government cut the rate 20 percent below the private public utilities, Colonel Tyler estimates that over a period of 15 years the customers of the Government would be saved less than $18,000,000, while, at the same time, the Government would suffer a deficiency in excess of $39,000,000.

How will this tremendous loss be justified? How on earth can we justify taking a decent living from the soldiers who suffered on the battlefields of France and pour it into the mudholes of Tennessee? The only way in which the Tennessee Valley authority will be able to make this Frankenstein assume the appearance of economic decency is by juggling the various ledgers of navigation, flood control, farm relief, and power until the abstract and immeasurable values have assumed much of the burden of cost. As a consequence, an already overtaxed people will go down into their pockets and pay a tremendous sum to establish a principle of Government ownership in this country, and the only concrete result will be the destruction of the investments of some private industry and another proof of the futility of a communistic experiment on the part of a democratic Government.

> O Shade of Jefferson, where were you that day
> When Muscle Shoals was built to stay?

It might be good judgment for this Government to endow a project of this kind under opposite circumstances. If the Congress could hear a crying need for additional farm produce, and there existed no reasonable means of securing fertilizer; or if such fertilizer had to be imported; if the people of Tennessee and Alabama were without electricity, or if their homes were in constant danger of floods; if there were no means of economical transportation other than the Tennessee River, then we might be justified in giving consideration to a bill of this kind. But the reverse is true. We are suffering from a surplus of farm products and are planning to pay our farmers to use less fertilizer. The region to be served is already honeycombed with electric transmission lines. Seven major power companies operate within 200 miles of Muscle Shoals. The annual power production has been increased from 2,000,000,000 kilowatt-hours in 1920 to nearly 5,000,000,000 in 1932. The residents of these

States and of other States own a total of $371,000,000 in bonds and preferred stock of the five major companies. The generating stations and transmission lines have a good record for dependability of service at each important load center. The cost of this service will make a fair and reasonable comparison with the city-owned plants of the United States.

This region already is being served adequately with electric power, and there being no necessity for fertilizer production, the only other direct use of the Muscle Shoals project will be the improvement to navigation. A glance at a railroad map of this region should demonstrate to the satisfaction of any reasonable person that rail facilities are excellent. If the Tennessee Valley authority should be successful in diverting much of the tonnage from the rails to the Tennessee River, the only possible result will be an enormous loss to the railroads now serving that section. The authority would simply push the railroads over the brink of bankruptcy and complete the deflation of rail bonds and stocks. What sort of transportation service could the communities of the whole region expect if we should remove the principal mainstay for their railroads? Even at best, the tonnage using the Tennessee River would be comparatively light, as the only city of any size situated so as to profitably use the river for transportation purposes is the city of Chattanooga, already adequately served by railroads which are fighting for their very existence.

It is ridiculous for us to attach importance to the Tennessee River for the purpose of transportation. It is enlightening to know that hardly any of the commodities produced in the region, other than for construction projects along the river, are moved on the river at all. In 1931 the total tonnage on the river from Knoxville to Paducah, the entire distance, was only 2,244,665 tons, and this included even the shortest hauls between locks. The principal commodity transported was sand and gravel in the amount of 1,112,520 tons, largely hauls of only a few miles. The second largest tonnage was railroad ties, 48,214 tons, and coal, 8,177 tons. Much of the actual tonnage on the river was used by the Federal Government. These figures included even rafting of logs and ties. It occurs to me that the bare interest on the money which the proposed navigation improvements would cost would more than pay the cost of transporting the tonnage now using the river, let alone the cost of maintenance and operation of dams and locks.

There were no time clocks or limits of working hours for the sturdy pioneers who plunged into the forests of this country to create the United States. Determined and idealistic men, side by side with strong and loyal women, braved the wilderness of these shores to establish economic as well as religious freedom. Year after year they labored from dawn to dark, and the wilderness gave way to broad, smooth highways, and now are we to embark upon a new road, using the power which these people and these States have lent to the Federal Government, to destroy the spirit of the pioneer and to kill the urge for new development? Do we intend now to establish a policy in distinct contradiction to the very spirit which created this country? What of the future—what of this generation, and the next? Are we to go on as a nation and continue our improvements over the natural endowments of nature, or are we to set at rest forever the instincts of men to improve upon nature and to compete with one another for the rewards of individual enterprise?

I realize there are men who believe that when corporations become arrogant and abusive the only means of correction is for the Government to enter into competition with them. They propose as a corrective and a punitive measure the setting up of a bureaucracy to operate business as a penalty for private industrial abuse. I do not defend the abuses of corporations. There is little doubt but some are arrogant and unfair. But to my mind even an arrogant corporation is better than an arrogant and top-heavy bureaucracy, for we can correct abuses of a public corporation, but none save the sovereign power may limit or guide a bureaucracy.

There is no need to send our Government in a new direction in this hour of crisis. As legislators we should deliberately attempt to avoid a confession of failure of our democracy by adhering strictly to the basic fundamentals which have carried us safely over 160 years.

Muscle Shoals will become the turning point of this Government. It is unquestionably an opening wedge for socialism, and it should, for the very safety of the Government itself, be defeated.

The following lists the 15 States leading in the production of commercial fertilizer, together with the value of the fertilizer produced in 1931, and the number of wage earners directly employed in fertilizer factories in those States. Fertilizer is today produced in 36 States of the Union.

State	Value	Wage earners
1. Georgia	$29,252,000	2,809
2. Maryland	25,500,000	2,855
3. North Carolina	22,900,000	2,140
4. Virginia	20,661,000	2,047
5. Florida	15,760,000	1,084
6. South Carolina	14,000,000	1,606
7. Ohio	14,000,000	969
8. Alabama	13,000,000	1,403
9. Louisiana	8,300,000	858
10. Illinois	8,100,000	454
11. New Jersey	7,000,000	612
12. Tennessee	7,000,000	638
13. California	5,000,000	302
14. Indiana	5,000,000	259
15. Massachusetts	3,800,000	387

Mr. President, this table shows that a total of $199,273,000 worth of fertilizer is produced in those States alone, and that in the production of that fertilizer some 18,423 people find employment. I submit that in view of these facts Senators should be careful how they vote on the pending bill.

Mr. COPELAND. Mr. President, there are two or three questions in my mind which I should like to present to the Senator from Nebraska in order that he may wipe away any fears I have regarding the pending bill.

The Hill bill in the House provides for the mass production of fertilizer, as I understand it, which provision is not included in the pending bill.

Mr. NORRIS. The Senator is correct.

Mr. COPELAND. I have been impressed, not alone this year but in previous years, by what the Senator from Nebraska has said in opposition to the expenditure of money for that particular enterprise, because of the fact that fertilizer could not be economically produced at Muscle Shoals.

Mr. NORRIS. Mr. President, will the Senator permit an interruption there?

Mr. COPELAND. Certainly.

Mr. NORRIS. I understand that the junior Senator from Alabama [Mr. BANKHEAD] is to offer an amendment to the bill which will be practically a complete copy of the House bill. I wonder whether the Senator would not let us vote on the pending amendment, and take up the question to which he is about to address himself when the Senator from Alabama offers his amendment and after he speaks on his amendment. Would that be agreeable?

Mr. COPELAND. I think so. I will turn aside from that for the moment to ask the Senator 2 or 3 other questions.

The PRESIDING OFFICER. The question then is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. NORRIS. The Senator from New York [Mr. COPELAND] has the floor, and I do not want to interrupt him; but before we take a vote on the amendment I wish to have just a few minutes to state the other side of the case. It has not yet been stated.

Mr. COPELAND. Since I have the floor I will go on and get into the RECORD the thoughts I had in mind, and I shall be very brief.

The sections of the pending bill which have disturbed me are sections 10, 11, 12, and 13, which are pending, and section 18. Am I right in differentiating between the two bills as regards these sections, that the Senator from Nebraska is largely disregarding the transmission lines which are in existence?

Mr. NORRIS. No; the Senator is not correct in that assumption, at least, not as I see it. On page 12, section 12, the pending bill provides:

SEC. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, or authorize the construction of transmission lines within transmission distance from the place where generated.

After we shall have disposed of this amendment I propose to offer an amendment to include in the language the word "purchase", so that the board will be authorized to construct, to lease, to purchase, or to authorize the construction of transmission lines; and an amendment has already been agreed to which provides that when the Government owns the transmission lines constructed by the board it shall likewise have authority to lease such lines to private parties so as to put them absolutely on the same basis.

The objection to the House bill, as I see it, on that point is that before the board can build a foot of transmission line they must open negotiations with private parties; they must make a finding that it is economically feasible; they must secure the consent of the President of the United States. One of the first things, if this bill shall become a law, that they will be called upon to do, I think, will be to build a transmission line from Muscle Shoals to Cove Creek Dam to include the two governmental generating plants, and in order to use the power which is now going to waste and from which nobody is getting anything, in connection with the construction of Cove Creek Dam. If they have first to negotiate and take up with the various corporations that own different transmission lines—and there would probably be a dozen of them with which they would have to deal before they could do a thing; they would have to negotiate with all of them—Senators know what would happen. Every one of them would delay the negotiations; they would offer all kinds of technical objections, knowing that the board had its hands tied and could not do a thing. Then, when the board went ahead, I anticipate there would immediately follow an injunction issued by a Federal judge restricting them from building a transmission line, on the ground that there had not been sufficient negotiations, or that, as a matter of fact, the line they proposed to construct was not economically feasible; and, whether the private companies believed it or not, they could make a case on paper, and the board would probably not be able to build any transmission line until a case, and probably a dozen cases, after 2 or 3 years had been decided by the Supreme Court of the United States. In the meantime a transmission line to distribute power that had cost nothing would not be available, and they would have to buy power from somebody else. That is the difference. The board is placed upon the same footing as a private party. That section of the bill in the beginning provides:

In order to place the board upon a fair basis for making such contracts—

They could never be put on a fair, equal basis with the private corporation until they had been given the same power that a private corporation has.

Mr. COPELAND. Mr. President, the Senator from Nebraska has made his position very clear, and yet, as I read section 16 of the House bill I find this proviso:

Provided, That such transmission line may be constructed only if the board is unable to make contracts satisfactory to the authority with owners of privately owned lines for the transmission of power, or for the use or the purchase of transmission lines, and if, after investigation, the authority shall find that such transmission line is economically justifiable and necessary to carry out the purposes of this act.

It seems to me that the whole question of procedure and the decision will be left to the board, to the authority, under the House bill.

Mr. NORRIS. But suppose the board did not do that and that would be the claim in the lawsuit? Suppose they went part way and made some negotiation, and the private corporation said, "You did not negotiate enough"; it could allege that proper negotiations had not been made; make a showing on paper and secure an injunction. I want to say to the Senator, if he wants to do the fair thing by this corporation, why are we going to tie its hands and let those they have to deal with have their hands untied? I do not understand why anybody can object to putting this corporation upon an equal basis with every other corporation.

Nobody wants to construct a transmission line if there is one already there and arrangements can be made for procuring it. The board to be created is not going to be made up of insane men; they are going to try to make a good showing; they are going to try to save money. If, on the other hand, the board has a transmission line and a private party wants to lease it, the board will be anxious to lease it to them, because it will bring some income. If we do not tie the hands of the board, there will probably be no difficulty in making a contract with private individuals, because they will get some income from the transaction themselves, and they would rather have it than not have the Government pay a part of the cost of their transmission line. If we should tie the hands of the board, we would give the people they have to deal with an advantage that would be detrimental, in my judgment, and would mean no transmission lines for the next 10 years.

Mr. COPELAND. It would seem to me that that is wholly in the hands of the board.

Mr. NORRIS. Yes.

Mr. COPELAND. If they desire to build transmission lines, to provide new facilities for carrying electricity, they have ample power under either bill to do that very thing; but, as a matter of fairness to investors, I think there should be some safeguard. I am surprised to find how many investors in these particular properties live in my State, and they are much concerned over the language used. I do not see how they could be concerned if the language in the House bill were adopted, but the Senator from Nebraska says that the power authority then would not have a sufficient club to use over the privately owned lines if the language of the House bill should be written into the law.

Mr. NORRIS. I will say to the Senator that he, of course, like all other Senators, has no doubt received many communications showing the stock owned in these private corporations by widows and orphans, colleges and schools. The power trust is thinking now of the widows and orphans, but I have the evidence here in my desk—and if the debate proceeds that far, I will produce it—to show that the same men who are behind this propaganda have themselves robbed the same widows and orphans of millions, yes, billions of dollars by the way they have juggled the stocks and bonds of their corporations. Insull as an illustration. I have the records here of these particular corporations down in Alabama, Tennessee, and Georgia showing how they have poured water, to the amount of millions of dollars, into their capitalization. They were not thinking of the widows and orphans when they were destroying the very foundation of the corporations owned by these widows and orphans and which had been intrusted to their care and keeping.

Mr. COPELAND. I hold no brief, certainly, for the men in high places who have robbed the widows and orphans, but I know that every time a bank fails and every time its deposits are tied up the persons who suffer most are the widows and orphans and others who have money on deposit. I assume, too, that—

While the lamp holds out to burn,
The vilest sinner may return.

Just now it is to the interest of those who in the past have been exploiters of the public to show to their stockholders what is going to happen to them, and I am not so sure that evils will not come to innocent stockholders.

Mr. NORRIS. Mr. President, will the Senator permit me to interrupt him?

Mr. COPELAND. Of course.

Mr. NORRIS. I realize that "the vilest sinner may return," but the sinner who steals a horse when he does return

will have to restore the stolen horse; and until these fellows do return their stolen horses I have some doubt about the sincerity of the new religion which they have embraced.

Mr. COPELAND. That may be true; but if the transmission lines are wiped out and their business entirely destroyed, they will not have the wherewithal to make their return; the horse will be dead by that time.

Mr. NORRIS. It may be that it will be so; it may be that they have poured so much water into corporations owning the transmission lines that they never can supply the people with electricity at a reasonable rate; but the Senator's theory would mean that the widows and orphans in their homes and other people who have to buy electricity or otherwise do their work by candlelight, the washerwoman who uses the electric washing machine, from now on must pay exorbitant prices for electricity because in the past these fellows have poured water into their capitalization. If now we are going to let conditions remain just as they are, we rob all the consuming public in order to save others and permit them to operate on a fraudulent capitalization of water and wind which they have poured into their institutions.

Mr. COPELAND. If the House bill were to pass, the calamity suggested by the Senator could not occur, because provision is made in the House bill for the transmission of electricity, and provision is also made for the building of transmission lines; but that bill provides that before the Government shall build competing lines it shall first attempt to buy or control those lines which are already in existence.

Mr. NORRIS. I do not care to go over it again, but there is not any doubt but that this board will lease, or buy transmission lines if they can. If they are sane men—and I take it they will be—they will do that; but if we are going to tie their hands and ask them to do that, then we might just as well make it compulsory and say, "You can generate electricity, but you must not carry it across the road to a consumer's house or across the Tennessee River to Florence, a city within sight of the dam, unless the Alabama Power Co. or the Tennessee Power Co. get in as middlemen and convey that electricity."

Mr. COPELAND. Mr. President, it is very apparent from the wording of the Senate bill that the thought is that the Government will build the transmission lines and distribute the electricity. I call attention to section 11 of the pending bill, which reads in part:

> It is hereby declared to be the policy of the Government so far as practicable to distribute the surplus power.

Exactly the same language is used in the House bill except the words in that bill are "distribute or sell." I ask the Senator from Nebraska if he is not going to permit the power authority to sell power if it shall be deemed wise to do so?

Mr. NORRIS. Yes; there is a provision in the bill that they can sell it to the Power Trust itself, but they must first give an opportunity to States, counties, municipalities, and farm organizations to buy it. They have the preference right.

Mr. COPELAND. Once more I refer to the provision on page 14, section 13. Once more I want to enter my protest against 5 percent of the gross proceeds being given to the States of Alabama and Tennessee. I would be perfectly willing to have 5 percent of the net proceeds go to those States; but to give them 5 percent of the gross proceeds brings to my mind, every time I think about it, the expenditure of $90,000,000 by my own State which was demanded in order that we may have the right to distribute the electricity from the power developed on the St. Lawrence.

Frankly, as I compare the bills, it seems to me that, so far as the items are concerned which relate to the transmission of electricity, the provisions of the House bill are preferable. I am in full harmony with the Senator from Nebraska so far as making fertilizer is concerned. I think he is 100 percent right in that matter. But a careful reading of the whole bill indicates that the construction of transmission lines within transmission distance shall be restricted, and they had even specified not to exceed 400 miles——

Mr. NORRIS. Oh, no, Mr. President! The Senator is probably reading from the text of the House bill. There is no such language in the Senate bill.

Mr. COPELAND. I am glad the Senator corrects me, because the Senator would permit it to be transmitted any distance, I believe.

Mr. NORRIS. Yes. If there should be a new invention by means of which electricity could be transmitted a thousand miles, I see no objection to transmitting it that far. I see no objection to taking it to the Senator's home so he could get the benefit of it himself.

Mr. COPELAND. The Senator from Nebraska proposes to do that regardless of the institutions which are already in existence. There is one in my county which is owned by the people of the county. It is almost a mutual company in that it is owned by the people there. They have invested their savings in the concern. Each family has tried to invest enough in it so that the income from the investment may compensate for the cost of the electricity used in the home. But here, without any limitation whatever, without any consideration for the local concerns, the transmission lines are to be extended for miles and hundreds of miles. We do not know what is to be the limit.

Mr. NORRIS. Would the Senator like to have a provision in the bill that transmission lines could not be built anywhere unless the company owning the transmission line in existence was agreeable and consented to it?

Mr. COPELAND. No; I would not, but I would have in the Senate bill exactly what is in the House bill, a provision that before the power authority could build a transmission line it should negotiate with the local concern to see if its lines could be had at a reasonable price.

Mr. NORRIS. Oh, yes; of course. As I look at it, that would mean that the power authority would not be able to build any transmission lines until they took every case on every point to the Supreme Court of the United States.

Mr. COPELAND. Cannot language be found specific enough to prevent that?

Mr. NORRIS. No; I do not know of any way to so word the bill as to prevent a man from going into court. If that were done, that in itself would be held by the court to be unconstitutional.

If the Senator will permit me further, the Senate bill anticipates and is written on the theory that the board will do just what the Senator and I would do if we were operating the board. I am assuming, and others, I believe, must assume, that the board will be composed of honest men, of competent men. If we wanted to take electricity from Washington to Baltimore and there was a transmission line already in existence that would carry it, we would lease it if we could. Perhaps we would buy it if we could. But if our corporation said to us, "We tie your hands, and before you can do anything when you meet in conference with these other people who own transmission lines, you must go through this formula and that formula", we never would get through them, never in the world, without somewhere along the line meeting the claim that we had not properly negotiated, and the next thing we would meet would be an injunction from the Federal court.

Would it be fair to do that if we are going to organize this corporation at all? I can understand how a man might believe that we ought not to do anything, that we ought to let the Power Trust own the country—and men may honestly believe it; they may be right in their belief—but if we are going into this fight and are going to set up a corporation such as is proposed here, we would be idiotic, it seems to me, if we tied the hands of our corporation and sent it out to deal with another corporation that does not have its hands tied.

Mr. COPELAND. I think that is true if that were actually going to be the case, but I do not admit that for a moment.

Mr. NORRIS. No, of course not. The Senator evidently goes on the same theory as the representatives of the Power Trust and the various corporations about which we have

heard so much for the last 4 years, that have tried to get into our schools, that have gone secretly into our churches and our lodge rooms, that have contaminated our children in the public schools, that have employed lecturers under the guise of professors from colleges to talk to women's organizations when they were in the pay of the Power Trust. The Senator evidently goes on the theory that such a corporation could not do any wrong, that it would be fair to us and would not take any advantage of us, and hence our negotiators could confront them with their hands tied behind their backs and get justice because of the virtuous nature of those people who are so kind and who want to take care of the public so well.

Mr. COPELAND. Mr. President, I resent the imputation that that has been my course. I have not made as many speeches as the Senator from Nebraska, and certainly could not make such eloquent speeches as he does, but I have everywhere and always contended, as I do now, that the natural resources of our country should be utilized for the benefit of the people. I am willing to have the Government go to any length to harness streams, to build dams, to erect power plants for the generation of electricity. I have not been willing that all the private concerns should be absolutely wiped out. I have thought always, and I think now, that with the hand of the Government on the switchboard there might be such control of the prices charged, when that power is sold to private parties, that the people would be preserved and protected. If the Government is going into business, if it is seeking to drive out of business entirely those private concerns, that is all right. It is the privilege of those who take that view to hold such a view if they desire.

I resent the suggestion that I am interested in propaganda which has gone on in this country where college professors have been hired and textbooks written for the protection of these great utilities. That has not been my position and is not now. But we could write a bill here, as I think the House has done, which would give ample authority to the power board to negotiate first for the transmission lines and then, if the power authority feels that the price asked is too great or the conditions imposed are improper, it is right of course that the authority should have the power and the funds to go ahead with the construction of transmission lines. But here, as I read it, the whole purpose of the bill is to serve as a club over the heads of these private institutions and to drive them, whether they will or not, into terms which will permit the Government to carry on its operations.

Mr. President, I shall take no further time. I merely wanted to have the RECORD show how I feel about the matter.

The PRESIDING OFFICER. The question is on the motion of the Senator from Michigan [Mr. VANDENBERG] to strike out section 15, as amended.

Mr. BLACK. Mr. President, 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:

Adams	Costigan	Kendrick	Reed
Austin	Couzens	Keyes	Reynolds
Bachman	Cutting	King	Robinson, Ark.
Bankhead	Dale	La Follette	Robinson, Ind.
Barbour	Dickinson	Logan	Russell
Barkley	Dill	Lonergan	Sheppard
Black	Duffy	Long	Shipstead
Bone	Erickson	McAdoo	Smith
Borah	Fess	McCarran	Steiwer
Bratton	Fletcher	McGill	Stephens
Brown	Frazier	McKellar	Thomas, Okla.
Bulkley	Glass	McNary	Thomas, Utah
Bulow	Goldsborough	Metcalf	Townsend
Byrd	Gore	Murphy	Trammell
Byrnes	Hale	Neely	Tydings
Capper	Harrison	Norbeck	Vandenberg
Caraway	Hastings	Norris	Van Nuys
Carey	Hatfield	Nye	Wagner
Clark	Hayden	Overton	Walcott
Connally	Hebert	Patterson	Walsh
Coolidge	Johnson	Pittman	Wheeler
Copeland	Kean	Pope	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

Mr. NORRIS. Mr. President, the pending question is the motion to strike out section 13. This section has not yet been defended. It has been assailed by several Senators; and before we vote on it I feel that something ought to be said as to the reasons why it is here.

I take upon myself the full responsibility for the section. It was in the last two bills, I think, that passed the Senate. I concede very frankly that it is a question with two sides to it. As I look at it, the question seems to me to be very plain. It seems to me to be only fair to have this section in the bill. Before we vote on it, however, I want to take the time to give the Senate the reasons that actuated those who put it in the bill. Then, as far as I am concerned, I am ready to vote and accept the result.

Section 13 does not pertain to a fundamental principle involved in the bill; but it does pertain, as I look at it, to a fundamental principle of common justice. That is the only reason why I ever put it in the bill, and the only excuse that I know of for its being here.

The Senator from Michigan [Mr. VANDENBERG] this morning made a very powerful and eloquent argument in favor of his motion to strike out the section. Perhaps I can illustrate the matter best by taking the actual facts.

Cove Creek Dam, located in Tennessee, is proposed to be constructed by the Government principally, almost entirely as a measure of navigation and flood control. I think it would be justified in constructing it for those reasons if there were no others. It is to be a high dam, that will generate a great deal of electricity. Some of it will be primary electricity. I cannot tell, nor have I a fair estimate in my own mind, as to how much of it will be secondary power; but a large percentage of it will be secondary power, because the Government will take the water out of it when the river is low for two purposes: One, to raise the water in the stream in order to make it navigable; the other, to make a place for the next flood to be stored behind that dam in this great reservoir.

If that dam were built by a private party—and it is an inviting proposition for power alone—it would be taxable in the State of Tennessee. The State of Tennessee would get considerable revenue out of it as a matter of taxation. If the Government constructs it and owns it, the State of Tennessee gets no revenue.

I concede to begin with that there ought to be no revenue paid in lieu of taxation if the dam were used entirely and exclusively for a governmental purpose. Bear that in mind all the way through what I shall say. In carrying out the governmental purpose, however, incidentally power is produced that is sold, upon which the Government probably will make a profit. The Government ordinarily pays no taxes. It seems to me that in this case it is only fair to the State of Tennessee that the Government should pay something in lieu of taxes from the revenue-producing part of the dam.

This section does not apply to any electricity sold to the Government or sold to anybody in the operation of the fertilizer provisions of the bill. It does not apply to any power used in the operation of the locks.

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

Mr. NORRIS. Yes.

Mr. COUZENS. May I point out that the Detroit Street Railway pays the city $1,200,000 a year, $100,000 a month, in taxes, so as to put it on a comparable basis with private industry.

Mr. NORRIS. Absolutely. That is what I want to do here. So that on the power that is used for governmental purposes, now, the Government pays no tax. It pays nothing of the revenue. This section applies only to the power sold for consumption in the ordinary course of business.

It seems to me that is fair. Perhaps it is not. I look upon it as fair. I think that is a justification for it.

Let us see, now, what has happened in this particular debate today.

The Senator from Michigan [Mr. VANDENBERG], in a very plausible argument—I think as good an argument as can be made for that side of the question—pointed out what he thought was wrong about this section. He contended that the Government ought not to pay any taxes; that it ought not to pay anything instead of taxes. Before the day passed, however, the Senator from Rhode Island [Mr. METCALF] delivered an address in which one of the leading arguments he made against this very bill was that when the Government constructs these plants it pays no taxes. That is the first argument made against municipal ownership everywhere by every trust magnate who ever tried to defeat municipal ownership: "You pay no taxes"; and that is true. We do not pay taxes. So that many people who believe in municipal ownership concede that there ought to be something paid in lieu of taxes.

The State of Washington—and if I am wrong about it I want my friend the junior Senator from Washington [Mr. BONE] to interrupt me and say so—has some of the finest municipal power-plant activities in the world. The city of Tacoma, one of the beautiful cities of America, owns and has a monopoly of the generation and distribution of electricity in that city. It sells electricity at a fabulously low price to farmer organizations all through that vicinity. The plant is owned by the city, but it pays to the city in lieu of taxes 7½ percent of its gross revenues, an amount 2½ percent greater than is put in this bill.

The Senator from Michigan says, and he says truly—perhaps it may occur—that there may be a loss. When a private party builds a generating plant if he loses money he has to pay taxes just the same. The farmer out in Michigan may lose money on his farm operations, but he pays taxes on his farm just the same. That tax may not be just. Perhaps we can devise a better scheme of taxation. It seems to me we could; but it is sufficient answer, it seems to me, to say that that is our plan; and it is in order to compensate the State of Tennessee, and in the other case the State of Alabama, for what they would otherwise lose in taxes that this section is put into the bill.

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

Mr. NORRIS. Just a moment further, and I will yield to the Senator. I have this idea, and for fear I will forget it I want to finish it. I think I have forgotten it. [Laughter.] I yield to the Senator. Perhaps the thought will return to me by the time he gets through.

Mr. HEBERT. Mr. President, I have listened with more than ordinary interest to the Senator's argument that these States ought to get some taxes from this land which they are to cede to the Government; but I have in mind now the very valuable parcels of land which the Government owns in some of the large cities in the country that are used for governmental purposes, that yield very large revenues to the Government.

Mr. NORRIS. I do not know of that.

Mr. HEBERT. Take the city of New York, for instance: The post office in New York is a very profitable enterprise so far as New York proper is concerned, and yet New York City gets no revenue from the ownership of that property; and that is true over all this country. I should be glad if the Senator would differentiate, if there is any differentiation.

Mr. NORRIS. All right; I think I can. The Senator's question is a perfectly proper one. Taking Cove Creek Dam again as an illustration, his question is comparable with that part of the dam that is used for governmental purposes, where no tax is paid. We speak of it as a tax; of course, that is not strictly correct; but nothing is paid on anything that is used for governmental purposes—not a penny. That is carefully provided in this section. The Government pays no percentage of income for any electric power used for governmental purposes, no matter what kind it may be. So it seems to me that the illustration of a post-office building or a courthouse building does not apply. If, however, in the case of a post-office building the Government leased it to someone engaged in private business—that might happen incidentally, and nobody would care about it—if it leased it to a man who ran a department store in it, if the Government was leasing property to people who transacted that kind of business, then it ought to pay something in lieu of taxes, I think.

Now, here is an incident. First, the dam is built for a strictly governmental purpose. No one will dispute that it is a proper expenditure of money to make our streams navigable. We have spent hundreds of millions of dollars for that purpose. No one will dispute that we have a perfectly legitimate right to spend public money for flood control. For 100 years we have been drawing on the Treasury of the United States to do that. Incidentally, however, in connection with the scheme involved in this bill for flood control and for the improvement of navigation there comes a revenue from the sale of power. On that part of the business it seems to me the Government ought to pay something in lieu of taxation.

We have provided for similar payments in other laws. We paid to States containing forest reserves which take large areas of land out from under taxation. When we sell timber, I have forgotten the exact figures, but I think we have paid them 30 percent, based entirely on the principle underlying this measure, as I understand it.

Mr. President, that is all there is in this provision. If Senators think it is wrong to do what is proposed, of course they will vote to strike the provision out. To my mind, it is just common justice.

I do not want anyone ever to quote me as saying that I thought the Government ought to pay any taxes, or anything in lieu of taxes, for any property used exclusively for governmental purposes. But the property in this case we cannot divide. We can only estimate, in the case of the Cove Creek Dam, how much of the cost is properly chargeable to power, how much is properly chargeable to navigation, how much is properly chargeable to flood control. If it were over in my section of the country, there would be another estimate, as to how much was properly chargeable to irrigation. The only way we can reach those items is by an estimate honestly and carefully made. We will never reach absolute accuracy.

Mr. President, in this case the Government is to pay 5 percent. It is conceded that the completing of the Cove Creek Dam will increase the revenue of the Government at Dam No. 2 down in Alabama. It will increase it at any other intervening dam that is built. That comes entirely from the construction of the Cove Creek Dam up in Tennessee, and it is provided that 2½ percent shall be paid to the State of Tennessee for the increased power which is actually sold, not to the Government, not to any governmental department, or for any governmental function.

Mr. President, I concede the right of any man to take the other side, and to contend that we should deprive the States of the collection of those taxes. It is argued by the Senator from Michigan that while there is going to be a great improvement there, navigation is going to be increased, transportation is going to increase, cities will be built up there, manufacturing establishments will grow up all along through the Tennessee Valley, and farms will improve, the same things would happen if the Cove Creek Dam were operated in the same way by a private corporation. But we would not realize the money from taxation on that account, and it does not seem to me that that is a sound argument.

Every time we have ever proposed to do anything in the way of generating electricity by any governmental instrumentality—the Federal Government, State government, county government, municipality—we have had hurled in our teeth, to begin with, "That is not fair. You do not pay taxes." That has been the argument against a bill similar to this for 12 years. "It is the Government going into business. You do not pay taxes. It is not right to come in

competition with private parties", who have robbed their stockholders as well as the consumers. "You must not interfere with these men because you do not pay taxes."

When we say, "We will pay what is equivalent to taxes", then the same kind of people come back, as they have today, and take just the other side, and kick because we are going to pay taxes. So it is a case of being damned if we do and damned if we don't.

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

Mr. NORRIS. I yield.

Mr. VANDENBERG. The Senator is talking about precedents for contributions by the Federal Government. In respect to power, is not the outstanding precedent at Boulder Dam, and is it not a fact that payments to the States of Arizona and Nevada are not to start in the Boulder Dam case until the Government shall be reimbursed for its entire investment?

Mr. NORRIS. Yes.

Mr. VANDENBERG. That is the only contention I am making.

Mr. NORRIS. I think the Senator is right about it, but I think the principle is present just the same. Eventually we are to pay the States. In the case of the forestry reserves we pay them now. Whenever timber is sold out of forestry reserves, as I understand it, we pay them 30 percent—perhaps 35. I never objected to that. I always favored it. I think it is right, because if the Government had not taken those lands they would have produced some taxes.

Now I want to speak on just one other thing and then I will be through, and I want to leave the matter to the Senate. I am willing to accept the verdict of Senators on this amendment as that of fair, honest-minded men.

Mr. President, I have offered an amendment, which is now in the bill and which will be stricken out if the pending motion prevails. The amendment provides that the rates fixed in the bill will be subject to change by the board and that when they are changed, and the change is approved by the President, the rates which are established shall then remain in force for 5 years before they can be changed again, and that when it is proposed that a change be made the States of Alabama and Tennessee shall have a right to be heard.

It seems to me that is fair. I can see how, in the years to come, conditions may change very greatly, may change so that the present rates would not be enough, or changed so that the rates would be too high. The matter will be in the hands of the board to be set up. Every 5 years, if it wants to, the board can change the rate, and, I take it, it will be fair about it, if it is not right. I am sure I could not say accurately, if I were asked, whether the rate is right or not. I fixed the percentages myself. I did the best I could, and I want to tell the Senate what I did. Long before it was necessary to prepare the first bill in which this provision occurred I started an investigation in order to find what percentage of the gross revenue of the power companies was paid in the way of taxes. That was an exceedingly interesting study. Some of the companies paid, as I remember it—and I am speaking only from memory—less than 1 percent of their gross revenue. Some paid as high as 10, 11, and 12 percent of their gross revenue. I struck what I thought was a sort of mean. There was no definite, well-established rule about it. They paid just as little in the way of taxes always as they could, and it depended upon the kind of board they had to deal with how much the tax would be.

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

Mr. NORRIS. I yield.

Mr. HEBERT. In the Senator's investigation did he find any precedent for this form of taxation? As I understand it, private power concerns have to pay some sort of taxes on their receipts, gross or net, or whatever the basis may be; but, in addition to that, they have local taxation, at the prevailing rate, in the locality where the plant is located.

Mr. NORRIS. That is the tax we are trying to recompense them for. It is the property tax.

Mr. HEBERT. I refer to the property tax. Of course, no property tax is based upon any such formula as is contained in this bill.

Mr. NORRIS. No; that is true.

Mr. HEBERT. In the case of all private power concerns, if they have a tax to pay upon the production of power, that ordinarily is payable to the States, and, in addition to that, there is a tax payable to the municipality where the plant is located.

Mr. NORRIS. Yes.

Mr. HEBERT. But in this case it is to be payable to the State, as I understand it.

Mr. NORRIS. That is correct.

Mr. HEBERT. And the municipality in which the plant is located will derive no benefit.

Mr. NORRIS. That does not follow, by any means.

Mr. HEBERT. I would assume that to be so, from the wording of the bill. At any rate, the bill makes no provision for compensating the municipality.

Mr. NORRIS. No.

Mr. HEBERT. So we have a right to assume that there will be no State tax as such and no municipal tax as such.

Mr. NORRIS. I do not agree with the Senator in that assumption. Perhaps other people could, but I confess I would feel it a very difficult task if I were called upon to draw a statute like this, and divide up the percentages as to the different particular parts of the State which should receive the tax, like the State, and the county, and the municipality, and the school district, and so forth. I did not try to do that. I think there is no doubt that it is perfectly legal, that the State of Tennessee can do what they please with the tax which is paid to the State of Tennessee, if one is paid. They can carry it on down, as they do other taxes, and let it all go to the municipality, if they desire, or to the school district, the road district, or to the county. In other words, we are not undertaking to say to the State how they shall divide it up. I think that is up to the State.

Mr. HEBERT. My thought in asking the Senator the question, if the Senator will pardon me a moment, was to ascertain whether or not in his investigation the Senator had found any precedent for the imposition of a tax of this nature.

Mr. NORRIS. Mr. President, I think I have called attention to that. There are a great many municipalities which own their electric-light establishments which pay taxes. There are some of them which pay all the taxes of the municipality. I called attention to the city of Tacoma, in the State so ably represented in part by the junior Senator from Washington [Mr. BONE], who sits here at my left. They pay 7½ percent of their gross receipts, and still make millions.

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

Mr. NORRIS. I yield.

Mr. McCARRAN. I wish to say at the outset that the question I am about to propound to the Senator will be based in part on my knowledge of Boulder Dam and in part on my lack of knowledge of the pending proposal. Referring to the Senator's last remark, is it not true that the electric-light establishment in Tacoma, to which he refers, is a private corporation which pays its taxes to the community in which the Senator from Washington is a resident?

Mr. NORRIS. I do not understand it that way. It is the municipality itself.

Mr. McCARRAN. I know; but is it a Federal corporation?

Mr. NORRIS. No; it is organized under the laws of the State of Washington.

Mr. McCARRAN. Following that up, comparing these two great plants—the Boulder Dam, in which I am interested, and the one in Alabama—before any benefits would be derived by either the State of Arizona or the State of Nevada it is necessary, under the law, that $140,000,000 shall be repaid to the Government, and after that the States divide—18⅔ percent to Nevada and 18⅔ percent to Arizona. I should like to get an explanation as to why the initial cost of the plant in this case should not be paid back to the Gov-

ernment, as in the case of the Boulder Dam, before either Tennessee or Alabama shall have anything.

Mr. NORRIS. The Senator has asked a perfectly proper question, and I am going to be just as frank as I can be in answering it. If it were possible to carry out in this case what the Senator suggests, I would be very glad to do it. We are confronted here, however, with the Government undertaking in the Tennessee Valley a great project, what we might call "a reclamation project." We are going to try to control the flow of the streams, particularly of the Tennessee River. We are going to try to control the floods. We are going to try to make that great stream navigable. We are going to reforest some of the land. We are going to put to better use some of the so-called "marginal lands." We are going to develop power. The development of power is only one of a large list of things we are going to try to do. They are all interlocked. In many of these improvements every one of these things will enter as a component part.

As to Dam No. 2, which we own down there now, nobody that I know of has ever said how much of that dam should be allocated to navigation and how much to power. Most people think of it as a power dam only. They do not realize that if that dam had not been built some similar improvement would have had to be constructed in order to make the Tennessee River navigable. A great lake has been constructed there over a portion of the river which at times in the year is just a rippling stream running over the rocks. Canals could have been built around there. Other dams—smaller dams, without any power—could have been built. Dam No. 3, some 12 or 14 miles above, a well-known dam provided for in the original plan, was never constructed. It strikes me, from my investigation and from the testimony before the Committee on Agriculture and Forestry for the last 12 years, that no business man would construct Dam No. 3 as a power proposition. It would not pay; it would not be a good investment; but as a navigation proposition it is absolutely essential that we shall make the river navigable during portions of the year at least. It could be done in a different way; canals could be built around; little dams could be constructed here and there; but no power would be obtained. Instead, however, of all those little dams, there is just one lock, if it shall be constructed according to the original plans, and it will make the river navigable for between 65 and 75 miles.

Some of that can be allocated to navigation—I think most of it; some of it can probably be allocated to power; but no business man would build it. I would not have advised the Government to build it as a power proposition alone, but I can see that that dam, or its equivalent, must be built. We cannot avoid it if we are going to make the Tennessee River navigable. It is of practically no value as a flood-control proposition; neither is Dam No. 2. I do not think there ought to be anything in the way of flood control allocated to either one of those dams, because they will always be kept full.

The difficulty arises because all this business is so interlocked and so interwoven that it is difficult to tell where one begins and the other ends, but when we put them together as a whole we know what we are going to get. We are going to get a navigable stream; we are going to get flood control; we are going to get power as an incident; but while the object of this bill is to get the maximum amount of flood control, it does not say the maximum amount of power, as will be noted by anyone who will read the bill. It provides for securing the maximum amount of flood control, the maximum amount of navigation—flood control and navigation—and the maximum amount of power "not inconsistent with navigation and flood control." That, I think, is the language of the bill. The power is really a secondary proposition. It comes about because it would be sinful to build all these dams and not develop some power. When it shall be developed, what is going to be done with it? The Government has it on its hands, and why should not the people of that great basin have the benefit of it?

That may not be a complete answer to the Senator's question, but it is the best answer I can give.

Mr. WALCOTT. Mr. President——

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

Mr. WALCOTT. I should like to know if there are any estimates as to the depth of channel that will be available when Dam No. 3 shall be built or as to what tonnage of boats or barges the river will carry?

Mr. NORRIS. Dam No. 3 will make a lake that will be deep enough for an ocean-going vessel, but, of course, there will be no such vessel, because near the head of the lake the depth decreases. And to make the river navigable to Chattanooga there will have to be another dam built known as "Guntersville Dam." With Dam No. 2, Dam No. 3, and a dam at Guntersville, as I understand, the river would be made navigable all the way from Muscle Shoals clear to Chattanooga.

Mr. WALCOTT. Does the Senator know what height those dams will be, approximately?

Mr. NORRIS. I know about Dam No. 3; there has never been an estimate made, so far as I know, as to the others.

Mr. WALCOTT. About how high will Dam No. 3 be?

Mr. NORRIS. About 40 feet.

Mr. WALCOTT. That will be a lock dam?

Mr. NORRIS. Yes.

Mr. WALCOTT. Then how would you get around the Moccasin Bend?

Mr. NORRIS. Where is that?

Mr. WALCOTT. That is some miles below Chattanooga.

Mr. NORRIS. The Guntersville Dam, as I understand, takes care of that. I do not mean to say that Dam No. 3 would make the river navigable to Chattanooga; it would make it navigable for about 65 or 70 miles, as I remember.

Mr. WALCOTT. So there would be three dams equipped with locks?

Mr. NORRIS. There would be three dams between Chattanooga and Muscle Shoals, and every one of them would generate power and every one of them would be a necessity as a matter of navigation; but none of them would have any perceptible influence on flood control.

Mr. WALCOTT. Is the Senator convinced that the navigable portion of the river, as the result of these developments, would be valuable and would be available for considerable tonnage?

Mr. NORRIS. I think so. One of the difficulties, I understand, in the Tennessee River is that it has only been navigable in spots. Of course, the Senator knows that that means very little navigation. The idea of the Government has been—and that is a part of its plan, laid out without reference to this bill at all—to make the Tennessee River navigable from its mouth to Knoxville. That would mean that a boat could start at Knoxville and go down to New Orleans and come back or go out on the ocean if it was such a boat as could navigate on the ocean.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Maryland?

Mr. NORRIS. I yield.

Mr. TYDINGS. Yesterday, in explaining the difference between the House and the Senate bills, the Senator from Nebraska pointed out that it would be necessary to build transmission lines from the Cove Creek Dam to the Muscle Shoals Dam proper. With that observation I find myself in accord, but I was wondering whether or not the Senator would be inclined to limit the building of transmission lines between the two dams by the Government?

Mr. NORRIS. No, Mr. President; I would not favor putting any limitation in the bill. It provides in another place—and the particular provision I am referring to now went in at the request of President Roosevelt—that the board shall have authority to build from its main lines transmission lines into localities of farmers and small villages where the people do not have electricity at reasonable rates, as a kind of experiment to some extent, to sell it even at retail. There is a provision in the bill for doing that very thing. It is to that extent an experiment, as it is in the case of fertilizer, and in other respects.

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

Mr. NORRIS. I yield.

Mr. TYDINGS. I appreciate the Senator's position; he has reiterated it many times, and I concede that there are very good arguments to support the stand he takes; but speaking for myself, I am reluctant to have the Government build transmission lines which would duplicate those already built by private concerns.

Mr. NORRIS. That is not going to be necessary if this bill shall pass, unless the power companies shall be stubborn about it. This bill—when an amendment shall be agreed to, and to which I think the Senate will readily agree, inserting the word "purchase"; an amendment which I am going to offer as soon as the pending amendment shall have been disposed of—will then provide that the board or the Government corporation may lease, construct, purchase, or authorize the construction of transmission lines; and it states, in so many words, that that authority is given to the board for the purpose of putting them on the same business basis as are private corporations which compete with them.

Mr. TYDINGS. With that explanation, I believe I would be inclined to support the Senator's bill in preference to the one which came over from the House, because I think as between the two bills the bill he has prepared is more comprehensive and, in my judgment, is a sounder bill. My chief reluctance to it at this time is that, as for myself, I do not believe it is fair for the Government to coerce, so to speak, private transmission lines or private lighting or power companies into a situation which might not leave them any alternative, so that they would either have to take what the Government offered or go out of business.

Mr. NORRIS. Oh, no; I do not think that, although, of course, that may be the Senator's idea and he may be correct. I do not want to put anybody out of business who conducts his business properly.

Mr. TYDINGS. I understand it is the Senator's interpretation of the power feature that the Government will not parallel any existing transmission lines except where the existing company refuses to abide by what we will call the equities of the situation.

Mr. NORRIS. Yes. That is my understanding. I want to give the board the power without tying their hands in any way. I assume the members of the board are going to be men of national reputations, high-class men, well informed on this particular business, and that they are not going out with the idea of slaying people or injuring business. For their own advantage, they will want to make as good a showing as possible; they will want to lease a transmission line rather than to build it. It will be to their own interest to do it; it will be to the interest of the private company that the same thing shall be done. One of the amendments I offered yesterday gives to the board the power to enter into contracts in cases of breakdown or accident. In such instances contracts can be entered into such as all corporations generally interested in electricity ought to enter into in order to help each other out. The Government board will help the independents out, and, to the same extent, the independents ought to be willing to help out the Government corporation.

Now, Mr. President, I should like to have a vote, if we may. I only took the floor to speak on the amendment briefly.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. NORRIS. I yield.

Mr. McCARRAN. I should like to ask one or two questions of the Senator.

Mr. NORRIS. Very well.

Mr. McCARRAN. The questions, in all propriety, should be preceded by the statement that they are asked by reason of my lack of knowledge of the immediate problem presented, and by reason of my knowledge of another problem which I consider to be somewhat analogous, which is the Boulder Dam project. I should like to ask the Senator if he were the attorney for a private concern would be advise the private concern to construct this plant from the standpoint of profit?

Mr. NORRIS. Which plant?

Mr. McCARRAN. The plant we are talking about now—Muscle Shoals.

Mr. NORRIS. The Cove Creek Dam?

Mr. McCARRAN. Yes.

Mr. NORRIS. I said that I thought it was an inviting proposition, but I do not want the Senator to be misled. I have said a great many times on the floor of the Senate it would be a sin—that it would be a terrible thing—if we permitted any private company to build Cove Creek Dam, because, naturally, they would use it for all the money they could get out of it, and that would mean the sale of power.

The Government is building it as a flood-control proposition and a navigation proposition. It will be letting a good share of this water out every year so as to improve navigation and holding it back in flood times in order to prevent flood damage. That means that it will interfere very seriously with the project as a power, or income, producing proposition. So this dam, located at the head of one of the largest natural reservoirs east of the Mississippi River, will hold back 3,500,000 acre-feet of water, and the Government will utilize it by letting out a good share of it every year when the water is low, and thus increase the flow and improve navigation, and to that extent improve the power possibilities of all dams, whether private or public, below it, but that will seriously affect the power produced at Cove Creek Dam proper. I want the Senator to get clearly in his mind that Cove Creek Dam ought to be constructed by the Government, no matter what we do about anything else, because only the Government can afford to construct that great dam and use it as a flood-control work.

Mr. McCARRAN. Following that inquiry, with the Senator's permission——

The PRESIDING OFFICER. Does the Senator from Nebraska yield further to the Senator from Nevada?

Mr. NORRIS. I yield.

Mr. McCARRAN. My next question may be preceded by the statement that when the Congress was considering legislation to construct the Boulder Dam, on which the Government is to expend some $160,000,000, it was required that $140,000,000 should be returned before any benefits could go to the States; and, as will be recalled, the same arguments were presented as the Senator from Nebraska is now presenting.

In other words, it was a flood-control project to preserve the Imperial Valley; it was a flood-control project for other reasons; it would also furnish irrigation, which is something that is not necessary in the Tennessee Valley; and it would produce power. Various other reasons were given why the development should be undertaken; for instance, that it would make navigable a certain part of an unnavigable stream. In other words, we are going to produce a lake above Boulder Dam with a contour line of a thousand miles, approximately. The whole proposition was that we would produce taxable property.

Is it not true that the construction of this project will produce in the area affected taxable property that is now perhaps not in existence and will not reflect itself to the benefit of the community affected?

Mr. NORRIS. I think it will. I say that frankly to the Senator. But if the same improvement were made by a private corporation, the same thing would happen and the corporation would have to pay taxes.

Mr. McCARRAN. That is true. The Senator will pardon me if I continue with my idea. I want to say to the Senator from Nebraska that I have followed this question with some degree of interest and I am very partial to the whole project proposed by the Senator. But there is an element that arises by reason of the amendment offered by the Senator from Michigan that does affect me very much, and that is, why should this project pay to the States that are affected a bonus, so to speak, for developing something that apparently no private concern would develop at all?

Mr. NORRIS. I could not follow the Senator in that idea. Sooner or later every one of these projects will be built, unless it will be a dam like Dam No. 3, which the Government itself is going to build anyway, if it ever makes the Tennessee River navigable. Cove Creek Dam, I have no doubt, would be utilized by private people, and it would be an evil day for the Tennessee Valley and for the Mississippi River if that ever should occur, because flood control would be at an end so far as that greatest of all reservoirs east of the Mississippi River is concerned. They would keep that great reservoir filled all the time. I would not blame them for doing it. That is what I would do. It would be perfectly proper and perfectly legal to do it. That is the reason why the Government ought to do it. The greatest thing connected with it is the question of flood control. It would not make the Tennessee River of the same depth all the year round. It will hold back 3,500,000 acre-feet of water.

There are other reservoirs, none of them nearly as large as this, but 10 or 12 pretty well surveyed, which combined could hold back more flood water than Cove Creek Dam. I am about to speak from memory now and I may be wrong about it, but I have seen a statement that in the entire Tennessee River Basin there are flood-control propositions which combined would hold back 15,000,000 acre-feet of water. I want to say that that would have a lot to do with destructive floods on the Mississippi River. It would make the Tennessee River navigable the year around. Cove Creek Dam will raise the water at Chattanooga in low seasons about 1 foot. That represents the difference between nonnavigability and navigability. But that is not the end. That is only the biggest one.

Mr. President, the motion of the Senator from Michigan [Mr. VANDENBERG] was very eloquently and forcefully presented by him, advocating the striking out of the section on the ground that we will be paying taxes or something in lieu of taxes and have no right to do it. He was followed by the Senator from Rhode Island [Mr. METCALF], who condemned the bill in severest terms on the grounds that we will not pay taxes. I ask Senators to remember those statements.

The PRESIDING OFFICER. The question is on the motion of the Senator from Michigan to strike out section 15, as amended.

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

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from North Carolina [Mr. BAILEY]. Not knowing how he woud vote, I withhold my vote.

The roll call was concluded.

Mr. AUSTIN (after having voted in the affirmative). Has the senior Senator from Virginia [Mr. GLASS] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. AUSTIN. I have a pair with that Senator, and in his absence withdraw my vote.

Mr. HEBERT (after having voted in the affirmative). I have a pair on this vote with the senior Senator from Illinois [Mr. LEWIS]. I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS], and allow my vote to stand.

Mr. BORAH. On this vote I have a pair with the senior Senator from Nevada [Mr. PITTMAN], who, if present, would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. LOGAN. I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Mississippi [Mr. HARRISON] and vote "yea."

Mr. KENDRICK. I wish to announce that the senior Senator from Mississippi [Mr. HARRISON] is absent on official business.

Mr. HEBERT. I wish to announce the following general pairs:

The Senator from North Dakota [Mr. FRAZIER] with the Senator from Georgia [Mr. GEORGE];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Illinois [Mr. DIETERICH]; and

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO].

Mr. KENDRICK. I desire to announce that on this question the Senator from Massachusetts [Mr. WALSH] has a special pair with the Senator from Arkansas [Mrs. CARAWAY]. If present, the Senator from Massachusetts [Mr. WALSH] would vote "yea", and the Senator from Arkansas [Mrs. CARAWAY] would vote "nay."

I also wish to announce that the Senator from Arizona [Mr. HAYDEN] and the Senator from Virginia [Mr. BYRD] are necessarily detained from the Senate on official business.

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

YEAS—31

Barbour	Fess	Keyes	Townsend
Barkley	Goldsborough	Logan	Tydings
Brown	Gore	Lonergan	Vandenberg
Carey	Hale	Metcalf	Van Nuys
Coolidge	Hatfield	Patterson	Wagner
Copeland	Hebert	Reed	Walcott
Dickinson	Johnson	Robinson, Ind.	White
Duffy	Kean	Steiwer	

NAYS—43

Adams	Clark	McCarran	Robinson, Ark.
Ashurst	Connally	McGill	Russell
Bachman	Costigan	McKellar	Sheppard
Bankhead	Couzens	Murphy	Shipstead
Black	Cutting	Neely	Smith
Bone	Dill	Norbeck	Stephens
Bratton	Erickson	Norris	Thomas, Okla.
Bulkley	Fletcher	Nye	Thomas, Utah
Bulow	Kendrick	Overton	Trammell
Byrnes	King	Pope	Wheeler
Capper	La Follette	Reynolds	

NOT VOTING—21

Austin	Davis	Hastings	Pittman
Bailey	Dieterich	Hayden	Schall
Borah	Frazier	Lewis	Walsh
Byrd	George	Long	
Caraway	Glass	McAdoo	
Dale	Harrison	McNary	

So Mr. VANDENBERG's amendment was rejected.

Mr. NORRIS. Mr. President, I desire to offer an amendment which I referred to in the argument. In fact, I have two or three amendments which I wish to offer.

On page 12, line 25, after the comma following the word "lease", I move to insert "purchase", so that it will read:

> In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, purchase, or authorize the construction of transmission lines within transmission distance from the place where generated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 12, line 25, after the comma following the word "lease", it is proposed to insert the word "purchase", so that it will read:

> by the sale of bonds hereafter provided for, to construct, lease, purchase, or—

And so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. I have another amendment, on page 10, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out lines 21 to 25, inclusive, on page 10, and on page 11 to strike out all down to and including line 13, and to insert in lieu thereof the following:

> (b) The Comptroller General of the United States shall audit the transactions of the corporation at such times as he shall determine, but not less frequently than once each fiscal year, with personnel of his selection. In such connection he and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property, and places belonging to or under the control of or used or employed by the corporation, and shall be afforded

full facilities for counting all cash and verifying transactions with and balances in depositaries. He shall make report of each such audit in quadruplicate, one copy for the President, one for the chief officer of the corporation, one for public inspection, and the other to be retained by him for the uses of the Congress. The expenses of each such audit may be paid from moneys advanced therefor by the corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the corporation as billed by the Comptroller General. All such audit expenses shall be charged to operating expenses of the corporation. The Comptroller General shall make special report to the Congress of any transaction or condition found by him to be in conflict with the authority or duties entrusted to the corporation by law.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

Mr. NORRIS. Mr. President, I desire to say just a word in explanation of the amendment.

Some criticism has been made of the language of subsection (b), commencing on line 21, page 10. It seemed to me that the criticism was justified, at least to some extent, and I think the language that I have offered as an amendment is a great improvement over it.

One of the difficulties that it overcomes, that I think existed under the original text of the bill, was that if we had an unfriendly board, and they wanted to cover up what they had done, they would be able to succeed to some extent in doing it because two of them would not make a request of the President for an independent audit.

I had a conference on the subject with the Comptroller General, and this amendment is the result of that conference. I think it provides for a very complete audit, and it is under the control of the General Accounting Office. It is made compulsory under the amendment for the Comptroller General to make the audit at least once a year. The board has nothing to do with it. The amendment requires him also to report to Congress whether he finds anything wrong anywhere, in their system of bookkeeping or anything else. He also makes a report to the President of the United States. I think the amendment provides a very complete method of auditing the operations of this corporation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. Mr. President, I have another amendment which I desire to explain to the Senate. I desire to tell the Senate the reasons for it, and let them use their judgment on it. I have made up my mind on it, but, at the same time, I realize that I may be wrong.

The Senate bill provides on page 4, referring to the members of the board of directors of this governmental corporation, among other things, that each member of the board—

shall give his entire time to the business of said corporation.

The bill provides also that he shall not be engaged in any other business, and so forth.

Dr. Morgan, the head of Antioch College in Ohio, to whom was given a copy of this bill to make comments and recommendations on it, made a recommendation there. I did not think so much of it when I first read it, but the more I thought about it the more I have reached the conclusion that probably he is right. He thinks it is a mistake to require specifically that the members of the board shall give their entire time to their duties as such. He says that means that if anyone wanted to be technical, wanted to make trouble for them, he could even complain if they took a vacation in the summertime. He believes that we ought to require the members of the board not to engage in any other business, but he suggests striking out the word "entire", and inserting the word "substantial" so that it will read:

Shall give his substantial time to the business of said corporation.

He gives as a reason, and it made an impression on me—I do not know how it will affect other Senators—that men who are competent to hold these places, who are big enough and broad enough and able enough to fill these positions, will hesitate to accept them if they know that they are going to be criticized or fault is going to be found with them if they are not engaged every single day in the business of the corporation; and he says such a thing is not necessary. He thinks that the word "substantial" would carry out the idea much better than to require them to give their entire time, and that it might be embarrassing for anybody to accept one of the positions with that kind of a limitation on his time.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. LOGAN. When I read this bill rather carefully I thought the salary provided was so inadequate that it would be difficult, if not impossible, to get men to carry out this enterprise for the salary mentioned in the bill. I desire to ask the Senator if he believes it will be possible to secure the services of men of sufficient caliber to build this great "industrial empire", as it has been designated, for the sum of $10,000 a year, which I believe is the salary provided in the bill.

Mr. KENDRICK. Only for the chairman.

Mr. LOGAN. Yes; the salary of the chairman only is fixed at $10,000. The other members are to serve for less than that. A man who can do the things that are required to be done by the provisions of this bill is capable of making more than $10,000 a year in almost any line of activity or any kind of business; and I was wondering if the Senator did not think there ought to be some more latitude about the payment of salaries. The amendment he has suggested will help to some extent, and yet it keeps the members of the Board from engaging in any other kind of business. It says that a man must give up all other positions, surrender all other business of every kind, and undertake this great work for the sum of $10,000 a year for the chairman, and $9,000 for the other members.

I should like to have the Senator's view as to the ability of the President to secure men who can do this job for that inadequate salary.

Mr. NORRIS. Mr. President, I realize that there is very much disagreement as to whether we could get a man for $9,000 or $10,000 who could fill this place. I am of the opinion that we could. I do not believe there would be any difficulty. If the member of the board desires to live at Muscle Shoals—and I think it is a beautiful place to live—he would have his house rent free, in addition to his salary.

Mr. LOGAN. Mr. President, I can understand that, but will not private business take away from this corporation the talent which the corporation requires? We read about salaries of $25,000 and $50,000 and $100,000, and even more, paid by certain institutions, which appear to be too much, but, at the same time, if they are paying such salaries, then will not the Government be forced to take men of lesser ability, unless we can find someone who is sufficiently devoted to the interests of the Government, like the Senator from Nebraska, to be willing to give his time and his talent to work for the public good?

Mr. NORRIS. I think we could find a great many very high-class men to take the position. The truth is that I happen to personally know and have come in contact with some men in the Government service working for salaries of less than $10,000 who are greater in ability than many of these fellows who are getting $100,000 and $150,000 a year.

The case of Dr. Cottrell, whom I mentioned the other day, is an instance. He invented a process for which he got nothing, and which he probably could have sold for millions. He is still working for the Government at a very much smaller salary than $10,000 a year.

I will say, in reply to the Senator, that we are never going to be able to compete with big corporations in the payment of salaries. I do not think that is possible. Instances have been cited here of railway presidents drawing $150,000 a year, most of whose duties are performed, many times, by clerks getting less than $2,000 a year. We cannot compete with a corporation which is paying $150,000, or $50,000, or even $25,000.

Mr. LOGAN. Does the Senator imagine that that may be one of the troubles with the Government, that we cannot or do not employ the caliber of talent which private business employs?

Mr. NORRIS. No; I do not think that is the trouble with the Government. I do not believe that because we might pay salaries of $100,000 in the Government service, if we could, we would necessarily get men who would do any more faithful service than those who get nominal salaries only.

Mr. LOGAN. I suggest to the Senator that I have a very good friend, a retired Army officer, who has given much valuable service to the public, and my State attempted to secure his services as chairman of the State highway commission. The State could offer him a salary of only $5,000 a year. He said he could not accept that salary, but that he would do the work for nothing if they would pay his expenses. He said he felt it would be out of place for him to accept an insignificant salary like that; that he would rather do the work for nothing than to take such a salary. It seems to me that if we could get someone for $9,000, we could probably get him for the glory of the service if we paid his expenses.

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

Mr. NORRIS. I will yield the floor, unless the Senator wants to ask me a question.

Mr. FESS. I want to ask the Senator a question regarding the matter the Senator has been discussing.

Mr. NORRIS. Very well.

Mr. FESS. The Senator will recall that at the head of the Bureau of Standards we had a man for about 20 years at a very nominal salary, I think $6,000.

Mr. NORRIS. I think that is a fact.

Mr. FESS. Finally, after years of sacrifice, he accepted a position at $25,000, but during many years he had remained here, and was satisfied to go on with the work because he thought he was doing a great work for the Government. We have a man over in the Library who has been there for 30 years, at a very nominal salary, who remains there because he likes the work. I think the Senator is correct when he says that the Government cannot go out into the field and compete with private industries in the matter of salaries.

Mr. NORRIS. No; it cannot compete with them.

Mr. WALCOTT. Mr. President, I desire to speak for just a few moments on the bill, and then to submit an amendment.

There have been endless arguments over the Muscle Shoals project, which has been before the Congress for at least a dozen years. The beginning of the project was something like this. I am informed that the Alabama Power Co. owned substantially all of the flowage rights in the Tennessee River as they are now owned and used by the Government, for which they paid approximately $500,000, acquiring them over a period of several years, being all the rights pertaining to the development of this project, and when "the defense-of-the-realm act" was passed in 1916 that company turned over to the Government for $1 all of its rights in that territory along the Tennessee River.

The development was made as a war emergency project, primarily for the production of nitrates. The erection of the dam brought about the development originally of approximately 20,000 primary horsepower, and that was doubled, as machinery was installed therefor.

In addition to that, nitrate plants were built—well built and intelligently built—and built according to the most modern methods of fixing nitrogen from the air for the purpose at that time of producing explosives. The same plant would have served for the production of fertilizers as well. But an extraordinary invention of the Germans during the war made these processes obsolete. The discovery was known as "the development of Haber ammonia by a platinum catalyzer", which takes very much less power and cuts the cost of the old process by more than half. In the course of time—a matter of only a few years—the nitrogen plant which was developed there became obsolete, so that nothing is available today that is worth saving except the buildings.

I shall not get into any controversial subject; it is not worth while. The whole point of the project, to my mind, is this: First, shall this Government project enter into the retail business or shall it sell its products at the busbar? That has been discussed backward and forward. While I favor the sale of the power at the busbar, instead of going into the private business of distributing electricity, I am going to pass over that point, as it has been discussed for many years.

Secondly, is there a market for this power? That, of course, is vital. Let us approach it in this way. The original plans which were furnished President Wilson covered a survey of this entire southeastern part of the United States. Some of the plants were then examined which have since gone into the Du Pont properties, this Muscle Shoals project among them, and these were classified as A, B, C, and D projects. As I recall, this project many years ago was called a C project; that is, a third-class project. By that was meant that if it was going to be developed at all the first development would be very expensive because it had to take the entire flow of the river.

The river was not steep enough, did not drop suddenly enough, to allow a diversion dam, and consequently a sudden drop in a short distance for a flume power. Therefore damming the entire river requires a long dam and a high dam. The Tennessee River has seasonal periods of very low water and at times very high water, which is just as serious as the low water. The cost of development is high, the primary or continuous power is low, consequently the cost per horsepower is well-nigh prohibitive for private capital. It is probable that private capital would not have developed this project up to this time. The Government, as I have just said, went into this business because of the necessity of producing nitrates as a war emergency.

Having gone into it, the Government was saddled with this plant, which, from the point of view of the private investor, was an uneconomic plant for the development of electric energy. Furthermore, the market was pretty well occupied, even at that time. Private industry had covered with its transmission lines and generating plants all the available market at that time.

Subsequent to that time, however—and this is most important—the cheap development of steam power went on apace, the cost of steam horsepower was so rapidly reduced by various improvements in steam engines as to virtually scrap a great many water powers. Then came the development of the Diesel engine, and that scrapped other water powers. So that today water powers are not nearly as valuable as they were 20 years ago or even 10 years ago.

I dare make this assertion, and I think it cannot be refuted, that the Government or private capital could set up a steam plant of the equivalent output of Muscle Shoals, on the banks of the Tennessee River at Muscle Shoals, with its coal only a short haul away, and develop electrical energy a great deal cheaper than the cost of horsepower developed at Muscle Shoals today by the water-power plant. I will not say how much cheaper, although I am told by engineers that it would be not more than half. In addition to a water-power plant, one must always have a steam stand-by in order to insure continuous service of primary power.

With these facts in mind, I want to insert 2 or 3 other facts in the RECORD. The average rate per kilowatt-hour today in the State of Alabama total sales is 1.35 cents. The average rate per kilowatt-hour for the entire United States is 2.87 cents. That is power rates.

The average domestic rate per kilowatt-hour in the State of Alabama is 4.79 cents, and the average national domestic rate per kilowatt-hour is 5.58 cents.

This means that the State of Alabama is benefiting today from the development of electricity for light and for power by having to pay considerably below the average price paid throughout the country.

As to the output, the Muscle Shoals hydroelectric plant as installed develops approximately 180,000 kilowatts maximum. The Sheffield steam station, which is intended as a stand-by station to insure continuance of service and pri-

mary power, has installed machinery capable of generating approximately 60,000 kilowatts, making a total of 240,000 kilowatts.

This does not mean that this total installed capacity can be availed of all the time. As a matter of fact, it can be availed of approximately 50 to 60 percent of the time. It means, further, that, figuring high water and low water, the two Muscle Shoals plants combined can produce, year in and year out, approximately 1,000,000,000 kilowatt-hours per annum.

The private companies, however, in the Muscle Shoals area have a capacity of upwards of 4,000,000,000 kilowatt-hours per annum. The 1932 demand absorbed only 3,000,000,000 kilowatt-hours, and this included current purchased from Muscle Shoals—that is, purchased from the Federal Government at Muscle Shoals. Therefore, with 4,000,000,000 kilowatt-hours capacity in private plants and 1,000,000,000 kilowatt-hours capacity at Muscle Shoals—a total of 5,000,000,000 kilowatt-hours—and with a send-out, or demand, in 1932 of 3,000,000,000 kilowatt-hours, there is now a surplus of 2,000,000,000 kilowatt-hours per annum for which a market must be found or developed.

Army engineers have estimated that if five major navigation and power dams were built on the Tennessee River above Muscle Shoals, including Muscle Shoals Dam No. 3 and Cove Creek Dam—and these are the dams of which the Senator from Nebraska has been speaking—at a cost, not including transmission lines which would cost many millions more, of approximately $125,000,000, they would produce for marketing approximately 4,000,000,000 additional kilowatt-hours.

The Army engineers have also said that if all the possible hydro developments were made in the so-called "Tennessee Valley section" they would produce approximately 20,000,000,000 kilowatt-hours more. How is this power to be absorbed?

If possible—and I shall leave the question here—I should like to see some plan evolved and become operative along the line suggested by the New York Power Authority, which, by the way, was inaugurated and instituted by the present President of the United States, whereby the power companies would purchase the power at the Muscle Shoals switchboard and pass on to the ultimate consumer such benefits as might result from governmental ownership and operation of the generating facilities; but, inasmuch as this bill does not contain such a provision and perhaps will not be amended to that effect, I am going to offer an amendment to the bill which, in my opinion, will insure standardized accounting and statistics—standardized methods of accounting. That feature of the bill has been immensely helped by the amendment just offered by the Senator from Nebraska. I send the amendment to the desk and hope that it may be adopted. I should like to have it read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 10, line 17, after the word "shall", it is proposed to insert the following:

be made in accordance with the uniform system of accounts for electric corporations prescribed by the Interstate Commerce Commission for the District of Columbia, and, in addition to the data so provided, the report shall.

Mr. WALCOTT. Mr. President, I should like to add just a word and then I will be ready for a vote.

The amendment provides the recognized system of standardized accounting for electric utility companies. It is a Government standard, recognized by the Federal Government and by the District of Columbia. It perhaps includes the best-known methods of accounting for public utilities.

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

Mr. WALCOTT. Certainly.

Mr. NORRIS. I think there is an amendment pending. My recollection is that the amendment I offered, to come in on page 4, has not as yet been acted on.

The PRESIDING OFFICER. That amendment has not as yet been acted on.

Mr. NORRIS. Then, I trust the Senator from Connecticut will withdraw his amendment until the one presented by me may be disposed of.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Nebraska.

The CHIEF CLERK. On page 4, line 2, after the word "give", it is proposed to insert the word "substantially", so as to read:

Shall give substantially his entire time.

Mr. NORRIS. No; the amendment is to strike out the word "entire" and insert the word "substantial", so that it will read:

Shall give his substantial time.

The CHIEF CLERK. It is proposed to strike out the word "entire", after the word "his", and insert the word "substantial", so as to read:

Shall give his substantial time.

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

Mr. BARKLEY. Mr. President, I suggest to the Senator from Nebraska that sounds like a very awkward expression.

Mr. NORRIS. It does sound that way to me, but I do not know how to better it, and as it is claimed the language comes from the president of a college, I thought I ought to suppress my feeling that it was a little awkward and accept it 100 percent.

Mr. BARKLEY. The Senator feels that, in spite of its awkwardness, he ought to accept it?

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. The Senator from Connecticut has the floor. Does he yield to the Senator from Florida?

Mr. WALCOTT. I yield.

Mr. TRAMMELL. Mr. President, I merely wish to say that, while I am not as familiar with the construction of language as is a college professor, it seems to me that if we say "substantial time" a person might give an average of 2 or 3 hours a day to a given employment. Would not that be substantial time? Has a person not given substantial time to a particular employment when he spends 4 hours a day at it? I do not think the language of the bill in its original form is subject to the criticism of the college professor. The clause now reads "he shall give his entire time." If we would construe that language in its ordinary acceptation it would not mean that a person would not be allowed to have a vacation. If we say that one shall give his entire time to a certain employment or undertaking, we would not consider that a day or two off now and then would interfere with that requirement.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. WALCOTT. I yield.

Mr. ROBINSON of Arkansas. It implies that he would not engage in other business.

Mr. TRAMMELL. That is what I think.

Mr. NORRIS. That is what the bill now means, that he shall not engage in any other business.

Mr. TRAMMELL. Personally I should prefer to have the clause read as it is now in the bill instead of accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Connecticut.

Mr. WALCOTT. Mr. President, if my amendment shall be agreed to the accounting for this new project will be so thoroughly standardized as to synchronize completely with the accounting insisted upon by most of the public-utility commissions throughout the various States of the country; we shall have eventually a Government record which can be compared with the records of private corporations; and

we should get some facts as to relative unit costs. I should like to have the following items go in the RECORD as essential to tell the complete story of operations:

Plant output in kilowatt-hours by months.

Sales in kilowatt-hours by months.

The maximum demand in each month.

The plant output in kilowatt-hours on the days of maximum and of minimum output and the maximum demand in the year.

The maximum or peak load during the year.

The amount sold to, and the price received from, each customer by name, taking more than 5 percent of the total annual output of the plant.

The amount of reserves set up for depreciation or retirement.

The amount of power purchased, if any, and from whom purchased, to enable the corporation to fulfill its contracts, and the price paid therefor.

In this connection I should like to ask the Senator from Nebraska if the bill provides for give-and-take contracts for the exchange of electricity with existing companies in the Muscle Shoals region? I think it does.

Mr. NORRIS. I do not know to what section of the bill the Senator has referred, but I offered such an amendment yesterday. For instance, the board may enter into contracts with other generating and transmitting companies in the event of break-downs, and such instances as that. They are called ordinarily, I think, "give-and-take contracts", and the board is authorized to make such contracts.

Mr. WALCOTT. Mr. President, with this standardized accounting all the essential items will be taken care of; information as to the exact costs may be obtained, and we should be able to know exactly what we are doing, whether this project is a success as an economic enterprise or whether we must regard it as an experimental enterprise, perhaps for laboratory experiments on a large scale for nitrates, perhaps for the wholesaling of power, or what not. I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut.

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

Mr. WALCOTT. Certainly.

Mr. BONE. I did not get the title or the name of the type or classification of accounting the Senator suggests.

Mr. WALCOTT. I will read the whole amendment with the context. These two words are in the present bill—

This report—

And then follows the amendment—

shall be made in accordance with the uniform system of accounts for electric corporations prescribed by the Interstate Commerce Commission for the District of Columbia, and, in addition to the date so provided, the report shall—

Then the language of the bill goes on—

include the total number of employees—

And so forth.

The amendment simply ties the words proposed to be inserted with the rest of the language, including reports of the total number of employees, and so forth.

Mr. BONE. Mr. President, before the amendment is voted on, I think it might be well to call the attention of the Senate to the fact that under the system of accounting set up by private power companies there is an element of depreciation which does not tie in with public developments. I think those who are familiar with the building of publicly owned power systems are quite aware of the fact that, as a substitute for the elements of depreciation and obsolescence, which are carried in private power company accounting, a public power system retires its capital structure by retiring its bonded debt. In lieu of the creation of an obsolescence and depreciation fund, which is inherently a part of the financial set-up of the private power company, the public system retires its capital structure. To impose on a public plant the burden which is imposed on a private plant in that particular is merely to saddle it with another obligation which it cannot possibly meet. If the public plant be compelled to carry this double burden of depreciation and obsolescence on top of the burden of retiring its capital debt, with which every lawyer who has ever had anything to do with such plants knows is the outstanding factor of their financial set-up, there is imposed on the public plant an unbearable burden.

I think the Senate should understand that before it votes in the affirmative on this amendment. I myself have no doubt in my own mind that some of the things the Senator has mentioned with respect to tabulating the reports, showing the output in kilowatt-hours and other items, are certainly highly desirable; but to say that a public plant which amortizes and writes out its capital structure should be compelled to operate under the same system of accounting that is imposed on a private corporation, which never retires its capital structure, is to attempt the impossible. It may not be an impossibility as a bookkeeping matter, but certainly legally and from a financial standpoint it is impossible.

Mr. WALCOTT. Mr. President, I should like to answer the Senator's suggestion. His contention is, I think, an academic one, because while these items may be required by a system of standardized accounting, they may not be insisted upon in this case because it is the Government itself. The amendment simply provides that reports shall be made as to these various items for the sake of comparison. If the plant is to be maintained as a going concern, naturally obsolescence, repairs, and depreciation must be taken care of; I think the Senator must agree with me as to that. There can be no further handicap or charge placed on the plant than what the Government itself is willing to place on it, but the items will all appear in the accounting in such a way that we can make comparisons. To deny standardized accounting indicates a fear that a Government-operated plant cannot compete successfully with a privately owned plant.

Mr. NORRIS. Mr. President, under ordinary conditions I would have no objection to the amendment although I see no necessity for it in this particular case. We are going to have a board, I take it, that will be as much interested in doing the right thing as is the Senate of the United States. I do not believe that we ought to try by law to provide the details of how the board shall keep its books.

In the first place the amendment, as I heard it read, would have but little application to the work of the Board. The Board is not developing and selling electricity alone; that will not be its principal business. It is one of the incidents to its general work. It seems to me that we ought to have faith enough in the board which will be selected by the President not to undertake to arrange the details of its system of bookkeeping. Its accounts are going to be audited by the General Accounting Office. The General Accounting Office, in my opinion, is one of the most nearly perfect services in our Government. Senators will remember that when that office has been called upon to make an analysis, the report has always been full and complete. I recall not a single report that has ever been questioned as to its correctness. Under the amendment already agreed to, it is the General Accounting Office that will have charge of and in reality control the bookkeeping methods of the board.

Evidently, from the amendment offered by the Senator from Connecticut, the Interstate Commerce Commission has laid down and established a method of bookkeeping for the Public Utilities Commission of the District of Columbia, probably a very fine thing for that commission; but that will not apply, as I see it, to the bookkeeping of the corporation set up under the provisions of the bill now before us. I have no objection whatever to the particular things that are called for in the amendment. I have no doubt on earth that every one of them will be fully reported on by the board. We provide that the board must make report. We provide that their books and business and everything else under their control shall be subject to the inspection of the General Accounting Office. That office can call upon the

board without any notice, like a bank examiner appears to examine the bank.

I do not question the motive of the Senator from Connecticut in offering the amendment, but it seems to me we are going too far in trying to make applicable to this board a set of books provided for the Public Utilities Commission of the District of Columbia. It may be all right, but I should dislike very much to see the board bound down by statutory provisions in that way and that system made applicable to this board. It seems to me we should have more faith in the board than to surround it with detailed requirements of that kind.

Mr. WALCOTT. Mr. President, I should like to take just a moment to answer the Senator from Nebraska. I know that the Senator means absolutely what he says, that he wants this to be a fair and square trial of public ownership, but he is not going to be here forever, and none of us will be here very long. I want to make sure that there is a record that will prevent any haggling. In the last 20 years there has been much haggling over municipally owned plants in the country because they did not keep the same kind of accounts that the public-service commissions in the various States were insisting on being kept by privately owned plants. The system to which the amendment refers is the last word of the Government in the standardization of accounts. If they improve it, we accept the improvements, of course; but let us start right.

The Senator from Nebraska feels that the plant will be a great success and a legitimate competitor of private business and will meet private business. I do not believe that. I believe the plant will show a very high cost per kilowatt-hour as compared with private enterprise. The accounts are all available and all practically on the same basis, and this basis applies only to such portion of the new plant as will be devoted to the development of hydroelectric energy for the market. The board can take the rest of it, 10 percent or 80 percent, if it pleases, or any proportion of the output for experimental purposes. That is an entirely different matter. I am only talking about the public-utility portion of the plant or such part as is used for public-utility purposes. I feel very strongly that the board should employ the system of accounting that has been devised and is known as the Interstate Commerce Commission system.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut. [Putting the question.] The noes seem to have it. The noes have it, and the amendment is not agreed to.

Mr. WALCOTT. I call for the yeas and nays.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. COUZENS. Has not the decision been announced?

The PRESIDING OFFICER. It has been announced. The call for the yeas and nays came too late.

Mr. TRAMMELL. Mr. President, I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Florida proposes, on page 7, line 22, after the word "successfully", to insert "and as far as practicable shall utilize the services of such officers, agents, and employees", so as to read:

(h) The board shall have power to request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and as far as practicable shall utilize the services of such officers, agents, and employees—

And so forth.

Mr. TRAMMELL. Mr. President, under the provisions of paragraph 8 on page 7 the board is authorized to utilize the services of officers and agents of governmental departments and independent offices of the Government. The President is authorized to designate that they may be used in this connection. It is purely a matter of authorization as to the utilization of the services of the agencies of other departments and offices. It seems to me that it is advisable for them to use those agencies as far as practicable. I have merely offered an amendment to that effect.

Mr. NORRIS. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was agreed to.

NOTICE TO SUSPEND RULE XL

Mr. BLACK submitted the following notice:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to House bill 4589, the District of Columbia appropriation bill, the following amendment, viz: At the proper place in the bill to insert the following:

"No article or commodity shall be purchased by the United States, or any Department or organization thereof, which article or commodity was produced or manufactured in any mine, factory, workshop, mill, quarry, or manufactory establishment, situated in the United States, in which any operator or worker was employed after the enactment of this law more than 5 days in any week or more than 6 hours in any day.

"Each contract made with a contractor for any public works shall contain a provision that the contractor will buy no article or commodity to use on or in any public work which was produced in any mine, factory, workshop, mill, quarry, or manufactory establishment in which any operator or worker was employed more than 5 days in any week or more than 6 hours in any day."

FUNCTIONS OF THE STATE DEPARTMENT (S.DOC. NO. 52)

The PRESIDING OFFICER (Mr. BACHMAN in the chair) laid before the Senate a message from the President of the United States, which was read, and, with accompanying papers, ordered to lie on the table and to be printed, as follows:

To the Senate of the United States:

There are transmitted herewith, in accordance with Senate Resolution 351, statements showing the functions of the Department of State and all of its related activities, the statutory authority for the performance of each function, and the annual cost thereof insofar as it is practicable to determine the cost on that basis. There is also enclosed a list of employees receiving compensation at the rate of $5,000 or more per annum.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 1, 1933.*

(Enclosure: Report as indicated.)

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of James Crawford Biggs, of North Carolina, to be Solicitor General, to succeed Thomas D. Thacher.

COMPTROLLER OF THE CURRENCY

Mr. HARRISON. From the Committee on Finance I report favorably the nomination of J. F. T. O'Connor, of Los Angeles, Calif., to be Comptroller of the Currency, to fill an existing vacancy.

Mr. President, I desire to say that the nomination was erroneously referred to the Committee on Finance. It is my understanding that it should have gone to the Committee on Banking and Currency. However, it was referred to our committee, which took action this morning and unanimously recommended confirmation of the nomination. I say that in order that the Chairman of the Committee on Banking

and Currency [Mr. FLETCHER] will not think we are trying to usurp any authority.

Mr. FLETCHER. Mr. President, may I say that I think the nomination was inadvertently referred to the Finance Committee. It undoubtedly should have been referred to the Banking and Currency Committee. I do not want this to be taken as a precedent. There is only one other nomination of the kind that was ever referred to the Finance Committee. The Senator from Virginia [Mr. GLASS] then had it rereferred, and it was sent to the Committee on Banking and Currency. I merely mention that in passing. I am not opposing the action of the Committee on Finance, but I think it ought to be a matter of record that hereafter such nominations should be referred to the Committee on Banking and Currency.

Mr. HARRISON. That is the reason why I made the statement, so that it will not be taken as a precedent. In view of the fact that the nomination was unanimously reported, I ask unanimous consent that it be confirmed.

Mr. FESS. I hope the Senator will not ask for that.

Mr. HARRISON. I withdraw the request.

THE CALENDAR

The PRESIDING OFFICER. The nomination will go to the calendar.

If there are no further reports of committees, the calendar is in order.

TREATIES

The Legislative Clerk proceeded to read Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada, for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

Mr. PATTERSON and Mr. KING. Let that go over.

The PRESIDING OFFICER. The treaty will be passed over.

COAST AND GEODETIC SURVEY

The legislative clerk read the nomination of Raymond S. Patton, of Ohio, to be Director of the Coast and Geodetic Survey.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF LABOR

The legislative clerk read the nomination of Charles Wyzanski, Jr., of Massachusetts, to be Solicitor of Labor, vice Theodore G. Risley.

Mr. McCARRAN. I ask that that nomination go over.

The PRESIDING OFFICER. The nomination will be passed over. That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, if the pending bill may be finished tomorrow, it is expected that the Senate will then be ready to proceed with the consideration of the District of Columbia appropriation bill. If that bill is disposed of on Thursday, I hope to be in a position to ask the Senate to take a recess over the week-end, so as to afford Senators the opportunity of giving attention to matters in their offices which they have been compelled to defer because of pressure of business in the Senate.

I now move that the Senate take a recess until 12 o'clock noon tomorrow.

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

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, May 3, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 2 (legislative day of May 1), 1933

ASSISTANT SECRETARY OF THE INTERIOR

Oscar L. Chapman, of Colorado, to be Assistant Secretary of the Interior, vice John H. Edwards.

MEMBER OF THE BOARD OF TAX APPEALS

Jed C. Adams, of Texas, to be a member of the Board of Tax Appeals for the unexpired portion of a term of 12 years from June 2, 1932.

UNITED STATES ATTORNEY

Henry H. McPike, of California, to be United States attorney, northern district of California, to succeed I. M. Peckham, appointed by the court.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Capt. John Alexander Klein, Infantry (detailed in Adjutant General's Department), with rank from July 1, 1920.

TO FIELD ARTILLERY

Second Lt. Daniel Fulbright Walker, Infantry, with rank from June 13, 1929, effective May 28, 1933.

PROMOTION IN THE REGULAR ARMY

TO BE COLONEL

Lt. Col. William Arden Alfonte, Infantry, from April 26, 1933.

TO BE LIEUTENANT COLONEL

Maj. John Mather, Ordnance Department, from April 26, 1933.

TO BE MAJOR

Capt. Gerald Howe Totten, Quartermaster Corps, from April 26, 1933.

VETERINARY CORPS

TO BE FIRST LIEUTENANT

Second Lt. Ralph William Mohri, Veterinary Corps, from April 23, 1933.

CONFIRMATION

Executive nomination confirmed by the Senate May 2 (legislative day of May 1), 1933

DIRECTOR OF THE COAST AND GEODETIC SURVEY

Raymond S. Patton, to be Director Coast and Geodetic Survey.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 2, 1933

The House met at 12 o'clock noon.

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

Almighty God, grant unto us the fruit of the Spirit. Whatever is just, whatever is honorable, whatever is courageous, whatever is clad in self-forgetfulness, whatever is full of peace and cheer, whatever makes character radiant and resplendent—this is the fruit of the Spirit. Do Thou enable us, our Father, to come to this attainment. In the performance of duty, help us to act in the spirit, temper, and mind of the adorable Teacher of Galilee and our Elder Brother. In His holy name. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed the following resolution:

Senate Resolution 66

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. CLAY STONE BRIGGS, late a Representative from the State of Texas.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock meridian tomorrow.

The message also announced that in compliance with the foregoing resolution the Vice President had appointed Mr. SHEPPARD and Mr. CONNALLY a committee on the part of the Senate to attend the funeral of the deceased.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4606. An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes.

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

S. 7. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 157. An act to amend an act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458)";

S. 166. An act for the relief of Robert J. Foster;

S. 248. An act for the relief of Rolando B. Moffett;

S. 313. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming;

S. 381. An act for the relief of Samson Davis;

S. 422. An act for the relief of Albert A. Marquardt;

S. 423. An act for the relief of Michael J. Moran;

S. 531. An act for the relief of Dan Davis;

S. 558. An act for the relief of Beryl M. McHam;

S. 593. An act to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to give class B officers of the Army benefits of such act;

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454);

S. 707. An act for the relief of James J. Jordan;

S. 743. An act to amend the act approved June 30, 1932, entitled "An act providing for the transfer of the duties authorized and authority conferred by law upon the Board of Road Commissioners in the Territory of Alaska to the Department of the Interior, and for other purposes";

S. 772. An act for the relief of Robert J. Smith;

S. 792. An act for the relief of Curtis Jett;

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co.;

S. 1131. An act to amend the probation law;

S. 1204. An act for the relief of William Burke;

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.;

S. 1287. An act for the relief of Leonard Theodore Boice; and

S. 1288. An act for the relief of Otto Christian.

SWEARING IN OF MEMBER

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

MAY 2, 1933.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
House of Representatives, Washington, D.C.

DEAR SIR: From the secretary of state of the State of Texas there has been received the certificate of election of Hon. MILTON H. WEST as a Representative-elect to the Seventy-third Congress to fill the vacancy in the Fifteenth Congressional District of that State.

Yours very truly,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

Mr. KLEBERG. Mr. Speaker, it is my privilege and pleasure this morning to introduce my good friend, MILTON H. WEST, Representative of the Fifteenth Congressional District of Texas. Mr. Speaker, I present Mr. WEST, who now desires to take the oath of office.

Mr. MILTON H. WEST, of the Fifteenth Congressional District of the State of Texas, appeared in the well of the House and took the oath of office prescribed by law.

GEORGE CARTER LAFFERTY

Mr. LUCE. Mr. Speaker, I ask unanimous consent to speak out of order for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUCE. Mr. Speaker, this morning there were held funeral services for George Carter Lafferty, who had been long in the service of this House as one of its Official Reporters.

Mr. Lafferty was appointed to the committee staff by Speaker Carlisle. He had served on the floor of the House itself for 30 years. It is fitting that when one passes after serving us so faithfully and intelligently there should be spoken at least a word for record of appreciation of the help he has given to the House and therefore to the country.

FARM RELIEF

Mr. POU. Mr. Speaker, I have a unanimous-consent request to submit.

I ask unanimous consent that in the consideration of House Resolution 124 there shall be 6 hours of debate, one half to be controlled by myself and one half by the gentleman from Pennsylvania [Mr. RANSLEY], and at the conclusion of said time the previous question shall be considered as ordered on the resolution.

Mr. SNELL. Mr. Speaker, reserving the right to object—I very much dislike to object to any unanimous-consent request from my friend from North Carolina, but there is one provision in House Resolution 124 that we on this side of the aisle are very much opposed to. This is the provision that Senate amendment no. 85 "be and the same is hereby concurred in."

We feel that this amendment is such an important proposition that it ought to be considered by itself under the general rules of the House. As I look at it, this is probably the most important piece of legislation that will come to this House at this session or at any other session during the term of our services, and I honestly feel that it is of such importance that it should be taken up in the normal way, and I could not give unanimous consent to proceed as the gentleman from North Carolina requests.

I may say that when it comes to the adoption of this resolution I intend to ask for a division of the question. As far as the resolution down to line 6, with respect to Senate amendments 1 to 84, inclusive, is concerned, we are perfectly willing to send the Senate amendments to conference in the usual way, because that is the normal and natural procedure; but the other part of the proposition we could not agree to, and I would have to object to the request.

Mr. POU. Mr. Speaker, I call up House Resolution 125.

The Clerk read as follows:

House Resolution 125

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 124, and all points of order against said resolution shall be waived. That after general debate, which shall be confined to the resolution and shall continue not to exceed 5 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Rules, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

Mr. POU. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RANSLEY] one half of the hour to be in turn yielded by him as he sees fit.

Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the resolution now being considered by the House provides for the consideration of House Resolution 124. If the ordinary procedure had been followed the Senate amendments would have been disagreed to and the measure would have been sent to conference after not longer than 1 hour of debate. Resolution 125 provides for 5 hours of debate upon Resolution 124.

I mention this as an answer in advance to those gentlemen who probably will charge that this is another gag rule, that there is no opportunity for debate, that there will be no opportunity for an expression of opinion.

Mr. Speaker, the most important of the Senate amendments, it is agreed by common consent, is Senate amendment 85, the so-called "inflation amendment."

If the ordinary procedure had been followed Senate amendment 85 would have gone to conference with very little debate. As it is, the Committee on Rules has provided 5 hours' debate.

Mr. SNELL. Will the gentleman yield for a question?

Mr. POU. I yield.

Mr. SNELL. Would the gentleman also explain in his remarks that it would have gone to conference under the rules of the House and that it would come back to the House and we could have full and free discussion of it and a separate vote on that particular amendment. This is the fact, is it not?

Mr. POU. That might or might not be the case.

Mr. SNELL. Is there any other procedure except cutting us off entirely?

Mr. POU. I would not undertake to accept 100 percent the gentleman's formula as it has been laid down.

Mr. SNELL. If the gentleman will explain any other way it can be done, I will accept it.

Mr. POU. The procedure that the Rules Committee has provided allows the most ample time for discussion of a Senate amendment I have ever seen permitted during 32 years' service in this House. [Applause.]

Mr. SNELL. Will the gentleman yield?

Mr. POU. Yes; I yield.

Mr. SNELL. Has the gentleman in the 32 years' experience ever known of any political party taking such drastic action as you are now taking to put over this rule?

Mr. POU. I have known it many times while the Republican Party was in power. I prefer, however, not to inject political considerations into this debate.

Mr. SNELL. I also prefer not to, but I challenge the statement of the gentleman. Can the gentleman mention a case where there was such drastic action ever being taken during the 14 years that he has been on the Rules Committee?

Mr. POU. I have seen time and time again while the Republican Party was in power the will of the House thwarted by the action of one man, the Speaker of the House, when we had only three members of the Rules Committee.

Mr. SNELL. Yes; and the gentleman said it never was going to happen again.

Mr. RANKIN. Will the gentleman yield?

Mr. POU. I yield.

Mr. RANKIN. Has the gentleman ever seen such a condition as confronts the country today?

Mr. POU. Never; and I pray Almighty God that we may never see such conditions again. As I read history, no nation was ever confronted with such conditions.

Mr. RANKIN. The gentleman from North Carolina remembers very distinctly in 1922 the Republican Chairman of the Rules Committee stuck a rule in his pocket and never did let the House consider it. [Laughter.]

Mr. POU. Sure.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. POU. I yield to the gentleman.

Mr. SOMERS of New York. I do not mean to stir up any political questions, but I do wish to say this: There are some things about this amendment that some of us feel should be altered. We do not feel that it is perfect. Does not the gentleman think it would be fair to give us an opportunity to express our opinion and make some amendment to it?

Mr. POU. I do not; I think it is a matter that should be voted up or voted down as a whole. We stand on that platform. [Applause.] I do believe, in a measure as difficult as this and as far-reaching as this, that amendments would complicate rather than help. I am profoundly convinced that the so-called "inflation amendment" should be voted up or down as a whole.

Now, Mr. Speaker, the Nation is in the condition of a patient sadly requiring the operation of blood transfusion. This Nation, for almost 3 years, has been in the condition of a patient who is almost dead from the loss of blood. I say if this amendment of the Senate is agreed to, we have put in the hands of a great surgeon, the President of the United States, control of the blood-transfusion operation. In a blood transfusion there may be danger that there may be too little, and there is danger that there may be too much new blood injected in the veins of the patient; but, putting the operation in the hands of the President of the United States, surrounded as he is by the very best advisers, I believe he can be trusted with perfect safety to stop the transfusion at exactly the right point.

Now, Mr. Speaker, that is the position we have taken with respect to Senate amendment 85.

In the past history of the world great crises have developed great leaders. The War of the Revolution developed the immortal George Washington. The War between the States developed that immortal martyr, Abraham Lincoln. This crisis will develop a leader who will pilot this Nation safely out of the slough of despondency into which we have been foundering for the last 3 years. Conditions, I firmly believe, have developed that leader. [Applause.] I believe he is now in the White House, and that he has consecrated every faculty of heart, mind, and soul to the great task of leading this Nation into the light of prosperity, and for one I think the safest thing we can do in such an hour is to trust and follow the President. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, I realize full well the futility of entering a protest against the method to be used in considering this legislation today. Yet I feel I would be recreant in my duty if I failed to do so. I want this House to pause for a moment and examine the two rules reported, which involves the consideration of the most important legislation which will ever come before an American Congress. This legislation, coming to the House for the first time, should be more carefully considered than we are being permitted. As Members of the House we have the right to express our opinion and to make a decision. Every one realizes the necessity for a rise in commodity prices; nearly everybody desires some form of inflation, but I say to the membership of this House we should be allowed to express our opinion as to what shall be that inflation.

When the Democratic leadership brings in these gag rules, I know it is their custom to rise and say they learned the lesson from past Republican administrators. "This is what you did to us", you say, but I say this is not a real excuse for functioning in this arbitrary way. This is your responsibility now. You are in control here, and you gentlemen must go back to the country next year and explain your method of procedure here. If I am any judge of the American electorate, when you do go back and say you sat here supinely and abdicated constitutional power that belonged to Congress, that you did it without permitting any single Member of the House to offer an amendment, you will find it no easy task to explain.

This is momentous legislation we are considering. The destinies of 120,000,000 people are at stake through the passage of this bill. Their happiness, their prosperity, their well-being are all dependent on what the American Congress does here today. I ask you gentlemen, as thinking Members of Congress, to seriously consider whether you should not vote down the rule and leave the question open to the House for amendment, because all of the brains, all of the knowledge of the Nation is not confined to those few men who are popularly termed the "brain trust." We here in the House should know what the American people want, and we ought to have the right to express their wishes. Permit this procedure and the minority will be glad, if their wisdom does

not prevail, to submit to the majority with the fullest hope the country goes on to the prosperity we all want.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. RANKIN. Has not the gentleman's party had since 1929 to consider legislation of this kind?

Mr. MARTIN of Massachusetts. The gentleman knows well that we have been thinking of it; and he knows that in the last 2 years, when the Democratic Party was in control of the House, he was not able to get this legislation before Congress.

Mr. RANKIN. If I had had the support of the gentleman's party for the last 3 years, we would have had an expanded currency years ago.

Mr. MARTIN of Massachusetts. Why did not the gentleman get the support of his own party?

Mr. WEIDEMAN. The gentleman says that he has been thinking of it. The Republican Party has been fiddling while Rome has been burning.

Mr. MARTIN of Massachusetts. Oh, it is easy to get up and make statements like that, but any drastic change in legislation should come only after careful thought. While the American people want to go forward, naturally, to better days, I do not believe that they are willing to go into an experiment blindly, without careful thought. And I do not believe the Democratic Party wants to be placed in a position where they will admit they are going to do all of these things contemplated without serious deliberation.

My appeal to you gentlemen is to exercise your privileges, to exercise the duties you owe to your constituency, and vote down this rule and give us a liberal, orderly method of transacting business. It is said this gag rule is necessary because you cannot trust the American Congress. I said the other day, and I repeat, I know of nothing Congress has done in this session which would give the people the idea they should not be trusted. You gentlemen who sit on the Democratic side of the aisle know you could not get a comma or a semicolon inserted into any bill here if somebody whispered that the gentleman at the other end of the Avenue did not agree to the semicolon or the comma. When that is the situation, I say there need be no real fear of Congress running away. We can be trusted to take up all this important legislation and proceed in an orderly way to its consideration. We can be depended upon, if given a chance, to give the American people the relief they demand.

Mr. O'CONNOR. Mr. Speaker, I yield 7 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I agree with the gentleman from Massachusetts [Mr. MARTIN] that Congress can be trusted, and that Congress will do its duty and stand by the President in whom the Nation has the utmost confidence. I know that ever since his election he has been giving all of his time to studying this problem. I recognize there are a great many gentlemen in the House who have given special study to this question. They are sincere; they mean well; and they are honest. But it is absolutely impossible to include in this far-reaching legislation the views of every man. I am of the opinion that amendment 85, which the President has been considering for many weeks and which has been debated for days and days in the other Chamber, is an amendment in the right direction. As the gentleman from Mississippi [Mr. RANKIN] stated a short while ago, if we, who realized the seriousness of conditions in 1929 and 1930, had had our way at that time, and had passed similar legislation then, the country would not be in so critical and serious a condition as it is in today. The only fault I can find is that we have delayed too long; that for 3 years we, who have had the interest of the people at heart, realized the situation, but, unfortunately, due to the powers that be in the White House and to the leadership then on the other side, it was impossible for us to legislate in the interest of the country and in the interest of the people. [Applause.]

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SABATH. The big financiers had the ear and confidence of President Hoover, and we realized then that it was useless, that it was a waste of time trying to force any such legislation, because we had been informed, we had been warned, that no legislation that would even be thought to be inflation would receive any consideration from President Hoover, who was then in control.

I now yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. Can the gentleman explain why that releases him of all responsibility for bringing it up in the Democratic-controlled House? Why did the gentleman not do it? Why did he not set an example?

Mr. SABATH. Because the gentleman realizes that passing such a bill in the House would not mean it would be passed by the Senate and be signed if the Senate had passed it. We knew that it would be vetoed, as other measures in the interest of the people were vetoed by President Hoover.

Mr. MARTIN of Massachusetts. Will the gentleman yield further?

Mr. SABATH. I cannot yield further.

I say to the gentlemen who are interested in securing relief for the country that this bill will provide relief. It does provide for inflation, if you choose to call it that. It takes care of the silver proposition, and you gentlemen who come from the western section of the country should, I feel, recognize that this is a start in the right direction; that there is a provision here for issuing at least $200,000,000 in silver certificates. This will not be flat money. The currency provided for in this bill will be valid currency.

Mr. HOEPPEL. Will the gentleman yield for a question?

Mr. SABATH. Yes; I yield.

Mr. HOEPPEL. Will the gentleman also admit that this bill is for relief to the foreign debtors of the United States?

Mr. SABATH. No; I do not, because as far as the gentleman knows this administration will not do anything that will deprive the United States of its rights. Up to this time we have not been able to collect anything, and I would rather collect as much as we can than nothing at all, as was proposed by the Republican administration?

Mr. RANKIN. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. RANKIN. If this currency expansion and the raising of price levels throughout the world is accomplished, it will aid the suffering debtors in every land.

Mr. SABATH. No doubt it will, and that is the underlying reason for this legislation.

Now, there are some people who are under the impression, and it has been heralded by the big-moneyed interests and their publicists, that we have $6,000,000,000 in currency in circulation. That is not correct. Up to a short time ago we did have $6,000,000,000 of currency outstanding, but not in circulation. We have today not even half that amount in circulation, for, if you deduct the $700,000,000 of our currency that is held in foreign countries, the $600,000,000 that has been lost, destroyed, or unredeemed, the amount that is in safety deposit boxes, the balance, as you can readily see, that should be in circulation, but is not, because it is held by the bankers who refuse to provide credit for legitimate business of the country, is not even $3,000,000,000. This bill will provide credit for legitimate business and not for the gambling and speculating fraternity which group our great financial manipulators always aimed to aid. [Applause.]

This rule makes in order resolution 124 that concurs with Senate amendment 85, which provides for additional power to coin money and regulate the value thereof, and should be, the same as the amendment itself, adopted, as it gives power to the President to provide for a three-billion-dollar currency expansion, which currency will be used to pay our obligations and to purchase, as far as possible, outstanding bonds.

I am satisfied that it will be of aid and benefit not only to our domestic trade, but to our foreign trade and commerce as well. No doubt it will increase the prices of commodities, create employment, ease credit, and, above all, put needed currency into circulation.

Every Member, whether he is a Democrat or a Republican, who has the interest of the country at heart, should demonstrate his loyalty by casting his vote for this resolution so that we can proceed to enact this needed and beneficial bill as speedily as possible.

I wish to impress upon you gentlemen on the other side that not only we but people throughout the country at large have confidence in President Roosevelt, for he has clearly demonstrated his great statesmanship and desire to relieve the country from the unprecedented crisis. [Applause.]

The SPEAKER. The time of the gentleman from Illinois [Mr. SABATH] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, my Democratic opponent in the last election criticized what he was pleased to call my belief in legislation by committees. I wonder what he would think and do if he had been elected and were a Member of the Democratic majority in the House of Representatives at the present time, and had to act upon this rule which proposes to do away with the consideration by committees even of such important legislation as is contained in these Senate amendments. We do not have the benefit of the recommendation of any committee of the House in the consideration of this legislation. It comes to us fully prepared from sources, the Members know not where, without any consideration by a standing committee of the House, without any consideration by a conference or any other committee. We are obliged to vote it either up or down without any chance to read it under the 5-minute rule or to offer amendments to or to debate the different sections. I wonder what he would think of this procedure in view of his criticism of the consideration of bills by committees, because such consideration was not enough in the open. It is, of course, a waste of energy for anyone to get unduly excited over things he cannot prevent, and there are not enough Republican Members of the House to prevent the passage of gag rules in this Congress, no matter how much they cut off debate or consideration of important legislation. But it is well to keep the record straight, so that no one can charge us in the future with having consented to such procedure. We can at least protest against it.

What is proposed here today? By the procedure outlined today it is proposed, among other things, to pass a piece of legislation which the father of it declared in the Senate was the most important piece of legislation ever introduced in any parliamentary body within the last 6,000 years without its ever having been considered by any committee of the House, or without being sent to conference, and, as a matter of fact, without any real consideration by the House itself. The House has had no part in drafting it. It must vote it up or down without the crossing of a "t" or the dotting of an "i." The rule provides that the bill shall be taken from the Speaker's table, amendments 1 to 84, inclusive, shall be disagreed to and amendment no. 85 shall be concurred in. All three propositions are incorporated in the resolution and must be voted upon together. Senate amendment no. 85, or this most important piece of legislation to come before any parliamentary body in 6,000 years, is to be voted upon without even being read in the House. It is taken from the Speaker's table and passed at the same time or in the same motion that sends the rest of the bill to conference. Let no one underestimate the importance of the action we are about to take. The author of this Senate amendment no. 85, in addition to saying that it was the most important legislative proposal to come before any parliamentary body in 6,000 years, declared in substance that one of its purposes was to transfer $200,000,000,000 from those who now have them to the debtor class, to transfer $200,000,000,000 from the creditor to the debtor class.

Does the Membership of this House want to pass such important legislation without reading it even? Does it want to abdicate its functions as a legislative body to any such extent as this? We have gone a long way in this direction during this session of Congress, but I submit we have never before gone quite as far as it is proposed to go here this afternoon. This important legislation is to be voted upon and passed; we are to rubber stamp it, rather, without giving it any real consideration at all.

The unfairness of the situation is apparent. The bill contains several distinct and far-reaching legislative proposals, only one of which was in the bill as it originally passed the House of Representatives. The original bill, as it went to the Senate, only contained the allotment plan for farm relief. The Senate added to that, by way of amendment, the important cost-of-production feature, and the bill, which was passed separately in the House of Representatives, providing for the refinancing of farm mortgages. These amendments were added to the bill in the Senate, in addition to the so-called "inflation amendment", which, in itself, contains four distinct proposals, namely, first, the provision relating to the acceptance by our Government from foreign governments of silver to apply on their indebtedness to us; second, the provision relating to the issuance of paper money; third, the provision relating to open-market operations by the Federal Reserve banks; and fourth, the provision relating to the revaluation of the gold dollar.

Members may be in favor of one or more of these provisions and opposed to others. Under this rule they will have no opportunity to express themselves by their vote for or against any one of them separately. They must vote for or against all of them together. It is unfair to put Members in that position. Such procedure is not the way to legislate. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 7 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I think this is a fair rule for the consideration of this legislation under the circumstances and the emergency that exists today.

My good friend the gentleman from Michigan [Mr. MAPES] rather took the attitude that the rule was unfair, that we were taking this legislation from the committees of the House. So far as the agricultural features of this bill are concerned, they have been adequately considered by the House committee and we are, by our decision, if we vote this resolution through, giving the conferees from this House the right to stand upon the integrity of the House bill, confer with the Senate upon the amendments with reference to the agricultural features of the bill.

So far as amendment no. 85 is concerned covering the expansion of the currency, I think this question has been considered by every Congress, has been debated for the last 50 years. From the days of 1873 when silver was demonetized down through the campaigns of Mr. Bryan and down through the last campaign we have discussed this very question of the quantitative theory of money, or that commodity prices can be raised by increasing the quantities of the circulating medium.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. MAPES. Since the gentleman has been in Congress has there ever been before the House of Representatives in concrete form a provision to revalue the gold dollar such as is embraced in Senate amendment no. 85?

Mr. GREENWOOD. I think the gentleman is right; there never has been; but there never has been an emergency created through the manipulation of the banking laws of the country and the draining of the money from the small country banks to the big city banks for gambling purposes, a manipulation that drains the money from the people, from business, and hoards it in the financial institutions of the country. Never has such an emergency existed. We propose to confer upon the President half a dozen formulas, any one of which he may use with all the force, power, and understanding he has to meet this emergency; and I for one am ready to vote on the proposition as it stands.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. RANKIN. This question has been before the committees of the House, and one of the leading Members on

the other side of the aisle, the gentleman from Kansas [Mr. McGugin] has spoken in favor of it time and time again.

Mr. GREENWOOD. This is a fair rule, because it allows 6 hours of debate; and the rule is well adjusted to the proposal before the House, because the debate is confined to the Senate amendment expanding the currency.

After we have had 6 hours of debate, which will be practically all consumed on this very proposition, then we have the right to vote the proposition up or down.

If this House is not in favor of this amendment, which has been attached to this bill by the Senate, it can vote down this resolution and then go ahead and formulate any measure it wants to; but if the majority of the Members of the House are for this legislation in this day of emergency, they ought to have the right to say so, and under this rule they have it. I think a majority of the House, almost a three-quarters majority, will be in favor of this measure as it now stands.

The expansion of the currency is the best method to raise commodity and land prices, and if there is one thing that is more menacing to our civilization and to the future perpetuity of our country it is falling prices of commodities and farm lands.

We believe this is a short cut to bring up these commodity prices so these men upon the farms, wage earners, and the business men of America may pay back the debts of America with the same kind of a dollar they borrowed. [Applause.]

Talk about a sound dollar! There never was a time in the history of America when the dollar of the United States was as unsound as it is today when it is measured in commodity prices.

A cheap dollar is not necessarily an unsound dollar. If there is anything America needs now, it is a cheaper dollar with which to buy commodities. We are bearing down upon farmers with foreclosures and bankruptcies; and even the failures of our banks are caused by the value of the dollar being out of all proportion to the value of commodities.

The Democratic Party is pledged to a sound currency. There is nothing in this measure that will destroy the soundness of our currency. The Federal Reserve banks now have the authority to obtain currency from the Treasury upon certain kinds of commercial paper, but they are not seizing this opportunity. The banks of America are not putting out the moneys and the credits available under this system. So we are conferring upon the President of the United States in this emergency several different methods or formulas for him to use to produce a situation where commodity prices will be better and where the debtor class in America can take advantage of it to help pay their debts.

As I said, the banks are not using all the powers they have to put out this money. We propose under this measure to allow the United States Treasury to purchase Government bonds on the market, thus exchanging currency for a frozen credit of the Government.

INDEPENDENT OFFICES APPROPRIATION BILL—FISCAL YEAR 1934

Mr. WOODRUM, from the Committee on Appropriations, reported the bill (H.R. 5389) 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 (Rept. No. 61), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER reserved all points of order on the bill.

Mr. TABER. Mr. Speaker, I desire to present minority views on this bill, H.R. 5389, signed by 14 members of the committee, which I ask to have printed along with the majority report.

The SPEAKER. Without objection, the minority views will be printed with the majority report.

There was no objection.

FARM RELIEF

Mr. RANSLEY. Mr. Speaker, I yield 13 minutes to the gentleman from New York [Mr. Reed].

Mr. REED of New York. Mr. Speaker, ceaseless agitation in Congress for inflation of the currency as a cure for our economic ills has won many adherents. Carefully prepared and subtle propaganda has intensified public interest in the subject. Unemployment, bank failures, low prices, foreclosures, and general distress create an attitude of mind which is ready to accept any suggestion that promises relief, even though the plan proposed whenever and wherever it has been previously tried has ultimately aggravated the suffering, disaster, and distress it sought to relieve.

The preliminary steps for inflation have been taken. Thus far the procedure as a condition precedent to uncontrolled inflation is not unlike that pursued in Germany in 1914. At that time the estimated gold in Germany amounted to about $1,000,000,000, of which $687,000,000 was coined and in circulation and about $313,000,000 was in the form of bars held in the Reichsbank and the four small note-issuing banks to buttress the notes which they issued.

On the outbreak of the war the Reichsbank's gold reserve amounted to $344,000,000, equal to 66 percent of all her note issues. There was in circulation $550,000,000 in gold coins and $150,000,000 in silver to cover bank notes amounting to $500,000,000 and Treasury notes amounting to $48,000,000.

The German Government made patriotic appeals to the men and women to take their gold coins to the bank and receive marks for them. As a result the gold stock in the Reichsbank doubled. The export of gold was prohibited to the citizen but the Government was not prohibited from doing so. It is needless to say that the Government did export gold. Now let us take our present situation in the United States.

The bill (H.R. 1491), prepared by President Roosevelt, presented to Congress on March 9, 1933, and passed the same day, clothes the Secretary of the Treasury with dictatorial power over the gold coin, gold bullion, and gold certificates owned by individuals, partnerships, associations, and corporations. The President may require every person in the United States to turn his money, viz, gold coin, gold bullion, and gold certificates, into the Treasury and compel him to receive therefor "an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States." Failure on the part of a citizen to surrender his gold coin, gold bullion, or gold certificates subjects the citizen to a penalty twice the value of the gold or gold certificates.

Since the enactment of this legislation on March 9, 1933, the people in possession of gold coin, gold bullion, and gold certificates have surrendered them in large volume to the banks and to the Treasury of the United States. Many persons have surrendered them as an act of patriotism and a few have done so from fear of the strong arm of the Government.

The Government has given in exchange for the gold coin and gold certificates so surrendered a new currency, redeemable neither in gold nor in silver.

Each new generation of inflationists pride themselves that they have discovered something new about the operation of paper money. There is no new invention for making it "as good as gold, no difficulty connected with it which has not been experienced, no phenomenon of its development for which we have not abundant analogies."

It may be profitable to turn back the pages of history—our own history first—and review the mischief and ruin inflation has brought to our own people. The American Colonies prior to the Revolution had each tried inflation from time to time with disastrous results. The bitter lesson of the depreciation of the colonial paper currency and the suffering it caused the people had not been well learned even at the outbreak of the War for Independence. A week after the Battle of Bunker Hill the issue of $2,000,000 worth of bills of credit was authorized by Congress. Between 1775 and 1779 Congress issued $240,000,000 in bills of credit.

As the demand for more money increased, the printing press was worked overtime and dozens of men had to be hired to sign all the bills issued. Every device then known

was invoked to make the currency pass at par. Appeals to patriotism and threats of punishment failed to stop depreciation of this ever-increasing volume of printing-press money.

In January 1776 Congress passed the following resolution:

Resolved, therefore, That any person who shall hereafter be so lost to all virtue and regard for his country as to refuse to receive said bills in payment, or obstruct or discourage the currency or circulation thereof * * * shall be deemed, published, and treated as an enemy in this country and precluded from all trade or intercourse with the inhabitants of these Colonies.

Did this have any effect in stabilizing the purchasing power of a worthless paper dollar?

By 1779 one paper dollar was worth only 2 or 3 cents apiece. Six months later Congress provided for redemption at the rate of 40 paper dollars to 1 "hard" or silver dollar—a repudiation of 97 percent. The currency issued by local institutions depreciated even more. In Virginia notes finally passed at the rate of 1,000 to 1. A pair of shoes could be purchased at that time for $5,000. After 1780 the depreciation of the currency was out of all control, and in 1781 it ceased to act as currency at all.

Pelatiah Webster, reviewing the conditions that existed under this period of inflation, wrote in 1791:

The fatal error, that the credit and currency of the Continental money could be kept up and supported by acts of compulsion, entered so deep into the minds of Congress and all departments of administration through the States that no consideration of justice, religion, or policy, or even experience of its utter inefficacy, could eradicate it. It seemed to be a kind of obstinate delirium, totally deaf to every argument drawn from justice and right, from its natural tendency and mischief, from common sense, and even common safety. This ruinous principle was continued in practice for 5 successive years and appeared in all shapes and forms, i.e., in legal tender acts, in limitations of prices, in lawful and threatening declarations, in penal laws with dreadful and ruinous punishments, and in every other way that could be devised, and all executed with a relentless severity, by the highest authorities then in being, viz, by Congress, by assemblies and conventions of the States, by committees of inspection (whose powers in those days were nearly sovereign), and even by military force; and, though men of all descriptions stood trembling before this monster of force, without daring to lift a hand against it, during all this period, yet its unrestrained energy proved ever effectual to its purposes, but in every instance increased the evils it was designed to remedy, and destroyed the benefits it was intended to promote. At best its utmost effect was like water sprinkled on a blacksmith's forge, which indeed deadens the flame for a moment but never fails to increase the heat and force of the internal fire. Many thousands of families of full and easy fortune were ruined by these fatal measures and lie in ruins to this day, without the least benefit to the country or to the great and noble cause in which we were then engaged.

Continuing, Mr. Webster said:

I do not mention these things from any pleasure I have in opening the wounds of my country, or exposing its errors, but with a hope that our fatal mistakes may be a caution and a warning to future financiers who may live and act in any country which may happen to be in circumstances similar to ours at that time.

A strong appeal has been made by the inflationists to the labor organizations of the country. Again let us examine the record and see what uncontrolled inflation will mean to labor. We find an illustration in the case of the "greenbacks."

The Government, greatly in need of funds, began in 1862 to issue bills unsupported by specie, but legal tender for all debts, except the payment of custom duties and interest on the public debt. Notes to the value of $150,000,000 were issued in 1862. Congress issued more and more "greenbacks." By June 1864 there was outstanding $431,000,000 of this printing-press money.

No one at this day and age is likely to dispute the accepted economic law that changes in wages tend to lag behind changes in prices. This was well illustrated during the "greenback" inflation. Official reports show that prices rose from a base of 100 in 1860 to 217 in 1865, while wages rose from 100 to only 143 during the same period. The real wages of labor dropped from 100 to 66 between 1860 and 1865.

I find that the record discloses that when some of the public men of that day had the courage to oppose inflation and pointed out that irredeemable paper had always wrought ruin, the inflationists replied that our resources were unlimited and that these precedents did not apply to us. When it was prophesied that the paper would depreciate and that we should not be able to retrace our steps, the prophets of evil indignantly pointed to the "pledged faith of the United States" and asked if they thought that would be violated. No warning was heeded; the experience of the past carried no weight with the advocates of inflation. Even the indictment of paper money by Daniel Webster as late as 1836 was disregarded. When it was sought to renew the charter of the United States Bank, which was soon to expire, he said:

A disordered currency is one of the greatest practical evils. It undermines the virtues necessary for the support of the social system, and encourages propensities destructive to its happiness. It wars against industry, frugality, and economy, and it fosters the evil spirits of extravagance and speculation. Of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which deludes them with paper money. This is the most effectual of inventions to fertilize the rich man's field by the sweat of the poor man's brow.

Ordinary tyranny, oppression, excessive taxation, these bear lightly on the happiness of the mass of the community, compared with fraudulent currencies and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression on the virtuous and well disposed of a degraded paper currency authorized by law, or in any way countenanced by government.

These admonitions fell on deaf ears in 1862 and 1865. Inflation was launched and all the evils of prior inflationary periods followed.

From early Colonial times to the present moment, whenever there has been a depression, whether caused by speculation or by war, and the day of payment arrives, the advocates of inflation have proposed this method as the best solution of the problem of unemployment, low commodity prices, and the payment of debts. It is in the dark hour of depression and gloom, and only at such times, that currency inflation is urged as a cure for our national ills.

Nations like Austria and Russia tried inflation for generations, sinking deeper and deeper, crippled in their military and industrial strength, not knowing how to endure it or how to get rid of it.

A brief review of conditions in Germany after she was fully embarked upon the turbulent sea of inflation may give cause for some reflection. As I pointed out, she called in her gold and gave in return irredeemable paper money, the mark.

A few excerpts from the correspondents of the leading papers will suffice to show what followed.

The Times correspondent on July 5, 1923, reports:

Feeling among the working classes is extraordinarily bitter. Bricklayers are striking for wages of 12,000 marks (8 cents) an hour. Metal workers were offered 9,000 marks (3 cents) an hour and refused. The lowest omnibus fare in Berlin is now 1,500 marks; a little piece of veal, enough to make a stew for two people, costs 60,000 marks.

On July 22, 1923, the Times' correspondent reported:

I was amazed when I found today that one had to pay 24,000 marks for a ham sandwich, whereas yesterday in the same cafe a ham sandwich cost only 14,000 marks.

On July 25 the correspondent reported:

The shortage of money has been followed by a shortage of food. Very little meat is obtainable, still less butter and vegetables. There are practically no potatoes.

The Daily Mail correspondent reported July 26:

The printing presses are working day and night to supply the Reichsbank with 2,000,000,000,000 mark notes daily, but there are still not enough to go around. * * * The cashier of my bank handed me 4,000,000 marks in 1,000-mark notes, each worth less than half a farthing (one fourth of a cent).

The Daily Mail correspondent on August 6 telegraphed his paper:

Villagers who used to send butter to Berlin are no longer troubling to do so. They already have crates in their cottages packed with worthless paper money. "Why get more?"

On July 27 the big Berlin newspaper Germania became hysterical and cried out through its columns:

It is a situation for a dictator. The conditions call for a Mussolini in a bullet-proof armor with a revolver in each hand.

On August 14 the newspaper correspondence made note of an outbreak of disorder all over the country. Let me quote from one of them:

Near Leipsig a so-called "Communist control committee" marched out of town and forced the farmers and large landowners to give up their cattle, which they slaughtered on the spot and the meat sold cheaply. In other places crowds swarmed out into the fields and dug up potatoes. At Hanover men seized the food warehouses; the police fired upon them, killing 12 and wounding about 50.

The illustrations I have given do not even touch the appalling human misery caused by the inflation of German currency.

This is the program of hope; this is the new deal which the inflationists now present to their troubled, bewildered, and baffled countrymen. [Applause.]

THIRD DEFICIENCY BILL

Mr. BUCHANAN, Chairman of the Committee on Appropriations, reported the bill (H.R. 5390) 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, Report No. 62, which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER reserved all points of order.

FARM RELIEF

Mr. RANSLEY. Mr. Speaker, before yielding time to the last speaker on the rule on this side I ask unanimous consent that all Members who have spoken on the rule be given the right to revise their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, the proposition before us is that we take the most important bill that has come before this body in a score of years, dealing with the currency of the country, and after debate of 5 hours, vote upon its passage, with its numerous provisions, without the opportunity of discussing and considering the various subjects it contains and without an opportunity of offering a single amendment. In the 18 years I have been here I never heard such a preposterous proposition advocated by any party or by any leadership.

What is the purpose of this unseemly haste, this gagging, and handcuffing of the Membership of this House? Admittedly, the leadership is not afraid of the small Republican minority on my left. What are they afraid of? Why do they not dare legislate as this House of Representatives was intended to legislate? They are afraid of you, the rank and file of the Members of the Democratic Party here on this floor. You are the ones they are afraid of.

Mr. RANKIN. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. RANKIN. I will tell the gentleman what they are afraid of. They are afraid of a continuance of this disastrous delay that is wrecking the country.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. CLARKE of New York. Was not the gentleman who just asked the question one of the Democratic Members who would not go along with President Roosevelt on his economy program?

Mr. LEHLBACH. Certainly; he was.

Mr. RANKIN. The gentleman from New Jersey wanted to hasten that measure through and did hasten it through under what he now calls a "gag rule."

Mr. CLARKE of New York. And the gentleman did not support that measure.

Mr. LEHLBACH. I did not support any gag rule and have not supported any such rule at this session of Congress.

As a matter of fact, this proposition contains four distinct provisions. It contains a provision to have controlled expansion of the currency through the functioning of the reserve banks, and there is not a handful of Republicans in this House who would not heartily support that in this emergency. It contains a proposition that the printing presses be started and that $3,000,000,000 of paper money, without anything back of it at all, be issued to the people of this country. What relation is there between these two propositions? Why can we not vote yes on one and no on the other, if that is the way we feel about it?

Mr. RANKIN. Will the gentleman yield?

Mr. LEHLBACH. I yield again to the gentleman.

Mr. RANKIN. As a matter of fact, does not the gentleman know that every dollar of this money will be interchangeable with every other dollar of our money under the Gold Standard Act of 1900, and have all the gold and silver and wealth of this country behind every dollar of it?

Mr. LEHLBACH. And the cheap money will drag down your good money. Yes; it will be interchangeable, but it will be interchangeable at the price of the cheapest money in circulation.

Mr. RANKIN. We are going to drag it down to some extent, it is true, but the dollar is now too high. That is the trouble in this country.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. VINSON of Kentucky. Did I understand the gentleman to say that $3,000,000,000 of this currency did not have anything back of it?

Mr. LEHLBACH. Yes; under the second provision with respect to the act of 1862—the greenbacks that do not have any backing.

Mr. VINSON of Kentucky. Is it not the purpose to have $3,000,000,000 of bonds in support of the $3,000,000,000 of currency?

Mr. LEHLBACH. If your money is no good, you will undermine your credit and the bonds will not be any more good than the money.

Mr. VINSON of Kentucky. If the gentleman will permit a further question, in the last session of Congress, during the past administration, when the Glass-Borah amendment was tacked on to the home-loan bank bill as a rider, which permitted the issuance of $984,000,000 of currency against $984,000,000 of 3⅜-percent bonds, I should like for the gentleman to tell the House wherein there is the slightest difference in soundness or in strength between the money that will be issued under this bill, amounting to $3,000,000,000 backed by $3,000,000,000 of bonds, and the money that was issued under the Glass-Borah amendment to the bill that your President, Mr. Hoover, signed. [Applause.]

Mr. LEHLBACH. They were existing bonds on the market at the time.

Mr. VINSON of Kentucky. And these bonds are existing bonds on the market and they will be taken off the market.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield the rest of the time to myself.

Mr. Speaker, the Republicans are trying to ensnare some of the Members on this side of the House. They take the floor and ask that this Senate amendment 85 be read for amendment, that it be divided so they may vote on the different features of it. As a matter of fact, the Republican money brains as compared to our so-called "brain trust" has issued a statement that they are against each and every feature of amendment 85.

Mr. SNELL. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SNELL. I do not know to whom the gentleman refers in the statement that he has made, but if I am one of them, the gentleman is entirely in error.

Mr. O'CONNOR. Will the gentleman state what feature he is not opposed to?

Mr. SNELL. I said that we were willing to take the first, but we were absolutely opposed to the deflation of the gold dollar by the President. If the gentleman had read my statement with understanding he would not have made the statement he did.

Mr. O'CONNOR. I read the statement, whether I could understand it or not. I also read a statement issued by Mr. Mills. I read that, too, in anticipation of what might be said here.

Mr. SNELL. The gentleman is quoting people who are not here.

Mr. O'CONNOR. I will include also the statement of Mr. Mellon.

Mr. SNELL. Nor is he here.

Mr. PETTENGILL. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. PETTENGILL. Would the gentleman include the keynoter of the Republican convention who voted for the bill, as well as the minority leader of the Senate?

Mr. SNELL. Here is one gentleman at the convention who did not vote for it.

Mr. O'CONNOR. Well, I am glad we have the idea of the brain trust. I lived through those days, which you might call "the special interest days", when legislation was not drawn by any brain trust, and it was not drawn even in Washington. We may have some professors writing legislation, but it is not being done in Pittsburgh or Wall Street, as was done for 12 years. [Applause.]

Mr. LEHLBACH. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. LEHLBACH. Who wrote the money plank in the Democratic platform of 1932?

Mr. O'CONNOR. I do not know, except that a Member in another body stated that he did.

Mr. LEHLBACH. Will the gentleman explain to the House the money plank in the platform of 1932?

Mr. O'CONNOR. Oh, I think all of them have read it and most of them understand it, outside of myself. [Laughter.]

Now, the gentleman from Michigan [Mr. MAPES] said that the Republicans did not propose to get excited about this at all—they were not going to get excited. It occurred to me that for 3 years this country was in this condition, and the Republicans, from their President down, never took enough interest in it to get excited about it at all. So they left us holding the bag when we came in on the 4th of March.

Now, they say we are building up a dictatorship. We are not doing any such thing. Get that right. A dictator can only succeed by force. What we are building up and what this country has not had since 1919 is a leader; we are building up a leadership and not a dictatorship. [Applause.]

Mr. HOEPPEL. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. HOEPPEL. Is it not true that Hitler took the leadership in Germany because the Reichstag turned over its authority to him?

Mr. O'CONNOR. Oh, if the gentleman starts talking about Hitler he will get me off on another subject. I do not believe, Mr. Speaker, if we only take the time from the day they wrote that plank in the Democratic platform, there has ever been such a crystallization of sentiment in the country for any one thing as there has been for the inflation of the dollar, not only in this House but through the rank and file of the people of the country. It is almost unanimous. The attacks upon it from the other side are purely political. Mr. Mills and other people attack it. They are talking about sound money, the money that the creditor holds now, and which the same creditors are not lending out to help the country in this emergency.

The business of the country, the money interests of the country, are leaving everything to Government and are asking the Government to do everything, and business is doing nothing in my estimation to help the people out of this situation. Surely the banks which control the money are doing nothing. If any one thing was ever needed in the opinion of the American people, it is the inflation of currency to meet the increased purchasing value of the dollar. In all of those speeches, even in the statement by the distinguished minority leader or the speech by Mr. Mills, or the speeches on the other side of the Capitol, there never was one word said about the increased purchasing value of the dollar. They never dared touch on that point, because that would have defeated their argument.

Mr. HOEPPEL and Mr. ELTSE of California rose.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield for another question?

Mr. O'CONNOR. Oh, I would rather yield over here on the Republican side.

Mr. ELTSE of California. Will the gentleman explain how this inflation is going to increase the purchasing power of the unemployed army in the United States?

Mr. O'CONNOR. That is the intent of it, and I believe the people who are thoroughly behind it have the utmost faith that this is the most important piece of legislation before the Congress by which to meet that very thing.

The SPEAKER. The time of the gentleman from New York has expired. All time has expired.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

Mr. O'CONNOR. On this first resolution? That merely fixes the time for debate.

Mr. SNELL. I know that, but we want a record vote on this resolution.

The yeas and nays were ordered.

The question was taken; and there were—yeas 261, nays 113, not voting 57, as follows:

[Roll No. 27]

YEAS—261

Abernethy	Corning	Hancock, N.C.	Major
Adair	Cravens	Harlan	Maloney, Conn.
Adams	Crosby	Harter	Maloney, La.
Allgood	Cross	Hastings	Mansfield
Almon	Crosser	Healey	Marland
Arnold	Crowe	Henney	Martin, Colo.
Auf der Heide	Crump	Hildebrandt	May
Ayers, Mont.	Cullen	Hill, Ala.	Mead
Ayres, Kans.	Cummings	Hill, Knute	Meeks
Beam	Darden	Hill, Sam B.	Miller
Biermann	Dear	Hoidale	Milligan
Bland	Deen	Hornor	Mitchell
Bloom	Delaney	Hughes	Monaghan
Boehne	DeRouen	Imhoff	Montet
Boland	Dickinson	Jacobsen	Moran
Boylan	Dies	Jeffers	Morehead
Brennan	Dingell	Jenckes	Murdock
Brooks	Disney	Johnson, Okla.	Nesbit
Brown, Ky.	Dobbins	Johnson, Tex.	Norton
Brunner	Dockweiler	Johnson, W.Va.	O'Connell
Buchanan	Doughton	Jones	O'Connor
Buck	Douglass	Keller	O'Malley
Bulwinkle	Doxey	Kelly, Ill.	Oliver, Ala.
Burch	Drewry	Kemp	Oliver, N.Y.
Burke, Calif.	Driver	Kennedy, Md.	Owen
Burke, Nebr.	Duffey	Kenney	Palmisano
Busby	Duncan, Mo.	Kleberg	Parker, Ga.
Byrns	Eagle	Kloeb	Parks
Cady	Eicher	Kniffin	Parsons
Caldwell	Ellzey, Miss.	Kocialkowski	Patman
Cannon, Mo.	Faddis	Kopplemann	Peavey
Cannon, Wis.	Farley	Kramer	Peterson
Carden	Fitzgibbons	Lamneck	Pettengill
Carpenter, Kans.	Fitzpatrick	Lanzetta	Peyser
Carpenter, Nebr.	Fletcher	Larrabee	Polk
Cartwright	Ford	Lee, Mo.	Pou
Cary	Foulkes	Lehr	Prall
Castellow	Gasque	Lewis, Colo.	Ragon
Celler	Gavagan	Lindsay	Ramsay
Chapman	Gillespie	Lloyd	Ramspeck
Christianson	Gillette	Lozier	Randolph
Church	Glover	Ludlow	Rankin
Clark, N.C.	Goldsborough	McCarthy	Rayburn
Cochran, Mo.	Granfield	McClintic	Reilly
Coffin	Gray	McCormack	Richardson
Colden	Green	McDuffie	Robertson
Cole	Greenwood	McFarlane	Robinson
Collins, Miss.	Gregory	McGrath	Rogers, N.H.
Colmer	Griffin	McKeown	Rogers, Okla.
Condon	Griswold	McReynolds	Romjue
Cooper, Tenn.	Haines	McSwain	Rudd

Ruffin	Smith, Wash.	Thomason, Tex.	West, Tex.
Sabath	Spence	Thompson, Ill.	White
Sadowski	Steagall	Truax	Whittington
Sanders	Strong, Tex.	Turner	Wilcox
Sandlin	Stubbs	Umstead	Willford
Schaefer	Studley	Utterback	Williams
Schuetz	Sullivan	Vinson, Ga.	Wilson
Schulte	Sumners, Tex.	Vinson, Ky.	Wolverton
Scrugham	Sutphin	Wallgren	Wood, Ga.
Sears	Swank	Walter	Wood, Mo.
Secrest	Sweeney	Warren	Woodrum
Shallenberger	Tarver	Wearin	Young
Sirovich	Taylor, Colo.	Weaver	
Sisson	Terrell	Weideman	
Smith, Va.	Thom	West, Ohio	

NAYS—113

Allen	Dowell	Johnson, Minn.	Seger
Andrew, Mass.	Dunn	Kahn	Shoemaker
Arens	Eaton	Kelly, Pa.	Simpson
Bacharach	Edmonds	Kinzer	Sinclair
Bacon	Eltse, Calif.	Knutson	Snell
Bakewell	Englebright	Kurtz	Somers, N.Y.
Beck	Evans	Lambertson	Stalker
Beedy	Fish	Lambeth	Stokes
Black	Focht	Lehlbach	Strong, Pa.
Blanchard	Foss	Lemke	Swick
Boileau	Frear	Luce	Taber
Bolton	Gibson	Lundeen	Taylor, Tenn.
Britten	Gilchrist	McFadden	Thurston
Brumm	Goodwin	McGugin	Tinkham
Burnham	Goss	McLean	Tobey
Carter, Calif.	Guyer	Mapes	Traeger
Carter, Wyo.	Hancock, N.Y.	Marshall	Treadway
Chase	Hartley	Martin, Mass.	Turpin
Claiborne	Hess	Merritt	Wadsworth
Clarke, N.Y.	Higgins	Millard	Watson
Cochran, Pa.	Hoeppel	Mott	Welch
Collins, Calif.	Hollister	Moynihan	Whitley
Connolly	Holmes	Parker, N.Y.	Wigglesworth
Cooper, Ohio	Hooper	Powers	Withrow
Crowther	Hope	Ransley	Wolcott
De Priest	Howard	Reece	Woodruff
Dirksen	Huddleston	Reid, Ill.	
Ditter	James	Rich	
Dondero	Jenkins	Rogers, Mass.	

NOT VOTING—57

Andrews, N.Y.	Culkin	Kennedy, N.Y.	Pierce
Bailey	Darrow	Kerr	Reed, N.Y.
Bankhead	Dickstein	Kvale	Richards
Beiter	Doutrich	Lanham	Shannon
Berlin	Durgan, Ind.	Lea, Calif.	Smith, W.Va.
Blanton	Fernandez	Lesinski	Snyder
Brand	Fiesinger	Lewis, Md.	Taylor, S.C.
Brown, Mich.	Flannagan	McLeod	Underwood
Browning	Fuller	McMillan	Waldron
Buckbee	Fulmer	Martin, Oreg.	Werner
Carley	Gambrill	Montague	Wolfenden
Cavicchia	Gifford	Muldowney	Zioncheck
Chavez	Hamilton	Musselwhite	
Connery	Hart	O'Brien	
Cox	Kee	Perkins	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Richards (for) with Mr. Reed of New York (against).
Mr. Bankhead (for) with Mr. Darrow (against).
Mr. Underwood (for) with Mr. Cavicchia (against).
Mr. Kennedy of New York (for) with Mr. McLeod (against).
Mr. O'Brien (for) with Mr. Doutrich (against).
Mr. Flannagan (for) with Mr. Muldowney (against).
Mr. Musselwhite (for) with Mr. Perkins (against).
Mr. Brown of Michigan (for) with Mr. Wolfenden (against).
Mr. Werner (for) with Mr. Culkin (against).
Mr. Fernandez (for) with Mr. Waldron (against).

General pairs:

Mr. Blanton with Mr. Gifford.
Mr. Bailey with Mr. Buckbee.
Mr. Lanham with Mr. Andrews of New York.
Mr. Gambrill with Mr. Kvale.
Mr. Carley with Mr. Pierce.
Mr. Dickstein with Mr. Beiter.
Mr. Hart with Mr. Lesinski.
Mr. Kerr with Mr. Durgan.
Mr. Martin of Oregon with Mr. Berlin.
Mr. Lewis of Maryland with Mr. Zioncheck.
Mr. Montague with Mr. Taylor of South Carolina.
Mr. Connery with Mr. Kee.
Mr. Brand with Mr. Hamilton.
Mr. Browning with Mr. Smith of West Virginia.
Mr. Fuller with Mr. Chavez.
Mr. Fulmer with Mr. Shannon.
Mr. McMillan with Mr. Fiesinger.
Mr. Lea of California with Mr. Cox.

Mr. CONNERY. Mr. Speaker, I arrived too late to vote. If permitted to vote, I would have voted "aye."

Mr. BYRNS. Mr. Speaker, I have a telegram from the gentleman from Ohio, Mr. UNDERWOOD, who states he is unavoidably absent, and that if present he would vote "aye" upon this rule, and also upon the rule which will be voted upon later on. The same is true of the gentleman from Virginia, Mr. FLANNAGAN, and the gentleman from Tennessee, Mr. BROWNING.

The result of the vote was announced as above recorded.

PRIVILEGES OF THE HOUSE

Mr. TREADWAY. Mr. Speaker, I rise to a question of constitutional privilege.

The SPEAKER. The gentleman will state it.

Mr. TREADWAY. Mr. Speaker, some weeks ago I introduced in the House a resolution which was duly referred to the Committee on the Judiciary and which has not as yet been reported upon.

Mr. RANKIN. Mr. Speaker, I make a point of order.

Mr. TREADWAY. I understand the matter has been duly considered by the Committee on the Judiciary, but as yet no report has been submitted to the House.

Mr. CELLER. Will the gentleman yield?

Mr. TREADWAY. Yes; I yield to the gentleman, but I do not wish to be taken off the floor.

Mr. RANKIN. Mr. Speaker, a point of order. I make the point of order that the gentleman from Massachusetts [Mr. TREADWAY] has no right to raise a question of the privilege of the House without introducing a resolution at the time. The gentleman is entirely out of order.

Mr. TREADWAY. If the gentleman will abide in patience for a moment or two, I will introduce the resolution.

Mr. RANKIN. The gentleman should do it before he makes any remarks. I make the point of order, Mr. Speaker.

Mr. TREADWAY. The Speaker recognized me to make a statement in relation to the question of personal privilege, as I understood it. The gentleman cannot take me off my feet.

Mr. RANKIN. He arose to a question of the privilege of the House, and I make the point of order that the gentleman is out of order.

The SPEAKER. The Chair will recognize the gentleman to state the question of constitutional privilege.

Mr. TREADWAY. My question of constitutional privilege is that, in brining before the House the bill H.R. 3835, certain amendments that were adopted by the Senate violate article——

Mr. RANKIN. Mr. Speaker, I make a point of order that the gentleman should introduce the resolution first.

The SPEAKER. The gentleman from Mississippi makes the point of order that the gentleman should first introduce the resolution. The point of order is sustained.

Mr. TREADWAY. Mr. Speaker, I offer the following resolution, which I send to the desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That the House bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, with the Senate amendments thereto, be returned to the Senate, as a part of said amendments are in the nature of and constitute a revenue bill.

Mr. RANKIN. Mr. Speaker, a point of order. I make the point of order that the resolution is not in order. It does not constitute a question of the privilege of the House.

The SPEAKER. The Chair overrules the point of order.

Mr. BYRNS. Mr. Speaker, it is extremely important that we finish this debate today. I do not know what the purpose is in undertaking to delay consideration of this bill. I move to lay that resolution on the table.

Mr. RANKIN. Then I withdraw the point of order for that purpose.

The SPEAKER. The question is on the motion of the gentleman from Tennessee to lay the resolution on the table.

Mr. TREADWAY. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. Those favoring taking this vote by the yeas and nays will stand and remain standing until counted. [After counting.] Forty-seven Members have arisen; not a sufficient number.

Mr. TREADWAY. Mr. Speaker, I demand a division.

The question was taken; and on a division (demanded by Mr. TREADWAY) there were ayes 170 and noes 51.

Mr. TREADWAY. Mr. Speaker, I object to the vote, and I demand the yeas and nays.

Mr. RANKIN. Mr. Speaker, a point of order. The gentleman has already asked for the yeas and nays, and they were refused.

Mr. TREADWAY. Mr. Speaker, may I make a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. TREADWAY. More than one fifth of the Members responding asked for the roll call. The vote was 170 for and 51 against, as declared by the Speaker.

The SPEAKER. On the roll call just completed there were 374 Members who answered to their names. One fifth of 374 is 75; therefore, the 47 Members who arose to demand the yeas and nays did not meet the constitutional requirement, and the demand for the yeas and nays was refused.

Mr. SNELL. But, Mr. Speaker, according to the count just made by the Speaker, there were only 221 Members present.

The SPEAKER. The Chair cannot assume that all the Members present stood and voted on the division demanded by the gentleman from Massachusetts. The vote as recorded a moment ago on a roll call showed 374 Members present.

Mr. LEHLBACH. Mr. Speaker, the total number, according to the Speaker's announcement, was 170 yeas and 51 noes, making a total of 221 Members. Forty-seven would be more than one fifth of that number.

Mr. RANKIN. Mr. Speaker, I make the point of order that this question has been disposed of. I demand the regular order.

Mr. TREADWAY. And I demand the regular order on the request for a yea-and-nay vote. Forty-seven Members stood in response to the request for a yea-and-nay vote, which is a sufficient number for a roll call on the question of laying the resolution on the table.

The SPEAKER. That was on a division vote. On the demand for the yeas and nays just a moment ago there were 374 Members present, and only 47 seconded the demand for the yeas and nays.

Mr. SNELL. But on the Speaker's announcement there were only 221 present. I should claim that 47 would be sufficient to demand a roll call.

The SPEAKER. The Chair simply announced the vote on that particular division. The Chair does not think that all the Members present voted on the division, particularly when the roll call just completed disclosed 374 Members present.

The motion of the gentleman from Tennessee is agreed to.

The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 124

Resolved, That immediately upon the adoption of this resolution the bill H.R. 3835 with Senate amendments thereto be, and the same is hereby, taken from the Speaker's table; that all points of order against said bill or Senate amendments thereto shall be considered as waived; that Senate amendments nos. 1 to 84, inclusive, be, and the same are hereby, disagreed to; that Senate amendment no. 85 be, and the same is hereby, concurred in; that the conference requested by the Senate on the disagreeing votes of the two Houses be, and the same is hereby, agreed to.

Mr. SWANK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SWANK. Before this bill is sent to conference would it be in order for me to offer a motion to instruct the conferees to substitute H.R. 2855, the Frazier bill, introduced in the House by the gentleman from North Dakota [Mr. LEMKE], in lieu of the mortgage provision of title II, page 35, of the bill H.R. 3835?

The SPEAKER. It would be in order to instruct the conferees after the passage of the resolution and before appointment of the conferees.

The Chair would then determine whether the motion is germane or not.

Mr. RANKIN. But, Mr. Speaker, it will not be in order to instruct conferees to put anything in the bill which was not put in the bill by the House or the Senate.

The SPEAKER. Yes; that is true.

Mr. POU. Mr. Speaker, I yield 25 minutes to the gentleman from Alabama [Mr. STEAGALL].

The SPEAKER pro tempore (Mr. COCHRAN of Missouri). The gentleman from Alabama is recognized for 25 minutes.

Mr. STEAGALL. Mr. Speaker, the suffering masses of mankind in the United States are not concerned seriously with the technical rules of procedure or the parliamentary methods employed by their Representatives in Congress in passing legislation to afford relief from the distress in which the Nation finds itself at this hour. The people who sent us here are relying upon us as their Representatives for necessary action to restore normal business activities. They are interested in results. That is the standard by which we are going to be judged. They are going to hold us responsible for results.

It is not unusual for the House to accept important amendments put on as riders to House bills.

This measure is emergency legislation dealing with conditions growing out of an unprecedented emergency. Unusual conditions call for unusual methods. The income of the people of the United States has shrunk from $90,000,000,000 in 1929 to less than half that amount in 1932. Our exports have dwindled from $5,000,000,000 plus to $1,000,000,000 plus since 1929. Our imports have fallen from $4,000,000,000 plus to $1,000,000,000 during the same period. Thousands of bank failures have occurred, tying up $6,000,000,000 or $7,000,000,000. Bank deposits have declined more than $25,000,000,000. Bank credit has declined in like proportion.

More than a million farmers have lost their homes. Urban home owners still in possession of their homes are knocking at the door of Congress for assistance from the Federal Government to enable them to obtain necessary credit to prevent turning their families out of their home. In many instances State, county, and municipal treasuries are empty and without the power of replenishment by taxation. Something like 15,000,000 people out of employment lift their hands, pleading for leadership that will revive business activity and give an opportunity to citizens who want to work to labor and support their families.

The financial structure of the United States is prostrate and in ruins. We face a desperate situation, the like of which no man within the sound of my voice has ever seen.

The debts of our people exceed $200,000,000,000. The price of the commodities with which these debts must be discharged under the existing order, has shrunk 50 percent. It takes 4 bushels of wheat to pay a debt that could have been discharged for 1 bushel when the obligation was incurred. It takes 2 bales of cotton to pay a debt that could have been paid with 1 bale when the debt was contracted. The dollar has enhanced in value until it has lowered the price level, bankrupting farmers, merchants, and all classes of citizens and causing unemployment, destitution, and want. This, too, in the midst of abundant production on our farms and in our factories. Such a dollar is dishonest and unfair. These conditions are intolerable.

I said on this floor in the last session of Congress that in this situation no patriotic American has a moral right to ask for elevation to a position of power and public office who accepts these conditions as final or who is willing to see them continued as the permanent lot of the people of the United States. [Applause.] It was in this spirit, it was the love of country and family, the love of home pulsating in the breasts of the sovereign voters of the United States that made them last year declare for a change in the control of government at Washington.

The legislation now under consideration is, perhaps, the culminating point in the program of the administration pledged to a new deal, to new methods, and to a new order in the financial affairs of the United States.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HOEPPEL. Does the gentleman consider it is a new deal to expand the currency to raise commodity prices, and at the same time take from disabled veterans 30 or 40 percent of their compensation and pensions?

Mr. STEAGALL. Well, maybe we made a mistake in cutting the pay of the veterans. Let us grant that we did. Should we stop there if that was a destructive act? Is not the gentleman willing, and is it not wise, that we go forward and make amends for any error we may have made in one instance, if it was an error? [Applause.]

I will say to the gentleman that it was my privilege to be invited to a conference held at the Treasury of the United States on the 5th day of March, when the new administration was entering upon the tasks confronting it in that trying hour. Every bank in the Nation was closed. The Treasury had confronting it a financing program of nearly $1,000,000,000 that had to be met on the 15th day of March. No citizen of the United States could go to his bank and draw out a dollar of the hard earnings of a lifetime.

Even citizens who had deposited their hard earnings in the Postal Savings banks of the land were just as helpless in the effort to get their money back as were the depositors in the failed commercial banks of the Nation.

These were the conditions that confronted the new administration when it took office on the 4th day of March. These were the tasks that confronted us, and in the effort to preserve the credit of the Government it was thought wise and prudent by our leaders to inaugurate a program of rigid economy in Government expenditures. As a patriotic citizen, as a Member of this House loyal to the leadership chosen by the American people, I cast my vote in that instance, as I have in every instance since then, to uphold and support the chosen leadership of the people into whose hands they have entrusted the task of restoration and recovery. [Applause.]

Mr. PATMAN. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Texas.

Mr. PATMAN. I am asking for information. It is my understanding that Postal Savings deposits increased more than $100,000,000 during the month of March; that they increased from $1,005,600,000 at the end of February 1933 to $1,111,600,000 at the end of March 1933.

Mr. STEAGALL. Oh, yes.

Mr. PATMAN. I cannot understand why people would be so anxious to get their money out of the Postal Savings when they increased more than 10 percent. In July 1930 the Postal Savings deposits amounted to $180,700,000, the largest amount since the institution of the System. In July 1931 the amount was $372,500,000; July 1932 it was $828,500,000; and on March 30, 1933, $1,111,600,000.

Mr. STEAGALL. They were not anxious to get their money because, fortunately, they did not know they could not get it; but, as a matter of fact, as the gentleman knows, the deposits of the savings banks were linked, the same as the Government financing program, with the commercial banks of the country, and if depositors had demanded their deposits, they could not have obtained them out of the Postal Savings System any more easily than they could out of the commercial banks of the country.

These are the conditions that faced the Congress and the administration. When the loyal citizens find out all the problems that had to be met they will continue their confidence in the leadership that now blesses this country with the prospect of happier and brighter days.

Mr. RANKIN. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Mississippi.

Mr. RANKIN. While the gentleman is on the point of bank deposits, the gentleman from Alabama has led the fight in this House for some kind of system of guaranty of bank deposits to save the banks of this country from being destroyed by excited depositors. I want to ask the gentleman from Alabama, if he does not mind being diverted at this point, what the prospects are along this line today?

Mr. STEAGALL. I shall answer my friend before I am through, and I must hasten along because my time is limited.

Mr. McLEAN. May I urge the gentleman not to yield further? I have enjoyed the gentleman's remarks and I hope he will not yield further to anyone.

Mr. STEAGALL. Mr. Speaker, what is the trouble? We are told that we have more than $5,000,000,000 of money in circulation in the United States. This is erroneous. It is in existence, but it is not in circulation. According to last reports, the banks themselves have little more than one half billion dollars in actual money in their vaults. A large portion of the cash is held abroad; much of it is in hoarding by private citizens and in the safes and vaults of corporations and large financial institutions not engaged in banking. So that we are suffering from a lack of circulating medium, which is the lifeblood of commerce, agriculture, and industry.

That is what this bill is intended to cure. We want to enlarge the supply of money in order that business may be afforded an ample medium of exchange. It is a stigma upon the financial and political leadership of the United States that our people, in the midst of plenty and abundant production of the necessaries of life, have not a system of exchange that will enable them to enjoy the products of their toil and the fruits of their labors. I venture to say that if we had no banks and no circulating media under Government control that cotton farmers of the South and wheat growers of the West have enough common sense and initiative to formulate plans to enable cotton farmers in need of food to exchange cotton for wheat and wheat farmers in need of clothing to exchange wheat for cotton. This depression is not caused by overproduction. Our surpluses are the result of the depression, not its cause. It is little less than blasphemous to attempt to ascribe to Almighty God responsibility for the indefensible mismanagement the people of this country have had in recent years. It is not true. Such a contention is an insult to intelligent people. A fruitful soil, a bountiful harvest, happy seasons, and a contented, industrious labor are not curses to mankind. An uncontrolled wave of speculation and inflation, followed by destructive contraction of credit and of the circulating medium of the United States, have thrown our economic machinery out of order.

We propose, at least in part, to repair the damage. This measure is not just as I would have it or as some of you would have it, but I am glad to support it. It represents the inauguration of the new deal promised the people of the United States. [Applause.] It is a step in the right direction, and one too long delayed. If I have any fear about this legislation, that fear is that we will not expand the currency to the extent that is necessary to meet the breaking down of the credit structure of this country. [Applause.]

Let me say that our business is not done with currency. People who limit their interest in this problem to the mere matter of currency printed, or to the amount of metallic money in circulation, have only touched a part of the great problem that confronts the people of the Nation. There is another kind of circulating medium, different from silver or gold or printed currency, that is of transcendant importance. It is bank credit, deposit credit, bank checks. Over 90 percent of the business of this country is carried on by the use of bank checks; and we will never solve this problem satisfactorily until we recognize this fact. We must pay due regard to the use of bank checks and the resumption of bank credit in the United States.

The figures show that there was a turn-over of something like $1,200,000,000,000 of bank credit in the United States in 1929. It had shrunk to something like $600,000,000,000, or one half that amount, last year. Six billion dollars will go only a part of the way toward restoring the loss in the circulating medium represented in the breaking down of bank credit and the use of bank checks; certainly it will not reach beyond the requirements of the situation. There is no basis for alarm in the contention that we are entering upon a period of wild and reckless inflation of the currency of the United States.

Someone said we are conferring unusual powers upon the President of the United States. Yes; but when in all history did any President face so many unusual problems as now confront our President? Never in all the years of our past have the people of the Nation imposed such tasks upon a President.

We have given the Federal Reserve Board far more power than that conferred upon the President in this bill. We have intrusted the power to expand and control the currency to the Federal banking system of the country. They have failed to preserve and stabilize proper standards of value in the United States and to maintain a credit system suited to the great commercial, industrial, and agricultural needs of the American people.

The President represents the sovereign people of the Nation, chosen by them for a definite term, for definite tasks, and we are undertaking by this measure to clothe him with the necessary machinery to meet the responsibilities imposed upon him by the people of the United States.

I made reference to the importance of bank credit in response to an inquiry by my friend the able and distinguished gentleman from Mississippi [Mr. RANKIN]. I will say to him that for 15 years I have sponsored legislation to establish plans for the guaranteeing of deposits in the banks of the United States in order that depositors may trust their banks and leave their cash available for the trade requirements of the country; and above and beyond that, to make it possible for bankers to devote their deposits to the support of trade and commerce instead of living in constant fear of a mob at their doors demanding their deposits.

I am happy to say that we have reasonable hope that we shall be able before the adjournment of this session to follow this bill with its great promise of relief with a measure providing for the insurance of deposits in the banks of the United States. [Applause.]

Now, let me say in conclusion that this bill is not new to many of us. Similar legislation has been considered by the Committee on Banking and Currency. Extensive hearings were held on currency expansion and stabilization by our committee in 1926, again in 1927, again in 1928, and finally in 1932. During the last session of Congress the House of Representatives, under the leadership of the Banking and Currency Committee, passed two measures which, had they been finally enacted, would have averted the serious difficulties that now confront us. I refer to the Goldsborough bill to expand and stabilize the currency, and the bank-deposit guaranty bill, which I had the honor to introduce. In my humble judgment, those two measures, if enacted and properly administered, would have averted the distressing conditions which we are now attempting to relieve. The Goldsborough bill passed the House by a vote of 269 to 60. The other measure passed overwhelmingly without a roll call. When the shouting and the tumult have passed away, the American people will remember that the leadership in this House during the last Congress blazed the path in which we are marching today toward the cherished goal of recovery. [Applause.]

We have chosen a leader who is responsive to the will and wishes and who embodies the hopes and aspirations of the people of the United States. In his hands he holds aloft the colors of civilization. He will bear them to heights to which they have not before been lifted. Throughout the world the people have their eyes fixed on his leadership. They will follow him to new victories for peace and happiness. [Applause.]

Mr. TREADWAY. Mr. Speaker, I yield 20 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, if I understand correctly the basic reasons for the amendment which has come over to us from the Senate, which embodies the demands of the so-called "inflationists", it is that there is not enough currency in circulation to accommodate commerce, industry, and agriculture, and to maintain the price level at normal.

I submit to the consideration of this committee the cold facts which to my mind are an absolute denial of the underlying reasons for this inflation legislation. In 1929, when prices were at the peak, there were $4,372,000,000 of monetary gold in this country. On March 31 last we had $4,279,000,000 worth of monetary gold. You will perceive that there is a very slight shrinkage in volume of our yellow-metal holdings. The total amount of money of all kinds in circulation in 1929 was $4,819,000,000. On April 24, 1933, we had $6,038,000,000 and on April 26 we had $5,994,000,000. It will be perceived that there was $1,175,000,000 more of money in circulation on April 26, 1933, than at the peak of 1929.

In the fall of 1929 there were $1,839,000,000 of Federal Reserve notes in circulation and on April 24, 1933, there were $3,454,000,000 of those notes in circulation. Mark you, I am not talking about Federal Reserve bank notes. We will come to that later. These are Federal Reserve notes that I speak of. On April 26, 1933, the last figures available, there were $3,424,000,000 of these Federal Reserve notes in circulation, or an excess of $1,585,000,000 over the volume in circulation in 1929. All of these figures that I have given you apply to currency, both monetary gold and currency in all forms. In the discussion of this problem we must dissociate our ideas of currency from those of bank money, so called. It will be perceived that we have a much larger volume of currency in circulation today with low prices than we had in 1929 with high prices. Nobody can gainsay that.

What is the next step as a matter of logical thought? What are we prepared to do in the way of issuing additional currency without any emergency legislation and despite all the drains upon our reserves? The Federal Reserve banks of the System today have $1,230,000,000 of excess reserve gold, which, on the basis of a 40-percent reserve requirement, may be multiplied by 2½ to determine the amount of Federal Reserve notes possible of issue. So that the excess gold in the Reserve banks would enable them tomorrow morning, in theory, if there was a demand for money, for actual currency, to issue $3,075,000,000 in sound money. The member banks have excess reserves of $250,000,000, and, on the basis of experience, which has shown that only an average reserve of 7 percent is necessary to maintain the 13, 10, 7, and 3 percent member bank reserves, these member banks, if there were any demand for it, are in a position, without additional legislation, to lend $3,250,000,0000 of money. All this without any emergency legislation! In view of these facts, how can any thoughtful person stand here or in any other forum and declare that our trouble today is lack of currency?

When we come to the question of credit, that is another matter. What is it that makes credit easy? There must, at bottom, be business activity, and from that business activity, which requires the employment of labor, consuming power of the masses results. Both combined bring a demand for credit and a turnover in money payments, which increases velocity of dollars. Attendant upon such a situation is an expansion of credit to meet all the needs of business. There is latent in the existing system, if we do not wreck it, if we do not meddle with it unwisely, full capacity to meet every need of the moment. Let us prove it.

On July 22, 1932, if my memory serves me correctly, we passed the Glass-Borah amendment to the so-called "relief act", authorizing the issuance of $1,000,000,000 of national-bank notes. What was the reason for the passage of that act? It was said that there was not enough currency in circulation, that if we would but approve the Borah amendment banks would immediately rush in and avail themselves of the privilege extended and swell the volume of currency issues. What has happened? In almost a year, of that billion dollars authorized there has been an increase in the volume of national-bank notes of only $200,000,000.

If there was any real demand for currency, the banks would call for more of it. They could get it on short notice. They have not demanded it in any volume. Presently I shall try to tell you why. At the beginning of this session we passed the March 9 act, which authorized the so-called "emergency issuance" of $3,000,000,000 of Federal Reserve bank notes. It was said that we must have it in order to accommodate business. How much of that $3,000,000,000 has been issued? According to the latest figures, the increase in the Federal Reserve bank notes since March 9 is only $29,000,000. Of this $4,000,000,000 of National and Federal Reserve bank notes, whose issuance we have authorized upon the theory that we must come to the relief of the country with more currency, you will see to what a small extent the banks

themselves—which are naturally anxious to use as much money as possible, for they must lend money to live—have taken advantage of the increased circulation privilege. What does that mean to anybody who stops to think? Are you inflationists not wrong in your fundamental proposition, namely, that what we need is more currency? I think you are. If you want higher prices, if we are to experience a business revival, there must be something deep down in the business structure that will germinate new business. You cannot by the mere passage of laws make business.

When once business is stimulated by returning confidence—and confidence will never thrive on depreciated money, fear is its inevitable concomitant—but I repeat that when confidence returns and business improves employment will be given the masses, now unfortunately unemployed. Then demand for credits will come. Then the banks already liquid with money can lend. Banks can lend to a man who has a contract to build something. Banks can lend to a man who has an order to manufacture a hundred thousand pairs of shoes, and who will give a mortgage upon the finished product. But when there are no values to loan on, when, because of business stagnation, no values are being created, then banks cannot safely make loans. The banks themselves are suffering on account of this very situation today.

Now, what has happened to this money we have issued at the behest of this administration and under the emergency plea? What has happened to the Federal Reserve notes that were in circulation? All you have to do is to follow the weekly statements of the Federal Reserve banks to answer this question.

I read a speech the other day by a noted inflationist in which he undertook to convince the country that the Federal Reserve System was attempting to thwart the inflationist's policy by selling its bonds. And he quoted figures which any man who has studied these reports knows do not apply to bonds at all. For instance, he cited, week by week, the shrinkage in volume of money outstanding in the nature of loans on bills discounted by the Federal Reserve System. He flatly stated that those figures reflected sales of Government securities by the reserve banks. If you happen to have at hand and will turn to the statement of the Federal Reserve System for the week beginning April 19 and ending April 26, you will see that whereas on the 19th of April there were $385,000,000 worth of loans outstanding on bills, nevertheless those loans on April 26 had shrunk by $29,000,000. If you will next turn to the item nominated "bills bought"—bills bought are bankers' acceptances, or, in other words, bills which have been accepted by certain banks—you will see that the volume of this class of loans on April 26 was $31,000,000 less than on April 19. What do these facts mean? They mean that there is already so much currency in circulation that when we have tried to increase it with emergency currency the banks which availed themselves of the emergency-currency privileges have found themselves too liquid. Consequently they have insisted on paying back their debts. These figures in no way reflect sales of Government securities. They go to disprove the inflationist's argument. They prove conclusively that once emergency money is issued to banks they can find no other use for it but to pay off their debts at the Reserve banks. And thus they diminish the volume of outstanding credit.

What banks called for the additional $27,000,000 of Federal Reserve bank notes and the $200,000,000 additional issue of emergency national-bank notes? The banks which feared further demands for currency, further runs. Their fears proved to be groundless. Subsequent to March 9 there were many evidences of returning confidence. As soon as the national bank holiday was declared, people felt that the bottom had been reached and that the banks which reopened were safe. Money, therefore, began to find its way out of hoarding and was returned to the banks.

These banks, I repeat, found themselves with an excess amount of idle funds. There was no way of getting these funds into the hands of needy but potential consumers. There was only one thing the banks could do with this excess supply of currency. The member banks of the Federal Reserve System could use it to reduce their indebtedness to the Reserve banks. The reduction of indebtedness to the Reserve banks in no way reflects the policy of the Federal Reserve Board. It did not take the initiative.

The debtor banks of the system took the initiative. They said to the reserve banks, "We want back the $29,000,000 of our bills which we discounted with you. We can pay for them. We are not going to pay you interest on money that we cannot use." So they reduced the amount of their loans outstanding on their bills. They said, "We want that $31,000,000 of bankers' acceptances on which your reserve banks loaned us money. We can repay those loans." And the Federal Reserve banks surrendered the bills and acceptances and credited the member banks on their loan accounts. Thus you perceive what has happened to this emergency currency that you are printing and urging upon us in further volume as a solution for our problems.

Mr. PATMAN. Will the gentleman yield?

Mr. BEEDY. No; because I know what the gentleman is going to say, and I will surprise him in a minute, if he will excuse me and give me a chance.

This emergency currency goes right back into the Reserve banks. There is no demand for it; there is no call for it. There is nothing on which to borrow. Everybody who has anything on which to borrow, has borrowed to the limit, and we all know that.

When this emergency currency goes back into the Federal Reserve System you understand it is idle and useless money to the System. It may not be used as a reserve for further issues; nor does its possession reduce the liability on outstanding issues of Federal Reserve notes. So the Reserve banks must take the prudent course. The Reserve System, which was set up to accommodate commerce and agriculture and industry, must retire surplus currency which they cannot use for the accommodation of commerce, agriculture, and industry. So they have retired a volume of Federal Reserve notes equal, approximately speaking, to the needless issue of emergency currency which the present administration has caused to be issued.

Mr. PATMAN. Will the gentleman yield for a question right there?

Mr. BEEDY. No, because I know what the gentleman has in mind and I am going to answer in a minute. What we need is increased velocity of money, and that will never come until business returns, and government cannot make business. Of course I am opposed to giving all this power to the President. I trust him as much as any President. I am enough nonpartisan to believe that any man who is big enough to be elected President of this country will, insofar as within him lies the power, use it to the best interest of the whole people.

Mr. DISNEY. Will the gentleman yield?

Mr. BEEDY. No. Pardon me. We have no more to worry about from intrusting this power to the present President than we might have with any other President; but to vest this power in any President is contrary to our American system. I am opposed to turning over the power of the legislative branch of this Government to the Executive. If greenbacks are to be issued, if silver is to be remonetized, if the gold content of the dollar is to be reduced, the Congress alone is intrusted by the Constitution with the exercise of any or all these powers.

The gentleman from California [Mr. HOEPPEL] arose earlier in the course of this debate and embarrassed the gentleman from New York [Mr. O'CONNOR] when he said, "Is it not true that Hitler is wielding arbitrary power in Germany now because the Reichstag surrendered its power to him?" The gentleman from New York did not want to answer that question. Nor did he. But when the gentleman from California arose a second time to ask a question the gentleman from New York said, "I would rather yield to somebody on the Republican side." Nevertheless the fact remains that we are turning over to the President absolute power without precedent in peace times. We are setting the stage for a regime of dictatorship, and possibly it may auger well for us. Certainly no one desires that our difficulties be increased.

But I am opposed to this abject surrender of legislative power by the representative branch of the Government.

Now, those of you who are sound-money men were told you should support this program because the President was not going to use it. If it be true that it is the plan of the President to gather in all the power he can, take all possible power from Congress, and then send Congress home without ever intending to use this delegated power, I repeat, if this be the President's program, the strategy of this unusual inflation amendment, which he has caused to be grafted upon this mortgage-relief legislation, is clear. I am told that men close to the President have encouraged him to get this power to regulate the value of our money but not to use it. I am told that the President has been advised this is the proper way to checkmate the Congress and save himself and the country from the radical proposals of those Members of the Congress in his own party who insist upon fiat money. I am told that these same men have said to the President that when his partisans on the "Hill" get their eyes open and learn that he not only never intended to use this power but has not used it, that he will have, in all human probability, a very satisfactory answer.

I am told that the President has been encouraged by the thought that we are unquestionably passing through the closing hours of this depression; that every day we live we are nearing the hour of permanent recovery; that he will soon be able to say to his inflationist fellow Democrats, "True, I have not exercised the powers you gave me because there has been no need of it. The country is on the way to recovery; business activity is increasing; labor is being employed, and prices are rising." This, if I mistake not, will be the President's defense. This must be the course which the President will pursue inasmuch as he announced in his campaign that he favored a policy of sound money.

I ask you to follow the denouement of this administration program so far as it relates to currency, and see for yourselves if what I predict does not come true. And inasmuch as I have touched upon the question of predictions, it occurs to me that on March 24 last, when you urged upon us the adoption of the so-called "Robinson-Steagall bill", making it possible for nonmember banks to borrow of the reserve banks on paper, whether eligible or not, I ventured the assertion that not even a million dollars would be loaned to State banks as a result of the passage of that particular bill. I believe I was the only Member of the House who voted "no" on a viva voce vote upon that particular proposal. I opposed it as a political gesture. I felt that it would never be useful as a means of extending credit to nonmember State banks.

In opposing my stand, both the gentleman from Alabama [Mr. STEAGALL] and the gentleman from Maryland [Mr. GOLDSBOROUGH] urged the adoption of the Robinson-Steagall bill on the claim that it would release large volumes of money now frozen in State banks.

Do you know how much has been borrowed up to date under the authority of that act?

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. I cannot yield.

Mr. GOLDSBOROUGH. The gentleman misquoted me. I never made such a statement.

Mr. BEEDY. If the gentleman says I misquoted him, certainly I will yield to the gentleman.

Mr. GOLDSBOROUGH. I say the gentleman misquoted me. I never said hundreds of millions of dollars.

Mr. BEEDY. What did the gentleman say?

Mr. GOLDSBOROUGH. I did not say anything like that.

Mr. BEEDY. Did the gentleman believe that act was going to prove of any substantial benefit to the nonmember State banks? Did the gentleman believe that act would in any way alleviate the present situation?

Mr. GOLDSBOROUGH. I believed that the State banks ought to be given the same privileges that were given to national banks.

Mr. BEEDY. I did not ask the gentleman that question. I do not yield further.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman from Maine 5 additional minutes.

Mr. BEEDY. There have not been enough dollars borrowed under the authority of the Robinson Act to make a flyspeck upon the credit situation.

The figures have not been published. I cannot give them to you, but I know that to date far less has been borrowed than the $1,000,000 I predicted might be loaned.

I heard a noted inflationist the other day make a speech in which he said:

> Now, I am going along with this legislation. I am doing it in the hope this administration will couple with it some way of making this money available to those who need it.

If you want controlled inflation, there is a way to have it. You do not have to debate about it. If the President meant it when he said he favored controlled inflation, let us look at the top of page 65 of the bill and read what may be done:

> Greenbacks may be issued to the extent of $3,000,000,000 if deemed desirable. They may be used for meeting maturing Federal obligations, to repay sums borrowed by the United States, and other interest-bearing obligations of the United States. What are the bonus certificates but interest-bearing obligations of the United States, other than those covering sums borrowed by the United States?

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. No; I cannot yield.

I submit that this language clearly authorizes the President to pay the bonus certificates with greenbacks. If you are going to issue greenbacks, I think the President should pay the bonus with them. There is the only effective way I know of to put this money promptly into the hands of people who are outside of banks and who need it. [Applause.]

I was against the payment of the bonus last year. In the midst of a very bitter campaign waged against me in which all the sentiment for the bonus was mustered against me, I left my district to come down here and vote against the payment of the bonus. Why? I would have loved to have voted for it. I was as much in sympathy with those poor boys as any man alive. I knew full well the hardships they had suffered since they came back from the war, but last year we did not have the money with which to pay any bonus. We were losing $5,000,000 every day we ran the Government. Now, if we are going to print money it is only a question of how much it costs to print it; and if we want to get it into the hands of the spending masses who will use it to purchase food, clothing, and stimulate industry, we should pay the bonus with this new money. [Applause.]

I call upon this administration and the President, if he wants controlled inflation, if he is not fooling the so-called "inflationists", but means to use some vestige of this power, I call upon him to print this money and put it into the hands of these poor veterans and let us see what controlled inflation means. [Applause.]

Oh, he will not do it. And now I am going to say one other thing on my own responsibility: It was the money power of this country and banks under the leadership of such men as those who presided over the City National Bank of New York that wrecked the last administration. And unless I am greatly mistaken this same power has already gotten its talons into the leaders of the present administration. [Applause.] If this be true, may God help the country! We need leaders, yes, but we need men of independence who can say to these money barons, "Hands off! You have wrecked the financial institutions of this country. You have brought poverty and suffering upon the masses. You wrecked the Hoover administration. Now, keep your hands off the present administration." Our President should enter into no understanding with Wall Street about the exercise of these powers which many of you men in perfect good faith are demanding that the Congress surrender to our Chief Executive.

I now yield to any Member who desires to ask a question.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. PATMAN. The gentleman stated that the President had the power to pay the adjusted-service certificates by reason of the language on page 65 of this bill?

Mr. BEEDY. Yes.

Mr. PATMAN. This language reads:

May be issued only for the purpose of meeting maturing Federal obligations.

Mr. BEEDY. Oh, no, no. It goes further. Read the entire sentence.

Mr. PATMAN. If the language stopped there, the gentleman would be entirely correct, but it does not stop there. It continues:

Meeting the maturing Federal obligations to repay sums borrowed by the United States.

Therefore it would exclude payment of the adjusted-service certificates.

Mr. BEEDY. No. You have not read the rest of the sentence, which says:

And other interest-bearing obligations of the United States.

Mr. PATMAN. I wish the gentleman were correct in his statement.

Mr. BEEDY. The President could undoubtedly use this money not only "for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States", but "for the purpose of meeting * * * other interest-bearing obligations of the United States." There should not be the slightest confusion in the gentleman's mind on this point.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. PATMAN] to ask a question of the gentleman from Maine.

Mr. PATMAN. I would like to ask the gentleman from Maine another question. If the language in the bill stopped at "issued only for the purpose of meeting maturing Federal obligations", as the gentleman inferred a few minutes ago, the President would possibly have the power to pay off the adjusted-service certificates, but the language does not stop there. The language is, "issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States." Therefore, it specifically excludes the payment of the adjusted-service certificate.

Mr. BEEDY. I say to the gentleman that when you give a dictator the power to act in any way he wants to act, he can act under this language, and if he does not want to act, he should have got behind the demand for an amendment over in the Senate to make it clear and insure us controlled inflation.

Again the gentleman has failed to heed the language which covers the third purpose for which the President may use the money in question. I repeat: First, he may use it "for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States;" secondly, he may use it "for purchasing United States bonds;" and thirdly, he may use it "for the purpose of meeting" or "for purchasing * * * other interest-bearing obligations of the United States." Clearly, the bonus certificates are interest-bearing obligations of the United States and fall within the language of this section of the bill.

Mr. PATMAN. If you were to put a comma there after the word "obligations" it would possibly permit the President to pay the adjusted-service certificates, although I doubt it.

Mr. BEEDY. Upon further consideration of the language in this section, I feel confident the gentleman will agree that I am correct.

[Here the gavel fell.]

INDEPENDENT OFFICES APPROPRIATION BILL—FISCAL YEAR 1934

Mr. O'CONNOR, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 128

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 H.R. 5389, a bill making appropriations for the Executive Office and sundry independent bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, and all points of order against said bill or any provisions contained therein are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the gentleman from Virginia, Mr. WOODRUM, and the gentleman from New York, Mr. TABER, the bill shall be read for amendment under the 5-minute rule. No amendments shall be in order to sections 4 to 17, inclusive, except amendments offered by direction of the Committee on Appropriations, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and 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.

FARM RELIEF

Mr. O'CONNOR. Mr. Speaker, I yield 20 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

REFLATION AND STABILIZATION OF THE CURRENCY

Mr. GOLDSBOROUGH. Mr. Speaker, I will ask not to be interrupted. I will say as much as I can in 20 minutes, and if I get through before the time has expired, I shall be very happy to answer any questions I may be able to answer.

The problem that we are endeavoring to solve at this time, as I understand it, is not a problem of inflation but a problem of endeavoring to effect a proper distribution of the wealth of the country. It has been estimated that if we produce on the basis of 5 hours of labor for every able-bodied man in this country 6 days in the week and distribute our production in the way in which it could be, if scientifically done, every family in the United States would have an income equivalent to around $20,000 a year. Whether this is accurate or not, it is accurate to say that the problem to be solved in this country is the problem of distribution, and this is exactly what we are defending now.

In the last 12 years I have seen attempts to relieve the economic distress of the country by the passage of the Fordney-McCumber tariff bill of 1921 and the Smoot-Hawley tariff bill in 1929. I hope I shall never live to see the time, if I am in Congress, for another tariff bill to be passed—with no exhibition of economic justice, no endeavor to adjust the proper relationship between foreign and home production, but simply a question of every selfish interest getting everything possible out of the tariff.

This condition of utterly selfish legislation culminated in the Wall Street panic of 1929, and then in the fall of 1931 the President of the United States began what he conceived to be a proper process of rehabilitation. This was begun, so far as I know, in perfect good faith, but it was based on the conception that, with the terrific debt which confronted the American people, the economic situation could be relieved by a transfer of this debt from private individuals to the United States Treasury or else by an increase in the private debt; so we were offered the Reconstruction Finance Corporation, which attempted to absorb the debts of the banks and the railroad companies and the insurance companies, the so-called "Farm Loan Act", which attempted to pump value back into the worthless bonds of the Federal farm-loan system, and the final credit scheme, the home-loan bank bill.

Through all this period, as of necessity, prices continued to go down because this overload of debt could not be met by any process of borrowing or lending. There was no possible way to discharge this debt except by complete bankruptcy of the country, unless through a reflation of the currency.

But the administration thought otherwise. Then came the 4th of March 1933. In less than two months what has been done? First, evidently with the conception that a rise in the price level was necessary in order that producers might pay their debts and resume production, we went off the gold

standard and embargoed gold. This reduced the demand for gold and started a rise in commodity prices. The price of wheat has already gone up from 35 cents to 77 cents, the price of cotton has risen, and all commodities are gradually going up.

Now we are here today considering a further step. In 1896 and 1898 gold was discovered in the Klondike and in South Africa in large quantities. From 1873 to 1896 we had a falling price level. When I was a little boy, I drove with my grandfather, a country doctor. I did not understand why it was that farmers who worked from dawn until dark, and whose families worked from dawn to dark, never had anything. We were tied to gold, and gold was scarce.

Gold was discovered, as I just said, and from 1898 to 1914 was the most prosperous period in the history of the country.

The President understands that there is now a tremendous world demand for gold and that the thing to do is to devalue the gold dollar. Devaluation will produce the same result as the discovery of a large new supply of gold.

In this bill also is the further conception of a managed currency. That is found in the notes provisions of the bill.

And so in a period of less than two months there has been a greater social concept in legislation offered and passed by the American Congress than there has been before in its entire history.

It is true, as the Chairman of the Banking and Currency Committee said, that the Democratic House of Representatives in the last Congress, although there was a Republican President and a Republican Senate, passed two bills, the Steagall deposit guaranty bill and the Goldsborough stabilization bill. These bills were stopped in the Senate through the influence of the President of the United States and, therefore, did not become law.

Now, it seems to me there are two or three things which remain to be done in order that the country may get permanent help from monetary legislation.

First, there should be imbedded in legislation a conception of the stabilization of the price level. That is not involved in this proposed legislation, but is absolutely necessary.

There has never been in the whole world such a superstructure of credit above the metallic base as there is in this country now, and it is absolutely necessary in my judgment for our price level to be stabilized, because under present conditions, no man, no set of men, no partnership or corporation can go into business and know what they can depend upon 5 years from now. It is necessary to complete this program to have some stabilization.

What else? There is the conception in this bill, it seems to me, that the Federal Reserve Board can be depended upon to be socially minded. There appears to be the conception in this legislation that the Federal Reserve Board can be counted upon to act for all the people. Those of us who have been members of the Banking and Currency Committee of the House for many years have not that conception. Our conception of the situation is that the Federal Reserve Board has sitting on the arm of its chair constantly the great banking interests of the country, and that however honest and fair-minded they may be individually, that pressure is so great and so constant as to make it impossible for them to represent properly all the people. If you will look on page 64 of the bill, you will find the following language at the top of the page:

> The Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the Board and of the Secretary of the Treasury, to prevent undue expansion.

In other words, by this bill the Federal Reserve Board, a body of men, are given the right to decide arbitrarily for the 120,000,000 people in the United States, and indirectly for the people of the world, when there is or is not undue credit expansion. I have no criticism of the author of this bill. I am following the President of the United States, because, as I said in the beginning of my speech, there are 3 or 4 steps which already have been taken, and I have no doubt that he intends to take the remainder; but any piece of legislation which leaves in the control of any man or group of men the right arbitrarily to contract the currency of the country is too dangerous and is not in accord with our conception of government, which is that this is a government of law and not a government of men. A policy of the Government based on the price level should be written into the law so that the people of the country will know what are the limitations of the power of the Federal Reserve System or any other body of men that may be administering the fiscal affairs of the Government.

I found it necessary to mention that, and I find it necessary to mention something else. On page 69 of the bill, next to the last paragraph, there is the following language:

> Notwithstanding the foregoing provisions of this section, the Federal Reserve Board, upon the affirmative vote of not less than five of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits.

The same question is involved there. The approval of the President is required, but Presidents change. This is permanent legislation, and it is not a proper power to be given to any body of men. Permanent legislation should be written, expressing the policy of the Government in the act itself, and it should not be left to anybody's discretion, because the power will be abused just as sure as there is a God in heaven. Reason tells us that it cannot be otherwise, and experience tells us that it is not otherwise.

What is the third thing that it seems to me this legislation should contain. The third thing is an amplification of what I have said before, and that is that legislation of this character should not be left in the discretion of anyone. The people by their Members of Congress should determine what the policy of the country is to be, and that should be written into permanent law. I have no reason to suppose that this is not within the mind of the President of the United States. I have no doubt that it is. I have no doubt that these steps I have mentioned will be at his suggestion embodied in other legislation, but as a Member of Congress with the responsibility for legislation, it has appeared to me proper to make the suggestions contained in the latter part of these remarks.

I am supporting and will vote for the bill now before the House. As indicating what I conceive to be proper and necessary permanent monetary legislation, looking to a reflation of the currency and its stabilization, I have introduced H.R. 5073, and H.R. 5160.

H.R. 5073 is, in my judgment, much the stronger of the two bills; and is the one which I am at this time pressing for enactment as permanent legislation.

As a measure combining the principles of H.R. 5073 and H.R. 5160, I am suggesting for study a measure as follows:

> A bill to regulate the value of money in accordance with article I, section 8, of the Constitution of the United States, to reestablish the gold standard, to provide for its maintenance and stabilization, and for other purposes
>
> *Be it enacted, etc.*, That it is hereby declared to be the policy of the United States to restore and maintain the normal purchasing power of the dollar, which shall, for the purposes of this act, be the average purchasing power of the dollar over all commodities during the year 1926, to be ascertained as hereinafter provided.
>
> PRICE OF GOLD
>
> SEC. 2. (a) Commencing on the date of approval of this act the standard price for gold shall be $36.17 an ounce of fine gold, such price being equivalent to a reduction of the fine gold in the dollar from 23.22 to approximately 13.27 grains. Such price for gold shall continue in effect until such time as under this section it is adjusted by the monetary board hereinafter established.
>
> (b) Commencing 6 months after the date of approval of this act, or at such time as the dollar is first restored to within 5 percent of its normal purchasing power, whichever is the earlier, the monetary board is authorized to adjust the price for gold from time to time to such extent as it deems necessary to carry out the declared policy; except that whenever for any period of 1 year the purchasing power of the dollar is continuously 5 percent or more above or below its normal purchasing power, the board shall upon the expiration of such period adjust the price for gold to such extent as it finds necessary to carry out the declared policy.
>
> EXCHANGE OF GOLD
>
> SEC. 3. (a) The Secretary of the Treasury shall sell gold in bars for use in industry and the arts and for transactions in foreign exchange, but for no other purpose. Such sales shall be made at the current price for gold fixed by or pursuant to section 2. In order to maintain on a parity with gold silver coin and all other

forms of lawful money issued under act of Congress the Secretary of the Treasury shall accept in payment for gold pursuant to any such sale coin or currency of the United States or notes of any fiscal agency thereof in such amounts as they are legal tender for public debts of any character.

(b) All forms of money issued under act of Congress shall be redeemable in gold by the United States at the Treasury in Washington, D.C., in gold bars at the current price for gold fixed by or pursuant to section 2, except that such money shall not be redeemed if, in the judgment of the Secretary, the gold is to be hoarded or used for such other purposes as the Secretary determines will prevent or tend to prevent the carrying out at any time of the declared policy. The Secretary of the Treasury is hereby authorized and charged with the duty of maintaining all forms of money issued by the United States at parity with gold.

(c) For the purposes of this section the Secretary of the Treasury shall maintain a supply of gold in fine bars of such weight as he may determine, not less than 5 ounces. Such bars shall bear the stamp of the United States. All gold coin in the possession of the Government shall be converted into fine bars, and after the date of approval of this act no gold shall be coined.

(d) The provisions of this section shall not be held to limit the authority of the President under section 5 (b) of the act of October 6, 1917, as amended, or the authority of the Secretary of the Treasury under section 11 (n) of the Federal Reserve Act, as amended.

THE MONETARY BOARD

SEC. 4. (a) There is hereby established a monetary board which shall consist of the Secretary of the Treasury and the Governor of the Federal Reserve Board as members ex officio and of three other members to represent all the public, who shall be appointed by the President, by and with the advice and consent of the Senate. No person engaged in the business of banking shall be eligible for appointment to the board.

(b) The terms of office of the appointed members of the board first taking office after the date of approval of this act shall expire, as designated by the President at the time of nomination, one each at the end of the first, second, and third years after such date. The successor of an appointed member shall have a term of office expiring 3 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of such term shall be appointed for the remainder of such term. One of the appointed members shall be designated by the President as chairman of the board. The board may function notwithstanding vacancies, and three members thereof shall constitute a quorum. The appointed members of the board shall receive the same compensation as members of the Federal Reserve Board.

(c) The board shall meet at the call of the chairman or a majority of its members. Expenditures by the board shall be allowed and paid upon the presentation of itemized vouchers therefor, approved by the chairman or by such member or officer of the board as may be authorized by the board for the purpose. The board may make such statistical and other investigations as may be necessary to execute its functions and may publish the results thereof. The board may appoint and fix the compensation of such officers and employees, and there are hereby authorized to be appropriated such sums as may be necessary to execute its functions.

(d) The several departments and other establishments of the Government shall, when directed by the President, furnish the board, upon its request, all records, papers, and information in their possession necessary to aid the board in carrying out its functions under this act, and shall detail from time to time such officers and employees to the board as the President may direct.

CONTRACTS FOR GOLD

SEC. 5. (a) Indebtedness under any contract, public or private, (including obligations of the United States and the several States and Territories and political subdivisions thereof), entered into before the date of approval of this act shall be fully discharged by payment of the face amount thereof in legal tender, irrespective of whether the contract requires the payment of such amount in gold coin of a specified standard of weight or fineness.

(b) Indebtedness under any contract, public or private (including obligations of the United States and the several States and Territories and political subdivisions thereof), entered into on or after such date shall be fully discharged by payment of the face amount thereof in legal tender, and any provision for payment of the face amount thereof in gold or gold coin shall be invalid.

(c) The Revenue Act of 1932 is amended by inserting, after section 105 thereof, a new section to read as follows:

"SEC. 106. Profits from transactions in gold: If any person receives payment in gold or gold coin upon the amount of indebtedness under any contract, public or private, whether entered into before or after the date this section takes effect, there shall be levied, assessed, collected, and paid on the net profits derived from such payment a tax equal to the amount thereof. Such tax shall be in addition to any other taxes imposed by this title, and shall be collected and paid in the same manner and subject to the same provisions of law, including penalties, as other taxes under this title. For the purposes of this section the term 'net profits' shall mean the difference between the value of the gold or gold coin at the price current at the time of receipt and its value at the price current at the time the contract was made."

(d) The Secretary of the Treasury is authorized to issue licenses to engage in the business of selling gold for future delivery for use in industry or the arts or for transactions in foreign exchange. Such licenses shall be subject to such terms and conditions as the Secretary of the Treasury deems necessary to effectuate the declared policy and may be suspended or revoked by the Secretary, after due notice and opportunity for hearing, for violation of the terms or conditions thereof. Any contract for the sale of gold for future delivery made after the date of approval of this act shall be invalid unless the vendor holds in full force and effect a license under this subsection.

ASCERTAINMENT OF PURCHASING POWER OF THE DOLLAR

SEC. 6. For the purposes of this act the average purchasing power of the dollar for any period shall be ascertained from the index known as "The index for the purchasing power of the dollar in the terms of wholesale prices for all commodities" for such period, as compiled and published from time to time by the United States Bureau of Labor Statistics, such index being the reciprocal of the index known as "The index of wholesale prices for all commodities" for such period as compiled and published from time to time by such Bureau.

THE FEDERAL RESERVE SYSTEM

SEC. 7. (a) The Federal Reserve Board, the Federal Reserve banks, and all member banks of the Federal Reserve System, shall exercise their powers in such manner as to assist in carrying out the policy declared in section 1 of this act. To this end the monetary board is authorized from time to time to make recommendations to the Federal Reserve Board. Irrespective of the provisions of section 4 (c), the Federal Reserve Board shall promptly make available to the monetary board such information, with reference to the operations of the Federal Reserve System, as the monetary board may from time to time request.

(b) All profits upon gold or gold coin held by Federal Reserve banks, derived by reason of the revaluation of gold by or pursuant to section 2 of this act, shall be paid by such banks to the Secretary of the Treasury in any form of legal tender and covered into the Treasury of the United States. The amount of such profits shall be levied, assessed, and collected, by the Secretary of the Treasury in accordance with such regulations as he may prescribe; shall be due and payable on the 30th day after the revaluation; and if not paid within 10 days after the due date, shall bear interest at the rate of 1 percent a month.

SEC. 8. (a) The Secretary of the Treasury is hereby authorized and directed to issue circulating notes, in the form of United States promises to pay on demand to the bearer, to be known as "United States notes of 1933." Said notes shall be legal tender at face value for all debts, public and private. They shall be issued in the same size as the Federal Reserve notes heretofore issued, and shall be in denominations of $1, $2, $5, $10, $20, $50, $100, $500, $1,000, $5,000, and $10,000.

(b) With such notes the Secretary of the Treasury is authorized and directed to buy, or to pay when due, United States bonds and other interest-bearing obligations of the United States at the rate of $300,000,000 per week, until the said index number of the purchasing power of the dollar shall reach par. If such index number falls below 97, the Secretary of the Treasury shall sell for currency the bonds or other United States obligations theretofore bought, or other bonds, as may be found necessary to restore the dollar to par. He shall place the currency received from such sales in a fund to be called the "emergency currency fund." If at any time the dollar index rises above 103, he shall, in that event, expand the currency by paying out currency from the emergency currency fund until such index is restored to 100; or he may, if necessary, purchase additional Government obligations for currency, as a means of restoring the index to par.

(c) In order that the Government of the United States may acquire the full title to the gold now available in the United States (and receive the benefit of any rise in value thereof, due to this act or for other reasons), the Secretary of the Treasury is further directed to issue a sufficient volume of the notes authorized by this section and with such notes to acquire all outstanding gold, gold certificates, and/or all present outstanding Federal Reserve notes, by exchanging the notes aforesaid for such gold, gold certificates, or Federal Reserve notes. When and as such gold, gold certificates, and Federal Reserve notes may be acquired by the Secretary of the Treasury, such gold certificates and Federal Reserve notes shall be paid for in gold and canceled, and all gold acquired under the provisions of this section shall be added to the reserve fund established for redemption by the Gold Standard Act of March 14, 1900, and held for the purpose therein set forth.

(d) The Secretary of the Treasury shall hereafter furnish to the several Federal Reserve banks through the Federal Reserve agents notes authorized by this section, upon their demand and upon the deposit with the Federal Reserve agents of United States bonds to the extent now authorized by law, as security for Federal Reserve notes and/or eligible bills now authorized as security for Federal Reserve notes and to the same extent, to wit, to the face value of such bonds and eligible bills.

SEC. 9. There is hereby appropriated, out of the funds of the United States Treasury not otherwise appropriated, $100,000 for the purposes of this act.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Speaker, I am opposed to this bill because, as I view it, it is a repudiation of the Declaration of

Independence as well as the Constitution. It is making a scrap of paper of these documents.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. HOEPPEL. Not now. I judge from the correspondence that has reached me that the bankers of America are not opposed to this bill. I am inclined to believe that this bill is deceptive from every angle. Those who are in favor of real expansion and free silver will find that when this bill is finally administered it will be merely a deceptive measure. It is merely a subterfuge presented to those of us here in the House who are liberal-minded along the lines of currency expansion.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield now?

Mr. HOEPPEL. I decline to yield. My time is too short.

This bill repudiates the Democratic platform with reference to the war debts, because we are accepting payment of the European war debt in depreciated currency.

Since I have been a Member of this House all I have heard on this floor is "bonds", "bankers' exchanges", "tax-exempt bonds", and words of like description. I came here from the great West, interested in the people of my district and the people of the United States, and I would like to hear someone on this floor fight for the common man.

Mr. CLARKE of New York. Put me down for that. [Laughter and applause.]

Mr. HOEPPEL. The forgotten man appears to be entirely forgotten. Out in my country the Reconstruction Finance Corporation funds are not permitted to be spent in the county of Los Angeles unless the honest American workingman will sign a declaration that he is a pauper. I protest restrictions of this sort. When Mr. Dawes borrowed $90,000,000 from the Reconstruction Finance Corporation he was not compelled to certify that he was a pauper. We are not giving the American people a square deal in the "new deal." We are repudiating the "new deal." The forgotten man has been entirely forgotten in favor of the international banker. The only thing we have accomplished in this House since I have been a Member is to enact into law a slave bill forcing our American sons to go out and work for $1 per day. We have declined to permit the American veteran who has suffered disabilities in war to go into these camps and earn that $1 a day for his family. I say we are entitled to a new deal and a just deal, which we have thus far been unable to achieve.

This bill, as I view it, is born in the chancelleries of Europe. It is international in its aspect. It is giving the President power to deal with the repudiators in Europe. That is all this bill does. It is a deception to us. The nations of Europe are famous for repudiation. A scrap of paper brought us into the World War at a cost of 149,000 American lives, and up to this date $35,000,000,000. Another scrap of paper in 1922 took from the American taxpayer $6,200,000,000 in the foreign-debt settlement, and those gentry are again visiting us with a card up their sleeve. Through the manipulations of this bill they are hoping to take from us again eleven or twelve billion dollars of debts which are justly due. I am opposed to repudiation in favor of our European debtors, and I am further opposed to any legislation which will take from Congress its constitutional rights. [Applause and laughter.]

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. HOEPPEL. No; I do not have time.

Those people have constantly repudiated their obligations, and yet we are on the verge of receiving a document from the White House in which we are supposed to delegate our authority, to grant to the President the power to negotiate for debt revision, tariffs, and economic problems of Europe. Of what utility is any agreement with them since their past record is that of repudiation of contract, solemn and attested. [Applause.]

CONGRESS ABDICATES TO INTERNATIONALISTS—CONSTITUTION JETTISONED TO RESCUE EUROPE

Mr. Speaker and Members of the House, it appears that the eyes of Congress are focused eastward and that they are looking to Europe through the telescope at the Wall Street financiers. The admonition of Horace Greeley to go westward was never more pertinent than at the present moment as we visualize the suffering and distress of the Middle West and place ourselves in the position of the suffering youth and women of our land, whose right to the American heritage of prosperity and the pursuit of happiness seems to be effaced in the present regime, to the advantage of the war-loving and heavily armed nations of Europe.

As a result of the World War this Nation suffered a loss of 149,000 of the best of American manhood, and to date has absorbed a financial obligation approximating $35,000,000,000, all as a result of a scrap of paper—Belgian neutrality—if one is to accept the pronouncements of the British as to their reasons for entering the World War.

In this legislation we are making a scrap of paper of the moral obligation of our European debtors to pay us the just debts due for credit extended after the termination of hostilities. The agreement in this bill to accept the debased currency of the countries of Europe as a valid 100 percent return on their obligations is likewise a repudiation of the Democratic campaign pledge and is a direct affront to the American people who supported the Democratic Party on this principle. We are accepting currency with an approximate value of 70 percent of the value of the currency loaned. This pure gift of 30 percent or more of the foreign obligation should be considered in connection with the reductions in veteran benefits, which approximate from 20 to 40 percent for those whose disabilities are unquestionably combat or service connected. In other words, what we take from our own veterans we are granting, by repudiation of contract, to our European debtors.

The stock-market collapse of 1929 was synonymous with the departure of Mr. Ramsay MacDonald from American shores after his first conference here. Equally synonymous with the arrival of Mr. Ramsay MacDonald on his second visit here, the United States went off the gold standard, which would, in a sense, bear out the assumption that foreign influence has contributed in no small measure to our present debacle, and, sad to say, we contemplate a conference with these very agencies, hoping thereby to restore America to the Americans. This, in my opinion, is impossible, recognizing as I do the European viewpoint from personal contact.

If the eyes of America were directed "Westward, Ho", instead of toward London and Paris, through the bloody glasses of Wall Street, it is possible that the American people would obtain real relief.

We heard of the "forgotten man" during the campaign, and he is truly forgotten today in the legislation which has thus far been enacted by Congress. The forgotten man of Europe seems to have supplanted the interests of the distressed and unfortunate unemployed of our own Nation. All I have heard in the special session of Congress has been "tax-exempt bonds" and "follow the President." To date, the only actual relief we have brought to our distressed citizens is the enactment of slave legislation, such as the $1-per-day reforestation measure!

"First things first" would demand that our unemployed be put to work by a huge public-work program with funds derived from the Comptroller of the Currency, issued on the credit of the United States, and not through the sale of further tax-exempt bonds, which continue to weigh down the economic life of our country.

The pending measure, it is conceded, will relieve unemployment for the few administrators, executives, and others involved in this bill who are fortunate enough to receive patronage under the political preferment plan, but it will add an unnecessary expense in living costs to the unemployed, and it is of extremely doubtful value to the farmer himself.

Rather than international conferences on economics and tariff, I am inclined to believe that this question, just as charity, should begin at home and be properly adjusted before we reach into foreign spheres to place our Nation in the thralldom of the astute diplomats beyond the Atlantic.

If we continue along the lines we are now following, I fear that our beloved Stars and Stripes in the Halls of Congress may soon be replaced by the Union Jack, or perchance, the flag of the international bank ring, which has already established itself in Switzerland and to which some of our pseudo-patriots urge that all American gold should be transported for international safe-keeping. Instead of teaching our American children the national anthem, they may soon be taught the English counterpart, God Save the King, and instead of teaching them the song My Country, 'Tis of Thee, they may be called upon to sing, "My Europe, 'tis of thee, for there it is I have my gold!"

The Members of Congress are derelict in their oath if they abrogate their right to any individual in America and indirectly to foreign debtors. The birthright of Americanism, purchased by us in the Revolutionary War, appears doomed for annulment under the procedure and powers granted in the bill under discussion. We went to war to make the world safe for democracy, but under the stimulus of the international bankers, we are, and have been, making the world safe for the plutocracy of wealth, which continues to press down the impoverished and unemployed in the same ruthless manner as of old, thus falsifying the thought of a "new deal" which our people subscribed to in November, but which, as a result of the gag rule and a lack of independence on the part of the Congress, is being withheld from them. Our past procedure seems to indicate that the Members of Congress, especially the new Members, are being placed between the question of patronage and reelection on one side and the interest of the people on the other, which forces them to dance a St. Vitus dance with their own consciences and, unfortunately, they usually are found voting on the side of their own private interest instead of that of our distressed people.

I plead with the Members of Congress not to surrender their own individualities and to follow their own inherent honesty and resoluteness of purpose and to vote as Americans for Americans rather than to fawn upon the agencies which have brought our Nation to its present plight and which, with their tentacles yet in our political body, continue a strangle hold on the right of the American citizen to the pursuit of happiness, vouchsafed him under the Constitution. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, at the outset I want to say I am in full accord with the latter part of the speech made by the gentleman from Maryland [Mr. GOLDSBOROUGH]. In order to make this sound legislation and to be effective for the years to come, I think the stabilization clause should be in the bill. However, the sole question which is before us at this time is whether or not we are going to confer upon the President of the United States certain power over our monetary system.

I was very much interested in the remarks of the gentleman from Maine [Mr. BEEDY], wherein he called to our attention the fact that there is more money in circulation now than there was in 1929, during the heyday of inflation or prosperity. We have had that frequently brought to our attention. Often we hear it said that because there is more currency in circulation now than there was 3 years ago nothing can be gained by now placing more currency in circulation. I cannot exactly go along with that statement. I am going to try to discuss it as best I can.

Our medium of exchange is credit and money. The gentleman from Maine has it right—bank credits have diminished some $20,000,000,000. Obviously, if we had those bank credits we would not need any expansion of currency, but bank credits have vanished or greatly diminished. As a matter of fact, they have vanished more rapidly in the last 40 days than during any other previous period of time. Deflation never came upon this country so rapidly as it did when the banks were all closed, and now with only a part of them permitted to open. No man has yet come forward and offered a solution to restore bank credit in this country. If bank credit could be restored, good and well. We have been trying that. That was the purpose of the Reconstruction Finance Corporation. We were going to restore bank credit in this country. We were going to take the credit of the Government of the United States and use it for private credit, but, strange as it may seem, experience now tells us plainly that up to date bank credits have diminished, and that plan has not worked.

Now, since our bank credits have diminished and no power seems to be able to increase them, there is then only one way to increase the circulating medium and that is through the process of increasing the other part of the medium, which is the currency.

Mr. McFADDEN. Will the gentleman yield?

Mr. McGUGIN. I cannot for the time being. I will try to yield later.

Now, where do we find ourselves today, with the Government of the United States going into debt some 50 or 60 cents every time it spends a dollar, wholly unable to balance the Budget, with the national debt increasing 40 percent in 3 years' time? No rational man can stand upon his reputation and say that he has any reasonable idea when we will ever be able to balance the Budget. This much is certain: It cannot be balanced until we can increase price levels. Certainly, we cannot go on with this policy of increasing public debts and with private debts being constantly defaulted. What is the program that will increase the price level in this country? There are many of us who think that the program is found in monetary reform. Personally, I do not think it is so much to be found in the printing and circulation of currency. I think it is to be found in deflating the American dollar. It is very apparent that the exercise of the powers about to be conferred upon the President will increase the price levels. The price level has taken a substantial advance since the President submitted this program. If he permits the proposed monetary reform to get out of hand, then, of course, trouble is ahead. We cannot assume that any President will permit an abuse of this power all to the detriment of the country. Just because he may fail to meet his full responsibility is no valid excuse for refusing to take the only course that anyone can say will raise the price level.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. O'CONNOR. Mr. Speaker, I yield 9 minutes to the gentleman from Texas [Mr. PATMAN].

WILL LANGUAGE PERMIT PRESIDENT TO PAY ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, the language mentioned by the gentleman from Maine [Mr. BEEDY] a few minutes ago on pages 64 and 65 I should like to read again. It says that the Secretary of the Treasury, if the President directs him, shall issue United States notes under authority of the act of February 25, 1862, for the following purposes:

> For the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States.

Now, if a comma should be inserted between the words "obligations" and "to" on line 2, page 65, the President would possibly have the authority to pay these adjusted-service certificates with this new money. It would then depend upon a construction of the term "maturing obligations."

Now, in regard to this amendment as a whole, I am very glad to support it. I think the inflation part of it—that is, the expansion part—is the longest step in the right direction that has ever been made by Congress. It is a step in the direction of taking the control of our monetary system from a few powerful New York and international bankers and placing this control in the Government of the United States. [Applause.]

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. For a question.

Mr. BOILEAU. The gentleman from Maine made the statement that the President advised some of the Democratic Members that he did not intend to use this power. Is the gentleman advised as to this matter?

Mr. PATMAN. I do not have the time to discuss it. If I did not think he would use it, I would not vote to give it to him. I certainly hope he will use the power.

Mr. BOILEAU. I hope so, too.

Mr. PATMAN. If I did not think he would expand the currency, I would not be so anxious to give him the power.

Mr. DISNEY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DISNEY. Up to date is there any evidence of bad faith on the part of the President in his conduct as President to warrant the matter being talked back and forth over this Chamber?

Mr. PATMAN. I believe that the President is acting in good faith. This amendment is recognizing the principle that the Government of the United States should be in charge of the issuance and distribution of money. It has too long been farmed out to a few private bankers. Now we are taking a step in the direction of restoring this power to the Government where it belongs.

The $3,000,000,000 that may be issued in the form of Federal Reserve notes by the Federal Reserve banks will probably save the United States Government $105,000,000 if this power is exercised and assuming that bonds bearing as much as 3½ percent interest are purchased.

Mr. MAY. Annually.

Mr. PATMAN. Annually, I mean.

Under the present law the Federal Reserve banks from their profits pay their current expenses, usually aggregating about $27,000,000 a year. After that they pay dividends of 6 percent on the stock, then 10 percent is set aside in the surplus fund, and the remainder goes into the Treasury of the United States as a franchise tax to the Government for the use of its credit. This year I predict there will be sufficient profits made by the Federal Reserve banks to pay current expenses, pay the 6-percent dividend, set aside the 10 percent in the surplus fund, and then the bonds that have been purchased, $3,000,000,000, drawing 3½ percent interest, aggregating $105,000,000, will go into the Treasury and the Government will not have to pay interest on these bonds.

IDLE DOLLARS

So, after all, this is one good reason why we should support this particular provision of the bill. Furthermore, it will place 3,000,000,000 of idle dollars in the hands of the people and they will want to put these dollars to work. Dollars are no good unless they are working. Commodity prices will commence to rise, and on a rising market every day you hold a dollar that dollar is less valuable, it will purchase less the next day. Therefore, you are anxious to put the dollar to work, or you are anxious to exchange it for goods and services, before the dollar is worth less and before the goods and services are worth more. This has a tendency to stimulate business. A rising market is calculated to bring this country back even without putting much additional currency in circulation.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I cannot yield.

Now, in regard to the issuance of United States notes, remember these notes are not fiat notes. No money is fiat money that is redeemable in gold. These notes have a gold coverage behind them. They are issued under the act of February 25, 1862, as amended; and the act as amended provides that at all times the Secretary of the Treasury must maintain a gold reserve of $100,000,000 and if for any reason that $100,000,000 is depleted, it is the duty of the Secretary of the Treasury to sell Government bonds drawing 3 percent interest for the purpose of obtaining gold to raise that gold reserve up to $100,000,000. It now amounts to $156,000,000 and it is a gold coverage securing $346,000,000 worth of so-called "greenbacks." Thus, they have more than 40 percent gold behind them. Do you call this fiat money? It is in circulation. It has been in circulation ever since 1862 and 1863. It is worth 100 cents on the dollar. It is true at one time when the credit of the Government was impaired and they were based upon the credit of the Government alone and there was a corner in gold, these notes went down in value, but when the credit of the Government was restored and this small gold reserve placed behind them they returned to 100 cents on the dollar and they have remained there ever since. Who would refuse to take one of them today?

I will not have the time to discuss other provisions of this bill that I am heartily in favor of.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. O'CONNOR. If the gentleman has not thoroughly discussed the question of whether or not the adjusted-service certificates are redeemable under this act, I wish he would.

Mr. PATMAN. I suggested a while ago, I may state for the benefit of the gentleman from New York, that on page 65 of the corrected copy of the bill the language is used that the President may issue these United States notes only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States.

Now, if there should be inserted a comma after the word "obligations" on line 2, page 65, possibly the President of the United States would have the right and the authority to pay the adjusted-service certificates in the same way or manner, or in any way or manner he chose to pay them, because they are maturing Federal obligations; but there is no comma there, and we must read it altogether. Further, the term "maturing obligations" will have to be construed. According to present law, the adjusted-service certificates do not mature until 1945.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. PATMAN. They must be used for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States. In other words, it is restricted to sums borrowed by the United States that are maturing; and I suggest it is very doubtful that the President would have that authority; and I do not think, under the language of this bill, he would have the authority.

In conclusion, Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert certain excerpts in connection with my speech that will be explanatory of it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I am very glad to support this provision in regard to expansion of the currency because it is a long step in the right direction. [Applause.]

[Here the gavel fell.]

Mr. PATMAN. Under leave granted, I herewith insert an extension of remarks more fully explaining the terms of the amendment.

EXPANSION OF CURRENCY AMENDMENT INSERTED BY SENATE ON FARM BILL

Amendment 85 to H.R. 3835 provides for the issuance of additional Federal Reserve notes, United States notes, and gives the President the right by proclamation to fix the weight of the gold dollar.

Section 43 and section 43 (a) of the bill, which is a part of amendment 85, states that when the President finds upon investigation—

First, the foreign commerce of the United States is adversely affected by depreciated currency, or

Second, action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or

Third, an economic emergency requires an expansion of credit, or

Fourth, an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments—

the President is authorized in his discretion to cause the Secretary of the Treasury to enter into an agreement with the Federal Reserve banks and Federal Reserve Board which will require Federal Reserve notes to be exchanged in the open market for United States Government bonds or obligations of corporations in which the United States is a majority stockholder, and may also cause Treasury bills to be purchased, all said purchases not to exceed the sum of $3,000,000,000 in addition to those they may then hold.

A Federal Reserve note is a greenback. It is money. It is guaranteed by the Government, and is therefore backed by the credit of the Nation.

The Federal Reserve banks belong to private bankers. The Government does not own one penny of the stock. The law provides that when these Federal Reserve banks pay their running expenses, which amount to about $27,000,000 a year, and 6-percent dividend on the stock which is held by the private banks, and after setting aside 10 percent of its earnings in a surplus fund, then the remainder shall go into the United States Treasury as a franchise tax.

$105,000,000 A YEAR SAVING

The Federal Reserve banks will doubtless make sufficient money this year to pay all expenses, dividends, and set aside the statutory sum for surplus. Therefore, if the Federal Reserve banks purchase the $3,000,000,000 in Government securities drawing 3½ percent, or $105,000,000 a year, the $105,000,000 a year interest should go to the Government as a franchise tax. Therefore the taxpayers will be saved $105,000,000 a year on the $3,000,000,000 Government obligations purchased.

STOP MOVEMENT TO FURTHER AID FEDERAL RESERVE BANKS

There is a movement on foot to give the Federal Reserve banks all earnings and not to require them to pay anything in the way of a franchise tax. I hope such a movement will not succeed. These private banks hold a monopoly on money and credit. They use the credit of this Nation and do not pay one penny for its use, although the Federal Reserve Act—a mandatory provision—requires that an interest rate be charged. It has never been charged. The zero rate has been set by the Federal Reserve Board. The Government has thereby been deprived of hundreds of millions of dollars.

Under this section 43 and 43 (a) the Federal Reserve banks may purchase obligations of the Reconstruction Finance Corporation, the home and farm-land banks that will be established by reason of pending legislation, and obligations of any other corporations in which the United States is the majority stockholder.

MORE FEDERAL RESERVE NOTES TO BE ISSUED

The Federal Reserve banks at this time hold more than $1,882,000,000 in Government securities. This proposed law will enable and perhaps cause the Federal Reserve banks to purchase $3,000,000,000 more of these securities.

PENALTY CLAUSE REPEALED

The Federal Reserve Act, section 11–C, places a penalty on the issuance of Federal Reserve notes when the notes so issued do not have a backing of 40 percent gold. In other words, if the bank issues so many Federal Reserve notes and has only 35 percent gold, it pays a graduated tax. If it has only 30 percent gold or 25 percent gold, it has a much higher tax placed upon it. The proposed act relieves the banks of the necessity of paying this graduated tax by reason of operations under this section and also relieves the banks of any automatic increase in the rates of interest or discount charged by any Federal Reserve bank.

NEW POWER FOR CONTRACTION AND EXPANSION OF CREDIT

Undue credit expansion may also be prevented under this section by the Federal Reserve Board and Secretary of the Treasury requiring the Federal Reserve banks to take such action as may be necessary in the judgment of the Board. Under this provision, reserve requirements of banks may be raised or lowered, which will permit expansion or contraction of credit.

If $3,000,000,000 in new money—Federal Reserve notes—are issued in exchange for the securities permitted under this section, there will be $3,000,000,000 idle money in the hands of the former owners of the securities. Money is no good unless it is working. If there is a rising market, there will be an incentive for the holders of this new money to invest it quickly. On a rising market, every day that the dollar is held it is less valuable, therefore there is an incentive on a rising market for people to invest their money or exchange it for something in the way of goods or services before the dollar becomes cheaper and the goods and services become higher. This expansion will cause velocity of money and make credit easier.

THE SO-CALLED "GREENBACK PROVISION"

Section 43 (b) provides that if the Secretary of the Treasury is unable to secure the proper agreements with the Federal Reserve Board for the issuance of the $3,000,000,000 in Federal Reserve notes as aforesaid, or if operations under the provisions of section 42 (a) prove to be inadequate, or if, for any other reason, additional measures are required in the judgment of the President to meet such purposes, then the President is authorized to direct the Secretary of the Treasury to cause to be issued, in such an amount or amounts as he may from time to time order, United States notes, as provided in the act of February 25, 1862, and acts supplementary thereto and amendatory thereof; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States. Such bonds so purchased shall be retired and canceled. The aggregate amount of such United States notes at any time shall not exceed $3,000,000,000. In order to provide for the retirement of these notes, sufficient money will be collected in the form of taxes every year to cancel 4 percent of them. This will automatically cause their retirement in 25 years. Such notes shall be legal tender for all debts public and private.

TWO LONG STEPS IN RIGHT DIRECTION

I submit that the two steps that are made in this amendment, sections 43 (a) and (b), are the longest steps that have ever been made in the right direction to take the control of money and credits away from a few powerful bankers and restore it to the Government of the United States where it properly belongs. It takes from Wall Street international bankers considerable power they now have to inflate and deflate our currency and to thereby cause commodity prices and the price of everything else to go up or down as they may choose.

ALL LEGISLATION RESULT OF COMPROMISE

Certain changes I should like to see made in these provisions if it were within my power. I realize, however, that all legislation is a result of compromise. We cannot have everything we want. We must give and take. Generally, I am highly pleased with these provisions which relate to the increase of our circulating medium. Money determines the value of everything.

The argument is made that these two provisions if put into effect will cause prices to go through the roof. Considering the recent deflationary moves, including $20,000,000,000 decrease in bank deposits and $5,000,000,000 being tied up in closed banks, the amount of expansion herein proposed will not cause undue inflation.

PROPOSED NOTES BACKED BY GOLD

These United States notes are backed by gold in exactly the same manner as the $346,681,000.16 in United States notes that are now outstanding, which were issued in identically the same manner as the $3,000,000,000 are proposed to be issued under section 43 (b). There is a gold reserve in the Treasury of $156,039,088 as a gold coverage for all notes so issued. The faith of the United States is pledged to the payment in coin or its equivalent of United States notes by the act of March 18, 1869.

GOLD PARITY ACT OF 1900

Under the act of March 14, 1900, should the gold reserve, which is used as a coverage for United States notes, fall below $100,000,000 at any time, then it is the duty of the Secretary of the Treasury to restore the same to the maximum sum of $150,000,000 by borrowing money on the credit of the United States and to sell bonds bearing interest at the rate of not exceeding 3 percent per annum. Under this section the gold reserve will be increased if it is depleted below $100,000,000, so it cannot be said that these notes represent fiat money, because they are redeemable in gold of the present weight and fineness.

DEVALUATING GOLD DOLLAR PERMITTED

Subsection 2 of section 43 (b) provides that the President may by proclamation fix the weight of the gold dollar in grains nine-tenths fine and also to fix the weight of silver dollar in grains nine-tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize prices or to protect the foreign commerce against the adverse effect of the depreciated foreign currencies and to provide for the unlimited coinage of such gold and silver at the ratio so fixed, or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

OTHER COUNTRIES HAVE POWER

In every country in the world except the United States there is some person who has the authority to devaluate gold. We will soon go into an economic conference with foreign nations. The question of gold, silver, and currency will be paramount. The hands of our representatives will be tied if the President is not given this power. If he is given this power, the United States will be in a position to get a great deal more in the way of concessions from foreign countries.

NEEDED FOR TRADING PURPOSES

If I were to be required to vote on the question of devaluing the gold dollar in the United States without reference to its international aspect, I would vote against it. However, in this case, it is necessary that this power be extended in order that our President may properly deal with other countries. It is not necessary to reduce the gold content in a dollar in the United States in order to raise commodity prices. We have a sufficient gold base now to authorize the issuance of $4,000,000,000 additional money. The argument for devaluation is that it will give us a broader base upon which to issue additional currency. What right have we to presume that the power to issue additional currency will be exercised after devaluation if we have a sufficient gold base at this time to issue billions and billions of new money without lowering our gold reserves below 40 percent and do not exercise it?

SILVER AMENDMENT

Section 45, of amendment 85, permits the President to accept silver in payment of debts due some foreign governments, not to exceed the price of 50 cents an ounce, and the amount not to exceed $200,000,000.

Countries on a silver basis are now paying the equivalent of from 20 cents to 25 cents a pound for our cotton. Our farmers are only getting 5 cents and 6 cents a pound because of the depreciated price of silver, the only commodity that these countries have to pay with. A few years ago, one purchasing a small American automobile was required to pay the same amount that one in the United States would pay, $500. Now, that $500 car is costing the foreigner in a silver country from $2,000 to $2,200. Silver has an international aspect and should have much consideration. I favor the remonetization of silver or the use of silver as a commodity base for the issuance of additional money.

INCREASED PRICE OF SILVER HELPS GENERAL WELFARE

This amendment will doubtless cause the price of silver to increase. As the price of silver, which is the circulating medium of so many countries in the world, increases, the purchasing power of the people in these silver countries will increase, which will permit the people of the United States to have a better market in these countries. Personally, I regret to vote in favor of allowing foreign countries to pay their debts to us in silver at 50 cents an ounce and not permit some of our own debtors to do the same thing. However, this is a step in the right direction, and although it does not go as far as I should like for it to go, I am very glad to give it my endorsement. The silver that is accepted will be used as a base for the issuance of silver certificates. These certificates may be used by banks as a basis for credit expansion. This will be very helpful to the country generally.

Section 46, of amendment 85, amends section 19 of the Federal Reserve Act and gives the Federal Reserve Board the right to raise the reserve requirements of banks against either demand or time deposits if the Board declares that an emergency exists by reason of credit expansion.

This is broad power; I hope it is exercised in the interest of the general welfare.

GOING OFF GOLD STANDARD

Going off gold by the United States will have no influence upon prices in the long run. It will, however, tend to increase our exports and reduce our imports by making it cheaper for foreign nations to buy here and dearer for us to buy abroad.

England, when she went off of the gold standard, took some deflationary steps. It was, therefore, impossible for commodity prices to rise. She set about balancing her budget, reduced doles, unemployment insurance, and other public-relief work, and raised the Bank of England rate to 6 percent to attract and hold money in London.

It is our intention, however, that the United States embark upon a program of public expenditure for relief, to expand credit through the Federal Reserve purchases of Government bonds, and, if necessary, to print large amounts of new currency under the old greenback law. Furthermore, the administration is being given power to reduce the gold content of the dollar if these other measures do not work. Therefore, our commodity prices should rise, thereby restoring buying power.

DEFLATION MUST BE ARRESTED

Since we have recently suffered from drastically deflationary steps by the adoption of the economy bill, the closing of so many banks, reduction of purchasing power of the people generally, it is necessary that inflationary measures be enacted.

The United States holds more than $4,300,000,000 of monetary gold, a larger amount than any other nation has ever possessed and more than is now held by all the nations in all the world, except France.

The United States went off gold voluntarily; England was forced off. No nation has ever got out of a depression without inflation.

USES AND AMOUNT OF GOLD

Gold has two main uses. It is employed to settle commercial balances between nations. When the supply of goods and services furnished by one falls short of goods and services furnished by the other, gold normally makes up the difference. The last few years the United States has been selling much more abroad than has been imported. The difference has been made up not in the importation of gold, but in borrowings from our country. Secondly, it is used as a basis for the gold standard within a given nation. A country which is on the gold standard guarantees to deliver upon demand so many grains of gold for a paper dollar. To support its guaranty the country keeps on hand

in gold a fixed minimum percentage of the paper dollars outstanding. In the United States the policy has been adopted of maintaining a 40-percent ratio. If everybody with paper dollars demanded gold at once, it is obvious that all of them could not be paid. By the law of probabilities this does not happen any more than all the life-insurance policyholders dying at once and heirs demanding the insurance.

Generally speaking, gold has been too scarce to use as a standard. The total world stock is a cube about 36 feet square.

WILL CHEAPER DOLLARS HURT THE POOR? THE FIVE M'S SAY IT WILL

Mr. Ogden Mills, former Secretary of the Treasury and spokesman for the Republican Party and international bankers, has given out the following statement in regard to the President's program which calls for currency expansion:

> The poor people with savings accounts and insurance policies are the ones who will suffer under this proposal.

Similar statements have been given out by Mellon, Morgan, Meyer, and Mitchell, of this group, in the past, but they usually add that the wage earners and farmers will be ruined. We must remember about Esau's hands but Jacob's voice. The five M's—Mellon, Morgan, Mills, Meyer, and Mitchell—have been running this country the past 12 years up to March 4. I have often pointed this out in speeches on the floor of the House. I have the satisfaction of knowing that we now have all of them out of control of the Government and the monetary system except Mr. Morgan; he still has considerable control over the monetary system by reason of international connections with the use of our Government credit free, which is permitted under idiotic banking system set-up. A Senate committee has summoned J. P. Morgan to appear before them. His international banking affairs will be investigated in connection with his sale of worthless foreign securities to the American investors. Possibly we will get rid of the fifth M.

EXPANSION WILL HELP FARMERS

May 1, 1920, cotton was worth 40 cents a pound, and wheat was worth $3 a bushel; the farmers had plenty of buying power. Deflation of the currency was ordered, and in 4 months the farmers had taken a 20-billion-dollar loss, and their cotton was selling for 7 cents a pound and wheat $1.40 a bushel. If deflation can destroy values, reflation can restore values.

If quantity of credit is desirable, quantity of money is also desirable.

The honest dollar will cause taxes to be easier to pay.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 20 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am opposed to inflation as a general policy, but if we are going to have inflation, I agree with the gentleman from Texas who has just spoken that the most immediate and effective kind of inflation and the most workable and the easiest would be to pay the soldiers' bonus right away. [Applause.]

I propose to consume my time today by reading my remarks, so there will be no mistake as to their exact meaning, and to place in the CONGRESSIONAL RECORD the record of some of the instigators and expounders of this combination farm and inflation bill.

Now that the three distinguished guests of the Democratic Party have departed these shores, we can again discuss such domestic issues as inflation and farm relief without interfering with seating arrangements at the White House or diplomatic conversations over war debts, embargoes, consultative pacts, increased foreign importations based on depreciated currencies to further increase American unemployment, and the St, Lawrence ship canal, aimed to divert trade and traffic away from the port of New York.

Senator THOMAS' inflation amendment to the farm bill is the most amazing, daring, and dangerous piece of legislation offered to the American people. Whence does it emanate? Who claims its paternity? The best sources of information attribute it to those tried and experienced financiers—Professors Moley and Tugwell, Mordecai Ezekiel, and possibly Bullitt, who appears to be sitting in on the international conferences. Upon their advice the whole financial fabric of our Government is to be overturned—our traditional policy discarded, our currency debased.

Has any financier been consulted, or given this approval? It is difficult to realize that the Democratic Party as soon as it gains full control of the Government should subject the country to the dangerous fallacies of greenbackism, fiat money and populistic socialism, and the free-silver doctrines of William Jennings Bryan. Would that the President and Congress had the courage and the wisdom of Grover Cleveland.

Within 2 months of the beginning of the Democratic administration the promise in their platform to give the country a sound currency has been flouted and a debased currency is substituted. Is this a part of the "new deal"?

What the "new deal" promised the people of the United States was as vague and theoretical when the slogan was first coined for the American voters as is some of the legislation, such as the farm bill, now offered as a part of the "new deal." Congress must be deaf, dumb, and blind, as the avowed Communist, George Bernard Shaw, said of all Americans, when it enacts the complicated bills that are coming through the White House from the hands of the "brain trust" composed mostly of Columbia University theoretical and socialistic professors.

The farm bill, which the President recommended as a noble "experiment" was explained to Congress by Prof. Mordecai Ezekiel, of the Wallace-Tugwell agricultural department, formerly the United States Department of Agriculture, as follows:

> The price for each month may be conceived as represented by a small black ball suspended above the line for its own date at the height of the average price for that month, and as far over from the right to left as indicated by the supply for that month. There would necessarily be only one ball for each month. These balls, however, would all be very close to the demand surface, a little above it for those months when the actual price was higher than the price as shown by the correlation formula and a little lower for the months when the actual price was a little below the estimated price. In general, however, it would be seen that the demand surface approximated the position that these prices occupy as they were thus suspended through space and time.

How simple! If prices do not perform according to the chart, the consumer can be blackballed.

Certain this explanation is so simple that anyone should comprehend it, but fearing that it ought to be further elucidated, Senator HUEY LONG insisted on reading another section of Professor Ezekiel's plan, which dealt with "factor's X from the first to the tenth power", with a "regression equation" showing as fine an assortment of logarithms as a hog raiser ever looked at. In further explanation, the clerk continued the reading, as follows:

> The value of the constant (k) in this equation varies according to the units in which the different variables are expressed. The variable X (10) represents the price index, so moving the regression value for that variable to the left of the equality sign gives the regression equation for the prices deflated according to the observed relation.

Now, of course, every farmer and business man can understand this explanation of the farm bill. If Professor Einstein had given such an explanation of the bill to the Congress no one would have been surprised and the matter could have been overlooked, for only he claims the honor of being familiar with relativity. But when our own Department of Agriculture expert digs down into the rich soil and plucks from it the X's, Z's, and what not, the American farmer cannot be expected to understand such fine distinctions. When we dissect this bill, from an American standpoint, its socialistic proposals can be plainly seen and if enacted will plague us for years to come.

Where did the "new-deal" idea come from? Could it be that this masterpiece of Russian idealogy is the handout of the President's "cap-and-gown" advisers, or college professors, hailing mostly from Columbia University? Or is it possible that the "new deal" was borrowed from the Socialist book, A New Deal, from which apparently a large part of the proposed legislative program has been taken?

As Al Smith often says, "let's look at the record." Let us see what the record discloses about the instigators and expounders of the farm bill and inflation. Let us get acquainted with the past affiliations of each member of this "brain trust"—Prof. Rexford Guy Tugwell, Prof. Raymond Moley, Mordecai Ezekiel, and William C. Bullitt. We will have to pass up Secretary Perkins at this time, as her pet measure to control the hours of labor and wages is not now under consideration.

Professor Tugwell is quite a book agriculturist. He has made a study of agriculture and knows all about the farmers' plight, so he says. He is especially informed on the Russian Gosplan, and if the Communist publications are correct, as early as January 1930 Mr. Tugwell advocated the Bolshevik plan for the United States. We have only to read the reports from Moscow to know how effectively this plan works in Russia at the point of the bayonet.

It might be interesting to know that here is a clipping from the greatest propagandist of Soviet Russia in the world, a writer for the New York Times, Mr. Walter Duranty, who says that after 15 years the agricultural plan in Russia has failed. The heading of this article in the New York Times is "All Russia suffers shortage of food, supplies dwindle, two thirds of the people are not expected to get sufficient allowances in winter; crops far below 1930; livestock reduced more than 50 percent from 5 years ago, with fodder lacking; new plans dropped." These are the agricultural plans that were commended by Mr. Tugwell and probably are the plans now being suggested or copied from Soviet Russia in the pending farm bill. If it is the purpose to reduce production of farm products, as has happened in Soviet Russia, then this farm bill ought to succeeed at least in that respect, although that was not the intention of the framers of the Soviet gosplan in Russia.

Mr. Tugwell is coauthor with Stuart Chase (another Socialist) and Robert Dunn (a Communist) of the book, Soviet Russia in the Second Decade, and this same Stuart Chase (Socialist friend of Tugwell) is the author of the book, A New Deal, in which he says that "in a way it is a pity that the road to revolution is temporarily closed." We find that Professor Tugwell has for years trained with the Socialists of the Nation. He was professor of economics at Columbia University; contributing editor to the socialistic New Republic magazine, more or less a semiofficial organ of the Socialist Party; a member of the advisory board of the People's Lobby, a socialistic movement set up by John Dewey, another Socialist professor of Columbia University; and is on the board of directors of Manumit Associates, Inc., a radical enterprise partially supported by the American Fund for Public Service (Garland Fund), the spending of which fund was in the hands of a committee of Socialists and Communists, who doled it out for Socialist and communist activities. Tugwell has been a member of several committees of the American Civil Liberties Union, an organization specializing in the defense of Communists and radicals of all types. He has written on socialism, having collaborated in Socialist Planning and a Socialist Program, while he wrote Experimental Control of Russian Industry, and Soviet Russia in the Second Decade. He believes there is "no difference between Russians and Americans."

Tugwell has opposed such farm-relief plans as the McNary-Haugen bill, and tariffs which he says lead to "isolated nationalism." With Prof. Mordecai Ezekiel, he is credited with preparing the newly proposed farm bill, which grants the powers of a dictator. It requires a dictator and the red army to force a similar program down the throats of the peasant farmers of Russia. Perhaps that is why a dictator of agriculture is required here. The control of acreage, of production, of markets, of earnings, of what the farmer may grow, and how much, how he shall spend his money and how much he shall have are only the powers granted a dictator.

The second in line in the "brain trust" appears to be a Prof. Raymond Moley, who also hails from Columbia University. Professor Moley is our new Assistant Secretary of State. Professor Moley has been a lecturer at the Rand School, a socialist-pacifist college which was raided during the World War for slackers. These lectures were regularly attended by extreme radical Socialists, pacifists, and Communists. Moley is a director of the Foreign Language Information Service set up by the American Civil Liberties Union crowd. Some months ago, following the arrest of a number of Communist agitators in New York City, the American Civil Liberties Union held a protest meeting against alleged "police brutality", at which the radicals of the American Civil Liberties Union directorate held forth, and Professor Moley was there in prominence. Professor Moley is looked upon as the right arm of the Professor Tugwell group composing the "brain trust."

Prof. Mordecai Ezekiel, the economic adviser to the Secretary of Agriculture, is a real shadow of Professor Tugwell, so far as the Russian farm plan is concerned. He appears to be the Professor Einstein of the administration and carefully elaborates the workings of the "new deal" to Congress by the use of logarithms, letting a hog equal X, the squeal equal Y, and the price equal Z. If it works out "everything will be all right." Professor Ezekiel has visited Russia where he made considerably study of the gosplan.

A new Assistant to the Secretary of State is a close friend of Professor Moley. He is William Bullitt, who is credited by Mr. Tumulty with having brought about the physical collapse of that great Democratic President, Woodrow Wilson. He was accused recently by our distinguished Senator ARTHUR ROBINSON of representing "someone" in trading off the American people while in Europe. I am informed that he married a Communist sympathizer; in fact, the wife of my classmate at Harvard, John Reed, the American hero of Communism, and now buried in Moscow near the tomb of Lenin. This is the man who is an Assistant to the Secretary of State.

Bullitt has been a bosom friend of Lincoln Steffens (Communist) for many years, and he spent much time in Russia with the red publicist in close association with Lenin, Tchitcherin, and Litvinoff. While he denied, on returning recently from Europe, that he had been on a mission for anyone in the United States, it is significant that he now sits at the head of the conference table with the other members of the administration in dealing with the European debt and other questions. In Europe he announced that Europe would pay America 10 cents on the dollar, and apparently this is the offer being made by Europe today. The loss to America would be 90 cents on the dollar, which American taxpayers would necessarily have to pay for Europe.

The effects of the Thomas inflation bill and the Tugwell farm bill will automatically cut the purchasing power of the American wage earners, as the cost of necessities will increase, while at the same time their wages are being reduced by shorter hours and a minimum wage as set forth in the Perkins-Black bill. This stifling plan will naturally tend to reduce consumption all along the line, and, while increasing the farmer's selling prices, it reduces his sales, and he is back where he started, only he will be worse off, because the cost of what he has to buy has also increased.

The embargo on gold exports was undoubtedly a healthy and necessary move by the administration. It had the effect of a tariff, but should the administration follow its announced plan of reducing the American tariff, that act will undo the advantage we have gained by the gold embargo.

How transferring under the inflation legislation the load of the debts of one class to another class will solve the difficulties our people are experiencing I cannot see, for the debts still exist, it does not matter which way they are transferred. The fact is that in all the legislation so far proposed by the "brain trust" the purpose is apparently an attempt to rob Peter to pay Paul. One individual calls it a "shot in the arm", from which we will have a sick headache after it has taken effect.

I find no fault with the manner in which the administration solved our emergency banking situation, except that I feel that those many banks that are still closed should be reorganized immediately and the millions of dollars tied up in them put back to work. This is our greatest handicap

today, and it must be straightened out very soon if business is to revive. The administration's proposal for power to lay an arms embargo will not help our domestic problems; it will not reopen these banks; it will not put men back to work; it will not help the farmer and home owner take care of his taxes and mortgage payments, but it is apt to lead to war.

The reforestation plan is a sample of what may be expected from other legislation that is awaiting enactment. It, of course, has taken a number of deserving men off the streets and put them to work on the forests at $30 per month, but if it causes the release of 15,000 of our soldiers and 4,000 officers into the ranks of the unemployed, what purpose has it served? The soldiers in whose camps the foresters are placed for training purposes train these men who receive $30 a month, while they themselves receive only $17.50 a month, and they are now wondering each day if they are to take the place on the street vacated by those they are now training.

It occurs to me that the "brain trust" has miserably failed in its attempt to establish an American "new deal"; that we are getting nowhere, and in fact slipping. Unemployment appears to be on the increase, as the administration skates from one pond to another in its combination of a so-called "economy plan", and a socialized construction plan. We hear control of transportation, control of air, control of mines, control of power, control of labor, control of banks, control of wages, control of hours, control of agriculture, control of distribution, control of production, and control of Congress itself, through the transfer of its constitutional power to self-imposed dictators.

If one reads the Socialist platform of 1912, it makes one wonder whether the "brain trust" has not substituted it for the Democratic platform, on which latter not they but a majority of the Representatives in Congress were elected by the American people. Socialism and communism were not voted into power; yet these are what the people are having thrust upon them under the Democratic banner. Congress is ignored in the framing of the legislation, and we are asked to swallow it as an experiment after it is prepared.

It is no wonder that Frederick Prince, president of the Chicago Stockyards Co., on his recent return from Europe called upon the Nation to strip itself of meddling professors. "You have only to think back the last 10 years upon the difficulties into which we have been drawn because of the influence of the professors to realize that the sooner we get away from this influence the better we will be", said Mr. Prince. We now have a new crop, and this time they ask for control of our Government. What can we expect the result to be? Are we going to turn over blindly our powers and risk the future of our Government and the welfare of our people by supporting such theorists who, as Mr. Prince truthfully says, are the wrecking squad of the past?

As Bourke Cockran, that great Democratic orator, said back in 1896, "What is the issue? Stripped of all verbal disguise, it is an issue of common honesty; an issue between an honest discharge and a dishonest repudiation of public and private obligations", and that is the same issue today, revived by the "brain trust" and based upon the fantastic dreams of populist agitators. The pretense that men can be enriched by swelling the volume of the currency is a delusion which has affected mankind at recurring intervals since the dawn of civilization. [Applause.] The "brain trust" has raised doubts as to the soundness of our money and has frightened trade from the market places. The basis of sound trade is sound money. It is perfectly clear, however, that the purpose of the "brain trust" is to raise the price of certain commodities, but when you debase the dollar to do it, you cheat and rob the laborer of that which he has earned by the sweat of his brow.

The Populist, Socialist, and inflationist declare that the creditor is a person who oppresses the western and southern farmer. These inflationists invariably describe the creditor as "loud of dress, coarse of feature, gaudy of ornament, with cruel expression on his face, vicious in morals, and hateful in appearance." According to the inflationists, the money lender and the creditor are synonymous expressions. But, as a matter of fact, the creditors of this country are not the bankers; they are not the so-called "capitalists." The real creditors are the laborers, the American wage earners, and if the creditor is to be cheated by a reduction in the value of the dollar it is and must be at the expense of labor.

The proposal to debase the dollar is an attack on the wage earners and industry in the North and the East. The farm bill proposes to reduce the wages of labor by reducing the purchasing power of labor to obtain foodstuffs and the necessities of life. Paraphrasing the famous remark of William Jennings Bryan, "You shall not place a crown of inflation and reduced purchasing power upon the brow of labor." You shall not rob labor in the East and the North by dividing the American people into hostile and sectional classes by increasing the cost of living and reducing the value of the dollar.

The proposed inflation amendment will prove more injurious to the little man than to the big. I am thinking of the men in the factories, the workshops, and in all lines of American industry. I am not thinking of the millionaire class, as they no longer exist in my district except a few closely associated with the President.

Who are the forgotten men today but 30 millions of consumers in the East and 40 millions of wage earners throughout the country and the distinguished former Secretary of the Treasury, CARTER GLASS, to whom his party owed the enactment of the Federal Reserve Act, the only great and sound financial legislation ever enacted under a Democratic administration.

Mr. GREENWOOD. Mr. Speaker, I yield to the gentleman from Arkansas [Mr. GLOVER] such time as he may desire.

Mr. GLOVER. Mr. Speaker, the bill now before us—H.R. 3835—is a bill to relieve agriculture and to put it on the basis of equality with other industries and to expand the currency.

I doubt if there was ever a more important bill before the Congress of the United States at any time in the past that was as important to the United States Government and its people as this measure.

The present acute economic emergency is in consequence of a severe and increasing disparity between the prices of agricultural and other commodities, which disparity has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities and has seriously impaired the agricultural assets supporting the national credit structure. Agriculture is our basic industry, and if our Government continues, it must be taken care of.

This bill gives a great deal of power to the President of the United States and to the Department of Agriculture, and the success or failure of this bill depends largely upon the administration of it. The bill is not a single plan for agriculture alone but contains the several plans that have been suggested, and they are placed at the option of the Department, so that either of them may be enforced where it will best help the conditions of agriculture.

This bill seeks to establish and maintain as a policy of this Government such balance between the production and consumption of agricultural commodities and such marketing conditions therefor as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period.

The base period in the case of all agricultural commodities except tobacco, milk, and its products shall be the prewar period August 1909–July 1914. In the case of tobacco and milk and its products the base period shall be the postwar period September 1919–August 1928.

The purpose of the bill, taken in its entirety, is to raise the price of agricultural commodities and bring it to that price that it was between 1909 and 1914.

This bill provides for a method to accomplish this by what is known as a "processing fee", which goes to the benefit

of the man producing the agricultural commodity. The bill has already been more effective, even before it has been signed by the President of the United States, than any other measure that has been proposed in Congress during the past 4 years that I have been a Member of this Congress. Wheat, corn, cotton, rice, and practically every agricultural commodity has increased 25 percent by reason of the fact that everybody knows that if this bill goes into effect agricultural commodity prices must come up and the high, costly, and expensive dollar must come down.

It is now, and has been for a long period of time, a moot question as to whether we now have an overproduction or an underconsumption of these commodities. My contention is, and has been, that it is caused more from underconsumption than by overproduction, by reason of the fact that the purchasing power of the people has been almost wholly destroyed within the past 4 years. You give the people employment, give them a chance to make money, and when they start spending it you will have very few surplus crops in this country. In other words, if the hungry were properly fed and all the people were properly clothed, we would have no surpluses.

This bill seeks to deal with that question on the theory that the reduction of acreage is necessary in order to restore normal conditions. By doing this they seek to make it possible for the farmer to reduce his acreage and yet get a profit from his lands not used in cultivation, as is provided for under the terms of this bill.

Let us first take cotton. That is our staple commodity and moneyed crop of the South. If cotton brings a fair market price, the South is prosperous, and if the price is placed where it has been for the last year or two, then farmers are reduced to the point where they cannot survive. This bill provides that if the acreage is decreased 30 percent the man who decreases his acreage has the right to take an optional contract for whatever amount of cotton his land left out of cultivation would reasonably produce during this year, and if cotton goes up, say 2 or 5 cents per pound, the farmer gets the advantage of that by reason of his reduced acreage. It is purely optional with him whether he takes his contract or does not exercise his option before the time is out.

In other words, he cannot lose anything but stands a chance to gain and brings about the result of decreasing the amount of cotton produced each year until the surplus can be used up.

It is impossible for a farmer having all he has invested in lands to allow his lands that are susceptible to cultivation to the amount of 30 percent to lie idle and produce nothing. This provides a way whereby he may let them lie idle and still produce just as much to him as if he had cultivated them, and possibly more.

There are two provisions of this bill that will apply to cotton. First, the plan just discussed, known as "the Smith bill", and the other is the allotment plan, and the allotment plan for cotton, in my opinion, as well as other agricultural commodities is far better than the one just discussed.

For instance, suppose you want to raise the price of cotton 5 cents per pound. All you have to do is put a 5-cent per pound processing tax on the manufacturer, and that is passed out into the manufactured product, and the consumer that buys it will hardly know the difference in the price, and it should make very little difference in the cost of manufactured articles. Yet the man who produced it is enabled to live in prosperity.

The same argument will hold good as to wheat, corn, rice, and all other staple agricultural commodities. It is my opinion that within a year from this date, as we have gone back to the double standard of money of both gold and silver, we will not have any surplus of cotton in this country that will affect our market prices.

If you will only take the time to investigate, you will find that one of the most hurtful things to the American cotton grower is the fact that the foreign countries have been growing a much larger quantity of short-lint cotton, which is the only kind they can produce, and that has been the worst enemy the cotton farmer of the United States has had to fight.

Prior to the last war foreign countries grew only about 6,000,000 bales of this short-lint cotton. Now they are growing 12½ million bales. It is not profitable for them to grow it, and they only grow it because it becomes a necessity for them to do so because our gold standard of money prevented them from trading with us as they once did. Before we went off the gold standard the amount of silver that was in their dollar, measured by the gold standard in America, was only worth 25 cents. Or in other words, when India, China, or any of the silver-using countries came to this country to buy cotton, if cotton was selling here for 5 cents per pound they had to pay four times that amount, or in their money, 20 cents per pound.

Now we have gone back to the double standard of money, both gold and silver; there is no reason why they should not discontinue growing this short-lint cotton and buy our long-lint cotton; and if they do, as we firmly believe they will, it will only be a short time until America will be asked to produce more cotton instead of decreasing its acreage.

Another plan furnished in this bill, known as "the Simpson plan", is optional and can be used if the Secretary of Agriculture finds it is a more desirable and workable plan than the others. It has a worthy purpose which seeks to provide a price for the farmer equal to the cost of production with a reasonable profit for the investment. No one can contend that is unfair, but it is something that everybody must concede the farmer is entitled to.

The former President of the United States in his campaign for reelection last time said many times in his speeches that I heard over the radio that he had been able to keep us on the gold standard and to maintain a high tariff. I thought then, as I think now, that they are the two greatest evils we have had to contend with recently. Not that a gold standard is not sound and right, and that it should be maintained, but it should not be used as the only standard is my contention.

I have always been a believer in a bimetallism of money, both gold and silver used as a basis for our money, and our Constitution provides for that, and when that is done we will have plenty of money on a sure and safe basis, so that we can trade with all the world, and no living human can say it is fiat money, but he must concede that it is constitutionally sound and economically right.

The Constitution of the United States gives to Congress the power to coin money and to regulate the value thereof. Congress, in my opinion, made a great mistake when they gave this power to the Federal Reserve, and provided that they might issue the money when 40-percent gold reserve or eligible paper was retained to back up the currency.

The trouble with our Government has been that it has never used the thought of eligible paper until recently but has tried to maintain everything on a gold standard with 80-percent reserve instead of 40 percent.

This bill provides for the issuing of $3,000,000,000 in Treasury notes or money which will be backed by the good faith and credit of this Government. It provides also for the free coinage of both gold and silver. It provides for reducing the gold content, or reevaluating gold and fixing a different standard from that that is now fixed.

In other words, the Congress, having the right as given them under the Constitution of the United States to issue money and regulate the value thereof, can say that the amount of gold that is in the $20 gold piece now is worth $40 just as easily as to say it is worth $20. That is a crude illustration, but that is what this bill provides, that the gold content may be reduced and that silver may be used as a medium of exchange, as provided for by the Constitution.

That an expansion of currency will bring up farm and commodity values no one can doubt, because even the agitation of it has had a wonderful effect before the bill was passed and signed by the President, by the very fact that they know what the result of this character of legislation is going to be.

I said in some literature I circulated 2 years ago in my district that agriculture was being crucified on the cross of gold and at the altar of shame. I repeat now that is true and has been thoroughly demonstrated to be true.

Let us hope that we will never again have to contend with conditions we had had for the past 3 years.

I introduced nearly 3 years ago in this Congress a bill asking for $2,000,000,000 of silver money to be put into use to still the storm that many of us then saw coming, but the ear of the administration was closed to that kind of arguments and on and on it went from prosperity to the worst money panic the world has ever seen, and I hope the worst we will ever see.

When this bill is signed, then I want to see us pass a bill which will correct the evils of the Smoot-Hawley tariff bill and give us reciprocal trade relations with other countries, tearing down the tariff wall entirely if it is necessary in order to have our export trade; and when this is done, with our new ideas of the use of constitutional currency of both gold and silver, we are then, in my opinion, headed toward another era of prosperity equal to any this Government has ever experienced. [Applause.]

LEAVE OF ABSENCE

Mr. FISH. Mr. Speaker, I ask unanimous consent that leave of absence may be granted to my colleague from New York [Mr. REED], on account of sickness, for 3 days.

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

There was no objection.

FARM RELIEF

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, a short while ago a question was asked on the Democratic side whether anything had happened thus far to make the people lose confidence in President Roosevelt, or if he had done anything whatever different from what he had promised before election. I shall take a few minutes to call the attention of Members to an address made by President Roosevelt at the Brooklyn Academy of Music on November 4 last, and then you can draw your own conclusions and answer the question for yourself. Governor Roosevelt at that time said:

> One of the most commonly repeated misrepresentations by the Republican speakers, including the President, has been the claim that the Democratic position with regard to money has not been sufficiently clear. The President is seeing a vision of rubber dollars, but that is not the only part of his campaign of fear. I am not going to characterize these statements. I merely will present the facts.

And here are the facts as presented by Governor Roosevelt at that time:

> The Democratic platform specifically declares: "We advocate a sound currency, to be preserved at all hazards." That, I take it, is plain English. In discussing this platform on July 30, I said: "Sound money is an international necessity, not a domestic consideration for one nation alone." In other words, I want to see sound money in all the world. Far up in the Northwest, at Butte, Mont., I repeated the pledge of the platform, saying sound currency must be maintained at all hazards. In Seattle, I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform. So much for that misrepresentation.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Not yet. At another point in his address Governor Roosevelt said:

> The business men of the Nation, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But that, my friends, as has been clearly shown since, was a libel on the credit of the United States.
>
> And it is worthy of note that no adequate answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this assertion was. And I might add, Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise, yes, the covenant, embodied in these securities, was as dubious as the President of the United States claims it was.

That is the statement of President Roosevelt on November 4, and if I read the newspapers correctly, the distinguished Senator to whom he refers, if he is quoted correctly, says that he, the Senator, has not broken with the President, but that the President has broken with him. I leave that for your own conclusion, and the reason for this break.

In order to prove by a distinguished Democratic Member of this House that the kind of money that you are proposing to issue under this bill is not the kind of money that the distinguished President of the United States said that he stood for on November 4, I shall quote from a report made by the distinguished Speaker of this House just about 1 year ago today, when the Ways and Means Committee reported the Patman bill adversely.

This bill provided that the Secretary of the Treasury should issue Treasury notes that should be legal tender and in a good many ways about the same kind of money the present President wants issued under this bill.

Quoting Mr. RAINEY:

> It is contended that what we need is more money in circulation in order to restore the prices of 1929, but in 1929 we had $900,000,000 less of currency outstanding than we have now and it is difficult for me to understand this kind of reasoning.
>
> Some of these pending bills provide for a bond issue, the bonds to be held by the Federal Reserve bank and Treasury notes to be issued against the bonds.
>
> It does not appear to me that this makes any substantial difference in the proposition. Fiat money is money which is issued on the credit of the Government, for its payment and the mere promise of the Government to pay Treasury notes based upon the promise of the Government to pay bonds does not appear to me to relieve the situation in the least. It is still fiat money.

That is what Speaker RAINEY said a year ago about the kind of money you are authorizing under this bill.

Continuing quoting from the Speaker:

> In the recent past we have seen European governments resort to fiat money until it took in Germany millions of marks to buy a small loaf of bread, and finally the German issue of fiat money, based on the promise of the German Government to pay, was stabilized on the basis of one trillion of marks, based on the promise of the Government to pay, for one gold mark. A government once embarked upon the practice of issuing fiat money finds it difficult always to stop. The experiences of Germany and other nations ought not to be repeated in this, the greatest and richest Nation in the world. There may be some excuse for impoverished European nations, emerging from the World War, to depreciate their currency with such disastrous results to them, but with their example staring us in the face it is incomprehensible to me that this proposition can be seriously considered in this country.

Gentlemen, there are the statements of your own two leaders, and I leave those statements with the people of this country to draw their own conclusions as to whether or not President Roosevelt stands today where he stood before election as regards sound money and the credit of the United States. [Applause.]

Mr. O'CONNOR. Will the gentleman yield?

Mr. SNELL. No; I am not going to yield at the present time.

I yield back the balance of my time, Mr. Speaker.

Mr. O'CONNOR. Mr. Speaker, I yield such time to the gentleman from Tennessee [Mr. BYRNS] as he may desire.

Mr. BYRNS. Mr. Speaker, I am sure it was not very surprising to any of us when the gentleman from New York [Mr. SNELL], in advance of consuming all of his time, left the floor, declining to yield to an inquiry from the gentleman from New York [Mr. O'CONNOR].

In my judgment, the gentleman from New York [Mr. SNELL], in his short address, has given the very best reasons in the world why this bill should be passed, and why all of you gentlemen, including the gentleman from New York [Mr. SNELL], should vote for it.

The gentleman quoted from speeches made by the President during the campaign last fall, in which the President declared in unquestioned terms that he favored a sound currency. The gentleman from New York did not undertake to assert that the President had changed his views from what they were last fall. This bill is simply discretionary upon the part of the President, to use the powers conferred if the necessities of the Government and the people of this country demand it. Nothing more and nothing less. If the

views, as expressed by the President in his campaign and approved by the gentleman from New York [Mr. SNELL] are still his views, and certainly nobody would be heard to deny it, then there can be no reason why he should not have this authority, in order to bring down the unprecedented value of the dollar, and give to the producers of this country an opportunity to realize a fair price for their products. And we can have no return to permanent prosperity until this is brought about.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. O'CONNOR. I was trying to ask the gentleman from New York [Mr. SNELL], the minority leader, whether he really and sincerely believed that under present conditions we had a sound currency?

Mr. SNELL. If the gentleman will yield to me.

Mr. BYRNS. Oh, the gentleman refused to yield in his own time, and I do not propose that he shall take my time. [Laughter and applause.] The gentleman had his opportunity when he was before the House, and he did not avail himself of it.

Is it a sound currency when the gold dollar is worth 170 cents today? Is that sound? Yes; it is sound, insofar as those who hold the gold dollars are concerned; but how about the millions of people who produce the wealth of this country and who are unable to realize the costs of production, in many instances, of their products?

Mr. Speaker, I do not think there is anyone who will seriously argue that we do not need some additional currency in this country. The great problem and the great question in controversy on this matter are how we shall get the increased currency. There are some who believe that it should be left to the great bankers of this country. There are others who, like myself, believe that the people themselves, the producers, should have an opportunity to realize some of its benefits. How are the farmers of this country and how are the small manufacturers of this country to exist under present conditions? I do not know whether it will ever be necessary for the President to exercise the discretionary power which this bill places in him and issue currency to the amount of $3,000,000,000 or not, but all this bill proposes to do is to give him that authority in the event that he, as President of the United States, feels that the interest of the people of this country demands it. Certainly, with the approval of the gentleman from New York [Mr. SNELL], there is every reason why this House should give him that authority at this time without the slightest fear that he will misuse it. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 15 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Speaker, I realize the uselessness of attempting to say anything on this measure, because I know under the rules under which this bill is being considered there is no opportunity to amend.

It is most unfortunate that a bill of this importance, which, if used, will affect every man, woman, and child in the United States to a serious extent, should be considered in this way. I am surprised that during this debate there has been practically only one speech devoted to one of the most vital things in this bill, the question of the cancelation of the foreign debts due the United States.

In December of 1931 this House and the House at the other end of the Capitol went on record that there should be no further extension and no reduction or cancelation of war debts. That is the position today of Congress. The rider that was placed on the moratorium bill took from the President of the United States all authority relative to this debt. Here today we see the surprising lack of interest in the payment of the international debts to the United States.

Why this change? Why, under this authority that is granted here to permit payment of foreign debts due the United States, is the authority given the President to negotiate and take $200,000,000 in silver in exchange for the payments which are due and past due, and practically no reference whatever by any man in this House has been made to that particular clause. Why are you surrendering to the demands of the President and the foreign demands when such want and suffering exist everywhere in the United States? Are you going to reduce wages of Government employees and not pay the soldiers their bonus and compensation; are you willing to do this for the foreigner and do this other to American citizens and taxpayers? This establishes the precedent of shouldering the payment of this debt from the back of the foreigner to the back of the American taxpayer.

Has this Congress, under the persuasion of the necessities of the emergency, abandoned that clause which the people of the United States approved of and approve of now?

I venture to predict that any man who votes for the clause changing the rider on the moratorium bill of December 1931 will be defeated in the next election. The people of the United States do not propose to cancel war debts to Europe.

This proposal of silver is an interesting one. I am just wondering how much the international lobby on silver was successful in exerting its influence.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SNELL. Did not the present President himself say during the last campaign that he was opposed to the cancelation of these international war debts?

Mr. McFADDEN. He did.

Mr. SNELL. Then he certainly will not cancel them now, will he?

Mr. McFADDEN. Well, here is the proposal in this bill to permit a revision of these debts; and every step that has been taken has been a step toward reduction and final cancelation of these debts. The fact that the President accepted the foreign plan of the last administration is proof to me that he stands in the same position relative to cancelation of war debts as did the previous administration.

Now, I was saying, whence came this suggestion of buying this commodity silver? There has been one of the greatest international lobbies at work in connection with the sale of foreign silver to the United States that this country has ever known. I have here in my hand a circular issued by one of these lobbyists, one of these international paid emissaries who is having, and has had, a lot to do with selling this silver idea to the American people, and particularly to the American Congress.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I will.

Mr. O'CONNOR. Is the gentleman laying grounds to impeach the present President of the United States?

Mr. McFADDEN. I do not think that question needs an answer. I may say to the gentleman in answer to that, however, that if the present President of the United States violates again the Constitution, this Congress may take such action.

This circular I am referring to is written by René Leon, an expert on silver in the pay of the international group that is more interested in speculation in silver than in anything else. I want to read you just a little from this circular.

Mr. SOMERS of New York. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I cannot yield.

Mr. SOMERS of New York. I merely wanted to ask the gentleman to develop a little more who Mr. René Leon is, whether he is in the pay of foreign interests, and so forth. The gentleman's statement is very important. I should like to have the answer for my own information.

Mr. McFADDEN. I will read this.

Mr. SOMERS of New York. I wish the gentleman would do this if he can.

Mr. McFADDEN. "Authority should be given"—I am quoting from this circular now:

> Authority should be given to the Treasury to purchase $200,000,000 of silver at a cost not to exceed 50 cents an ounce.

That is the provision in this bill and that is the provision in the circular of Mr. Leon.

Mr. Leon was for many years connected with the Guaranty Trust Co., handling their foreign department as regards money and commodities. This connection was severed some years ago. He is probably one of the best posted men internationally on silver. He flits back and forth between Paris, London, and New York. Recently he returned from a trip abroad and visited me. From the information which I got, I drew just what the gentleman's activities were. He is in very close touch with the firm of J. P. Morgan & Co., and the Montagues of London, I am told. They are very much interested in the price of silver, as are other speculators here. Under the influence of this legislation silver has already gone up from 20 to 36 cents. Many people who have been "in the know" have made and are still making millions of dollars speculating in silver. Why not, when Congress is passing a bill to pay 16 cents per ounce above the present market? Mr. Leon's influence is manifest to anyone who will connect what he has said and has been doing here with this particular bill.

Why should Americans buy foreign silver at this time as a commodity? Why not buy American silver mined in the United States? It is like buying wheat. There is just as much sense in our buying silver today as there is in our buying wheat. Why take England's surplus of India silver as part payment of her debts due us payable in gold or permit France and the other nations who are in default to do it—And why take it at prices above the market? This is all I have time to say about this one particular clause of this bill.

I want to quote right here from article I of the Constitution. It has a bearing on what we are doing here today.

Article I of the Constitution provides that—

> The Congress shall have the power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States; to borrow money on the credit of the United States; to regulate commerce with foreign nations; * * * to coin money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures.

Let me direct your attention particularly to the authority which is given in the last part of the Constitution, in which it states:

> Shall have the power to coin money and regulate the value thereof.

Who has this power?

The Congress of the United States; it has no power to delegate this power to the Federal Reserve System or to any other agency, not even to the President of the United States. Under the Constitution we have the power to regulate the value of foreign coin. Why should we go into a foreign country and consult with foreigners in an economic conference to change the value of our money and the value of foreign money, when we have that right under our own Constitution?

I say to you this bill is unconstitutional, and you cannot expect to stabilize business until you stabilize the dollar. I say to you Members here who vote for this legislation that you are doing it in violation of your oath of office; and I, for one, do not propose to do that.

You are still continuing to deal with the effects and not the causes of this depression, just as the last administration dealt with them. I was pleased today to hear my colleague the gentleman from Maine [Mr. BEEDY] denounce the international bankers and those other American bankers who are allied closely with them for destroying the last administration. I pointed out in this House in a speech on December 15, 1931, that that was exactly what was taking place, and the gentleman from Maine the next morning got up and denounced my speech. I am glad he is a convert. [Applause.] I am glad he has arrived at the point where even he knows that I told the truth.

Now let me say that money does not work out right mathematically; if it is made plentiful, then the price of everything goes up and no one is any better off, and if the reverse takes place—that is, if it is made scarce—then the price of everything goes down, and again the people are no better off. Wages do not go up in proportion when prices go up, and, conversely, wages do not go down in proportion when prices go down, but always are less than the upward and exceed the downward trend of prices. The purchasing power of the masses can never be enough to enable anyone to be benefited by either a rise or fall in prices except only those who have large amounts of money; and it is the same when there is an increase or decrease in the volume.

I would also call your attention to the fact that when prices of things are high, then, they sell better. It is to be noticed, particularly, in the commodities known as "stocks" when the prices of these are high, then they sell like the proverbial "hot cakes", but it can be plainly seen that impoverishment of a nation would be soon accomplished by this means, and this is usually prevented by a panic appearing at such a time, since a period of the highest prices precedes a panic. The peculiarity of this latter consists in the fact that in order to head off impoverishment, impoverishment is resorted to. Is that what we are doing now in the blind attempt that is being made by this legislation?

We are now in the throes of a panic which was caused by inflation—inflation of the credit system from 1921 up to 1929.

Credit inflation can be controlled, and has been controlled to a certain point by the Federal Reserve System, but the continued inflation of the Federal Reserve System, wherein it furnished nearly $200,000,000,000 for stock-market speculation, got out of their hands and now we are suffering because $150,000,000,000 of that money and credit was lost in the stock market and a lot of it shipped abroad, because during that same period of time, and for 2 or 3 years previous, the international-finance group, aided and abetted by the Federal Reserve's great credit stream, permitted the lending out of this country of hundreds of millions, yes, billions, of dollars of the Americans' money. This is why we are short of money and capital in the United States today. Do you want to go back into this condition? You cannot control the inflation of money.

An analysis of the very plan you are proposing here—to run the printing presses and to inflate credit through the use of Government bonds and the Federal Reserve System—only tends to draw your attention to what happened in Germany. There is not any question about it. They said in Germany they could control the inflation when it started. You can ask the present minister from Germany, Dr. Hans Luther, who knows; he saw it operate in Germany; he is here, and he will tell you that they thought they could control it, but they had no sooner got it started than it went the full length. It went the full course; they could not control it; they repudiated all debts, including the Government's debts to the German people. Is this what you want to do here in the United States?

Now, Mr. Speaker, understand what inflation is. Inflation is repudiation. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. GUYER].

IF THIS CONGRESS WAS ANYTHING BUT A RUBBER-STAMP CONGRESS, IT WOULD FRAME ITS OWN LEGISLATION AND EXERCISE ITS OWN CONSTITUTIONAL FUNCTIONS, INSTEAD OF SUPINELY ACTING AS THE ERRAD BOY OF THE "BRAIN TRUST"

Mr. GUYER. Mr. Speaker, there is only one part of this polyglot measure that meets with my entire endorsement in principle, and that is the provision for the relief of farmers burdened with mortgages. This is of such vital and immediate import that it covers a multitude of legislative sins. The need for some such relief for the distressed farmer is so great and so insistent that for this one purpose Members, weighing all hazards of the abuse of powers granted to the executive department by a servile and cowardly majority of this Congress, must close their eyes to its obvious and patent imperfections and hidden, undetermined ends, hoping that the President, more cautious and conservative than the majority in this radical Congress, will exercise those powers to protect us from the disasters that could easily flow from the improper use of the powers granted. Power ever breeds caution and conservatism in the wise. Let us hope and pray he will be wise in the execution of the powers granted by this bill.

At this time we must not load all the responsibility upon the President, for we have had experience already in granting him extraordinary power and we have seen how he exercised it under the Economy Act. We hoped he would use justice and moderation in the administration of the Economy Act with respect to the veterans, particularly those of the Spanish War. Instead he has figuratively taken the shirts from their backs and made paupers of at least 40 percent of them. In that case we hoped in vain.

If we repeat that mistake it is now partly our own fault. If this Congress was anything but a rubber-stamp Congress, it would frame its own legislation, exercise its own constitutional functions, instead of supinely acting as the errand boy of the "brain trust."

By all political and historical precedents and traditions, as the followers of Jefferson the majority should be the last either to grant such extraordinary powers or to burden the Executive with such overwhelming responsibility. The one thing that Jefferson and Hamilton agreed upon was the distinct and independent functions of the three departments of government, modified only by specific checks that one had upon the other so connected only as to give a constitutional control of the others and afford a practical working scheme of free government. Thomas Jefferson, in his Notes on the State of Virginia, writing of the formation of the constitution of that Commonwealth, said:

> An elective despotism was not the government we fought for, but one which should not only be founded on free principles but in which the powers of government should be so balanced among the several bodies of magistracy as that no one should transcend their legal limits without being effectually checked and restrained by the others. For this reason that convention which passed the ordinance of government laid its foundation on this basis, that the legislative, executive, and judiciary departments should be separate and distinct so that no one person should exercise the powers of more than one of them at the same time.

This you may find in Jefferson's works or in the Forty-eighth Federalist, as quoted by James Madison.

Notice how far from Jefferson's ideal you have wandered in this farm bill. In this bill we are not only asked to extend additional powers to the Executive himself but also to extend even more sacredly legislative prerogatives to the Secretary of Agriculture, an office not specifically provided for in the Constitution. What powers are to be exercised by this member of the Cabinet? First to levy taxes, and that with only the limit he is to determine. Just imagine Arthur M. Hyde having the temerity to suggest such a thing. How the pillars of liberty would have trembled; how the lean and hungry Democratic Cassiuses would have clamored:

> "Now in the name of all the gods at once,
> Upon what meat doth this our Caesar feed,
> That he is grown so great."

We are not only asked to grant the Secretary of Agriculture the power to levy taxes but to distribute the taxes collected as he sees fit. What if Andy Mellon had suggested such a thing?

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. GUYER. Yes.

Mr. O'CONNOR. The gentleman expressed surprise at the possibility of our yielding power to Secretary Hyde. Of course, the gentleman realizes that in all the yielding by Congress the individual and the personality to whom we yield enters into the question.

Mr. GUYER. I admit that your Secretary of Agriculture has good Republican ancestry and environment, and I expect he is a mighty good man, but so is Arthur M. Hyde, former Governor of Missouri, who is my neighbor across the line in Missouri, and I never knew anything against him any more than I do against Secretary Wallace. One thing, however, Mr. Hyde never did, and that was to demand the power to levy taxes and distribute them when collected.

He asks the power to control by license all processors of basic agricultural products or of competing agricultural commodities, domestic or foreign. He asks power to appoint an unlimited army of employees and to fix their salaries. He asks power to veto the Sherman antitrust law. These powers when granted will make him the absolute master not only of agriculture but of all industries using agricultural products. The Secretary, no doubt, is a very good man, having had the advantage of good Republican ancestry and environment, but human experience, which evidently counts so little with this Congress, has taught that it is a dangerous thing to grant such unbridled power even to a good man.

If we keep on at the pace we have set the past 8 weeks, how long will it be until some modern Louix XIV will announce as he rises to power, as Louis did when he ascended the throne of the Bourbons, "L'état, c'est moi!"? "The State, that is myself!" "I am the State." How long will it be until some up-to-date Hohenzollern like William II, who declared that in his acts as sovereign he acknowledged responsibility only to his conscience and his God, will strut his stuff upon the shattered ruins of American democracy?

Of course, there is no danger of anything of that sort now, but we are setting the precedents that justify such fears for the future.

Believing the President will use carefully these unprecedented powers reposed in his hands and save us from some of the ills that a radical Congress would condemn us to, I, for one, only under protest, am going to vote for this measure in order that the farmers of my district may get some relief from the mortgage situation. I do this charging the Democratic majority with lack of courage to map and carry into effect a legislative program and with abject servility accepting everything that emanates from the "brain trust" and the trickery that mixes up an omnibus measure which forces Members to vote for half a dozen things they cannot conscientiously support in order to get a single one they do approve. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Speaker, the farm relief bill passed the House March 22, 1933, with a vote of 315 for and 96 against. When the bill went to the Senate, some beneficial amendments were added, and these amendments are now before the House for consideration. In my judgment, no farm relief bill can operate with much benefit to the farmers unless it contains a provision that will enable farmers to receive at least the average cost of producing their crops as determined by the Department of Agriculture. In addition to the cost of production, farmers should, of course, have a reasonable profit.

January 15, 1932, I introduced H.R. 7797, in line with the National Farmers' Union program and sponsored by that great organization. From the efforts largely of Hon. John A. Simpson, president of the National Farmers' Union, the cost-of-production provision of that bill, which was reintroduced in this special session of Congress, was added to the farm bill. With this amendment in the bill, I believe much good will be accomplished by this legislation. Agriculture is the only business that has continued at less than the expense of conducting that business. Since first coming to Congress I have advocated agricultural relief legislation, and I am glad that something is now in sight that I believe will help.

Reports of the Department of Agriculture state that the cost of producing cotton, wheat, corn, and oats for the past year and the year before is as follows:

	Cotton	Wheat	Corn	Oats
1930	16 cents per pound.	$1.09 per bushel.	89 cents per bushel.	54 cents per bushel.
1931	9.1 cents per pound.	$0.81 per bushel.	61 cents per bushel.	42 cents per bushel.

If a bill containing this cost-of-production provision had been in effect in 1930, farmers would have received 16 cents per pound for their cotton, $1.09 per bushel for their wheat, 89 cents per bushel for their corn, and 54 cents per bushel for their oats, instead of the low prices they did receive. Under that provision of the bill in 1931, farmers would have received 9.1 cents per pound for their cotton, 81 cents per bushel for wheat, 61 cents per bushel for corn, and 42 cents

per bushel for oats. There can be no revival in business until agriculture is revived. That provision of the bill provides that the farmer shall receive at least cost of producing that part of his crops consumed in this country.

Reports of the Department of Agriculture show that the average production of lint cotton per acre in Oklahoma for 1931 was 186 pounds and that the average cost of production for Oklahoma for that year was 8.8 cents per pound. It has been stated that the average family will produce about 12 bales of cotton per year. At 6 cents per pound, an average bale of cotton would bring $30 and the price for 12 bales would be $360. One fourth of this is for rent, which would leave the producer, if he is a renter, nine bales worth $270. With the average production of cotton in Oklahoma in 1931 at 186 pounds per acre, to produce 12 bales would require about 36 acres. The average production of this cotton would require the following labor:

One man 9 months at $30 per month equals $270.

One boy 9 months at $10 per month equals $90.

Housewife 9 months at $15 per month equals $135.

These figures include $15 per month for the housewife, which at least would be the expense of employing another woman to do her work, and the wife's labor should be counted the same as that of the man. Then, the average family will at least have one boy who will assist on the farm. Food and clothing for the family and feed for the stock for this production would amount to at least $200. This would total $695, exclusive of taxes, interest, depreciation, and other miscellaneous expenses.

This, of course, is just an estimate of the average cost of production which, with a little study, can be figured by any farmer. Even with an expense of $600 to produce these 6,000 pounds of cotton, the cost of production would be 10 cents per pound. For that year, if all items of expense and the taxes were included, it would cost at least 15 cents per pound to produce cotton in Oklahoma. I also believe cost of the other products will be more than indicated by the Department. I have produced and sold cotton and other farm crops, am familiar with the expenses of crop production, and can figure costs.

In connection with this farm bill the emergency relief bill will be of much benefit to our people. This bill will put many of the unemployed to work on useful projects, such as reforestation in our national forests and parks, and we hope the work will be extended to include flood-control and soil-erosion work by the construction of dams and lakes.

The farm mortgage relief bill recently passed the House and provided for the issuance of more than $2,000,000,000 in nontaxable, interest-bearing bonds. I proposed an amendment to this bill to issue Treasury notes instead of nontaxable bonds, and, with the interest that would be paid each year placed in a sinking fund, the total issue would be retired in 25 years, without paying this large amount of interest to the bondholders. The issuance of nontaxable bonds should be stopped, and now is the time to take such action. That bill is followed by another bill for relief of town and city mortgages and could be financed by Treasury notes instead of a nontaxable bond issue. I hope and believe that this administration will remove the talons of Wall Street and the international bankers from the Treasury Department and stop their control of the finances of the United States. If a man has $1,000,000 invested in 4-percent nontaxable bonds, he receives an income of $40,000 per year upon which he pays no taxes. If a widow has a cheap shack that she calls "home", she is required to pay taxes. This is a situation that should be remedied by putting a stop to the issuance of these bonds, and now is a good time to start.

In the United States power is with the people and, by proper action, they can have any laws enacted which they desire. Many Senators, Members of Congress, leading business men, and economists are of the opinion that no permanent relief can be granted until silver is remonetized, the gold content of the dollar reduced, or currency expanded by the issuance of Treasury or Federal Reserve notes against the gold in the Treasury. The silver question is coming to the front in Congress as never before. April 17 Senator WHEELER offered his silver bill, which provides for the free and unlimited coinage of silver at the ratio of 16 to 1, as an amendment to the farm bill, and the vote was 33 for and 43 against. That is a great gain over the vote last January, when the vote was 18 for and 56 against.

The inflation amendment adopted to the bill by the Senate provides for the issuance of United States notes in such amounts as the President may approve, not to exceed $3,000,000,000. The amendment also gives the President power to reduce by proclamation the weight of the gold dollar by as much as 50 percent. The President is further authorized by the amendment to accept $200,000,000 in silver from foreign governments in payment of their debts to the United States and provides that the Secretary of the Treasury shall cause silver certificates to be issued against this silver for the payment of obligations of the United States. This will be one of the greatest and most beneficial acts ever passed by the American Congress. Debts will be scaled down by reducing the content of the gold dollar, as provided in this amendment.

When a real and properly controlled expansion of the currency occurs and money is put into circulation, which can be done by the payment of salaries, pensions, compensations, refinancing of these mortgage bills, and in other ways, then commodity prices will increase and business in general will be rehabilitated.

Mr. Speaker, with the advent of this administration a new era has dawned in the United States, and I believe the President will properly administer this law for the people. Against the opposition of the international bankers and moneychangers, whom he so bitterly denounced in his inaugural address, he has taken the United States off the gold standard, and commodity prices at once began to rise. Those of us who have been working so diligently for an intelligently controlled expansion of our circulating medium rejoice in the action taken by our Chief Executive and the Congress. When these provisions are put into effect I believe that real prosperity in the near future will again be enjoyed by our citizens.

Mr. O'CONNOR. Mr. Speaker, I now yield to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Speaker, nothing that I can possibly say at this late hour may have any bearing on the passage of the pending farm bill, but I cannot forego the opportunity of raising my voice in support of this important legislation.

May I state at the outset that in my judgment this is by all odds the most important and far-reaching legislation of any that has come before this body during the Seventy-third Congress. The very fact that the passage of this measure with the so-called "inflation amendment" has been predicted has already materially raised farm commodities, and I do not hesitate to say, Mr. Speaker, that I am more interested in the increase of farm commodities to reasonable price levels than in any other phase of the money question.

Regardless of what we may think of silver, gold, greenbacks, or copper, the steady rise of farm commodities is the one thing that the farmers are demanding and must have before any reasonable degree of prosperity can be restored.

Many years ago when the farmers prospered it will be recalled that all business prospered, but with the decline of products of the farm to the lowest levels in the history of the world, all business has been stagnated.

It is agreed by all fair-minded people, irrespective of what section of the country from which they may come, that something must be done to help the farmer, and that very quickly, or ruin and chaos are just ahead of us.

If taking control of the currency from Wall Street gamblers, money-changers, and gold-hoarding shysters and returning this control to the people will not assist materially in advancing commodities to reasonable levels, then I confess I do not know the way out.

Mr. Speaker, I have listened attentively to this discussion for the past several hours. I have been somewhat surprised at the stubborn opposition of our Republican friends on the other side of this aisle. The distinguished Republican

leader from New York [Mr. SNELL] was bitter in his denunciation of the pending bill, and especially of the so-called "inflation amendment", which authorizes the President to put $3,000,000,000 of new money actually into circulation; not send it to the Wall Street banks, mind you, in keeping with the idea of some of our Republican leaders, but permit at least a goodly portion of it to circulate out in the small farm communities. The distinguished minority leader, in denouncing this plan to really expand the currency, talks loud and long about "sound money", but he did not say that we now have sound money. With a money panic facing the people of the United States it is idle folly to talk about sound money at this late day. We have no sound money. The trouble is our people have no money at all, and we must restore the control of money to the people instead of permitting the international bankers and Wall Street crowd to control it.

The gentleman from Maine [Mr. BEEDY], the lone Republican returned to this House from that great State, made an onslaught on this bill and took a great deal of his time discussing sound currency and credits. It seemed to be the burden of his argument that the country does not need an expansion of the currency but rather an increase in credits. If I remember correctly, the same gentleman and many of his distinguished colleagues have been talking credits to this House for the past several years. During the last Congress we were assured that if the big bankers and great trunk railroads, shipbuilding companies, and other giant corporations were given sufficient credit the depression would end and everything be normal within a few short weeks. You brought in here your Reconstruction Finance Corporation giving vast sums of Government money and unlimited credit to the favored classes and a few Democrats were actually inveigled by you Republican leaders to vote for that brand of dole to big business. One of the first to get a loan under that act was J. Pierpont Morgan, of New York. Another to get both money and credit was the Dawes Bank in Chicago. The last administration ran this credit business into the ground; you simply overdid it; and the people showed their resentment by demanding a new deal. Relief was given all right by your "credit system", but it was to the big boys in Wall Street, and other streets, but not to the man behind the plow, or the small business man or laborer.

Another very distinguished gentleman, the Republican orator from New York [Mr. FISH], predicted here this afternoon dire calamities that would undoubtedly befall us if and when the pending bill becomes a law. Of course, the gentleman, running true to form, had to say something about Bolshevists and Reds, and it was really amusing to hear him intimate that this farm bill is, in fact, fathered by that element. But the gentleman from New York was fair enough to admit that the President was right at least in one thing. He admitted that the President took the wise and proper course in declaring an embargo on gold being shipped from the United States to nations across the sea. If a private American citizen had hoarded gold like some of the European countries have been doing for the past several months he would have been sent to the penitentiary. Then, surely the President of the United States cannot be criticized for preventing foreigners from hoarding American gold.

The gentleman from New York, like several of his predecessors who are so bitterly opposed to this constructive legislation, talks much of the so-called "brain trust." I do not propose to waste the time of this House answering such slurs and useless silly expressions, but may I say in passing that if the leaders of his own party had employed a brain trust instead of catering to the money trust our economic conditions would not be in such a miserable mess today.

I was somewhat surprised at the lengthy speech made a few minutes ago by the gentleman from Pennsylvania [Mr. MCFADDEN], who discussed war debts. I agree that under no circumstances should war debts be canceled. I have spoken many times on the floor of this House against cancellation, and I say here and now that under no condition will I ever vote to cancel Europe's war debts. The Democratic platform pledges our party against cancellation. Our great leader at the White House is pledged against cancellation, and the gentleman from Pennsylvania is unduly alarmed in his suggestion that European debts are to be canceled. The fact that the President has offered to take a very small part of the money due the United States in silver does not mean that foreign debts are to be canceled, but merely assures an increase in the value of silver.

I shall not take the time to answer my friend, the silver-tongued orator from Kansas [Mr. GUYER]. He made a stirring and almost convincing speech against this bill, and then announced at the close of his masterful address that he was going to support this legislation. [Applause.]

Mr. Speaker, like my colleague from Oklahoma [Mr. SWANK] I am interested especially in two phases of this legislation. I refer to the so-called "inflation", or Thomas amendment, proposing to expand the currency $3,000,000,000, and the other is the guarantee cost of production amendment, sponsored by the Farmers' Union of America. I understand a desperate effort will be made to eliminate both provisions from this pending bill, but should that be done you would not have much farm relief left.

More than 2 years ago I joined a little group in this House in urging a controlled expansion of the currency. I have repeatedly urged upon the floor of this House, and before the respective committees, that $2,000,000,000 to $4,000,000,000 be placed in circulation. I have contended that currency expansion is farm relief; it is mortgage relief; veteran's relief; bank relief, and old-age relief; but without reasonable currency expansion, or inflation as gentlemen across the aisle prefer to term it, there cannot possibly be any appreciable degree of relief from our present unprecedented plight. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Speaker, the distinguished minority leader, the gentleman from New York [Mr. SNELL], was very adroit a few minutes ago when he was addressing the House and criticizing the statements of the President and the present Speaker of the House. I notice, however, in that adroit discussion he failed to state his own views in respect of the money that would be issued under subsection 1 of paragraph (b), pages 64 and 65, of the bill. In that subsection authority is granted to the President of the United States in his discretion to issue $3,000,000,000 of currency against $3,000,000,000 of Government bonds. I pause now to inquire of the gentleman from New York if, in his opinion, the currency that would issue under this authority is sound or unsound money.

Mr. SNELL. Mr. Speaker, I think that would be more sound than some of the other provisions of the bill. I also said in an open statement that I would subscribe to that provision of the bill.

Mr. VINSON of Kentucky. Mr. Speaker, I see that in this instance the gentleman from New York is consistent, because on July 16 last, when the Glass-Borah amendment on the home-loan bank bill came from the Senate for the third time, after the gentleman from New York had refused to take it twice, he rose in his place and made a plea to this House for the passage of that amendment. The money under the Glass-Borah amendment was currency issued on Government bonds. If the currency issued under that amendment, for which he voted and for which, in the main, he is responsible, was good money then, the currency that will issue under this provision will be good money today. I might add that Mr. Hoover endorsed the soundness of the Glass-Borah currency in signing said bill.

The gentleman from New York referred to the majority report upon the bonus bill filed in this House by the present Speaker of the House. Mr. Speaker, we must view the situation as it existed at that time. That report filed by our distinguished Speaker, then a member of the Ways and Means Committee, was not directed at the money in the bonus bill as it passed the House of Representatives. It was not directed against currency such as is contained in this bill. It was not directed at currency such as was

authorized to be issued under the Glass-Borah amendment. It was directed at currency that had no control feature. It was directed at section 2 of the original Patman bill, and in that section you had no control of the currency that would be issued thereunder.

In the Ways and Means Committee 14 members voted to report the original Patman bill adversely. Eleven members voted against the motion to report it adversely, with notice served that if their position was maintained, the Owen amendment would be offered as a substitute for section 2 of the original Patman bill.

It was under those circumstances that the report was written. The Owen amendment having the control feature was not in the bill that was voted adversely by the Ways and Means Committee. When it came to the floor of the House, this House, by an overwhelming vote, inserted the plan written by ex-Senator Robert L. Owen, coauthor of the Federal Reserve System. No witness who testified before the Ways and Means Committee ever uttered a word of objection against the money that would have been issued under the Owen plan, and every witness testifying relative thereto said it was sound money, such as is the money under discussion. [Applause.]

The SPEAKER. The time of the gentleman from Kentucky [Mr. VINSON] has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Speaker, I am opposed to the pending amendment conferring unprecedented powers on the President in respect to the national currency. I am opposed to the amendment because, in my judgment, it permits the violation of the most fundamental principles of sound credit and currency policy. I am opposed to it because it cannot possibly in and of itself, in my judgment, bring about the objectives claimed for it. I am opposed to it because it carries with it the possibility of the most far-reaching and most disastrous consequences to the welfare of the Nation in the event of uncontrolled inflation as a result of the exercise of the powers conferred.

It has been urged, apparently as a reason for supporting the amendment, that the powers conferred will not necessarily be exercised. If it be intended not to exercise the powers requested, why request them? Why deal a further blow to confidence inevitably resulting from the request? The pressure which has been strong enough to compel the request for powers in the absence of improved conditions will in all human probability, as I see it, be more than strong enough to compel their exercise once they are accorded. The grant of power, the exercise of which is believed to be detrimental to the national interest, on the assumption that it will not be exercised is, in my judgment, a surrender of legislative responsibility.

It is also urged that the inflation contemplated is a "controlled inflation." I hope sincerely that this may prove to be the case. I appreciate fully the technical aspects of the situation at this time, but I cannot escape from the fact that all history demonstrates the difficulty, if not the impossibility, of maintaining such control over a prolonged period of time.

Adoption of the amendment is advocated on the basis that inflation has always been advocated. Its proponents believe that through inflation and cheaper money we shall obtain objectives which all of us deeply desire—an increase in purchasing power, an increase in business activity, a decrease in unemployment, an increase in foreign trade, an ability to compete more favorably with other countries with depreciated currency. Experience affords no basis for this belief. On the contrary, experience demonstrates that inflation once initiated is extremely difficult, if not impossible, to keep in hand. Experience also demonstrates that inflation once out of hand spells further impoverishment to labor, an unbearable burden for professional workers, paralysis of business activity, and disastrous impairment of national credit. By the flame of inflation the nations of the world have been seared again and again.

It was my privilege for 4 years to serve as assistant to and counsel for the then agent general for reparation payments under the Dawes plan. During those years the organizations of which he was in charge were in the position of a receiver for 11 different nations, having a principal place of business in Germany, a twelfth and debtor nation. This experience served to emphasize the misery resulting from an inflation in Germany which it had become impossible to control, an inflation which went so far, as the Members of the House will recall, that it required a million million reichsmarks to equal the preinflation value of a single reichsmark. It served to emphasize the desperate plight of the workingman, the fearful burden imposed on the middle class in that country, the paralysis of industry, the impairment of national credit to which I have just referred. It served to emphasize conditions which a distinguished German, Dr. Hjalmar Schacht, arriving in America this week, as president of the German Reichsbank, has described in terms of starvation in the cities of Germany as worse than anything experienced during the most difficult days of war and blockade. I wish the testimony of the German workingman could be taken this afternoon.

The experience was not limited to Germany. It brought me face to face with similar conditions in other countries—in Austria, in France, in Italy, in Belgium—where it had also proved impossible to maintain effective control over inflation. The facts and figures are known to all. I wish that all the Members of the House could have shared in the experience to which I refer.

Our own history corroborates the dangers of inflation and emphasizes the difficulty of effective control. The fiat issues of the Continental Congress and original States, if I am correctly informed, depreciated in 3 years to a basis of about 40 to 1, and thereafter to a basis of about 1,000 to 1. The fiat issues of the Civil War period depreciated, I am told, almost as from the date of issue. It is said to have been some 7 years after prices had reached their peak before normal wages were paid.

Other examples could be cited, among them the experience of prerevolutionary France, referred to in such striking manner by our able and distinguished colleague from Alabama [Mr. HUDDLESTON] in his admirable address of January 25 last, in which he pleaded for "a sound currency, to be preserved at all hazards", in accordance with the campaign pledge of the Democratic Party.

Inflation means further sacrifice for millions of wage earners, for millions of those receiving pensions or compensation, for millions of owners of bank deposits, for millions of holders of life-insurance policies, for all those who are owed anything.

The pending amendment, Mr. Speaker, is presented for consideration under conditions which are probably unique. Despite the fact that we have about 40 percent of the gold supply of the entire world, despite the fact that we have deposit and reserve-note ratios of more than 45 and 61 percent, respectively, despite the capacity for expansion in currency to the extent of some $4,000,000,000, despite the fact that we enjoy a favorable balance of trade, despite these and other facts, we have deliberately elected to suspend gold payments and to accord authority to the President to embark on a policy of inflation in respect to which effective control may prove to be impossible.

Probably no nation in the world has taken such a step under such conditions. We are taking that step in the face of the campaign pledge of the Democratic Party to maintain a sound currency at all hazards, in the face of pleas of leading members of the Democratic Party, such as Mr. Bernard Baruch, who recently characterized inflation as "the road to ruin", and at a time when commodity prices are apparently doing their best to turn upward. The future may regard the action we are about to take with amazement as well as bitterness.

The amendment makes provision for the purchase by Reserve banks in the market, or directly from the Federal Government, of Federal securities to the extent of $3,000,000,000. The dangers of this policy in curtailing essential

service by the Reserve System to agriculture, industry, and trade and in further jeopardizing the market for Federal securities have been emphasized in the remarkable address in the Senate in respect to the amendment under consideration by the former Secretary of the Treasury, Senator GLASS.

The amendment makes provision for the direct issue of greenback currency to the extent of $3,000,000,000 for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for the purchase of United States obligations. The issue of this currency is unnecessary in view of existing capacity for expansion. It is a first step in the direction of all the evils inherent in fiat currency. It suggests the possibility of the impairment of contractual obligations, both public and private.

The amendment also makes provision for bimetallism and for devaluation of the gold content of the dollar to the extent of 50 percent, with doubtful authority under the Constitution and with all that it may imply in terms of national repudiation and dishonor.

The amendment is open to other objections.

The inflation contemplated, in my judgment, is unnecessary. There is ample basis for currency expansion. There is ample basis for credit expansion. It will not, in my judgment, bring about the desired objectives.

I am opposed to according the requested powers to the President because the very existence of such powers, whether exercised or not, must of necessity tend to destroy fundamental business confidence without which no road can lead to recovery. I am opposed to according the powers requested because I believe that the demand that they be exercised will, in the absence of improved conditions, prove too strong for any individual to resist. I am opposed to according the powers requested because of the difficulty of effective control of inflation once those powers are exercised and because of the inevitable consequences to the country as a whole in the absence of such control.

Currency inflation—

Says the Encyclopedia Britannica—

is perhaps the most fatal disease from which a nation can suffer. It destroys wealth and redistributes what is left in an arbitrary and inadequate fashion. It makes extravagance a virtue and thrift a vice. It will ruin one man and enrich his neighbor, and neither can lift a finger to stop it. It is born of government extravagance, and fosters that extravagance as it grows. Profits and wages look princely, but measured in real worth sink to penury. Well might the German workers say, "Give us a stable currency."

I devoutly hope that the Nation as a whole may not have cause for bitter regret as the result of the action we are about to take.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. MILLARD. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER. The Chair will count. [After counting.] Eighty-seven Members are present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 28]

Adams	Buckbee	Douglass	Holmes
Almon	Caldwell	Duffey	Hornor
Andrew, Mass.	Cannon, Wis.	Duncan	Hughes
Andrews, N.Y.	Carden	Durgan	Imhoff
Arnold	Carley	Evans	Jenckes
Ayers, Mont.	Cary	Fernandez	Kahn
Bailey	Cavicchia	Fiesinger	Kee
Bankhead	Celler	Fitzgibbons	Kelly, Pa.
Beiter	Chavez	Flannagan	Kemp
Berlin	Cole	Frear	Kennedy, N.Y.
Biermann	Corning	Fuller	Kerr
Bland, Va.	Crosser	Gambrill	Kniffin
Blanton	Crowther	Gifford	Kvale
Bloom	Crump	Gillette	Lamneck
Bolton	Culkin	Greenwood	Lanham
Boylan	Darden	Griffin	Lea, Calif.
Brand, Ga.	Darrow	Hamilton	Lewis, Md.
Brennan	Dear	Hancock, N.C.	Lozier
Britten	Dickstein	Harlan	McLeod
Brown, Mich.	Dingell	Hoeppel	McMillan
Browning	Dondero	Hollister	Maloney, La.
Merritt	Pierce	Smith, Wash.	Underwood
Montague	Pou	Smith, W.Va.	Waldron
Montet	Prall	Stalker	Weaver
Moynihan, Ill.	Ramspeck	Steagall	Whitley
Muldowney	Randolph	Stubbs	Willford
Nesbit	Reed, N.Y.	Studley	Williams
Norton	Rich	Sullivan	Withrow
O'Brien	Richards	Sumners, Tex.	Wolfenden
O'Malley	Romjue	Swick	Wood, Mo.
Oliver, N.Y.	Sadowski	Terrell	Woodruff, Mich.
Peavey	Sandlin	Tinkham	Woodrum, Va.
Perkins	Schulte	Tobey	Zioncheck
Peterson	Simpson	Treadway	

The SPEAKER. Two hundred and ninety-six Members have answered to their names; a quorum is present.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. SNELL. Mr. Speaker, may I ask the majority leader a question? Is it expected to take a vote on this bill tonight, or just finish general debate?

Mr. BYRNS. It was my idea, if we were permitted to go along and complete the debate, that we would adjourn until tomorrow for the roll call; but, of course, if points of no quorum are to be made, I am going to ask the Members to remain here, because it is our intention to complete this debate tonight.

Mr. SNELL. That is entirely satisfactory to me. I am not interested in any points of no quorum.

Mr. BYRNS. I am sure the gentleman is not, and I hope that nobody else is.

Mr. SNELL. I thought perhaps certain gentlemen who wanted to speak may have decided that they did not want to speak.

Mr. BROWN of Kentucky. Mr. Speaker, I had yielded 10 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Speaker, I want first to thank the leadership on my side of the House for the liberalization of time which they have given in this case, and I suggest to them that if they want to be still more popular, they will continue the good work and give plenty of time for discussion of all these important matters hereafter. I certainly hope they will do that.

Amendment no. 85 is an important measure. It is indeed not an amendment at all but an entirely new bill. It ought to have been referred to a committee and ought to have gone through the regular routine, because it is a new measure.

The expansion of currency provided for under this amendment under the Federal Reserve System is a normal expansion and one that has been provided for for a long time. This bill provides nothing new along that line except the method. The printing of greenbacks, as provided for in this bill, is a new old measure, and I want to talk briefly to you about that, because I have been for some months studying and preparing an address on the subject of greenbacks. It is not yet complete, but I hope to finish it and submit it to the House for the consideration of the Membership, as well as for the people of my country. I hope to make a full exposition of the entire subject of greenbacks, the money of the people.

I hope to show the necessity which compelled it, the laws which created it, the results which justified it, and the emancipation of the people to which I believe it may ultimately lead us.

I have on my desk at the present moment the old Congressional Globes, and have been reading and rereading the debates and the laws that brought about the greenback measure of 1861, and I am going to talk to you about that for about 2 minutes, if I may have your attention.

On July 17, 1861, the emergency that existed at that time, due to the coming of the Civil War, impelled the Congress to act very quickly, and to pass what was called "demand notes." Those demand notes were payable in coin. Yet notwithstanding that, demand notes went below par, because the bankers and brokers both began to depreciate them by refusing to receive them at par, even though they were redeemable and were actually redeemed in coin. So on the 5th of August the Congress took the bit in its teeth, and it provided for the issuance of $50,000,000 of pure, unadulter-

ated greenbacks, that had no exception clause on them. That amount was extended by an act a few days later that added 10 million more to the pure greenbacks. Those greenbacks were "receivable for public dues", and there was some dispute for a short time whether they were to be received by the Government in payment of taxes and internal revenue or not.

The Secretary of the Treasury decided that they were receivable for all governmental obligations, and the Government proceeded to so receive those greenbacks. Immediately those notes went to par. I want you to get this. From that time forward those greenbacks which had no exception clause on them were never more at a discount. They went up constantly with gold, and when gold in this country had been cornered and brought $2.80, those greenbacks that had no exception clause also brought $2.80, because the United States Government continued to receive them in payment of interest on the public debt, for import and excise duties. Within the next year, another act was passed and approved February 25, 1862.

Under this act of 1862 we printed greenbacks of quite another class. I hold in my hand one of them and I hope some of you will take your glasses and read it, because here, printed across the face of this note, to this day is the statement that "This note is legal tender at its face value for all debts public and private, except duties on imports and interest on the public debt." This is the note that went to 35 cents on the dollar because our Government refused to receive its own money in payment of its own dues. This act also provided for taking up the greenbacks of the first and second issues and retiring them with the new issue bearing the exception clause, and this for no other purpose than to allow those then in control of money and credits to continue their control. It is the opposition to this bill.

I promised to answer certain questions. One of the Members asked me to explain how this money is to be placed in circulation. This is a great bill, Mr. Speaker. It provides the means for it; but another step is necessary to make it effective, and that is the step of putting men to work in this country and paying them with the money we are providing in this bill. It is the one way to get the money circulating in this country—but by a great public-works program, not a limited one. It should be one as big as may be necessary to accomplish this object, and as much more money as is necessary to restore every man to his old job again should be spent.

I do not want to appear before you in the roll of a prophet whose prophesy has been fulfilled, but neither should I permit any modesty to withhold from you facts which I saw clearly as early as my school days spent in postgraduate work in Heidelberg.

At that time, as a correspondent of a country newspaper, I wrote of the time that we are now experiencing in America. In my travels about Europe I talked with men who had been replaced by machinery; men who no longer had any means of livelihood. It required no genius of mind to see that some day we would experience a similar condition in America, and we are.

During the latter part of 1929, when the crash came upon us by way of the New York Stock Exchange, I gave an address in the city of Marion, Ill., based upon my early knowledge and that which accumulated with added years, and there foretold the horrible conditions which have existed in this country during the past 4 years.

I hope I am never one, however, to offer destructive criticism without adding to it, purely for consideration, some plan by which the difficulties may be remedied. My suggestion was then that our Government provide an opportunity for the men who had been displaced by technological advances to work on public projects. I said then as I say now that there is enough public works needing to be done in these United States to employ every one of our technologically unemployed for a period of 50 years.

If our technologically unemployed are reemployed on public works, it will automatically put to work our other millions of idle, supplying the needs of those employed by the Government on public works.

This is no idle comment. Tomorrow, with the permission of the Speaker, I shall place a chart in the Speaker's lobby so that each one of you may see what it means to put a few men to work on public-building projects.

This chart was prepared in great detail and absolute accuracy by the Association of Federal Architects, of Washington, D.C. I commend it to you for your earnest consideration and careful perusal. It will graphically show you how men can be put to work in industries very remotely connected with the public-works program with which we shall be called upon shortly to deal.

A great Federal public-works program means something more than just putting our idle millions to work. It means that the Government shall have at last recognized that the first principles enunciated in the Declaration of Independence, "The right of life, liberty, and the pursuit of happiness", shall attain its full significance.

The right to life certainly entails the right to labor.

The right to liberty can only be attained through economic freedom. A man unemployed has no economic freedom.

The pursuit of happiness ends when a man willing to labor is denied that opportunity through no fault of his own.

On May 10, 1932, I introduced a bill providing for a public-works program sufficient in extent to have put a million men to work, and I provided means for doing this for a certainty within 60 days.

The main provisions of that bill were made a part of the so-called "Garner public-works program", which was passed by both the House and Senate and vetoed by Mr. Hoover.

Early in the final session of the Seventy-second Congress I introduced a bill for a comprehensive public-works program, and it was reintroduced in this session as H.R. 1620. The summary of this bill will be found on page 5538 of the RECORD of March 3.

One of its provisions is for a limited and controlled expansion of currency by authorization of an issue of $1,000,000,000 in greenbacks. This fund is to be used for the purpose of giving the initial start to the public-works program also provided in the bill.

Subsequent provisions financed the program by means of a sales tax. Not the kind of sales tax, however, that was advocated in the Congress some 2 years ago and which would have transferred the burden of Government from the rich to the poor, but a straight-out 1 percent sales tax on every sale made in America. Such a tax would collect at the counters of Wall Street as well as those of the country crossroad store. It provided that the money derived from the sales tax could be used only for the purpose of putting men to work, and that is the only justification for such a tax.

Such a program offers an ideal opportunity for circulating this new money where it will do America and its people the most good. It is the one opportunity to put both money and men to work, both of which are idle today.

I am happy to see such a measure as this one initiated by our President, and I shall be much happier when the public-works program comes to us, to complete the program so necessary for the revitalization of labor and industry.

I want also to offer for the RECORD the provisions—because I see that even our friends over in the Senate appear to be very much mixed up on that—the provisions in the bonds from France, England, and other countries that are owing to the United States. These have been misquoted so many times that I am going to read a copy of the words in the bonds of France and England, so that it may be observed that they vary but little, and that the principle announced in these two apply generally to all the countries owing money to the Government of the United States. The bonds carry this statement:

FRANCE

This bond is payable as to both principal and interest in gold coin of the United States of America of the present standard of value, or, at the option of France upon not less than 30 days

advance notice to the United States, in any obligation of the United States issued after April 6, 1917, to be taken at par and accrued interest to it and of payment hereunder.

BRITAIN

The bonds shall be payable as to both principal and interest in United States gold coin of the present standard of weight and fineness, or its equivalent in gold bullion, or, at the option of Great Britain, upon not less than 30 days' advance notice indicating the minimum amount which it is contemplated to pay at next due date in gold, cash, or available fund, in any bonds of the United States issued or to be issued after the 6th of April 1917, to be taken at par and accrued interest to the date of payment hereunder.

I am now ready to answer questions, but in asking questions I do not want you to make speeches. Ask me questions and I will answer them if I can.

Mr. WEARIN. Will the gentleman inform the House, if he can, whether any of these greenbacks are in circulation at the present time? I understand there are.

Mr. KELLER. I am informed that there are about $75,000 still outstanding, but these probably have been lost or destroyed.

Mr. WEARIN. If they turned up, they would still be good at their face value?

Mr. KELLER. Absolutely as good as any dollar that was ever printed in the world.

Mr. MEAD. The gentleman believes a large program of public works is essential and necessary to make this plan effective?

Mr. KELLER. It is not only necessary but it is more than necessary; it should be a part of this plan.

Mr. MEAD. I agree with the gentleman fully.

Mr. KELLER. I thank the gentleman.

Mr. GOSS. In view of what the gentleman has read from these bonds is he in favor of our Government receiving payment in silver?

Mr. KELLER. I may say that before we get to that the silver will be worth more than we are going to accept it for. So, really, what is the difference?

Mr. MOTT. Where in this bill is the provision for paying people to be employed on public works?

Mr. KELLER. That comes in the next bill which I understand the President is sending to the House in a very few days.

Mr. MOTT. I mean where is the provision for paying these men in this new currency that is to be issued? The gentleman stated that the way this money would be got into the hands of the people would be by paying them for work they did.

Mr. KELLER. Yes.

Mr. MOTT. Where is that provision?

Mr. KELLER. I think the gentleman will find that in the law relating to the issuance of money as it exists today. I think perfect justification will there be found for this.

Mr. BEEDY. I agree with the statement of the gentleman that one of the methods to distribute this money is through a program of public works.

[Here the gavel fell.]

Mr. KELLER. Mr. Speaker, may I have 1 additional minute?

Mr. O'CONNOR. Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois.

Mr. GREEN. I should like to know if the gentleman can inform us how the expansion provided for in this bill, compared to our present currency, compares with the $50,000,000 expansion of currency in 1862, compared with the money in circulation at that time? Is it favorable?

Mr. KELLER. To answer the gentleman's question one must take into consideration the number of people and the amount of business done. It would be an involved answer.

Mr. GREEN. I am very much interested in the guaranteeing and insuring of bank deposits.

Mr. KELLER. So am I.

Mr. GREEN. I should like to have the gentleman's views along this line.

Mr. KELLER. It is one of the necessities that must be met.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, do not let the sight of these volumes [indicating] lead you to fear that I am to deliver a speech on inflation. That subject has been thoroughly discussed this afternoon. I intend to deliver a political speech—not a partisan speech, but one bearing upon the political aspects of the problem before us; and to that end I want to read just a few sentences from the CONGRESSIONAL RECORD of August 8, 1893, when Grover Cleveland had called Congress together in special session, as he said, in the opening of his message:

By reason of the existence of an alarming and extraordinary business situation involving the welfare and prosperity of all our people—

He went on with calamitous description that might be used with equal accuracy today.

In this message he asked Congress to give him power—he did not ask to exercise this power himself, but he asked Congress to allow him to sign a measure that would repeal the law for the purchase of silver bullion. What a contrast between the President of 1893 and his request and the President of 1933 with another request just 40 years later.

Let it be recalled that in the year before, in 1892, in the campaign there had been much argument such as we have heard voiced here in recent days, on the part of those who constituted what is known as the Populist Party, and in that election, while Mr. Cleveland got 5½ million votes, the Populists had more than a million votes and they carried these States—and I would suggest that gentlemen from these States take to heart the facts of history—they carried Colorado, Idaho, Kansas, Nevada, with 1 elector each in Oregon and North Dakota, a total of 22 electoral votes. Conditions were much the same as they are today—very much the same as they are today—and history repeats itself.

A year ago there came before this House a measure known as "the Goldsborough bill", and, if I may claim even a slight measure of justification as a prophet by reason of what came afterward, I feel that I may be warranted in asking your attention to what I then said:

I am satisfied that the only prudent, safe course is to do this thing—passage of the Goldsborough bill—in order that it may, perchance, and it may, we hope, be some barrier against the rising tide of demand for fiat money. There comes over our desks every day an ever-increasing volume of propaganda, letters, pamphlets, newspaper articles, urging us to set the printing presses agoing to grind out paper money or bonds. In my judgment, this is going to be the greatest issue in the coming campaign, or, if not, in the next campaign—the issue of the 1896 controversy with money uppermost in the public mind. Money, the love of it, is the root of all evil, and the love of it and the desire for it are the chief source of our political strifes. If you do not want to take some precaution against the renewal of this agitation, perchance the rise of a new political party, at any rate an attempt to change the principles of the old parties with a revival of the theory that the way to salvation is through the medium of the printing press, why then, vote against this resolution, a resolution which attempts to raise a barrier, if possible, against this tide of inflationary sentiment.

Sir, that tide is coming into this House with ever-increasing volume; it shows itself here; and in its application to the pending question I desire gentlemen who believe in inflation to bear in mind certain considerations.

The issue in the vote tomorrow will not be whether you believe in inflation or not; it will be whether you will prevent inflation or not; and, believing as I do, that every step possible ought to be taken to prevent inflation, I welcome the trap into which gentlemen are falling by assenting to this proposal. Never was there a more ingenious strategem. Never was there one that put gentlemen, sent here to represent certain views, in a more awkward position. They have my sympathy, but I must point out to them the nature of the trap that they may know what they will do by the vote cast tomorrow.

The proposal is that we turn over to the President certain powers. These powers have been much discussed and I must not go into them in detail. I would pause long enough, however, to say that I thoroughly agree with the exercise of the first of these powers. It was that power which was con-

templated by the much misunderstood and misrepresented Goldsborough bill.

The purpose of that bill was to inflate credit, not cash currency, but to inflate credit currency, and I am glad to see that so keen an observer and excellent a judge as Mark Sullivan, one of the best newspaper men in the country, has recently said that the conservatives now see no harm in it, and to radicals, so called, or debtors, increase of credit money is as good as any other. There is now no objection anywhere to an increase of credit.

The event has completely justified every vote that was cast for the Goldsborough bill, for now the whole country says we were right in wishing to expand credit currency. Yet I must make one exception, for a few days ago a gentleman in another branch of the Congress characterized it as an insane proposal—an insane proposal—when everybody now wants it, when his President recommends it, when gentlemen of both parties agree that it is the wise thing to do.

But let me get back and portray what is being done by this bill. The proposal about valuing the dollar I should like to discuss at length, and also that as to silver, but unfortunately time does not permit. I cannot point out the bearing of these things as individual propositions, but address myself to the whole as the problem of every man here.

It is proposed that we turn over all of these things to the President of the United States to decide.

Not one man today has dared to predict what the President will do. No authoritative statement has ever come from the White House as to what he intends to do. How shall we conjecture, therefore, what he will do?

By his words.

The gentleman from New York [Mr. SNELL] earlier in the day quoted the President; and inasmuch as the attendance at that time was small, I feel warranted in repeating what the President said in this particular matter.

In Brooklyn, November 4, 1932, he said:

> The Democratic platform specifically declares: "We advocate a sound currency, to be preserved at all hazards." That, I take it, is plain English.

I did not say that—Franklin D. Roosevelt said that.

Then he went on to say:

> In discussing this platform on July 30 I said, "Sound money is as international necessity; not a domestic consideration for one nation alone."

Sound money! Sound money! What does it mean? Does it mean the kind of currency you have heard advocated on the floor this afternoon? Does it mean fiat money? Does it mean printing-press money? Did any man who heard the President utter those words think for one moment they contemplated that kind of currency?

Then he went on:

> Far up in the Northwest, at Butte, I repeated the pledge of the platform, saying sound currency must be maintained at all hazards.

Next:

> In Seattle I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform.

It is only 2 months ago, out here in front of the portico, he told the whole United States that he believed in "an adequate and sound currency." Has there ever been a President of the United States who has ever violated his own pledges, who has reversed his position? Has there ever been a President who would deceive the voters by getting votes for election by a promise and reversing his position afterward?

No, that is not the type of man we have in the White House. The voters have put a man in the White House whom the people of the United States trust and a man who will never betray the people by reversing his explicitly avowed position. [Applause.]

And so, gentlemen, knowing this, every man here who wants inflation will by voting for this measure tomorrow tell his constituents and tell the country that he has thrown away, discarded, rejected the opportunity to give his constituents what he promised to give them and what he rises here and says he wants. Now, staring that fact in the face, knowing that if you vote for this measure tomorrow, if you trust your own President, if you believe what he said was true, if you think that common honesty still rules in the White House, as, thank God, it rules throughout the land, then you will know that tomorrow if you vote to give him this power you have destroyed that opportunity.

Mr. Speaker, it may be that this was what was intended. We cannot read any man's mind, we may not impute motives, but the newspapers have said freely that it was the plan to deprive the gentlemen on my right of the chance to legislate, to deprive the gentlemen on my right of the chance to express by their votes their own feelings, their own views, their own judgments, to deprive the gentlemen on my right of the opportunity to override a veto.

I trust the result will be as I, for one, desire. I desire that the President's view of sound currency shall prevail; I desire that Grover Cleveland's view shall continue to animate the Democratic Party. I am distressed by the prospect, however, that the Democratic Party in the next congressional election may be confronted with precisely the same situation that it was in 1894 and 1896. I regret that the new friends I am making bid fair in many instances not to give me the blessings of their company for more than 2 years. [Laughter.]

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. LUCE. Not now. I shall take what little time I have left to regret greatly the necessities of the case. Undoubtedly, unquestionably, the President has done what he believes to be the wise thing. It is to be pointed out, however, that what he has done has undone a very great part of the good he had previously accomplished. He has by this proposal made it impossible for any manufacturer or any merchant to forecast the future. There is no industrialist in the United States, not an employer of labor, who will buy the raw material today when he does not know what will be the price of the finished product 6 months from now.

Furthermore, if the President seeks to exercise these powers, the question of constitutionality is sure to be taken into the courts. Remember that in the case of *Field* v. *Clark* (145 U.S. 649 (1892)) decision was not handed down for 29 months after the tariff act involved was passed. Remember, too, that Chief Justice Fuller and Justice Lamar dissented, on the ground that the act said of the President "he may deem" and "for such time as he deems just." These phrases calling for judgment the two Justices held could not be delegated by Congress. In the other case most relied upon by defenders of the pending proposal, known as the "*Hampton case*" (276 U.S. 394 (1928), decision was not made until almost 4 years after proclamation issued under the Tariff Act of 1922. Uncertainty must last until the courts act.

For such reasons the request of the President for us to save him from his own party has thrown the whole country into confusion. It has delayed the prospect of recovery by many months. It has deluded the gamblers in Wall Street, anxious for a revival of speculation, to proceed again in the manipulation of stocks on an unsound basis. They ought to have known that there is no idea of inflation in this proposal; they ought to have known that the President will keep his word; they ought to have known that Franklin D. Roosevelt is an honest man, and yet they are deluding the public to rush into the market to buy securities on the false assumption that tomorrow morning the printing press is going to be set going and this country is to be flooded with fiat currency.

Because thereby so many innocent people have already been injured, because thereby we see much further in the distance the possibility of good times, because this proposal must arouse still more fear, the cause of all our troubles—for these reasons I greatly regret that the President has put his own party in such a dilemma. Take which prong of it you choose, impale yourself on either one or the other; you

may survive the wound to regret the day when you were ever compelled to vote to turn over to the President of the United States the decision of the questions that you were sent here to decide. Under our representative form of government you took the oath to support the Constitution, and under that form of government it is your duty to decide these questions.

While I regret, if it was a necessity, while I deplore the delay of recovery, yet I view with some equanimity the certain effect on the political party that is doing the thing. And I still maintain courage, I still maintain hope that the ideas of Grover Cleveland will once again become those of the Democratic Party, and that as a united Nation we may forswear public dishonesty. [Applause.]

Mr. BROWN of Kentucky. Mr. Speaker, I yield now to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, I take issue with the gentlemen on the other side, that the Democratic Party is going to be a party to anything that smacks of unsound money. Those gentlemen have tried to point out to us that we are repudiating our platform. They would be the last ones to point out anything they thought would beat us. They have come here and told us in smooth and honeyed tones just exactly how we are going to perdition, telling us they hope that we will not. The President of the United States is going to be given by this measure the right to give this country any measure of inflation which, in his judgment, he thinks it needs. That inflation has four-wheel brakes, a steady hand, a clear brain, and high courage with which to exercise it, and I am going to vote for the bill. I hope some of my good friends on the other side will do likewise.

We are all trying to adopt a policy which shall revive business, create employment, produce dividends, and make the United States a prosperous country in which all the people share in the high standard of living made possible by the Nation's resources, productive power, and energy.

We have for all too long been suffering from falling prices, lack of jobs, loss of business, failure of dividends, foreclosures, evictions, and despair. In my judgment, the one essential thing we must do to bring about recovery is to bring wholesale commodity prices back to a level where production can yield fair returns. As things are now the farmer, the industrialist, the miner, and all others are unable to produce and come out even. Prices are too low. Profits are impossible. So curtailment has become necessary, with loss of jobs and of every kind of income.

Reflation is the pivot upon which recovery revolves. And increased currency is what we must have to bring about controlled inflation. Bank credit has totally failed us. The banks have restricted loans to the point where no one can be sure of getting credit. Money is too tight. Business is paralyzed. Unemployment is destroying millions of our people. And yet we hesitate to use the sure and certain method of reviving business and making it profitable, of stimulating employment and making it obtainable, of saving the debtor from ruin and the creditor from losing his investment.

And why? Because, forsooth, someone cites the case of Germany in the post-war years, although the German plan of letting the printing press pay the bill is comparable in no least particular to the plan for reasoned and controlled expansion of the currency now before us.

And the other objection is that the bondholder is going to suffer. How, I ask you, is he to suffer if he gets for his bonds the exact number of dollars called for on the face of those bonds, and those dollars have a purchasing power equal to that of the dollars invested in them? Why should we insist that the bondholder be paid in dollars that have from one third to one half more purchasing power than had the dollars invested? Why not consider that injustice instead of the imagined injustice incident to controlled reflation, which is merely the bringing back of prices to the normal?

The crime of the past few years is that those with fixed incomes have been able to buy more, have more, enjoy more than ever before, while the rest of the country suffered from a deflation that undermined and all but ruined them.

Some talk of the injustice to the creditor class. I wish nothing but justice for every class of citizen and for every people. But it becomes increasingly clear that unless the debtor can be saved the creditor cannot long prosper. The farmer who borrowed money on a mortgage at one price level is now asked to pay back the proceeds of twice as many bushels of wheat or other product as would have canceled the mortgage when it was made. Is this justice? And the home owner who borrowed money on a mortgage finds his income restricted or gone, while he must pay that mortgage in dollars that are twice as hard to get as they were and that are worth to the creditor from one third to one half more in purchasing power. The farmer cannot do this; the home owner cannot do this. One alternative faces us: Either let all mortgages be defaulted and the ownership of land and homes be dangerously concentrated, with millions of honest people ruined, or reflate.

This is merely an act of justice, in the interest of all classes. The creditor does not want the farm; he does not want the poor man's home. What he wants is interest on his money and the assurance that in time he will get that money back. And the money he should get back, in the name of good sense and good business, should have the same purchasing power as that he loaned. And that is what we are trying to do and going to do. To fail to do this would be to fail to protect the interests of the people of America, of both the debtor and the creditor class. And it would be to fail to take the one sure way of starting up the wheels of industry and of putting people back to work. But we shall not fail. We shall vote this bill and thus give new hope and new opportunity to this long-suffering Nation.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, I do not see how I can consistently vote to concur in the Senate amendments on this bill. These amendments, under the silver provision of the Senate bill, provide that Congress shall hand a nice little gift of $80,000,000 over to foreign governments by reducing their debts by that amount. This same body at the other end of the Capitol refused to pass an amendment which provided for the payment of the soldiers' bonus to men who are in need, whose families are in need, and who are out of work and should get the soldiers' bonus at this time. [Applause.]

Every opponent that I heard 2 years ago, when we were fighting for the adjusted-service certificate so-called "bonus bill", said the only reason they were against the bill was because it meant inflation. Now inflation is here with us; we are going to have inflation, and as long as we are to have inflation and that opposition is removed, I say the only way to inflate the currency or to expand the currency, if you will, properly, is to see that this money goes into 48 States of the Union [applause], and that it goes into the hands of the people of the Nation and not the bankers. This can be done by passing the bonus. We have had plenty of bank legislation during the past 2 years.

In an amendment to the home loan bank bill we gave a nice little bonus to the banks on every $100,000 worth of Liberty bonds which they were turning over to the Federal Reserve System. That little bonus amounted to about $5,000 a year on every $100,000 worth of bonds for nothing, because they did not do any battling for their country during the World War. Most of them did a beautiful job of selling Liberty bonds at 100 and then buying them back at 70. We had no reason to give that bonus to them. You cannot borrow it; I cannot borrow it; the ordinary citizen cannot borrow it unless he gives his right eye as security. I say I cannot vote to concur in this Senate amendment to make a gift of $80,000,000 to Europe, while we leave the soldier and his family hungry and out of work. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Speaker, it is with great hesitation at this late hour of the day that I trespass upon the patience

of the House, and if I do so it is simply to call your attention to a feature of the bill to which little attention has been paid in today's debate but which was too hastily discussed when the bill was before the House and before it was sent to the Senate.

The gentleman from Massachusetts [Mr. LUCE], in his very eloquent and illuminating address, paid high tribute to a great Democratic President, Grover Cleveland, and he emphasized the great part that Cleveland played in the history of America, in defending the integrity of the American dollar. He might have added to that another great service that Grover Cleveland rendered, and that was when he maintained by an act of rare courage the freedom of interstate trade.

It may be well for us to recall this courage and loyalty to the Constitution, for no more audacious proposition has ever been made in any bill submitted to Congress than that in the present bill, to restrict the freedom of interstate trade and reduce a substantial part of it to a state of economic slavery.

The Members may remember that when the bill was first before the House it provided, as it now provides, that there should be given power to the Secretary of Agriculture to license processors of agricultural goods, to engage in interstate commerce in their products. I called attention to that remarkable provision, under which thousands of business men could only engage in the interstate transportation of their products by permission of the Secretary of Agriculture, and ventured to call attention to the fact that it was in plain violation, not merely of the spirit but of the very letter of the Constitution, in denying to a man his natural liberty to engage in any useful and lawful calling.

I remember the gentleman from Texas [Mr. JONES] corrected me by stating that it was limited to interstate commerce, and therefore it was thus defensible, as far as the question of power under the Constitution was concerned. I did not agree then and I do not agree now, that the commerce power justifies such an invasion of natural liberty. The Constitution never conferred any right to engage in interstate commerce. That right was antecedent to the Constitution, and the Constitution was brought into existence to vindicate it. Its aim was the freeing of commerce, not its enslavement.

Even the commerce clause cannot be invoked to justify the Senate amendment, which provides that the Secretary of Agriculture having determined in some remarkable way what is the cost of production of an agricultural product, thereupon shall have the right to license anyone who seeks to sell the processed products of those agricultural commodities, and that if the party thus licensed shall sell the processed commodity, having purchased it at less than the cost of production, he can forfeit his license and thenceforth be unable, either in intrastate trade or interstate trade, to sell his products. All processors of agricultural commodities are thus obliged, if the Secretary so wills, to get a license, and that license can be forfeited if it appears to the Secretary that he has purchased from the farmer, even with the consent of the farmer, the raw material of his processed commodity at less than the assumed price of production. The decision of the Secretary of Agriculture to forfeit his license and exclude from the future sale of the product is final and cannot be reviewed by any court.

This monstrous proposition must have been inspired by the "brain trust" or certain of its members after their visit to Moscow. From no other source could the theory have emanated to vest in this Government and in one Government official the power to determine who can engage in business and under what conditions, for the Secretary of Agriculture is authorized by this bill to determine, in his sole discretion, the conditions and limitations of the license, and if the unhappy licensee violates them he can lose his license without trial by jury or any review by any court. "Can such things be and overcome us as a summer cloud without our special wonder?"

If that be true, then it is in the power of Congress to vest in the Secretary of Commerce or the Secretary of Agriculture the power to determine whether any American can engage in business unless he first gets a license from a bureaucratic officer and respects the conditions of such license as prescribed by the official.

Why, there never was such an amazing suggestion made to the American Congress from the first session until this bill was returned to this House by the Senate.

Let me say, Mr. Speaker, the commerce clause of the Constitution was intended to emancipate commerce and not to put it into the chains of bureaucratic slavery. It was the restrictions of the various States upon the free flow of the commerce of the States that caused the Virginia and Maryland commissioners to meet on the porch at Mount Vernon in 1786 and, with delegates from other States later at Annapolis and still later in May 1787 in Philadelphia. And the convention, in taking the power to regulate commerce from the States and vesting it in the Congress, intended to emancipate it. Certainly it never intended to vest a control of the free right of men to engage in commerce to a bureaucratic tyrant. For the first century of the Republic no attempt was made by Congress to restrain the free flow of commerce. It was to flow "unvexed to the sea."

This proposed law provides that the decision of the Secretary of Agriculture shall be final and conclusive, "if within the law." The law gives no limitations to his discretion, and the Secretary can say to a certain man: "I will not give you a license," and there is no court, if this law be constitutional, that can restore to the citizen, who is thus proscribed, the natural right either to purchase from the farmer upon such terms as he and the farmer may agree, or to sell his processed commodities either in or out of interstate commerce, if knowingly or ignorantly he purchased his raw material at less than the cost of production, as guessed at by the Secretary of Agriculture.

Gentlemen, if you adopt this law and if it has the signature of the President, then this is true: You have not only debased the American dollar, you have not only deflated the Constitution of the United States, you have not only deflated the common ideas of morality in this country in respect to the payment of debts and the fulfillment of obligations, but you have debased that individual liberty of the citizen, which constitutions are brought into existence to defend and not to destroy.

Are you prepared to subject this country to bureaucratic tyranny? The interests of the Democratic Party are not in my keeping. It is not for us of the minority to advise you as to your welfare. We wish you well. You have a very serious responsibility in this great crisis, and I think it is the honest wish of the Republicans that, if consistently with the Constitution, you shall be able to relieve the farmer and thus render an inestimable contribution to the country by saving us from a depression that is world-wide in character, and for which no party or no country is peculiarly responsible, then there will come to you the blessings of the people and all the advantages that go with political success, for nothing succeeds like success. Let me advise you of the majority that you put your great opportunity to a great hazard by the provisions of the bill I am now discussing.

Let me say to the distinguished leader of the majority side that if I were in his place and had his responsibility I would consider further this matter. I respect him as highly as I respect any man in this House; I know he has honesty of purpose, clearness of view, and unquestioned patriotism. If I were he, I would go back to the Senate and with the Senate leaders would reconsider this monstrous, this un-American idea that the Secretary of Agriculture can tell American citizens whether they can engage in interstate commerce or sell processed commodities in or out of interstate commerce except upon terms that he prescribes. I would do that, and I will tell the majority why they should do so, even from the standpoint of the Democratic Party. Let us suppose that this law is passed and

signed and meets the challenge of the courts. It is unthinkable to me that the Supreme Court will sustain a law which violates the Constitution in so many ways; but suppose it does. The moment the Secretary of Agriculture enters into these agreements with farmers and then enters into agreements with processors by which he licenses them to engage in interstate commerce and licenses other processors to sell products, provided they will pay the farmer more than the cost of production, the moment that indefensible and un-American system of licenses is placed into effect, that moment the shackles of economic slavery are fastened upon the American people, and they will speedily become conscious of it.

They may for a little time be happy with their chains if there is any immediate advantage. I think the advantages will be illusory and certainly temporary, but their second thought, unless they have ceased to be Americans, will be that they are being subjected to tyranny like that of the Russian peasant, and they may hereafter trace those portions of what is in many respects a commendable farm relief bill back to the visits to Moscow of the "brain trust", for only from Moscow could have come such an un-American, such an unconstitutional, such an indefensible idea as that which attempts to give power to one bureaucratic official in Washington to tell the American citizen that he has not a right to engage in a lawful and normal occupation, that he cannot engage in interstate commerce, which the Constitution intended to be free from restrictions, without a license, that he cannot buy or sell under the conditions of this law, except he crawls to the Department of Agriculture, that cavernous grave in Washington, and begs for a license and then holds the license as long as the Secretary approves of his ideas, knowing that the moment he displeases the Secretary or his agents throughout the country the Secretary can revoke the license. Then the man is helpless, if this law is constitutional, to resume a normal and useful occupation in America, except he make his peace with a bureaucratic official who may be a thousand miles distant. The American people will not stand for this kind of slavery. If I am wrong in this, then I have much mistaken the character of the American people. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, with the probable exception of the signing of the Armistice, which brought to a close the most devastating war in all history, the passage of this currency-expansion measure will likely be the greatest step ever taken by any government since Biblical times. If properly and fully carried out, it will be the greatest boon to suffering humanity of all measures ever passed by a legislative body in all the tides of human history.

I only regret that every man in this House cannot join in its support, the passage of which will probably mark a turning point in the history of our civilization.

I should particularly like to see my distinguished, able, affable, eloquent, and erring friend from Pennsylvania [Mr. BECK] who has just spoken—and for whom I have an abiding affection—throw the weight of his great ability upon the scales on the side of this program and help secure the passage of this the most far-reaching and beneficent measure ever adopted by a legislative body. If he would do that, he would render his country the greatest service of his long and distinguished career. The suffering people throughout the world, even the generations yet to come, might then "rise up and call him blessed." [Applause.]

In order to successfully contest on this floor with the gentleman from Pennsylvania one should be able to "bend the bow of Ulysses" or wield the spear of Goliath. I realize my feeble inabilities to meet such a test. But I am conscious of the admonition of his favorite author, William Shakespeare, to the effect that "Thrice is he armed that feels his quarrel just." Or, as was once said by William Jennings Bryan, "The humblest citizen of the land, clad in the armor of a righteous cause, is stronger than all the hosts of error." [Applause.]

It is said that Alcibiades once stopped up his ears and fled from the presence of Socrates for fear that he would grow old listening to his eloquence.

As I have listened to the adroit and persuasive arguments of the distinguished gentleman from Pennsylvania, the greatest Shakespearean scholar in either House, and one of the ablest lawyers in America, who probably knows more about the Constitution than any other man in Congress, and possibly more ways around it—as I have melted beneath the magnetism of his marvelous eloquence, embellished by his unaffected rhetoric, and reinforced by a literary resourcefulness equaled by few men on this earth, I have found myself holding to the seat to keep from slipping, lest he should sometimes even persuade me to go astray. [Laughter and applause.]

I am told that he was once a Democrat, back in those struggling years of his youth and young manhood, before he attained his present status of emminence and distinction. But you know we are told by his favorite author—

> That lowliness is young ambition's ladder,
> Whereto the climber-upward turns his face;
> But when he once attains the upmost round,
> He then unto the ladder turns his back,
> Looks in the clouds, scorning the base degrees
> By which he did ascend.

[Applause.]

But we also have the consoling assurance of Holy Writ that if you teach a child the way it should go, when it is old, it will not depart therefrom. Probably when he begins to grow "old" and reaches the age of mature discretion, he will return to the conviction of his early youth and join in the fight for the promotion of every righteous cause. [Laughter.] Nothing would be more fitting as a climax to his long and able career than to make that change today. "While the lamp holds out to burn, the vilest sinner may return." Come on, Mr. BECK, join the hosts of righteousness in this crisis of the world's history, when America is awaking like a sleeping giant, from a long and hideous nightmare, breaking the fetters of this depression, turning from the dead past toward the living future, catching the step and taking the lead in the onward march of modern progress.

If he will do that, he will not only render his country his greatest service, but he may then spend the evening of his career in quiet and ideal peace, conscious of a well-spent life, and confident of its good, enriched with an abundance of those blessings which Shakespeare says should accompany old age, such "As honor, love, obedience, troops of friends." [Applause.]

I have often remarked that his speeches remind me of another expression of his favorite author, when he said,

> The world is still deceived with ornament.
> In law, what plea so tainted and corrupt,
> But, being season'd with a gracious voice,
> Obscures the show of evil?

And when I hear his attempts to fortify his erroneous positions with copious quotations from the celebrated literature of the past, even including passages from Holy Writ, I am reminded of the further expression,

> In religion,
> What damnéd error, but some sober brow
> Will bless it, and approve it with a text,
> Hiding the grossness with fair ornament?

I am afraid that by his gracious voice, his persuasive eloquence, his attractive personality and literary resourcefulness, he has not only obscured the evil of his contentions, but has led the minds of many members to reach the wrong conclusion. [Applause.]

As was once said by a great American, "It is a condition and not a theory that confronts us." We are not only charged with the gravest responsibility that will probably ever come to Members of this body in our day and generation, but we are confronted with the most glorious opportunity for service to humanity with which we will ever have to deal.

We are in the midst of the most terrible panic of all history. For more than 3 years we have witnessed the

tragedy of increasing failures, foreclosures, and bankruptcies—farmers forced to sell their crops far below the cost of production, and see their lands swept away for debts or sold to pay their taxes. People are being driven from their homes to join the hungry multitudes who crowd the streaming bread lines along the streets of our cities. Ten or twelve million men, who are able, willing, and anxious to work, are tramping the streets or treading the highways, begging for employment by which to earn their daily bread. Men, women, and children from the best families of America, people who would not get the chill of the humiliation out of their blood for two or three generations, are forced to beg their bread from door to door. A crimson wave of suicide is sweeping over the land—mothers killing their children to keep from seeing them suffer and then committing suicide across their dead bodies.

All this is happening in a land teeming with abundance, where we have more wheat, more corn, more cotton, more manufactured articles, more of everything necessary to sustain human life and contribute to human happiness and human comfort than was ever known before. All this is happening in the most advanced and enlightened age, when we have gained the greatest ascendency over the forces of nature and the greatest command over our surroundings ever reached in all the history of the human race.

What is the cause of all this? The answer is simple; we are in a money panic—a man-made panic, which we are attempting to cure by the passage of this, the most far-reaching piece of financial legislation ever enacted on this earth. We are "cutting the Gordian knot" that binds suffering humanity to the gold fetish, antiquated theories, and discredited policies of the past. By this measure we hope and expect to put the people of America back on the highway to permanent prosperity.

When the Great War closed, it left the people of the world, including America, loaded with a burden of indebtedness that at best it will take generations to pay. Those debts were contracted on an expanded currency, when times were prosperous and commodity prices were high. We are now asked to pay them with a contracted currency that has so reduced commodity prices as to render this burden too heavy for the people of the world to bear. Yet they are asked to carry on, or told to carry on, driven by the whip of the money kings, who offer them no hope of relief. They have about reached the point of exhaustion and are now stumbling, fainting, and falling under the very cross of taxation upon which they and their children and their children's children are to be crucified.

Something must be done. They can stand this strain no longer. This bill will do the work. I have said time and time again that one of three things is bound to happen:

We shall have to expand the currency, to bring back commodity prices to where they were when our debts were incurred, or we shall have to have a readjustment of all debts, public and private, scaling them down, extending the time for payments and reducing interest rates almost to the vanishing point. Unless one of these two courses is pursued, we are going to be swept into a saturnalia of wholesale repudiation of public and private obligations, including district, municipal, county, State, and Government bonds. That would be revolution, the last protest to which an oppressed or suffering people resort.

By this measure we propose to expand the currency to raise commodity prices, and restore the purchasing power of the American farmer, which will automatically restore the purchasing power of the industrial laborers, because it will enable the farmers to buy the things they need. That will start the wheels of industry to turning and furnish work for the unemployed. Then our bread lines will melt away, our entire economic machinery will begin to function normally and the clouds of this depression will disappear.

But the distinguished gentleman from Pennsylvania questions the constitutionality of this law which delegates to the President the power to diminish the gold content of the dollar. In my opinion that question was settled by the court when it upheld the constitutionality of the flexible clause in the tariff bill. The gentleman from Pennsylvania and I both voted against that clause and both of us thought then that it violated the Constitution of the United States, but the courts decided differently, and the law was upheld, just as this one will be, in my opinion, if it is ever put to a test. Besides, this matter will be disposed of by the President before the Supreme Court could ever act upon it. Then, if there is any doubt as to the constitutionality of his acts, Congress would have ample time to ratify them.

Then, too, "there is a higher law than the Constitution." The "safety of the people is the supreme law." This is war! We are at war with the most destructive depression of all times—one that not only threatens the life and safety of every person under the American flag but one that challenges the very existence of our civilization.

The gentleman from Pennsylvania refers to the President's advisers as the "brain trust", as if this currency-expansion theory originated with them. He knows, and every other Member of the House knows, that for more than 3 years I have advocated a liberal, controlled expansion of the currency as the only possible means of relief from this unprecedented depression. I have made this appeal in the House, through the press, over the radio, on the stump, and everywhere else where an opportunity has presented itself. Other Members of the House and of the Senate have done the same thing.

We were not prompted by any "brain trust", but we were opposed by the "money trust", representing the owners of great fortunes who have their money invested in tax-exempt securities and are now opposing expansion because they know that under the present state of depressed prices their hoarded dollars will buy 3 or 4 times as much of American commodities as they will when this currency is expanded and normal conditions return.

I want to touch briefly on the three principal points involved in the currency-expansion provision of this bill. It has been stated, by the opposition, time and time again, that the $6,000,000,000 of new currency provided for in this bill, $3,000,000,000 through the Federal Reserve System, and $3,000,000,000 of United States notes, will be "fiat money".

There is not a scintilla of truth in that statement. Every dollar of this money, under the Gold Standard Act of 1900, will be worth 100 cents on the dollar. It will be interchangeable with every other dollar we have, whether it is gold or silver, or United States notes, or Federal Reserve notes, or national-bank notes, or what not.

This measure has also been attacked because of its provision on the silver question. Did you know that more than one billion people in this world use silver almost exclusively as a money? Silver is mentioned in Holy Writ as a money, before we find any mention of the use of gold as a currency. Silver is the money of the Orient. It is the money of all Central and South America, of all eastern Europe. In 1926, when the international bankers who are opposing this measure induced England to force India onto a gold standard, they destroyed the purchasing power of silver and therefore destroyed the purchasing power of a billion of America's customers.

Some of you gentlemen opposed William J. Bryan on his silver policy in 1896. We Democrats were in favor of the free and unlimited coinage of silver at a ratio of 16 to 1 [applause], and in the Republican platform of 1900, if not in 1896, you provided for the coinage of silver, provided it was done by international agreement, on the theory that if you remonetized silver in the United States alone it would draw the surplus silver to America and drive down the American dollar.

This bill, from that standpoint, is merely carrying out the ideas you expressed more than 30 years ago. In addition to broadening the base for the issuance of American currency it will restore the purchasing power of the people of the silver countries throughout the world, who buy American cotton, cotton goods, wheat, wool, manufactured goods, and other commodities.

Probably the most important proposal contained in this measure is that to give the President the right to reduce the

gold content of the dollar, in order to broaden the base of our circulating medium and to reach an understanding with foreign nations for some kind of a working agreement as to monetary standards.

The chief opposition to this provision is coming from that element of our people who own Government bonds payable in American dollars based on the present gold standard. They prefer to prevent, in any way they can, an expansion of the currency that would raise commodity prices, for the simple reason that it reduces the purchasing power of their dollars invested in those tax-exempt bonds. They prefer to exact the last "pound of flesh." They ignore the appeals of suffering humanity. They ignore the ominous warning of discontent. They ignore the pleas of the President to the effect that this change is necessary to bring order out of chaos, restore the prosperity of the American people, and to save American institutions. When they are asked to cooperate in this stupendous undertaking, they raise the question of the Government's right to cut down the gold content of the dollar and ask, in the words of the greedy Shylock, "Is it so nominated in the bond?"

If by some chance we had discovered an unlimited supply of gold and had offered to pay these bonds in that commodity, then they would have demanded American dollars instead.

The Government has a perfect right to change the gold content of the dollar, without consulting the holders of Government bonds. If this program goes through, they will be paid every dollar the United States owes them in United States money. If they should block its passage, and this country should be swept into the maelstrom of repudiation, they might find, as did Shylock of old, that they had forfeited their bonds by their own perfidy.

We have come to a change in world affairs. We are in the same condition the people of Europe were in at the time of the fall of the Roman Empire. Two thousand years ago Rome sat upon her seven hills, the unchallenged mistress of the world. A few people owned practically all the wealth of the empire. They had gathered unto themselves the gold of the known world. The supply was limited and the amount per capita was gradually diminishing, and there was little or no hope for the discovery of new supplies. They were charging the people as high as 48 percent interest at the time of the murder of Caesar. He was murdered, not because he was ambitious, as many of us have been led to believe, but because he had taken the side of the people of Rome and was wringing the loathsome fingers of the money changers loose from the throats of the suffering people of Europe, just as Roosevelt is doing in America today. [Applause.]

After his death, they continued to concentrate and control the money supply of the world. They drove commodity prices down. International trade fell off, and commerce died. Because of the lack of a circulating medium, the people were driven to barter in trade. Poverty increased, stagnation prevailed, patriotism withered and perished away, corruption crept into the state, Rome tottered and fell, and Europe lapsed into an economic lethargy that lasted for a thousand years. It was broken only by the discovery of America, and with it new, and apparently unlimited, supplies of gold. When this new gold was added to the circulating medium of the Old World, Europe awoke as it were from her lethargy of centuries and leaped forward into an era of prosperity, the like of which mankind had scarcely dreamed.

Commodity prices began to rise, wages were increased, employment became plentiful, commerce was revived, international trade was stimulated, and there dawned upon this earth what is known as the "golden age", the most glorious period in the history of the human race—an age that gave to the world more of genius and of greatness than any other period in all the annals of recorded time. Into that age Shakespeare was born—"the rarest genius and the richest soul that ever lived and loved and wrought of words the statues, pictures, robes, and gems of thought." Into that age came Cervantes, the author of Don Quixote, who by his ingenuous pen swept away the fallacies of centuries, and struck from the minds of men the shackles placed upon them by caste systems of ancient institutions.

Into that age came Galileo, the seer of the centuries, before whose matchless genius the old heavens folded away, and a new universe swung into view. It was indeed a golden age. Its glories are still reflected in the marble of Michelangelo, the paintings of Rembrandt, the engravings of Cellini, whose handiworks today adorn the art galleries of the world.

Under the impulse of progress generated by this revival, our forbears swarmed across the Atlantic and carved this republic out of the unbroken wilderness of the New World, and established here, for the first time, a nation dedicated to the proposition that government derives its just powers from the consent of the governed.

For approximately a century after the establishment of the American Republic, we had a double monetary system of gold and silver. In 1873 silver was demonetized, and soon thereafter the supply of gold per capita began to wane.

Today we are in the same condition the people of Europe were in at the time of the fall of the Roman Empire. The gold supply is insufficient, with the present standards, to supply the basis for the circulating mediums of the world and the amount per capita is on the wane. We are virtually at the end of gold. We have prospected every field, we have searched every territory, we have exhausted every mine. There are apparently no more fields to be discovered. We must find some other method of broadening the base for our monetary supply, or suffer the fate of the people of Rome.

A great American orator once said that "It took Rome 400 years to die, and our death, should we perish, will be as much more terriffic, as our intense civilization has given us more bone and sinew and nerve and strength and vitality."

We are making history today! The world is looking to America for leadership. The destiny of our civilization is in our hands. We must not fail! [Applause.]

Some years ago, Lord Robert Cecil, Viscount Cecil of the British Empire, is reported to have said in a speech in Chicago, that "England's sun is going down." But he said it would be a "glorious sunset." And it will. No nation that has ever risen and fallen in all the tides of human history has contributed more to the progress and enlightenment of mankind than has the British Isles. He is quoted as having said further that "The leadership of the world has now been transferred to the United States." In order to maintain that world leadership, we must prove ourselves worthy and able to lead. We are in the crucial test today. Upon the outcome of this measure may depend, not only our leadership, but the very destiny of our American institutions.

One of the ablest ambassadors ever sent to the United States said in a speech in this country a few years ago that "An age is dying in Europe; the waves caused by its death agonies are lashing the shores of America."

In the midst of possibly the greatest crises through which the British Empire has ever passed, when all that she had builded for a thousand years was threatened with dissolution, Phillip Snowden, one of the greatest Chancelors of the Exchequer that country has had in a hundred years, arose in the House of Commons, just out of a sickbed, pale and emaciated, dramatically pointed his bony finger at the opposition across the aisle and hurled at them a challenge that will ring down the centuries, in which he said:

All our past acclaims our future: Shakespeare's voice and Nelson's hand,
Milton's faith and Wordsworth's trust in this our chosen and chainless land,
Bear us witness: come the world against her, England yet shall stand!

In this tragic hour, when American institutions, and probably American civilization, are trembling in the balance, let us draw courage and inspiration from the sacrifices and accomplishments of the past, and say in the words of that great Englishman that all our past proclaims our future. The sword of Washington, the pen of Jefferson, the heart

of Lincoln, the spirit of Lee, the valor of Davis, and the voice of Bryan—the blood of a million American heroes crying out to us from the ground, echoed and reechoed from the hearthstones of millions of American homes—all these admonish us that America must not fail, our civilization must not perish, our institutions must not die! [Applause.]

By the consummation of this program we can restore the prosperity of the American people, broaden the base of our monetary supply, and restore normal conditions throughout the world, and thereby usher in the golden dawning of a new and a grander day.

Let me appeal to you again, and especially to the erudite gentleman from Pennsylvania, to join us in this fight and follow our great leader in this "battle of centuries", to rescue and perpetuate the civilization of mankind. Then you will not only receive the deserved plaudits of a grateful Nation, but throughout the distant lapse of far-off years your praises will be sung by the sons of men, even in the ages yet to come, when this, our lofty scene, shall be acted over "In states unborn and accents yet unknown." [Prolonged applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, I appreciate the difficulty of following these orators. The gentleman from Mississippi [Mr. RANKIN] at the beginning of his eloquent address commented upon the ability and type of learning of the gentleman from Pennsylvania, and expressed his timidity in following such a Member of the House as he is. I have somewhat the same timidity in following the gentleman from Mississippi. Certainly, I cannot quote history and indulge in such flights of eloquence as he has brought to our attention.

There is an old story, however, that the gentleman from Mississippi reminded me of, that men in my line of business enjoy telling. It happens that I am one of the few Members of Congress connected with the hotel business. It is a favorite yarn amongst hotel men of a customer going into a restaurant, taking up the menu, with the waiter beside him anxious to get his order quickly so that he would get the tip so much sooner. The man looked at the bill of fare and said, "What am I going to order? Here is tomato soup—no; I don't want it; here is pea soup—no; I don't want any pea soup; here is onion soup—no; I don't want any onion soup." The waiter is getting more and more impatient all the while, and finally down the list the customer sees ox-tail soup and said, "Yes; I want some ox-tail soup." The waiter said, "Why go back so far as that?"

Our friend from Mississippi [Mr. RANKIN] went clear back to 400 B.C. to tell us about Alcibiades. Why go back so far? Then he brought in another interesting simile. I have heard the distinguished President of the United States compared to a great many different heroes of the world, and undoubtedly he is entitled to these various comparisons that are being made for his glorification, but when the gentleman advocates the passage of this measure before us today and brings in as a justification for it a comparison of President Roosevelt with Julius Caesar, I think he is going back too far. I fail to see the resemblance. Undoubtedly, however, the simile is a good one from the standpoint of the gentleman from Mississippi.

Earlier in the day I endeavored to bring up a question that seems to me to be considerably more up to date than Alcibiades or Caesar. The gentleman from Mississippi objected to my speaking at that time. Recently he asked the gentleman from Pennsylvania [Mr. BECK], the advocate par excellence of the Constitution of the United States, to join with him in bringing about this "progressive legislation," as he described it. Can he conceive or can any other Member of this House conceive of the gentleman from Pennsylvania joining with him in an endeavor to write on the statute books legislation which every man in the House knows will prove to be unconstitutional?

He has asked, forsooth, the greatest constitutional lawyer of the House to join with him in passing legislation that we all know is unconstitutional. Where is the comparison that the gentleman from Mississippi wants to indulge in when he brings up such a proposition as that, either to the gentleman from Pennsylvania or to any of the rest of us?

Mr. Speaker, it is very presuming upon my part to refer in any way to the Constitution, but this morning, if it had not been for the great desire of the gentleman from Mississippi to proceed quite so rapidly with this bill, I would have brought up a constitutional question which I think is involved here. I maintain that no bill should be received from the Senate containing appropriations inserted contrary to clause 7 of article I of the Constitution.

The pending farm relief bill, which is now before us in the form amended by the Senate, contains a number of provisions for raising revenue. Section 21 authorizes the issuance of $3,000,000,000 of bonds by Federal land banks; section 37 increases the authorized obligations of the Reconstruction Finance by $325,000,000; section 43 authorizes the issuance of $3,000,000,000 of United States notes; and section 45 authorizes the President to accept not to exceed $200,000,000 in silver in payment of the obligations of foreign governments. All these provisions affect the revenue, and under the Constitution must originate in the House of Representatives.

While conceding the power of the Senate to amend House bills, yet this power does not give that body the authority to add revenue items to a nonrevenue bill. The title of H.R. 3835 states that it is a bill "to relieve the existing national economic emergency by increasing agricultural purchasing power."

It may be argued that inasmuch as the House has already passed upon the subject matter of the farm-mortgage amendment made by the Senate, this amendment may be said to have originated in the House. I do not concede this; but be that as it may, the inflation amendment and the provision authorizing the President to accept silver in lieu of gold have never been passed upon by this body.

Under the rule that has been brought in for the consideration of the Senate amendments, all points of order are waived. However, my objection to the consideration of these amendments is not a question of a point of order, but a question of constitutional privilege. I submit that such questions cannot be waived in this manner. Neither the general rules of this House nor a special rule reported by the Rules Committee can set aside the Constitution of the United States. If the House wishes to permit this invasion of its prerogatives it can do so, but it must do so by a direct method and not under the provision of the special rule waiving all points of order.

Mr. Speaker, I call attention to the resolution I presented earlier in the day. In it the same language is used as Joseph G. Cannon, then a Congressman from Illinois, used in 1878 and which caused a bill to be returned to the Senate for precisely the same reasons I say the bill before us today should be returned.

In those days evidently the Constitution was of some value in this House. Today it does not seem to be. I ask unanimous consent to extend my remarks in the RECORD and to incorporate therein this matter which Mr. CANNON brought up at the time, which is found in Hinds' Precedents, volume 2, paragraph 1495.

The SPEAKER. Without objection it is so ordered.

There was no objection.

1495. The Senate, having added certain revenue amendments to a nonrevenue House bill, the House ordered the bill to be returned to the Senate.

Mr. TREADWAY. It is on all fours with the question before the House today, as to the right of the Senate to attach appropriations to a bill that has been passed by the House. What are the items to which I particularly refer in that respect? The Senate incorporated an additional bill as an amendment. The House never considered the question of the inflation amendment nor the provision authorizing the President to accept silver in lieu of gold in payment of foreign debts. Show me where those two subjects were at any time in either bill that this House passed and sent

to the Senate. They were not there. Therefore I say we had no right to accept this measure back from the Senate. You can make in order, of course, anything in the way of legislation by special gag rules, such as you are adopting here; but I stand here to say that you cannot make in order an infringement of the Constitution by any form of measure, rule, bill, or otherwise that you may see fit to draft, nor to gag the minority and rush through ideas here undigested and never considered by this branch of the Congress.

Violate the rules if you wish, crowd out the Republicans if you wish, but for all that is good preserve, maintain, and respect the Constitution of the United States. [Applause.]

Mr. Speaker, I brought up this same question some time ago by resolution which was referred to the Committee on the Judiciary for examination and report. As the present bill is the second infringement of the Constitution by the Senate in originating revenue legislation, I trust the committee will not longer delay its report on this very important question. I shall feel constrained to offer a resolution of inquiry as to the cause of the delay unless the Committee on the Judiciary reports in the very near future.

Mr. BROWN of Kentucky. Mr. Speaker, I yield to the gentleman from North Carolina [Mr. LAMBETH].

Mr. LAMBETH. Mr. Speaker, this debate brings before my mind a day in February of last year when, with the humility of one who claims no prophetic license, I tried to tell the House why I could see little hope for the success of President Hoover's latest plan. Not a word of that utterance needs any change today. But I am far from pluming myself upon the accuracy of my predictions, for this was an easy task. I wished with all my heart that I might be wrong, as I now wish no less that I had been. We were simply dealing with a so-called "leader" always months or even years behind events—the Ethelred the Unready of modern times.

Today we find the country near the brink of the precipice, where it was saved practically at the last moment by a very different type of man—a man who faces the hardest facts, instead of shutting his eyes against them, and who meets trouble at least half way. The contrast is almost painful. I should never think of mentioning it except that certain gentlemen who shared the former President's ideas and methods are offering themselves as our teachers today.

Just a word to those gentlemen. Mindful of the ancient sage's dictum that man is a political animal, I feel no surprise when, seeking to lay some foundation for possible advantage hereafter, they act as political animals do. Their late chief may indeed have been wiser than they, for they were certainly blind; and is it not a true saying that in the realm of the blind the one-eyed man is king? Or he may have been precisely as wise as they, for the whole crew of them slumbered while the country went on the rock; and is it not likewise a true saying that all men are on an equality when asleep?

Instead of such a captain the ship of state now has at her helm one who can steer her between the Scylla of inflation and the Charybdis of deflation and keep her course true while defending her from both monsters with the fire of her own guns.

When Grant's critics spoke their complaints, Lincoln answered them: "I can't spare this man. He fights." Thank God, we have at last a man who fights.

What is the nature of the cooperation asked of us this afternoon by our "Marshal Forwards", our leader of 2 o'clock in the morning courage, in his unwearied efforts for the relief of our suffering people?

We are asked to vote affirmatively on the currency amendment to the farm bill, a measure no doubt of very human imperfections in this or that particular and yet the victim of much undeserved prejudice consequent upon wild talk by its nominal sponsor at the Capitol's other end.

I will say at once that if these proposals did indeed threaten to halve whatever little may still be left millions of people whose lifetime savings have melted away, I would be against them hammer and tongs. No destruction of building and loan memberships, of life-insurance policies, or of the financial structure upon which these absolutely depend. And insofar as there are any wealthy people still remaining, I would not rob them either. True enough, the dollar is due some reduction from its present swollen purchasing power, but we may well hope that an accompanying revival of prosperity will bring to virtually everyone more good than harm.

God speed the day when human beings are no longer taught to hate and injure one another because of rabid nationalism or rabid agitation along so-called "class lines." President Roosevelt is a judicious worker in the good cause, and he will soon be asking Congress for further powers to promote economic disarmament—the fundamentally important brand of disarmament—among the nations of the world.

Now, what is this farm relief bill, more wronged, as I said, by some of its friends than by its enemies? As it comes back to the House with the Senate amendments, we see that it has taken on the form of an omnibus measure for the worst or the deepest-lying ills inherited from war inflation, followed after brief deflation by what everyone now recognizes as the half-crazy inflation and extravagance of the post-war boom. First, the farmer, who got a maximum of deflation in 1921, a minimum of the recovery up to 1926, and a most cruel deflation beginning 3 years ahead of the general crash, was to be helped through a frankly experimental price-lifting scheme. Then there was tacked on an originally separate project for lightening his burden of debt, the farm mortgage bill. Third (or fourth, if we count the Smith cotton-option plan separately) came the Thomas currency-inflation amendment, which was a child of storm and which has stirred the country as nothing else has since 1918.

The farmer along with all the rest of us is most interested in the currency proposals, highly important and complex though the others are. No subject is better worth our attention at the present time.

I want to help impress upon everybody the clear, cold fact that these proposals were no part of President Roosevelt's own program, but were taken in hand by him solely to keep within bounds an upheaval which threatened the very foundations of the country. It had become evident, and had been so reported to the President, that the extremists would shortly stampede a majority of Congress into financial insanity. Accordingly he stepped into the breach. He had the projects of the inflationist leaders toned down as much as he could, and then he asked to have the whole matter placed within his discretion, so that he might use any or all or none of the various schemes following their enactment into permissive law. Thus the country was saved from inflation run mad and of a mandatory or compulsive sort. It got instead nothing beyond permissive inflation, which it confidently regards as being in safe hands. As between the otherwise certain calamity of uncontrolled inflation on one hand and this controlled inflation on the other, I am for the controlled inflation every time.

That we can have controlled inflation with almost any modicum of good sense and self-restraint is clear enough. The Senator who speaks for the Mellon-Mills group of reactionaries has attempted to cite German inflation as a frightful example confronting us. But the two cases are extremely different. Germany used printing-press currency after she had no money left to meet the demands of the Allies and little of anything else that was movable. What could a government do, for instance, when placed under the necessity of taking 100,000 cows from children already half famished for milk? And as she necessarily kept on paying her people in printing-press currency, the practice, of course, broke all bounds. It created a demoralization which she ended at the first moment she could. There is no record of any country ever debauching its currency while it possessed superabundant gold, had a favorable balance of trade, was a great creditor among nations, enjoyed complete security. Overinflation has always been forced by conditions from which the United States is and should remain entirely free.

Right here, let me say, I believe that our view of the whole subject will be clearer if we recognize how conditions render inflation of some sort unavoidable for us and how doubly fortunate we are, therefore, in getting the controlled sort. We would have had to inflate or reinflate considerably even if the country and Congress had kept quite cool and there had never been any question of a Thomas amendment.

Make no mistake on this point: The deflationary movement simply had to be halted. Necessary as President Roosevelt's measures were in the matter of the banks, of the gold embargo, and of the Budget-balancing economies, they were all practically deflationary. They hastened the zero hour. Further downtrend would have multiplied bankrupt homes, farms, and industries. There would have been even more severe unemployment, even more defaulted obligations, even more certainty of final ruin. It was a question of bucking the country up at almost any cost.

Furthermore, the sheer size of the figures involved would itself have compelled expansion, whether of credit or of currency or both, just as did the sheer size of the figures during the war.

Statisticians agree that our total public and private indebtedness stands above $200,000,000,000 and that the country at present levels is mortgaged or otherwise indebted for all it is worth. Not only is the Federal Government alone indebted about 21 billions, but it must refinance seven billions of short-term debt within the next 5 years, and it will soon come forward with a huge project of billions for public works. In addition, the new Government corporations, headed by the Reconstruction Finance Corporation and including those in the farm mortgage and emergency home loan bills, along with a lot of others, require billions. These conditions absolutely demand expansion or inflation, whichever name we may give it. There is no use in kicking against the necessity. There would be as much sense in kicking against the multiplication table.

As for the currency inflation we could have without any of the pending proposals, let us glance at the record since last July. On July 16 an amendment to the Home Loan Bank Act authorized the issue of a billion dollars in national-bank notes. The Emergency Banking Act of March 9 authorized 2 billions in Federal Reserve bank notes. Neither authorization has been used in amounts of real consequence. The Emergency Bank Act authorizes any bank, whether or not a member of the Federal Reserve System, to bring to the Federal Reserve bank any paper, eligible for rediscount or ineligible, provided only it has value, and receive Federal Reserve bank notes for it. In fact, a leading member of the House Banking and Currency Committee recently quoted the Federal Reserve authorities as stating that the possibility of currency issue under this provision alone was no less than $20,000,000,000. At $6,068,000,000, our money already in circulation stands $643,000,000 higher than a year ago and almost a billion and a half higher than at the peak of the 1929 boom. Another feature of our paradoxical situation is that, though off the gold standard, we have more gold than ever—enough to support four billions of currency in addition to the amounts actually or potentially outstanding, which I have noted before.

Compared with these figures, there is nothing very formidable about the three billions which the Thomas amendment contemplates through purchase of additional Government paper by the Federal Reserve banks if the banks are willing or through the so-called "greenback section" if they are not. This second provision has been justly criticized, yet its notes could be used only in the purchase of United States obligations and would be retired in 25 years with a 4-percent sinking fund—by no means the same thing as printing money for running expenses. Unlimited coinage of gold and silver at a rate negotiated by the President with foreign countries is another merely permissive step. The Hayden amendment would let the President accept up to $200,000,000 at not over 50 cents an ounce on debt payments from foreign governments due or overdue June 15, such silver to be used as a basis for silver certificates.

I want to call attention to the fact that, besides minor but useful checks upon possible overexpansion, this important safeguard is contained:

> The Federal Reserve Board, upon the affirmative vote of not less than five of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either time or demand deposits.

Here is the declaration of a policy which, if carried out even with the authority then existing, would have largely averted the disaster of 1929. But the criminal greed and folly which were preying on the small saver and investor, which continue preying on him so far as they dare or can, and which constitute a greater menace to the foundations of the country than any radicals, these unfortunately controlled the say.

Not until we come to a provision that the President may reduce the gold content of the dollar within a limit of 50 percent is there any authorization which as a mere authorization and irrespective of its use or nonuse presents a downright ugly look. For my part, I do not believe that such a proposal should be legislated even in permissive form. The power may prove useful simply as a lever to the President on the London Economic Conference beginning June 12, when an effort will be made to disarm nations fighting with depreciated currencies instead of with guns. Certainly we want relief from a condition where foreign countries deliberately keep our dollar so high that they can beat us in all markets, including largely our own. But the seriousness of the matter is indicated by the record of history that never since the gold dollar was set up in 1792 has it been changed except in 1834, and then only to the extent of 6 percent. I doubt gravely whether any possible advantage from this provision will counterbalance the effect of however slight a fear that it may be used.

If, indeed, the dollar-devaluation feature checks the return of confidence, there will be difficulty in contriving or operating any sound inflational scheme. For it must be plain from the figures I just gave that having plenty of currency available is one thing and getting it into action—if in any wise good currency—is quite another. Banks do not take out currency for which they think there is no safe or profitable use, or if they do, they quickly send it in and demand back their collateral from the Treasury or the Reserve banks.

Something of the extent to which the country needs loosening up is indicated by the fact that people still have approximately $427,000,000 of the old large currency hidden about their homes, Treasury officials say. This takes no account of other currency or of an estimated $600,000,000 gold.

The chief assurances of reviving activity in circulation are perhaps the psychological effect of inflationary talk and the big sums to be set going through the projected public works.

Finally, I should like to point out that so long as the normal total of our clearing houses is $800,000,000,000 annually and there is a normal ratio of 10 to 1 between bank credit and currency, velocity of circulation must impress us as more essential than practically any volume of currency, inflated or otherwise. What we want and expect now is that activity, that motion which is the very distinction between living things on one hand and lifeless or dead things on the other. If we get enough velocity soon, we need concern ourselves little enough about the price-lifting project, the cotton-option project, the farm-mortgage project, or anything else in the economic realm.

Mr. Speaker, the soundest money is the money which best serves the needs of the Nation.

Not that any or all of these projects, nor yet the President's entire program, should be regarded as a panacea. We still have before us a struggle out of great depths. No doubt we shall feel ourselves slipping back at times and tempted to lose heart. The speculative markets will alternately excite and depress many. Not a few of us will follow wandering fires. But all this is to be expected. Great depressions

have never ended in such a manner that one could say, "Lo here, lo there", at any exact dividing line.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Speaker, I first want to avail myself of the full and very generous time accorded me on this bill to make plain my position and viewpoint as to the cause of this panic, as well as the pending legislation designed to remedy the evils brought about and bring farm and industrial relief; and I want to do this using words that will leave no doubt of my solution and the meaning I intend to convey.

I do not believe that this panic is a mystery, a deep, dark, unexplainable mystery. I do not believe that this panic involves a problem defying the comprehension and powers of men. I do not believe the blight of this panic has come like some weird phantom ghost from the somber depths of darkness to hover over the land for a time only to disappear as mysteriously as it came, some way, some time in the far distant, hazy future. I do not believe that this blight upon nature's bounty has been sent as a curse by a revengeful God, nor as a scourge upon the people to rebuke and chastise men for enterprise, industry, and thrift.

Only natural conditions and the supernatural are confusing, bewildering mysteries before men. We cannot comprehend eternity, the causes in far-away space, the infinite works of the Almighty. We cannot solve the problems of birth, life, death, and our being, because the causes in nature and space and the problems of our lives and beings and the reasons for creation are beyond the power and comprehension of the weak, finite human mind, which only God can solve.

But this panic does not involve creation or the supernatural. This panic is not a natural condition. Want, suffering, and distress in the midst of plenty and great abundance is not a natural condition. It is an unnatural condition, an abnormal industrial condition, a perverted economic condition, a condition brought about by men, resulting from the relations of men, in the course and conduct of men. This panic was caused by men, is within the comprehensions of men, can be analyzed and solved by men, and can be remedied and relieved by men. To say that this man-made panic is an insolvable problem, an incomprehensible mystery, is a maneuver to evade responsibility or a cowardly mental retreat.

I believe there is a cause, a reason, a remedy, a restoration, a relief in rational means and methods. And if time will permit, I propose to show the cause, to show how, when, where, by whom, and for what purpose. I propose to give dates, places, and names of men, to particularize, to go into detail and show the operations by which this panic was brought upon the people of this country.

When the blight of this great panic fell upon this fair land of ours, the farmers of the country were a prosperous, happy, and contented people. They were selling or giving up one fourth or not more than one third of their products with which to pay taxes, interest, and fixed charges, leaving them with the other three fourths or two thirds of their earnings and income to pay with, to buy and consume with, to live with, to provide themselves with the necessaries and some of the comforts and conveniences of life, and to lay away a saving for the winter of their declining years. And while they so remained in this prosperous and contented condition they were great and liberal consumers of all the products of factory, mill, and workshop, all of which were kept busy and speeding up to meet their wants and demands.

And during this same time the industrial, laboring people of the country were alike prosperous, happy, and content, prosperous with continuous employment, employment at a fair and living wage, happy for the opportunity to labor, content to labor to live and grateful for the right to enjoy the fruits of their labor and toil.

The song of the reaper in the field, the call of the farmer to his team in the harvest, the glad voice of the farmer boy, happy and content on the farm, met, joined, and mingled with the din of saw and hammer, the whir of machinery in motion, and the rumble of the busy marts of trade to swell the chorus and anthem of a prosperous and contented people, rejoicing, bringing in the sheaves. Such was the condition of the people on the farm, in the factory, mill, and workshop under higher values, higher price levels and wage scales. Such was the condition of the country and the people under a greater volume and supply of money, under a so-called "expansion of currency and credit", under so-called "inflation", when the blight of this panic and its withering shadows fell to prostrate and destroy agriculture.

But suddenly, while the people of the country were reveling in nature's copious bounty, rejoicing in plenty and great abundance, there came a change to interrupt and reverse this happy order of things, this prosperous and happy condition of the people, coming not like a slow, creeping, loathsome disease unawares, but coming like a bolt from the clear sky, like an avalanche from the mountains, like a devastating tide from the sea, or, in the language of the Prairie Farmer:

> In 1920, in almost the twinkling of an eye, the condition was reversed. Prices fell to a ruinous low level, the exchange of commodities almost stopped. No one could sell anything at a price that was considered fair. Wheat fell in price from $3 to $1.60 per bushel. Corn fell from $1.50 to 35 cents per bushel. Hogs, cattle, and all farm livestock and other farm products fell in proportion.

Under this sudden fall of values and the price level, the confiding, unsuspecting farmers awoke as at the break of day, in the morning, to find their property, crops, and produce sinking in a vortex of falling values and prices, forcing down and destroying their tax-paying power, their interest-, debt-, and mortgage-paying power, their buying and consuming power, their power to take and consume the products of industrial labor.

Under this sudden fall of farm values, this failure of earnings and income, over 2,000,000 farmers have lost their farms by foreclosure, and over 3,000,000 are in default and subject to foreclosure. Over 7,000,000 acres of farm land has been abandoned for want of sufficient earnings to pay the costs of production; 2,000,000 farmers have left the farms in quest of employment and a living wage only to compete in the bread lines of public charity in the great cities.

Under this sudden fall of prices, this failure of farm earnings and income, farm debts have increased and multiplied until farm debts today exceed the valuation of all farm lands and property, until the farmers as a class are insolvent, bankrupt, and in hopeless debt. And if all farm property were sold under the hammer today, all farm lands, stocks, crops, and implements, the proceeds of the sale would not pay farm debts.

Under this sudden fall of farm prices farm values have been depreciated over $50,000,000,000, farm values over 25 billions, farm grain and stock over 20 billions, or a loss of over $5,000 to each and every farmer, and over $1,000 for every man, women, and child on the farm, and variously estimated at 2½ times the costs of the World War assessed against Germany as the amount to pay for reparations.

Under this fall of values and the price level 10,000 farm banks have failed, entailing a loss of multiplied millions suffered by stockholders and depositors, sweeping away their earnings and income, their frugal savings of a lifetime.

Under the awful blight of this panic, thousands of farmers realizing the loss of their life's savings, and facing the humiliation of hopeless debts, have gone insane, other thousands have committed suicide, and still others have left for parts unknown to escape the burdens of farm property and the loss of farm operations. And the ghost of a landlord-and-tenant system stalks abroad in the land with corporations as landlords and former farm owners as tenants.

But these conditions of want and distress have not been confined to farmers alone, nor to the people of the rural communities. The failure of the farmers of the country and their want of earnings, income, and consuming power has slowly but surely crept back through retail merchant and wholesale house until its withering hand has touched factory, mill, and workshop, and the rumbling shafts, pulleys,

and wheels have slackened, slowed, and stopped. The whir and din of machinery in motion have died away in oppressive silence; until the mines are running low or closed; until the lumber camps are deserted; until freight cars run empty or are sidetracked, to remain idle; until transportation is stagnated; until traffic is halted, and for want of orders production and consumption and travel is all but suspended; until the blight of this depression, with 14,000,000 industrial workers idle, men are begging in vain for employment and with their families and children are supported by charity and benevolence by public contributions or the dole.

For want of earnings and wages industrial laboring men are unable to meet their building and loan dues and payments, and loan associations are without funds with which to pay their depositors from their savings accounts. And with this failure of wages to make payments and their frozen deposits in banks, the laboring men without wages or hope of income are begging the associations to take their home and relieve them of the impossible burdens of taxes, mortgages, and debts. And for want of earnings and wages tenants cannot pay their rent, tenant property remains vacant or is held without the payment of rent, while landlords are compelled to maintain repairs and upkeep and pay insurance and taxes, leaving their investments not only without profit but a liability and an impossible burden.

Calamity has suddenly fallen upon the people, a cloud has obscured the sunlight of prosperity like a creeping black shadow or a withering blight falling from a clear sky transforming the bounty of nature into an economic curse, and under which starving men, women, and children stand begging before great mountains of food, but are denied and must go hungry, and under which shivering men, women, and children stand looking upon great storehouses of clothing but cannot take for their comfort and protection and must wait in suffering, cold, and exposure. A black cloud has loomed in the horizon of the land and rising until it has overcast the sky, until its shadows falling forward, have obscured the sunlight of prosperity and have left humanity gasping in the darkness of want, in despair and suffering without hope.

It has been well said that all great problems by a proper analysis can be resolved into simple propositions capable of understanding and solution. And it has been truthfully said that the surest way for men to find their way out of a condition is to first take their bearing and find how they came into that condition.

While I am not assuming the role of a Moses to lead the people out of this wilderness of suffering, want, and distress in the midst of plenty and great abundance, I want to throw on the light, to blaze the way, and let the people see for themselves how they were brought into this condition so they can realize, find and fight their own way out of this condition of suffering and despair.

Following the Biblical injunction, "Seek and ye shall find, knock and it shall be opened unto you, ask and ye shall receive", and believing that there was a cause, a reason, it has been found that this $40,000,000,000 taken from farm values has not been destroyed, has not been burned up, has not been cast into the sea, but has continued to exist somewhere in some form of property and wealth, held by some individual or corporation. It has been further found that by the magic wand of money this 40 billions of value lost to the farmers has been shifted and transferred from farm crops, stock, and land of money, and war-debt claims and bonds, the property of certain manipulating bankers, and now remains in their hands and coffers.

Following an apparent trivial amendment passed by Congress April 13, 1920, amending section 14 of the Federal Reserve law, the section taking the control of money away from private bankers and financiers and placing that control in the Government, a secret banker's meeting was held May 18, 1920, in Washington, D.C., behind closed doors and closed curtains and under the very shadows of the Capitol. And in the name and style of "the orderly deflation committee of the American Bankers' Association", a secret resolution was passed declaring for the contraction of money and credits, and then they folded their tent and as silently moved away.

No one knew of the meeting. No one knew who attended. No one knew of the resolution passed. And for 2 years 8 months and 4 days this meeting was kept a guarded secret. But true to an old saying, murder will out. And on the 22d day of February 1923 the manipulating bankers and financiers became involved in a dispute and contention over certain Liberty Loan bonds affected by the resolution passed. And in revenge or in retaliation or for other cause the proceedings of the secret meeting were published in the Manufacturers Record, of Baltimore, Md. And for the first time the proceedings of this meeting and the names of the bankers attending were known to the outside world.

When the curtain was drawn and the world looked in on the secret conclave of bankers there could be read from the resolution passed the disguised, concealed hand of a secret gentlemen's agreement. Brushing aside the veiled preamble, the resolution passed and held in secret reads:

> In their capacity as members of the orderly deflation committee of the American Bankers Committee of the American Bankers Association, they hereby agree to abide by the spirit of the address in their own affairs, and that they will encourage its general adoption by bankers and the people of the country.

The bankers in secret conclave assembled did not say what they purposed to do, but pledged themselves to abide by and stand together to do it. The effect of this secret resolution passed at this bankers' meeting was to secure and bind all bankers in a gentlemen's agreement for the concerted action and cooperation to make effective the control of the discount rate and the open-market operations immediately to contract and take out of circulation the money and credits of the country.

Further following the amendment of April 13, 1920, and the secret bankers' meeting held May 18, 1920, in Washington, D.C., the Federal Reserve banks, under orders of the Federal Reserve Board, without notice or warning, with the people groping in the darkness, began the raise of the discount rate, raising the rates from 2 to 5 to 7 to 8 to 9 percent, and until in some farm banks the rates were raised as high as 85 percent. And with the cooperation of the open-market policy, the reserve banks selling bonds and securities under the mechanism of the Reserve System, the money and currency of the country began to gather and flow back in great swollen stream and current, back until 1½ billions of currency was withdrawn from circulation in 8 months, reducing the volume and supply of credit over 10½ billion dollars. And under the law of money and the volume of supply in circulation, the value of money, the property of these manipulating financiers, was doubled and tripled in value.

Under the same law of money, as the discount rate arose and bonds and securities were sold and money and credits withdrawn from circulation, commodities, values, and the price level fell, fell first upon the unsuspecting, the confiding, unorganized farmers, forcing down farm values and the price level and doubling and tripling taxes upon the farmer—doubling interest, debts, and mortgages upon the farmers, measured in farm crops and products, the only means with which the farmers have to pay—and reducing by more than one half the farmer's earnings and income and impairing his tax-paying power, destroying his interest- and debt-paying power as well as his buying and consuming power; and at the same time doubling, tripling, increasing and multiplying the value of the remaining money in circulation and of war-debt bonds and claims and all contracts and obligations payable in money, the property of the international financiers and the manipulating bankers.

This panic is not a mystery; it is a conspiracy, a deep-laid criminal plot. No pirates boarded a merchant ship to scuttle and sink the vessel, no highway robbers ever rode masked, no bandit burglars ever blew a safe with more deliberate criminal intent than the international financiers and bankers who maneuvered from afar or pulled the manipulating wires from behind closed doors and closed curtains, directing their tools and puppets in the secret

bankers' meeting and on the Federal Reserve Board, fawning to do their will and bidding.

When the crisis fell upon the farming industry with the higher, normal valuation and price level, the farmers were selling not more than one third of their crops with which to pay interest and taxes, and leaving them the other two thirds or more with which to buy, take, and consume the products of factory, mill, and workshop. But when money was secretly contracted, forcing down values and the price level, the farmers were compelled to sell all their crops and produce to pay interest and taxes, leaving them with no part of their crops and produce with which to buy and consume the products of industrial labor, destroying the buying and consuming power of 40,000,000 farm population and dependents.

And this failure and destruction of the farmer's buying and consuming power left the retail merchant without demand, the wholesale house without sales, and the factory, mill, and workshop without orders. And the wheels of industry slackened and slowed down and brought unemployment to industrial labor, and destroyed the buying and consuming power of another 30,000,000 and their dependents, and the fatal circle of hard times, want, suffering, and distress in the midst of plenty and great abundance was realized and complete.

The published proceeding of this secret meeting shows the same held as a conference in the name and style of the Federal Reserve Board and advisory council, with the action taken on a resolution assuming to be presented by the American Bankers Association. George L. Harrison was there. James B. Forgen was there. J. H. Puelicher was there. James A. Alexander was there, and other bankers who participated. But the manipulating financiers and bankers, the master minds of frenzied finance, engineering this gigantic secret movement were not there, present and in person, but were pulling the wires, directing and prompting their tools, puppets, and cat's-paws from afar, who may have been unmindful or unconscious of the crime they were bringing down upon their unsuspecting fellow men.

But the bankers in this secret meeting knew the power of money and their power to control money and credit and commodity values and the price level. W. P. G. Harding, the chairman, said:

> We all know that if the bankers in any community, large or small, were to clasp the screws on tight, they could bring disaster upon the community, which might spread to other communities.

These bankers knew the effect of the contraction of money and credit to force down values and the price level. A Mr. Smith was there and said:

> Of course, liquidation (contraction of money and credits) would result in low prices and the easing up of business.

These bankers knew the effect of contraction of money and credits upon farm values and the price level. Another Mr. Smith was there from Wall Street and the stock exchange, claiming to have secured the farmers' consent to reduce farm values and the price level, and, assuming to speak from personal conversation directly with farmers, said:

> The farmers with whom I have talked are in thorough accord with this.

This Mr. Smith had probably met these farmers standing around on Wall Street wearing overalls and cowhide shoes, carrying manure forks and scoop shovels, and there secured their consent to reduce farm values and the price level.

These bankers not only knew of the effect of the contraction of money and credits but were warned of what they were doing. A Mr. McDowell, of North Dakota, was there and, protesting, said:

> It looks to me like the institution that they told us, when we started the Federal Reserve System, was going to take care of us and prevent panics, was now going to fall down and penalize them.
>
> It seems to me that now is a poor time to penalize the little fellow, and I am afraid that we are just going to create a little more unrest out in the Northwest, where socialism has got such a strong foothold now.

This bankers' meeting was not only called in secret, held and kept hidden, covered, and concealed for 2 years 8 months and 4 days, but the chairman counseled and warned the bankers to hold its proceedings in sacred secrecy. W. P. G. Harding, presiding over the secret conclave, at the close of the secret proceedings said:

> I would suggest, gentlemen, that you be very careful not to give out anything about any discussion of discount rates.
>
> That is one thing there ought not to be any previous discussion about, because it disturbs everybody.
>
> You can go back to your banks, of course, and tell your fellow directors frankly as you choose what happened here today, but caution them to avoid any premature discussion of rates [established here today] as such.

John Skelton Williams, Comptroller of the Currency at the time of this secret contraction of money, who protested and remonstrated against the secret orders of the Federal Reserve Board, in explaining the course being taken said:

> I heard much talk while I was a member of the Federal Reserve Board about forcing the farmer to sell his wheat or the cotton planter to sell his cotton or the cattle raiser to sell his livestock or the wholesaler or retailer to sell their stock of goods.
>
> But I must frankly tell you that I do not recall of a single occasion during the last 2 years of deflation when the Board ever discussed seriously the importance or desirability of requiring the big banks of New York City to liquidate (pay) a portion of their loans; some of which were lending millions of dollars to their own executive officials on highly speculative securities and to big syndicates in which those officials were actively interested, and which those banks had been carrying for months, and some for years, to liquidate a portion of their loans.

This same John Skelton Williams, Comptroller of the Currency during this secret contraction of money, explaining his efforts to stop the secret contraction of money and credits, to John A. Simpson, president of the Farmers Union, said:

> I told the other members of the Board, "Do you not know that that will break lots of little country bankers?"
>
> They cold-bloodedly answered me: "They ought to break. There are too many of them."
>
> I told them, "Don't you know it is going to ruin lots of farmers?" and they cold-bloodedly replied to me, "They ought to be ruined. They are getting so prosperous they will not work."

The currency provisions of this farm bill provide the means and facilities for the issue of new currency for the restoration of the volume and supply of money secretly contracted and withdrawn from circulation, and when carried into force and given effect will cause a rise of values and the price level which is necessary to bring farm and industrial relief. But the most difficult and vital part of such a measure and necessary for immediate and prompt relief has not been provided for or determined upon, but is left with the Executive in the administration of the measure. The issue of the new money making it available to go into circulation is only a part of the program for economic relief. The new money must be made to reach the masses, whose buying and consuming power is to be restored, and not to banks and the certain special few to be hoarded and held from circulation.

There are many means and channels by and through which the new currency can be distributed and carried into circulation, but not all of them can make the distribution to the masses where it is most needed nor promptly and without delay to restore the buying and consuming power and start the wheels of industry.

The payment of the governmental expenses with the new currency would bring a distribution of new money, but the distribution would not be broad enough to restore the buying and consuming power of the people generally.

The costs and payment of new construction and public works authorized and to be authorized as new relief measures would give the distribution of the money among certain industrial classes, but would require a large expenditure of public money for buildings and works that we do not now need and may never need, the money largely going into the pockets of contractors and material men and then would not go to the masses promptly, as the emergency will require, and, lastly, would leave a huge debt to be paid by taxation in the future.

While the payment and retirement of United States bonds due and coming due would distribute the money to a smaller class, and largely to a class not suffering from the want of buying and consuming power, yet it would stop interest and save the people multiplied millions of dollars annually and without adding to and increasing the obligations of the Government to be paid from taxes hereafter. The retirement of the bonds would cancel the bond obligations and transfer that obligation to the obligation of the money used and paid out, leaving the obligation upon the Government the same and unchanged with the huge interest sum saved to the people.

The payment of the soldiers' bonus would put the money into circulation and spread or make distribution of the buying and consuming power among the masses as no other measure could provide. It would go directly and immediately into millions of homes suffering from a want of buying and consuming power and into every community of every State of the Union. It would be spent at once for necessaries, and it would find its way promptly to every retail store in the country. It would start on its journey from retail merchant to wholesale and commission house, carrying new orders to every factory, mill, and workshop in the land. It would start the wheels of production and bring an almost immediate and full-time employment and thereby directly restoring the buying and consuming power of 30,000,000 industrial workers through the restored and increased pay rolls. And the magic circle of production and consumption would be complete and normal prosperity restored without waiting.

The payment of the soldiers' bonus with the new money would not be the creation of any new debt to be at some time repaid by taxation. Congress has already, years ago, passed a law recognizing, obligating, and binding the Government to pay the soldiers' bonus. It is a binding, existing debt which must be paid now or some time in the future. If paid now in the distribution of this new money, the debt is canceled and the Government is free from the obligation for all time.

Under the present conditions of the country, the widespread suffering and want among the people; with millions being spent annually to support a vast army of unemployed in enforced idleness; and in justice and fairness to the soldiers now in distress and in greater need of relief than at any other time probable in the future, this new money should be distributed and put into circulation by the payment of the bonus at least to those soldiers now in want and who are asking for the payment at this time.

And after the payment of the bonus the further increase of money required in circulation to raise values and prices to the level necessary to restore the buying and consuming power should be paid out in the retirement of United States bonds to save the millions of interest we are now paying annually from taxes collected from the people.

With this distribution of the new money by first making payment of the soldiers' bonus, restoring the buying and consuming power of the masses, values and prices for the farmers' crops and stock will be raised to a fair and higher level by next fall market time and normal prosperity will be far on the way.

I ask unanimous consent to revise and extend my remarks by placing in the RECORD certain tables, data, and diagram showing the fall of values and the price level concurrently with the contraction and withholding of credit following the bankers' meeting of May 18, 1920, and the servient action of the Federal Reserve Board raising the discount rate, selling bonds and securities under the open-market operations, and the general policy agreed upon at the secret bankers' meeting to call loans and withhold credits.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Speaker, in the period allotted to me I am sure I cannot present any intelligent discussion, at least any comprehensive discussion, of the measure which we are considering this afternoon. However, as a Republican who has never hesitated to carry the banner of the party, even when to do so has cost votes, I want to take occasion to protest against the effort that has been made here today to create the impression that Republicans are necessarily opposed to this legislation. We are not committed to a policy of economic reaction. I dare make the statement that when the roll is called it will be found that a majority of the Members on the Republican side of the aisle will be voting for this bill. [Applause.] At any rate, I am sure that a majority of the Members on the Republican side coming from the Middle West will be found supporting this measure. The last election should be warning enough to those who are still willing to stake the prosperity of this country upon the "dollar that rings true on every counter in the world." It is because those elements of the party, which cannot see virtue in any change and which stubbornly insisted on the maintenance of an outworn economic creed, were too long permitted to control, that there are today altogether too many Members on the Democratic side of the House. It is not because they had faith in the Democratic Party that the voters gave it their support, but because they had lost patience with the stubborn immobility of those in power, who steadily refused to accept any change.

This bill will pass. I am confident of that. I am also confident that it will raise commodity prices, substitute a buying psychology for a selling psychology, invigorate business, lighten the debt burden, protect American industry against a flood of goods from cheap-money countries, and bring back prosperity. And when those things have happened—and they are happening now in anticipation of what we are about to do—what will be the fate of the Republican Party if the word goes out to the country that they were accomplished in the face of Republican opposition?

The true friends of the party are those who by their votes help the present administration effect economic recovery. By placing our party in a position to share in the credit for a great accomplishment we would prove to the country that we are not a party of obstruction, that we can be trusted with responsibility, that we are worthy of being called back in due time to national leadership. If, instead, we persist in a futile and wholly ineffectual opposition to a monetary reform which should have been undertaken 4 years ago, we must expect the permanent eclipse which is the fate of all political parties when they have ceased to be a positive and constructive force in the life of the Nation. This is a time when we can serve our party best by serving our country.

We have heard much today about "sound money." What makes a dollar sound? Is it its purchasing power? Was the dollar any sounder last March when it bought 3 bushels of wheat, than it was in 1919, when it bought only one third of a bushel? If so, should not the proponents of "sound money", if they would be logically consistent, advocate a dollar that would buy 10 bushels?

To state the case of our opponents is to expose its absurdity. The soundness of the dollar is not in a direct ratio to its purchasing power. The soundness of the dollar does not depend upon how much it will buy, but on whether it will buy approximately the same amount of commodities all the time. A dollar which it takes one third of a bushel of wheat to buy when I contracted a debt, but which it takes 3 bushels to buy when the debt becomes due, is not a sound dollar. It is not an honest dollar. It is as dishonest as a rubber yard tape or a collapsible bushel measure.

But, you may ask, Is not the variable dollar, the dollar redeemable in varying amounts of gold, an elastic yardstick? That contention has been made so often, and superficially it seems so true, that I suspect most people believe it. It is, however, based upon a misconception. If the ultimate purpose of a business transaction were to get a certain amount of gold, it might be true. But the purpose of selling an article or a commodity is not to get a certain amount of gold, but to get purchasing power with which to acquire other goods and commodities. Hence, that yardstick is best which varies, not according to the value of gold as a commodity, but which varies least in terms of the average

price of all the goods and commodities that are bought and sold in commerce. Hence the least variable, and the most dependable, measure of values is not 23.22 grains of gold, but a price index which is the mean of all values. It is a self-evident mathematical truth, worthy of acceptance as a maxim, that the fluctuation of any one of 600 commodities with relation to the one commodity, gold, is more violent than the fluctuation of any one of those 600 commodities with the mean, or average, of the values of all.

The least variable, the most stable, and the only honest dollar, is therefore the price-index dollar; the dollar which is redeemed, not with any certain number of grains of gold, invariable as the laws of the Medes and the Persians, but in the number of grains of gold that shall from time to time be equivalent in value to the average price of the commodities handled in commerce. It is a cause of great regret to me that the present bill does not go far enough. It does not give us a money free from the disturbing influence of fluctuation inherent in any dollar of fixed gold content. But it recognizes the present disparity between the dollar which measures the value of our property, products, and services, and the dollar which measures our debts, and gives to the President power to remove that disparity. The passage of this bill would be only a half victory if it did not pave the way for future action. Recognition of the fact that there is nothing sacred about 23.22 grains of gold is a net gain. The removal of that superstition prepares us for the acceptance of a philosophy of money based on rational considerations and not on an outmoded tradition.

One of the chief hindrances to economic recovery is the debt burden. We, the American people, owe $200,000,000,000, which is probably more than the wealth of the people, individually owned, would bring if sold on the basis of prevailing values. We owe as much as we own! Such was not the case when these debts were contracted. Then the property charged with $200,000,000,000 in debts was probably worth about $400,000,000,000. An equity of $200,000,000,000 has become worth exactly nothing. Nevertheless, to most of us these equities have potential value upon which we hope to realize. So we continue to pay interest, which at an average rate of 5 percent, amounts to $10,000,000,000 a year. We pay taxes, which include interest on public debts, amounting to $15,000,000,000 more.

Roughly speaking, we expend $25,000,000,000 for interest and taxes before we begin to spend. Of course, some of the taxes go for salaries, which the public officials and employees who receive them spend, and much of the interest goes to mortgagees and bondholders who spend it, but a considerable part of the interest and tax money goes to those who do not spend it. So the interest burden represents a recurring withdrawal of several billion dollars a year from the people's spending power, and there is one of the basic reasons for the economic depression.

Unfortunately, the interest burden, instead of remaining constant, has been increasing. It required only 200 bushels of wheat to pay the interest on a $10,000 farm mortgage in 1920; it required 1,200 bushels in March 1933. Those who have had so much to say about an "elastic dollar" have probably not had the interest dollar in mind. The elastic interest dollar has been the means by which the American people have been robbed of their former standard of living, the prosperity to which the abundance of the Nation's physical resources and their own industry have entitled them.

We have been told in the course of the debate that inflation is debt repudiation. No inflation permitted under this act could make the dollar less potent than it was during the period when most of the debts now existing were incurred. When creditors get back as much buying power as they parted with they are not cheated. On the contrary, any system which permits the lender to collect more buying power than he parted with (interest not considered) is an aid to extortion, which should not be tolerated in a society in which justice and fair dealing are supposed to characterize business transactions.

It has been charged that this measure provides a partial cancelation of war debts. It is true that the Government is authorized to accept silver at 50 cents an ounce, but it is provided that the aggregate value of the silver accepted shall not exceed $200,000,000. This would be a very small concession on claims which amount to many billion dollars. Furthermore, the concession is apparent rather than real. Even if the United States were to accept full payment in silver, it would get back more buying power than it loaned its European associates. In a real sense, it was not gold we loaned the Allies; it was credit, with which they bought materials and goods needed for the prosecution of the war. If we get back the means of buying the equivalent in materials and goods, with reasonable interest, we shall have received just payment. One of the benefits to be derived from restoring the dollar to its former value is that it will enable us to make an equitable adjustment with Europe without doing injustice to the American taxpayer. By paying the holders of Government bonds in the kind of coin with which Europe can afford to pay, we place ourselves in a position to remove the chief brake upon restored international trade without making the taxpayer bear the burden. The holders of the bonds should not be heard to complain, for the dollars they will receive will still be more valuable than those with which they bought their bonds in 1918.

It has been argued that the uncertainty as to whether the President would use the power to devalue the dollar would prevent economic recovery. That, too, seems plausible; but a little reflection will show that it is not sound. The President would either devalue or not devalue. If he did not see fit to devalue, prices would remain stationary. If he saw fit to do so, they would rise. There would be nothing to induce the belief that any action taken would result in lower prices. Business men and their customers would protect themselves against price advances, not against price depression. The inevitable urge would be to buy, there would be no inducement to sell. The power to devalue, even if never used, would have an inflationary effect. If any proof were needed to back this assertion, the recent trend in the markets furnishes it.

Some of the opponents of the inflationary provisions of this bill have made learned constitutional arguments. They have attacked the delegation of what they have chosen to term legislative power to the President, with special reference to the provision that the President may fix the gold content of the dollar.

It is true that the Constition gives to Congress the power "to coin money and regulate the value thereof." But the same section—section 8 of article I—also gives to Congress the power to lay and collect duties, and to regulate commerce among the several States. The power to lay and collect duties has been, within certain specified limitations, delegated to the President, acting on the advice of the Tariff Commission; and the power to regulate commerce among the States has been, within limitations, delegated to the Interstate Commerce Commission. The Supreme Court has upheld both of these delegations of congressional power. The rule is that when the discretion within which the power delegated may be exercised is limited, there is no unconstitutional delegation of authority. The pending bill has provided such a limitation. It states that the President may not reduce the gold content of the dollar by more than one half.

Germany is the ogre that has been conjured forth by the defenders of the status quo to warn us of the terrible dangers which will befall us if we expand the currency. No one wants the kind of inflation Germany had. No nation with $400,000,000 of gold could have that kind of inflation. Certainly the issuance of $3,000,000,000 in additional currency would not bring it. Under the limitation of this bill, even if the President were to use all his power, the dollar could not become cheaper than the dollar of 1926. A reduction so limited would do injustice to no creditor, would confiscate no investment, would oppress no consumer. We shall not be lighting our cigars with any of the new currency!

Let me say in closing that the question before us today is not whether we shall have inflation or not. The possi-

bility of avoiding inflation is long past. The question is whether we shall have controlled inflation, limited by law, or uncontrolled inflation, forced upon us by inexorable and uncontrollable economic forces.

For we are rapidly drifting into a position where the latter alternative will be inevitable. With the sources of income drying up, with the income tax bringing in thus far in 1933, $300,000,000 less than during the corresponding period of 1932, despite drastically increased rates and greatly lowered exemptions, with the surplus in the Treasury, over $600,000,000 when we came here 2 months ago, now less than $280,000,000; with these conditions not only continuing but being constantly aggravated as the deadly spiral of the economic cyclone completes its work of economic destruction, the time cannot be far off when the Government will have to print fiat money to meet running expenses. Then we shall have the identical conditions which brought Germany to her ruin.

Is not the other the better and wiser course? Take half of the gold out of the dollar, bring debts back to manageable proportions, increase commodity prices, restore the ability and incentive to buy, start the factory wheels moving, put men back to work, employ black ink instead of red in the accounting rooms, replace deficits with incomes, start the revenues flowing again into the coffers of the Government, and make this the happy, prosperous country it by right should be.

Instead of risking the dangers of uncontrolled inflation, the forerunner of bankruptcy and despair, let us undertake a reasonable and intelligent expansion of the currency and a reduction of the dollar to a value consonant with reason and good sense.

The SPEAKER. The time of the gentleman from Minnesota [Mr. CHRISTIANSON] has expired.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 4 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Speaker, we have here under consideration in an amendment to the farm relief bill a proposal to change the fundamental law regulating the Government's function in creating and issuing money, the most vital and controlling issue that has ever come before the Congress. It is my firm conviction that if this Congress will exercise the power conferred upon it by the Constitution to coin money and regulate the value thereof, and give this country a sound, workable, and adequate monetary system, business and industry will automatically restore commodity prices, and resulting profits accruing from business will start the flow of income-tax returns which will automatically balance the Budget, and the people of this country will enjoy a return of prosperity.

What we are seeking to do here is to increase the purchasing power of the people by increasing the value of commodities, which are the products of labor. We must not confuse the purchasing power of the monetary unit with the purchasing power of the individual. "Inflation" is not the word that I think gives the proper definition of what we are trying to do. We are rather trying to restore credit and confidence by supplying that element which we call cash.

We have been trained to do business on credit and credit has collapsed. Now, under the power of Congress to coin money and regulate the value thereof, I think we must restore the primary money by the addition of silver to the gold in our monetary system.

[Here the gavel fell.]

Mr. BROWN of Kentucky. I yield 2 additional minutes to the gentleman from Idaho.

Mr. WHITE. I have before me a chart taken from the report of the Senate Committee on Foreign Relations prepared by the Federal Reserve Bank of New York, which shows the relation of commodity prices to silver. Let me point out that from 1913 to 1930, when the most violent fluctuation this country ever saw in the price of silver occurred, that the price of wheat and commodities synchronized and followed in their minor fluctuations every movement of silver. This, to my mind, is conclusive evidence that silver controls the price of wheat. Never yet in this country have we had dear wheat and cheap silver. This Government through the operation of the Farm Board, the Reconstruction Finance Corporation, and other Government agencies has poured $4,000,000,000 into our depressed markets trying to raise commodity prices and break the relation which exists between the price of commodities and the price of silver.

Mr. Speaker, I am convinced that the only solution to get us out of this depression is to remonetize and stabilize the price of silver. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Speaker, in one part of my Iowa district martial law prevails this afternoon. The soldiers have come down there because sympathetic neighbors were expected to stand by in an effort to prevent the sheriff from selling the property of an Iowa farmer at chattel-mortgage sale. I have here a newspaper picture showing this thing. And one can see that the sheriff is being backed up by machine guns and by military display. The farmer must lose the property. On with the sale!

I deplore what has taken place out there, but, nevertheless, I want to say something about these farmers. They have been good men. They are good men. They have been good citizens, and they will be good citizens. They are hard-working folks. They want to abide by the law. They are not anarchists. They are God-fearing men. They work from light to night, and their wives and children work with them through the live-long day. By reason of untoward events over which they have had no control and for which they are in nowise to blame and without fault of their own they have been brought to the verge of ruin. By practicing the utmost industry these men are not able to sell their products at a price which will save them from bankruptcy. By practicing the utmost thrift and economy these men are not able to save their property from forced sale under the sheriff's hammer.

Insurance companies, banks, and individuals hold mortgages on the farms of this country and upon the farmers' chattel property aggregating as much as the entire monetary gold stock of the whole world. Under the present monetary set-up it is no more than simple truth to say that the farmers cannot pay these mortgage debts. Prices for farm products are so low that they do not justify shipment to market. Railroads are going into receiverships. The farmer is no longer a consumer of manufactured products. He is forced to live off of his farm. Everyone must be interested in his plight because everyone suffers with him and because this country will never recover its equilibrium until the farmer is restored to his fair share of prosperity and is given buying power. These farmers are conscious of their own diligence and industry and believe themselves without fault, but nevertheless they find themselves unable to pay their interest or their taxes or their debts. They have been made desperate by the economic conditions which have brought about their suffering and their despair. They have now come to realize that there is little hope for them or for their loved ones unless such conditions are speedily changed. And so the militia has come there to patrol the highways and farmsteads and to see to it that the despair and despondency which prevail among them do not lead to open violence and anarchy.

I cannot and do not excuse anarchy. I cannot and do not speak for any group or crowd of men that will so far forget themselves as to enter the halls of justice and, with force and violence, attack a competent and fearless judge. This is reprehensible. The honor and dignity of our State must be and will be preserved. Law and order must and will prevail. But, Mr. Speaker, I have to say that there comes a time when men, driven by long suffering and agony, will forget law and propriety. I regret that this is so. I regret that some of our people have been guilty of great wrong. I do not palliate or excuse their offense. I know that men will always fight for their homes and their loved ones. The primal instincts of self-preservation sometimes impel them

to violence when they believe that their homes are to be devastated and that their loved ones are to be abjectly consigned to economic slavery. It is our duty here and now to so arrange it that the laws will protect the farmer and make it possible for him to reach a degree of prosperity within the compass of the law and not allow him to believe that he shall have any economic security outside of it. Our duty is plain.

For many years this storm has been brewing. During my own membership in this body I have stood on this floor many times and have pointed out the facts and have asked that affirmative relief be given to agriculture. I have said, and I repeat again, that we have been fiddling while Rome burns. Here now in this Congress we should be profoundly impressed with what has taken place in my State. While we deplore mob violence, and while we censure men who are guilty of high crimes against the peace and dignity of our people, and while we profoundly regret that mobs should ever seek to enter the halls of justice, nevertheless we must ourselves deepen our sense of responsibility. We must no longer hesitate. We must rescue agriculture. We must go forward with this bill because it is the only proposed legislation which is designed to remedy the manifest evils attending the farm situation. We are not allowed to amend the bill. We must take it as it is. We cannot reject it. That alternative is unthinkable.

Heretofore the counsel that has prevailed respecting agricultural relief has been the counsel of the old-fashioned-do-nothing crowd of physiocrats; they are the laissez-faire crowd which teaches the philosophy of noninterference, of "hands off", of "let alone." Now, it is thinkable that this philosophy might not be so bad in its effect upon agriculture if it were given universal application. If hands were kept off of every other industry, it is thinkable that agriculture would be in a position to take care of itself. I do not argue this, but I do say that laissez faire has not been the basis of our legislation respecting other matters and in other fields. For example, the Reconstruction Finance Corporation is an instance of high demand for affirmative interference and affirmative action. It is not "let-alone" action. It is, in truth, the most stupendous example of socialist legislation that has ever been enacted by the Congress since the time that George Washington was inaugurated as President of these United States. I do not criticize that act, but think it is noteworthy to remark that some of the men who supported the Reconstruction Finance Corporation are the very men who believe that agriculture has no right to participate in favorable legislation of the same character, and that the laissez-faire principles should obtain as to agriculture but not as to finance, manufacture, commerce, trade, and many other forms of industry.

Since coming here I have heard much of the slogan "less Government in business." And yet I have seen the very men who repeat this slogan come here and demand legislation which puts the Government into various and sundry lines of business with which they, perchance, happen to have an interest. These men want Government regulations and help in banking. They want the Government to engage in finance and trade. They want subsidies and appropriations of money and demand that we shall embark upon many forms of industry. I do not speak against this here today, yet these men want the Government to keep its hands off of farm production and farm industry and farm finance. They are the men who want Government in business, provided the Government will help their business. But they want the Government to refuse help to every other man's business. But this slogan does not seem to be heard so much lately. It is not in good style just now. And this is because nobody seems to want to trust anybody but Uncle Sam, and therefore, your dear old uncle has had to come to the relief of nearly everybody and everything. Whatever the Government may have been doing for agriculture it is plain that there has been no adequate relief so far given that industry for it is now in bankruptcy and economic ruin. It can scarcely be denied that conditions in the farming areas of the country, whose people constitute one fourth of our population, are such as to imperil our national welfare.

But I want to talk about the monetary features of this bill because the chief discussion here this afternoon has been in reference to that subject. We hope and believe that the operation of the bill will expand currency and credit and restore trade, prices, and prosperity. Mr. Speaker, the dollar is now altogether too high priced. It takes entirely too much of labor and of the produce of the farmer in order to get one. When men talk about sound currency they have no right to refer to the present American dollar because, as applied to agriculture, it is an unfair dollar. When men talk about an honest dollar they cannot be talking about the present agriculture dollar, because that dollar is a dishonest one. When men speak with derision of rubber dollars, they must be referring to the present standard monetary bank dollar of trade and commerce, because it is the dollar that has been stretched far beyond any normal or righteous length. Rubber stretches. It stretches out into lengths that are not normal. That is just what the dollar has done with regard to the American farmer. It has been stretched to represent 10 bushels of corn instead of 1 bushel, which is its normal and honest length. Honest money is money that is fair alike to the creditor and also to the debtor. To establish a just relationship as between debtor and creditor, it is absolutely necessary that we have an honest measure of value, just as we have honest and fair measures of length and weight and capacity. When money doubles or trebles in value, the debtor is compelled to pay his debts twofold or threefold or else have his savings taken away from him through legal process. [Applause.]

[Here the gavel fell.]

Mr. BROWN of Kentucky. Mr. Speaker, I yield 1 additional minute to the gentleman from Iowa.

Mr. GILCHRIST. Let me illustrate. I have in my hand a piece of old-time German currency which reads upon its face that it is for 500,000 marks. At one time a mark was worth 24 cents, so that this piece of money then represented about $120,000. A friend of mine gave it to me about 10 years ago. I was curious about it. I thanked him for it and asked him how much it was really worth. He replied, "If you were over in Germany tomorrow morning you could just about buy your breakfast with that piece of money." Think of it! What does this mean? Why it means that one who had been reasonably faithful and diligent and who had practiced economy and had intelligently carried on his business affairs, and had been successful and laid up a competence of $120,000 for his old age, would be compelled to go down into the evening shadows of life with no more than the price of a breakfast! It means that a widow who had an insurance policy for a hundred thousands dollars left behind to her by a frugal and loving husband would have after all nothing more than the price of a breakfast. Nobody can defend such a thing! It is wrong! You know that it is wrong! Therefore we hear much said by our opponents about German inflation as having been a wicked and unconscionable thing. But why do these men stop at this point? It is equally wicked; it is equally unconscionable; it is equally wrong for us to allow a condition to prevail whereby a farmer must pay tenfold in his labor and in his products in order to satisfy his debt. American deflation is equally wicked, just as German inflation was. What difference is there in the principle of the thing? Does any one believe that the farmer can go on under present economic conditions? You talk here about the sanctity of a contract. Is there any sanctity or honor in a contract which requires a man to pay 10 times the amount of his borrowings in order to satisfy his debts, besides paying high interest rates to money changers measured by the same 10-fold formula? How about recent legislation in various States to prevent the payment of the contracts of insurance companies and of the big banking institutions? Understand, I am not against this legislation. It was probably necessary.

If it is wrong to despoil the creditor class in Germany, it is equally wrong to despoil the debtor class in America,

and that is exactly what you have been doing or have allowed to be done to the farmer during these past 12 years of your rubber and dishonest dollars. You have not given an honest dollar to these men and women upon the farms. And it was in point for the old farmer in Iowa under arrest by the militia to say that so long as they had cheap prices they ought to have money proportioned to such prices with which to pay their debts and buy their necessities.

The bill is not just what any one man would make it, but all legislation is a matter of compromise, and this bill goes in the right direction and makes for the redress of great wrongs. Twenty-three and twenty-two hundredths grains of gold are not sacrosanct. Men and men's wives and men's children are. And no sacrilegious hand should be allowed to be laid upon them to take from them unfairly their lives, their happiness, their welfare, their estates, or their homes. Republicans and Democrats alike will support this bill. [Applause.]

[Here the gavel fell.]

Mr. GILCHRIST. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein excerpts from a statement of Dr. G. F. Warren, professor of agricultural economics at Cornell University, Ithaca, N.Y.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The matter referred to is as follows:

WHAT IS PRICE?

Once upon a time, a farmer found that he could get 23 hogs for 60 sheep. At a later time, he found that it required 120 sheep. Why the change? If there were time to question you individually, some of you would say that there were too many sheep at the second date. Others would say that there were too few hogs. Others would give the correct answer, that we do not know. There might have been too many sheep or a reduced demand for them; or there might have been too few hogs or a high demand for them. There are many other possibilities. There might have been a shortage of both sheep and hogs but a greater shortage of hogs; or there might have been a surplus of both sheep and hogs but a greater surplus of sheep. The only way to determine the cause of the changed relation is to compare sheep and hogs with many other things. Suppose we find that hogs exchange for twice the former amount of innumerable things. Who would then be so foolish as to attempt to explain the changed ratio as due to the supply of sheep? But if we change the 23 head of hogs to 23.22 grains of gold, and change the sheep to pounds of wheat, practically everyone says at once that there is an overproduction of wheat. If a bushel of wheat (60 pounds) exchanges for 23.32 grains of gold (otherwise named $1), and if at a later time it takes 2 bushels of wheat to get the dollar, we blissfully explain it as too much wheat.

There are four factors in price, not two as is commonly supposed. This error has been the cause of innumerable business failures and of much foolish legislation. The price of wheat is the ratio of the supply of wheat and demand for it to the supply of gold and the demand for it.

Our present measure of value is a given weight of a single commodity, the value of which changes with the supply of this commodity, and the demand for it in precisely the same way as the value of any other commodity changes.

The "money illusion" is as thoroughly dominant in this generation as was the illusion of a flat earth about which the sun revolved in the time of Galileo. It is almost as dangerous for an economist to challenge the money illusion as it was for Galileo to threaten the foundations of civilization by saying that the earth revolved.

RELATIONSHIP OF GOLD TO PRICES

For 75 years before the war world monetary stocks of gold divided by total production of other things equaled prices in England. During the war prices on a gold basis doubled. How did this occur? For the very simple reason that most of the world abandoned the gold standard and stopped bidding for gold. Gold, therefore, moved to the few places where it was freely purchased. The low demand reduced its value just as the demonetization of silver reduced its value.

When the various countries attempted to return to a gold basis the increased demand raised the value of gold. France returned to a gold basis June 25, 1928, and the gold panic was soon on. Now 31 countries have given up the effort to maintain a fixed price on gold. But they are still bidding for the world's gold supply. It is possible that they will definitely demonetize gold and stop bidding for it and make it cheap again, but this is not probable. The value of gold is determined by world supply and world demand, not by location.

To keep pace with business the world gold stocks must increase as rapidly as the production of other commodities, or about 3.15 percent per year. But the increased use of gold in industry is about as rapid as the growth of business. In order to increase the world monetary stocks by 3.15 percent per year it is necessary that the production be 5.6 percent of stocks, the additional amount being necessary for industrial uses. This would call for production of about 32,000,000 ounces this year. The actual production is about three fourths of this amount.

The present rate of gold production would result in a gradual decline in prices, even if there had been no war. But our major difficulty results from changes in the demand for gold.

During the many years when there was a low demand for gold our debt, tax, and business structure became fairly well adjusted to a commodity price level about 50 percent above pre-war. We are, therefore, in the position of having a world gold supply of only about two thirds the amount required to support the price level to which business is adjusted, provided the former gold-using countries continue to bid for gold. This situation results in such a frantic demand to get gold that even the gold supply which we have is used inefficiently.

Mr. BROWN of Kentucky. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. HENNEY] such time as he desires.

Mr. HENNEY. Mr. Speaker, I wish to address myself to a subject that is not presently new but which has been engaging the attention of the farmers, laboring men, and business men of our country for the past 2 years. I have reference to the subject of expansion of our currency. I wish to go on record as just another voice crying in the wilderness on behalf of our belabored and beleaguered farmer and laboring man. I hold in my hand a rather voluminous piece of money; in fact, it is a foot and a half long by one half foot wide. It represents $2 in credit money. This gigantic piece of money is, to my mind, a signal indictment against the sufficiency of our circulating medium and a telling and explicit argument for the necessity of expansion of our currency. This is only one of thousands of different plans which has been and is being used in hundreds and hundreds of localities of the United States to supplement the money scarcity. This particular piece of currency is one of a series that is circulating in the city of Madison, located in the Second Congressional District of Wisconsin, which State I enjoy the honor of representing in this Congress. Reading the legend on the face of this note explains its particular plan more concisely than I can—

ANTIHOARDING VARIETY

This is a bona fide check printed up in jumbo size to carry 25 endorsements and to call public attention to the number of people benefited by money kept in circulation even for a few days.

Idle money helps no one. Money in circulation helps everybody. So, while this check may be cashed at any time at your bank, we suggest that instead you help keep it in circulation by passing it on within 24 hours to someone from whom you buy something or in payment on account.

Just endorse the check on the back when you pass it along and the twenty-fifth person who receives it should bank the check in the regular way or bring it to our place of business.

What does this mean, and why do business men resort to this procedure? It is proof positive that there is not enough currency in circulation and that business is forced to this type of money as a medium of exchange in lieu of the barter and trade principle. And while we are told that at the present time there is in excess of $8,000,000,000 of Treasury money outstanding, still the existence of such a medium of exchange as this is proof positive that we do not have enough currency in circulation. The situation is analogous to the adage, "Water, water, everywhere water, but not a drop to drink."

According to ex-Senator Owen, of Oklahoma, the records of the Treasury Department in February show that there was about $6,000,000,000 in currency outstanding, but it was not in actual circulation according to his figures. At that time he stated there was about one-half billion in foreign exchanges used for cash and travelers' checks and meeting obligations, or was lost. There was about one billion one hundred fifty million in the safes and tills of some business men who, because of bank closures in their localities or in order to avoid the check tax, had withdrawn their bank checking accounts and were paying wages and small accounts in cash. In other words, it was semihoarding. Over one billion six hundred million was being hoarded in sugar bowls, stockings, mattresses, old books, and so forth. Since that date undoubtedly a large proportion of this has been brought back to the banks which have opened and are

considered sound, but it has been more than counterbalanced by money that is tied up in savings accounts in closed banks. Eight hundred and fifty million was in checking accounts but must be replenished, as it is checked out, so that this amount is really out of circulation. This left approximately two billion one hundred million in circulation, and these figures and conditions submitted by ex-Senator Owen have not materially changed and are practically the same today as they were at that time.

I submit that this is not enough money to carry on the normal flow of business in this country, and that is the reason why such a preposterous condition has resulted which brings into existence this huge piece of currency. This is fiat money in all that the term implies. Necessity may be the mother of invention, but malnutrition of finance is father of this illegitimate offspring. Whenever any proponent for expansion of currency raises his feeble voice in its behalf that old bugaboo is advanced that inflation is all right but if it gets out of control conditions paralleling those of Germany and France will result. In view of the fact that our gold reserve of $4,400,000,000 can on a 40-percent basis be safely expanded to $10,000,000,000 in currency, this is mere persiflage. The currency in this country can be, and has been, expanded and contracted many times in the past without the people even knowing that it had taken place. When President Wilson assumed office in 1913 there was about three and one quarter billion dollars in circulation and an orderly and systematic expansion was brought about at that time so that when he left office we had approximately six and one quarter billions in circulation. That was one of the most prosperous eras of our century. We were continually told that this was war prosperity, and we will accept that partially but not in its entirety. However, I submit that this expansion of the currency of 100 percent had its effect in bringing about the prosperity which we enjoyed at that time. But what did our opponents tell us then? We all remember during the Harding-Cox campaign that their slogan was, Reduce the high cost of living. And the cost of living was high, because beefsteak, pork chops, bread, cotton, woolen clothing, and all supplies in general that came from the farm were high, and in their platform of 1920 they stated, in substance, that this high cost of living was caused by the unnecessary and uncontrolled expansion of the currency, and they pledged themselves to reduce the high cost of living by deflating the currency at least 50 percent. Was this statement true then? Of course it was. This was their contention. They believed it and they proved it, for, beginning in March 1921, a systematic and orderly deflation of our currency was begun, and during the next 17 months this deflation took out of circulation slightly in excess of $2,000,000,000, so that in July 1922 the amount of money in circulation in the United States was about four billion two hundred million, and the high cost of living, beefsteak, pork chops, butter, milk, and other farm products had a real toboggan.

It is true that prices again reached the peak in 1928. This was largely because we had loaned to Europe fourteen billions of dollars with which they were able to and were magnanimous enough to buy our own goods from us with our own money and thereby help to maintain a purely artificial price level. This they did and everything was "hunky dory" until the balloon burst in 1929 and we found ourselves going downhill with four flat tires, no brakes, and a disabled steering wheel; and, Mr. Speaker, I submit that if inflation of our currency in 1914 was even partly responsible for our era of prosperity and if, as contended by candidate Harding and demonstrated by his policy as President, it was responsible for the reduction of the high cost of living and the reduction of the price of commodities, then certainly at this time we are justified in reversing the machinery and embarking on a controlled expansion of currency in some form whether it be by purchase and coinage of silver or by issue of Federal Reserve notes and putting them into circulation, by retiring six or seven billion dollars of tax-exempt interest-bearing bonds, which I strongly endorse, or whether we shall revalue the gold dollar. This is not so material as that we expand the currency by safe and carefully controlled methods, the same as were used by Presidents Wilson and Harding to control the expansion and deflation during their administrations.

I believe it can be stated without serious contradiction that farm prices will rise; interest rates, mortgages, and fixed charges will be cut in proportion to the amount of expansion; the buying power of the farmer will return; the wheels of industry will begin to hum; laboring men in that vast army of unemployed will return to work at better wages, and business and professional men in villages and cities will again be able to meet their bills. The velocity and free flow of money will be set up and as we well know, the velocity in flow of money varies directly as the amount of currency in circulation and also inversely as its value.

This was well illustrated in France where at the time of the World War and still later when the amount of paper currency in circulation was excessive and of course was uncontrolled and was not backed up by sufficient reserve in their treasury. Soldiers who were given their pay in the French currency would have a veritable pocketful of it, and they spent this currency freely because of its cheapness. In fact, the actual amount of money spent as compared with American dollars was in excess of what it would have been had they been using a higher priced currency. This bears out the contention that the velocity varies inversely as the value of the money, or in other words, the more the money the cheaper and easier it is to get and, therefore, the more freely it is spent. Business prosperity depends upon the velocity and flow of money to a greater extent than to the actual amount of money in existence but the amount of money which represents the reservoir or fountainhead of the stream of credit is after all the factor which controls the velocity of flow. No one thing could so stimulate prices and buying power throughout the whole United States and build up the psychological reaction of the business in this country as a carefully planned and orderly executed expansion of our currency. This was well borne out by the reaction of markets the day following the passage of the farm bill with the inflation amendment by the honored body at the other end of the Capitol, when prices on wheat, corn, hogs, cotton, and all farm products moved sharply upward. No other legislation will as quickly benefit the farmer, give him a purchasing power, and raise wages for the laborer and put the unemployed back to work as will the passage of this bill. I am militantly for it. Let us get some circulating fluid into this exsanguinated patient. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield to the gentleman from New York [Mr. CLARKE].

Mr. CLARKE of New York. Mr. Speaker, I have swallowed a lot of convictions in order to vote for much emergency legislation our President felt necessary.

I have voted on the floor of the House for practically two thirds of this bill and sought constructively in our committee meetings and hearings to make the remedies reach back to the benefit of our farmers, so you can see I am willing to give our President a chance under most any farm bill, but when the "elder statesmen" project into a farm bill inflation amendment no. 85 I say I cannot go along, for it interferes with my old-fashioned United Presbyterian conscience.

No such monetary amendment belongs in a farm bill—politics placed it there and the farmers suffer and starve where politics thrive.

As to amendment no. 83, the "cost of production", or the "Johnny Simpson amendment", I want to make this observation: Johnny's amendment had no consideration by our Agriculture Committee and was rejected by the framers of this bill, the doctors of philosophy, professors multitudinous, editors galore; yes, even Secretary of Agriculture Wallace, and all who were sympathetic to the election of President Roosevelt wanted none of it but wanted it kept a secret from Johnny.

This amendment is one of about 50 authorizations freely voted the Secretary of Agriculture in this farm bill. Simpson's amendment was put in there either as a polite gesture

to Johnny for helpfulness in the late presidential campaign, or because somebody fears Johnny, or somebody wants to fool Johnny's followers.

This Simpson-Einstein-Mordecai amendment no. 83 provides that the Secretary of Agriculture must make an estimate (on any farm commodity) based on this formula:

Estimate the percentage, including carry-over stocks, needed for domestic consumption, then determine the average domestic cost of production and a reasonable profit.

Johnny Simpson comes from out in our great Wheat Belt; yet after 12 years' of service on that Agriculture Committee and after hearing over 1,000 witnesses from the Wheat Belt Johnny hails from, on the various industry problems, on wheat alone, down to this day we could get no general agreement from all these witnesses as to the cost of production, so what can we expect from any Secretary of Agriculture. Only yesterday I talked with one of the leading champions of this cost-of-production amendment—after some discussion with me he reduced his estimates of cost of production from $1.56 to $1.01. This partisan claimed, at first, there were only 5 or 6 kinds and grades of wheat, and when I got through with him I made him admit there were over 20, while the truth is there are probably about 90 different kinds and grades of wheat. Such misinformation or ignorance should have no place in this debate.

The next job the Secretary has, after going through this simple formula of arriving at the cost of production, say, of wheat per bushel, so the Secretary can decide on something a thousand wheat producers could not agree on, is to proclaim this estimate price; it then becomes unlawful for any dealer to purchase from any producer the percentage for domestic consumption at less than the proclaimed cost of production. What is left over can be purchased at any old price.

This percentage problem is equal to the one "Amos 'n' Andy" had confront them when they bought a dairy cow and Andy claimed half the milk—but Amos or the Kingfish said the front end belonged to Andy.

The poor farmer will not even celebrate July 4 as Independence Day—that day is gone forever under this amendment. Communism alone can make it work, with Simpson substituting for Stalin.

Title III, section 8, article I, Constitution provides that Congress (not the President) has power to coin money and regulate the value thereof.

Under this inflation amendment no. 85 it is proposed to authorize the President to use three methods to increase the dollar value of commodities.

First. By increasing Federal Reserve credits by $3,000,000,000.

Second. By issuing up to $3,000,000,000 Treasury notes, not secured by gold but on credit of United States, to buy back Government securities.

Third. By devaluing gold content of dollar up to 50 percent. Fix ratio of silver to gold and provide for unlimited coinage of silver at that ratio.

The President is also authorized to accept silver at 50 cents per ounce up to $200,000,000 in payment of any foreign debt.

I hold that the "elder statesmen" got the tail before the horse with this inflation amendment no. 85.

The problem before the United States as I see it is—

There are 12,000,000 of our fellow citizens out of jobs; there are probably another 10,000,000 of our people very hard pressed to get along. The purpose of this bill is to increase the cost of living to one fifth our population who have either nothing or but very, very little.

On the other hand, we holler like hallelujah about surplus—surplus wheat, surplus cotton, surplus this, or surplus that—one half that problem of surplus arises because one fifth our people cannot buy, hence underconsumption—how can we solve this problem, then? It is the major problem in the United States, and this proposal of inflation does not answer it. Give them work means give them dollars, and dollars are equivalent to "purchasing power"; commodity prices will naturally rise; no artificial stimulants will be needed; the law of supply and demand will obtain; there will be no "hang overs" as there are sure to be under inflation.

Work is the major problem in local, State, and National Government; it is part of our job to help provide it.

Work for self-respecting America is the heroic program that should have the complete cooperation of Government, industry, and every patriotic American who can offer even 1 day's work to one of his countrymen.

Sound banking—sounder bankers help breathe confidence and faith; work breeds self-respect; self-respect means Americans will maintain American ideas and ideals.

The flag is our symbol and signal.

Symbol because wrapped up in its folds is the picture of those old farmers, with their trusty flintlocks—who made history at Lexington and Bunker Hill; a symbol of that 4th of July when the refrain of liberty rang out from Independence Hall; a symbol of victory when Cornwallis surrendered at Yorktown; a symbol of the priceless heritage that is ours—bought with travail of soul, with heartthrobs of anguish, with the United States of America's choicest souls, who offered themselves, their all, as the purchase price to start and maintain a great experiment in government. Each of us has his part to play in maintaining that system of government with its three branches so nicely adjusted that even on the crumbling ruins of Old World governments some part of our government is built in their fundamental law. We have these three branches—legislative, executive, judicial.

Today we are met to decide whether a government so conceived and so dedicated can continue to exist.

In times of war our Constitution makes our President Commander in Chief of our Army and Navy, but it takes a vote of the Congress to declare war.

Call this emergency an equally serious time compared with war—still the Congress must function, must vote, should never delegate, dodge, or sidetrack its powers and positive duties.

This supreme Constitution—bought at so great a price—provides that—

> The Congress shall have power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

The language is clear, the intent unmistakable; he who runs may read.

Imagine a Congress from Washington, Adams, or Jefferson down through our history to Jackson or Lincoln, Cleveland, or Teddy Roosevelt, delegating its power, practically upsetting the theory and foundation of our form of government.

That flag today is a signal to me in all it stands for. It calls upon me for action; the farm problem is not a partisan issue; it can and must be settled under the kind of government we have. I cannot dodge my duty. I cannot be a party to delegating my part in representative government. A quarter of a million citizens sent me here to represent them under our Constitution, not to help weaken it.

I am a part of the Congress of the United States. Our country's Constitution says the Congress must decide—not the President—on standards of weights and measures. I shall keep the faith, stick by the Constitution, keep aloft the Stars and Stripes as my signal, representing the kind of a government I shall vote to maintain by voting against this bill with this inflation amendment. God of our fathers.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 2 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER of Kansas. Mr. Speaker, we have heard quoted this afternoon the statement of Daniel Webster to the effect that "he who tampers with the currency robs labor of its bread", and which quotation was referred to by President Hoover in the campaign last fall. I should like, therefore, to direct to your attention this excerpt from a speech delivered by Daniel Webster in the United States Senate on the 22d of February 1834.

> That is to say, in just such a country as the United States are I have supposed that it was admitted that there are particular and

extraordinary advantages in a safe and well-regulated paper currency, because in such a country well-regulated bank paper not only supplies a convenient medium of payments and of exchange, but also, by the expansion of that medium in a reasonable and safe degree, the amount of circulation is kept more nearly commensurate with the constantly increasing amount of property, and an extended capital in the shape of credit comes to the aid of the enterprising and the industrious. It is precisely on this credit, "created by reasonable expansion of the currency" in a new country that men of small capital carry on their business. It is exactly by means of this that industry and enterprise are stimulated. If we were driven back to an exclusively metallic currency, the necessary and inevitable consequence would be that all trade would fall into the hands of large capitalists. This is so plain that no man of reflection can doubt it. I know not, therefore, in what words to express my astonishment when I hear it said that the present measures of government are intended for the good of the many instead of the few, for the benefit of the poor and against the rich; and when I hear it proposed at the same moment to do away with the whole system of credit and place all trade and commerce, therefore, in the hands of those who have adequate capital to carry them on without the use of any credit at all. This, sir, would be dividing society by a precise, distinct, and well-defined line into two classes: First, the small class who have competent capital for trade when trade is out of the question, and, secondly, the vastly numerous class of those whose living must become, in such a state of things, a mere manual occupation, without the use of capital or of any substitute for it.

I referred to this statement of Mr. Webster because I thought it would be illuminating for the House to know what he had said further on this subject and to know that he was really in favor of a "reasonable expansion of the currency." [Applause.]

As I have repeatedly stated, it is now generally recognized that we cannot have permanent prosperity in this country unless the farmer is prosperous—that prosperity, therefore, cannot be restored in this country until the farmer becomes prosperous. It must follow that the farmer cannot become prosperous until he receives an honest price for his products. The present price and the price he has been receiving for the past few years are not honest prices; they are dishonest and deflated prices, which conditions have been going on for so long that he has been reduced to almost abject poverty.

He has been unable to pay his taxes, his interest, his debts, or to pay anything that required cash. The price of farm products up to now has been so low that all the cash money he has seen the past few years are a few pennies. These are not idle words, but have been admitted and readmitted by all those who are familiar with the farmer's condition, stated and restated almost every day here on this floor in Congress, echoed and reechoed throughout the length and breadth of this country, until the courts of the land have stayed the sheriff in his foreclosure proceedings. Every State legislature has granted all the assistance it could, and Congress has passed a law intended to give the farmer a breathing spell for a few years. Incidentally practically every other business in this country is in the same condition as agriculture.

We have in this country the past months been confronted with one emergency after another which has exploded at our feet. We have met them with such actions as seem best, but unless we are able to stop this terrible deflation and increase the price of products all these former emergency measures will have been in vain. We must either have a cheaper dollar—that is, a dollar on a par with the price of the dollar when our debts were created—or all our debts will automatically cancel themselves, and next will go the credit of this Government. We cannot continually drain this credit without replenishing it. Give us a cheaper dollar and nine tenths of our trouble will be over. Taxes will not seem too high, interest and debts can be paid, the old homestead saved, people will have money to spend, jobs will be available, and we will again be able to appreciate our form of government of, for, and by the people and enjoy life as we should.

Those opposed to expansion warn us of the terrible things that will happen by reason thereof. But they could not be any worse than the storm we have been going through and what lies ahead when this deflated balloon hits the ground. As to what method should be followed, many leading economists differ; but the beauty of the bill up for the consideration of Congress, which has the stamp of approval of the President, is that it is bound to succeed, for it provides for all the principal methods of sound and controlled expansion and leaves the administering to the only man in whom the people of this country and the world have confidence—Franklin D. Roosevelt, the President of the United States.

Since the President has taken this country off the gold standard and declared for expansion of the currency, we have begun to see the rays of dawn that betokens a better day and the fulfillment of the new deal.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Speaker, allow me to say that I am for this bill with mental and conscientious reservations. I am not frightened, as are the opposition, by the so-called "inflation provisions" of this bill, nor by the talk that we are about to debase the currency. I am more concerned with not debasing American manhood and womanhood. We have today hundreds and thousands of men and women tramps on the highways and byways of this Nation. Once a proud people, they have become tramps because we have not enough money in actual circulation to do the money business. There is not enough money among the people to enable them to employ and utilize the energy of these men and women in necessary and useful work.

This Nation is bankrupt; every State in this Union is bankrupt; the people of the United States as a whole are bankrupt. The public and private debt in this Nation is about $200,000,000,000—the total property in the United States, even at the high values of 1919, was estimated as worth about $146,000,000,000 and is now worth about $70,000,000,000. How are you going to pay $200,000,000,000 with $70,000,000,000? It cannot be done, unless we first put more money into actual circulation—not by doubling it in the hands of a few international bankers and Wall Street racketeers but by putting it in circulation among the people of this Nation. Call that inflation or debasing of the currency, and make the most of it, it will nevertheless be a blessing to the people of our Nation and of the world.

I will ask my conservative friends and colleagues, What is money? What are its purposes and its functions? Money is not gold; it is not silver. Money as such has no intrinsic value; it is a unit of exchange, a measure of values, a common denominator with which we measure the comparative values of commodities; it is a yardstick with which we measure the comparative values of the things produced by the energy of a people. Money is made by law; demonetize gold today and remonetize silver, and gold would be worth less than silver. Of course, the international bankers want the single gold standard, because they can and have monopolized it, to the misery of millions and all but the destruction of this Nation.

The gold standard is the result of a superabundance of ignorance on the part of the former lawmakers of this Nation. Unconsciously and under pressure these lawmakers were gotten under the control and influence of the international bankers. It was the international bankers that originated the phrases "sound money", "fiat money", "inflation", and "debasing the currency." These are the phrases behind which the international bankers and Wall Street, the scoundrels that have wrecked this Nation, have found refuge and perpetuated a monetary system that is a disgrace to an intelligent people.

We have heard a great deal on this floor about real money and bank money—credit money. It may be well for us to find out just what credit money—bank money—is as compared with real money. In plain words, credit money or bank money is just hot air—it is make-believe money that does not exist. Bank or credit money is a condition where the banks have on deposit, as they had on January 9, this year, some $42,000,000,000 and only $680,000,000 of actual money with which to pay the $42,000,000,000. The difference between the $42,000,000,000 on deposit and the $680,000,000 of actual money in the banks is credit money or bank money. In other words, bank money or credit money is imaginary money on which the banks draw interest. We talk of the necessity of bank money or credit money, because

the bankers, who live upon interest on money that does not exist, have led us to believe that imaginary money is necessary or essential for our mutual welfare. What we need is enough actual money, in actual circulation, to do the Nation's business and less imaginary bank money or credit money.

The trouble with the people of this Nation is that we have had too much bank or credit money and not enough real money. We have had so much bank or credit money that for every dollar in the banks and trust companies of this Nation on January 9, this year, there were $62 standing out on deposit. How could the banks pay $62 with only $1? That is why we had the bank holiday. We have had so much bank or credit money that this Nation has $200,000,000,000 of public and private debts, when there is in actual circulation with which to pay this $200,000,000,000 less than $1,500,000,000. In arriving at this conclusion we are not concerned with the money outside of the United States Treasury that is in foreign countries or that has been lost or destroyed in the 156 years that we as a Nation have printed and coined money; nor yet are we concerned with the money hoarded and locked up by the international bankers, who no longer have confidence in their own banking system. The truth is we have had altogether too much bank or credit money and not enough real money with which to carry on the Nation's business.

The relief attempted to be granted to the farmers in the agricultural-adjustment part of the bill is based on an erroneous assumption of fact. It is assumed that there is an overproduction of agricultural products, when we all ought to know that the trouble is underconsumption—we ought to know that there can be no such thing as an overproduction of agricultural commodities as long as millions are hungry and in want. There seems to be a sort of lunacy which makes intelligent people talk of overproduction and surplus when, in fact, the so-called "surplus" is due to underconsumption. There are, however, hopeful signs that this disease has about dissipated itself, and that in the near future we will be able to approach the causes of this depression—want and starvation—in a rational manner.

This bill, as originally passed by this House, did not make the cost of production the basis of farm relief but fixed the price of agricultural commodities below the cost of production and made that price the maximum as well as the minimum. However, John A. Simpson, the national president of the farmers' union, persuaded the Senate to adopt an amendment giving to the Secretary of Agriculture the power, in his discretion, to give to the farmers the cost of production for that part of their commodities consumed or used within the United States. If the Secretary will use this power, then there is real merit in this part of the bill. I am not concerned so much with the constitutionality of what we do here, neither am I concerned with the power that we give to the Secretary of Agriculture, because the farmers will take care of the Secretary of Agriculture if he does not use this power in the right way, as has been stated here by my friend and colleague from Iowa, who has just told you what they did to a judge in his State.

Again, the agricultural credits provided for in this bill will not meet the hopes, demands, or needs of the farmers. It provides for $2,000,000,000 tax-exempt, 4-percent interest-bearing bonds, the interest but not the principal to be guaranteed by the Government of the United States. These bonds are, as far as possible, to be exchanged for existing bonds and mortgages. The farmers are to pay from 4½ to 5 percent interest for the first 5 years and after that an additional sum for the amortization of the loan. The amount of the loans to the farmers is limited to 50 percent of the value of the land and 20 percent of permanent improvements. Very few farmers will be able to qualify under this limitation. In addition, the farmers who are able to qualify will have to buy stock to an amount equal to 5 percent of the amount of the loan. This part of the bill provides rather for relief to the mortgagees and the bondholders of the Federal land and joint-stock banks than to the farmers. It is not altogether a square deal or a new deal to the farmers. If liberally construed it may do some good.

The currency-expansion part of the bill gives to the President of the United States power to expand the currency by $3,000,000,000 by causing to be issued Federal Reserve notes or United States notes with which to purchase bonds or other obligations of the United States Government. But who holds the bonds and other obligations of the United States Government? The large banks; here we have no real currency expansion. We have another case of expanding the currency in the hands of the banks, but not in the hands of the people who need it.

This bill also provides that the President may reduce the gold content 50 percent in our dollar; he may double the value of gold—make two dollars out of one. Again we ask, Who has the gold? Our answer is, the international bankers, the Federal Reserve banks, and a few private individuals. The gold in the United States Treasury does not belong to the Government of the United States. Most of it is held in trust for the holders of the outstanding gold certificates and Federal Reserve and other notes. The Government is the actual owner of only about 142 million of the gold in the United States Treasury. Therefore, we conclude that this kind of expansion of the currency is simply expanding it in the hands of the bankers and money changers, and not in the hands of the people.

However, such expansion may do some good, but it is not the best kind or the most rational expansion. Real expansion would be to furnish money to the people of this Nation through the provisions of the Frazier bill and the Patman bill. Therefore, when I vote for this bill, it will be with mental and conscientious reservations, hoping and knowing that the President of this Nation will use it in the interest of the people of this Nation to the best of his ability. It is not the kind of bill that I had hoped we would give to the President so that he could abruptly end this depression, which, as I stated before, had no business to exist. [Applause.]

Mr. BROWN of Kentucky. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Speaker, it has been reiterated on this floor many times during the past few weeks that we have $4,000,000,000 of gold in this country, and this is sound money. A short while ago we passed a law making it a crime to use this money. We went even farther than this, and we put this precious metal in a class with bootleg whisky, entailing suitable penalties if you were even found in the possession of gold money. So if an officer now tapped your hip pocket and found a purse of gold, you would be up against the same proposition as if he had found a pint of bootleg whisky. [Laughter.]

For the past 70 years we have not only accepted from Wall Street the interpretation and definition of what is sound money but also the administration of the sound money system in this country, until tonight this country stands closer to the verge of revolution than it ever did in its entire history. No such money oligarchy as the octopus with its belly in Wall Street and its tentacles everywhere sucking the life-blood out of the American people ever cursed a nation. It is useless to talk of a new deal unless and until we have broken the strangle hold of this money power over the economic life of the country.

Mr. Speaker, I no longer have faith in the leadership of big business. I looked with apprehension on the mad orgy of speculation which resulted in the crash of October 1929. I hoped big business knew the limits of safety. They did not know. They squandered billions of our savings over all the world. They squandered other billions at home. They diverted the people's resources from honest investment into dishonest speculation. They used eight billions of the resources of the Federal Reserve banks in stock and bond exploitation. Events have proved that they were dishonest as well as blind. For a profit they bribed the creation of fictitious securities in foreign lands on which to squander the people's money, and then defrauded our Government of the taxes on their illegal gains. Compared with these men as a public enemy, Al Capone was merely the rowdiest boy

in a noisy town. Yet these men absolutely control the financial life of this country. They blindly led us into this ruin and they are helpless to get us out. And yet we look to them and their system for guidance in the monetary affairs of this Nation. They are for the gold standard. They are for the sanctity of the currency. They are for sound money. They are the real Government.

Under this regime government in this country for the past 60 years has been a conspiracy between business and politics to plunder the people. If we could blunder out of this disaster with the money power intact and entrenched, it would be like fighting the World War and not winning it. It would be the crowning loss of the most disastrous era in the history of America.

When I read of a Senator of the United States standing before 500 big bankers and brokers of Wall Street and pleading with them to let this Nation live, I could not help thinking of 500 lampposts. I make this statement advisedly, and if it sounds radical I want you to bear in mind that I am voicing the bitter thought burning in the hearts tonight of tens of millions of desperate, distressed, despairing American people.

The real issue before this Congress and before the administration, the question into which all other questions may be resolved, is not these fine-spun technical and constitutional questions that able lawyers discuss here, but that question is whether, through the orderly processes of a national election and through the ordinary procedure of legislative enactment, we can rescue this country from this terrible condition and establish a new deal.

This is the real question. I hope the answer may be "yes", and this hope dictates every vote that I am casting for every one of these administration measures; but if the answer is not "yes", then all I have to say is that I hope I may linger on the scene until I see what the answer is, and I will do so with the assurance that it will be a genuine American answer. [Applause.]

Mr. Speaker, I did not intend to make these remarks but was stirred to them by things said in debate against this bill, and I, therefore, ask unanimous consent to extend the remarks in the RECORD, which I did intend to make.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, this brings us to the question, What price gold standard? In his great effort at Des Moines—and it impressed me as a great effort, an effort that alarmed the Democratic Party—Mr. Hoover graphically and dramatically painted the dangers threatening the Nation in the spring of 1932. He depicted the country as drifting toward an abyss, into which the whole national structure might topple. He even fixed the time ahead when the crash was to occur, and then, like the hero in the melodrama, he depicted himself as rushing out upon the stage of national action at the psychological moment and saving the Nation. He saved it by saving the gold standard.

Then he reviewed the saving of the gold standard from the vandal hands of the Democratic Party from 1896 down to the present time. But it all served only to raise in my mind the question, If the gold standard had to be saved many more times what would there be left in this country to save?

For 60 years this Nation has preserved and maintained the gold standard, and now the Nation is bankrupt. It is mortgaged for more than it would bring under the hammer. We slave in vain to pay the interest. The principal can never be paid. The fact may as well be looked in the face. The people of the United States can never pay, and every move we have made thus far only adds to the volume of the impossible burden. The pending inflation amendment throws the first ray of light over this gloomy picture.

Many causes have contributed to the present economic collapse now prostrating this country. The war debts, overspeculation, overcredit, overgovernment, prohibitive tariffs, the machine, and maybe to some extent overproduction. But the depression has finally resolved itself into a money famine. Money is now the only thing having any value, and the people have no money. It is too valuable to invest in any other form of property. Like the Kohinoor diamond, it must be locked up in steel vaults.

The inflation amendment to the farm bill is the first legislation proposed since the depression began to afford not only emergency relief but to establish a monetary system to insure against recurrence of this disaster.

The Senate amendment embraces four distinct monetary propositions, and I shall note and briefly comment upon them in the order in which they appear in the amendment. The President is authorized, in his discretion—

First. To authorize the Federal Reserve banks to purchase in the open market, and hold, obligations of the United States in an aggregate sum not to exceed $3,000,000,000. The Secretary of the Treasury and the Federal Reserve Board, in the exercise of the power conferred upon them to prevent undue credit expansion, may very greatly limit or negative any appreciable inflation of the currency under this provision. If this provision shall produce the same lack of results in the way of expansion as have attended the billion-dollar expansion amendment to the home loan bill, the Reconstruction Finance Corporation Act, and the emergency banking legislation of this session of Congress, I shall not be greatly disappointed. The worst condemnation of this provision is that every antiexpansionist is for it.

Second. The second provision in the amendment provides that if the first provision fails to produce the desired expansion of the currency, then the President is authorized to direct the issuance of United States Treasury notes under the Legal Tender Act of February 25, 1862, the Greenback Act, up to the amount of $3,000,000,000, for the retirement of that amount of United States obligations, not the mere holding of such obligations as in the first provision, and for the retirement of such notes at the rate of 4 percent annually, and declaring that said notes shall be legal tender for all debts, public and private.

This is genuine expansion of the currency. If the entire credit structure of the United States must rest upon approximately $4,000,000,000 worth of gold, there is sufficient even on this basis, the basis being 40 percent of gold to 60 percent of Government bonds, to easily sustain this expansion of $3,000,000,000. On the basis of $4,000,000,000 gold locked up in the vaults of the Treasury, we could have a circulating medium of $10,000,000,000 permanently in the hands of the people, whereas we now have something like half that amount of money in existence, but not in circulation.

Third. The third provision authorizes the President to reduce the content of the gold dollar to the extent of 50 percent and to coin silver at such ratio to gold as he may fix and to provide unlimited coinage of both metals at the fixed ratio. I wish that instead of reducing the content of the gold dollar, we were providing for the remonetization of silver at a ratio sustained by the relative ratios of production of these two great money metals of the world; and that ratio of production, and therefore of value, is not now and will not be to exceed 16 ounces of silver to 1 ounce of gold.

Fourth. The fourth provision in the amendment authorizes the President for a period of 6 months to accept silver in payment of foreign debts in an amount not to exceed $200,000,000, at a price not to exceed 50 cents an ounce. I will not go into the details of this provision. I accept it because it has been accepted by all the friends of silver in another body. It will do little, if anything, to stimulate domestic silver production because domestic silver cannot be produced at 50 cents an ounce. It may contribute something to the international rehabilitation of silver. It may contribute something toward betterment of financial and commercial relations with the other nations. It is a minor item in the inflation program. It is both last and least.

So long as we are going to adhere to a metallic standard of value, that standard needs a broader base than is afforded by one metal. Even the free coinage of both metals at a ratio of 16 to 1 would not in many years afford the volume of currency permissible under the inflation amendment to the farm bill, because the silver is not to be had, and it would

be inflation based upon the two metals which have been the world's medium of exchange, with silver vastly predominating, since time immemorial.

I mentioned a while ago that the worst condemnation of the first provision of the inflation amendment, the provision authorizing the Federal Reserve banks to speculate in Government securities, was that it was the only provision of the amendment having the support of the deflationists. They are against all the other provisions, but have nothing to offer in place of them. I want to point out one of the features they are against which I have not heard mentioned thus far in the debate.

They are hidden beauties in this inflation amendment. They are treasures not discernible at first glance, pay dirt which has to be uncovered by the editorial pick. According to an editorial criticism I read this morning, one of the hidden treasures of this amendment is that gold bonds may not be payable absolutely or only in gold. I want to read two or three paragraphs of this remarkable editorial, entitled "Bonds Payable in Gold", and comment briefly on them.

I read:

When the Senate passed the inflation bill it left one vital question still in doubt. Are Government bonds, which are promises to pay their face value in gold dollars of specified weight and fineness, to be paid in greenback currency? A number of Senators brought this issue forward, but a motion to clarify the meaning of the Inflation Act was voted down. Hence the question is left to the House.

As the Senate passed the inflation measure it provides that $3,000,000,000 in greenbacks, supported only by the credit of the Government, may be issued and that they shall be legal tender for all debts, public and private.

Note particularly that these Treasury notes are "supported only by the credit of the Government." They are supported only by 120,000,000 honest, industrious, and patriotic people. They are supported only by $400,000,000,000 in fabricated wealth. They are supported only by 4,000,000,000,000 in natural resources. Surely the Israelites whom Moses found worshiping the golden calf were not more blind and idolatrous than the worshipers of the golden dollar.

I read on:

A Senate amendment would have made the proposed new currency legal tender for the settlement of all private debts, regardless of whether they contained clauses requiring payment in gold, but it would have required the Government to pay its bonds in dollars of the present gold value.

So it is all right for the Government to deprive the owner of a private debt of his pound of flesh and make him take a half pound, but the owner of a Government debt is to be placed in a privileged class and get what under this new legislation will amount to 2 pounds of flesh.

The owners of tax-exempt Government bonds ought to be satisfied that they have their money in the only investment now worth anything in this country, and not in farms and homes and factories. Further comment would be wasted on such a patently unjust discrimination in favor of hoarded tax-free wealth.

But the best of this editorial assaying is yet to come. I read again:

The Supreme Court does not appear to have passed directly on this question. Some of its opinions suggest that payment of the gold bonds as specified can be enforced. Others indicate that the broad power of Congress over money would render the gold clause in the bonds inoperative. What the Supreme Court might say on the issue at present is a matter of conjecture. But surely Congress ought not to leave such a vital matter of policy to a decision of the Supreme Court on the question of its constitutionality. It is to be hoped that the House will meet the issue honestly, leaving nothing to conjecture when this measure is sent to the President's desk for signature.

Suddenly the poor rubber-stamp adjunct of the Government set-up known as the "House of Representatives" achieves independence, dignity, and importance. The Senate deliberately decided to do the dishonest thing. The Supreme Court is not to be trusted. The fate of little Eva is in the hands of the House. The humble Representatives of a Nation of people who have no jobs, no bonds, and no money are to be the last refuge of the gold standard.

The Senate has already failed. The cause for the doubt about the Supreme Court is probably to be found in the *Legal Tender cases*. In the *Legal Tender cases* the Supreme Court decided that bonds of the United States payable in dollars were payable in whatever forms of currency the Government fiat declared to be dollars at the time of payment, in those cases in depreciated greenback dollars, although at the time the bonds were issued gold and silver were the only forms of currency.

It is true, as pointed out in the editorial, that the exact question at issue—to wit, bonds payable in gold of a fixed weight and fineness, as gold contracts now read—was not an issue and was not decided in the *Legal Tender cases*. But the Supreme Court may be a growing organism. It may be in step with the times and responsive to the needs for a new deal. So the question is, What will the House do for the poor gold-bond holders of America?

My answer is that the poor bondholders of America will have to take potluck with the rest of the people who have to pay these $20,000,000,000 of bonds and three quarters of a billion dollars annual interest on them. No favorites can be played in a new deal.

Only one question has been raised in debate about the inflation amendment which gives me any trouble. The question to which I refer is how this new money shall be put in circulation and in the hands of the people. It is pointed out by the opponents of this legislation that only $200,000,000 were issued by the national banks of the country under the billion-dollar expansion amendment to the home loan bill passed by the last Congress, and that only 40 millions have been issued under the emergency banking legislation passed by this Congress, although the Federal Reserve banks were authorized under it to issue money based even on promissory notes, and that perhaps the greater part or all these comparatively small issues have been locked up in the banks to strengthen their cash reserves, and thus resulting in no inflation of the circulating medium.

It has also been pointed out that of the two billion and odd dollars put out by the Reconstruction Finance Corporation, more than three fourths of it has gone into the banks to pay corporate debts and remains there, and that nothing put out by the Federal Reserve System through the Reconstruction Finance Corporation has added materially to the volume of money in circulation. Nothing seems to make money circulate. The opponents of this amendment suggest nothing.

The only method I can see whereby money can be put in circulation and in the hands of the people to stimulate employment and buying power and start an upward spiral is an enormous national public-works program, and I do not mean by that $2,000,000,000. It should be $5,000,000,000 or $10,000,000,000, and it should be paid for not by additions to the already crushing bond load of the country but by noninterest-bearing notes of the United States, receivable for all debts, public and private. It is said that a national construction program is to be, and, as I see it, must be, a part of the completed program. If the great expansion of the currency and a great national public-works program do not turn the tide, we will know then that it is beyond the power of government to turn it. Out of all the welter of proposals, of remedies flooding the Congress, these two propositions shape up clearly in my mind.

I am not worrying about what the President will do with the monetary power conferred upon him, although I realize that in passing this measure Congress has shot its bolt and is through. If I may use the expression in this connection, I have come to the conclusion that the Presidential bite is much worse than its bark. The President tells you with a smile that this is not going to hurt a bit; but when he hits, it is a knockout. The program is being put over, a program which involves a material reorganization of the Federal Government and a material reorganization of the entire economic structure of the country. No such program has been attempted in American history, because never before has this country been confronted with such an emergency.

It is more important now that we should put over the program and do the things that the masses of the people want done than that all these things should prove sound after they are done. It is in our hands to restore confidence in government, in its responsiveness to the will of the people, and that is what we want in this country, more even than confidence in banks or bankers.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Speaker, you have heard reference here today to all the ancient philosophers from the Chinese, Menceus, to Solon, the codifier of the laws of Greece, on down to Captain Kidd, and probably Martin Luther. However, I am afraid a great deal has been said that has not been crystalized into the thought that is in the minds of the people back home.

I have not heard here what I had hoped to hear, particularly from my side of the House. It is known everywhere that I am and all my life have been a stalwart Republican. I so expressed myself on the floor of this House many years ago. I am a Republican and expect to continue Republican, but there are times when leadership ought to define something to take the place of a bill like this alleged iniquitous measure that you are about to put through, and which I am going to help enact. I am going to help put it through because we have nothing better, and I am not afraid of the result of its administration.

You may believe because I am from Pennsylvania that we only think of gold and talk in terms of the gold standard, because my State furnishes a large part of the income tax.

If you will let your minds go back to 1907, you will recall very clearly that the country was wrecked and ruined because we did not have enough currency, and we passed the Vreeland bill for $500,000,000, but, as you know, it was too late to get it distributed. Then we passed the Aldrich bill. Today we have something else, but for the same purpose. The only phase of the measure that seems to be in controversy relates to what is termed "inflation." We do not know what they called paper money during the Revolutionary War, but it seems Robert Morris got through with it, as did Abraham Lincoln during and after the Civil War. There was depreciation, but there was reason for that. Following the Revolutionary War we were poor and possessed limited resources. At the end of the Civil War both North and South were exhausted, with the best men produced throughout modern civilization, North and South, a sacrifice. We had spent over $4,000,000,000 and owed practically every nation in the world, and yet in 14 years after the close of the Civil War specie payment was resumed.

Since then the Nation has increased a hundred times in wealth, has half the gold of the world, and all the world is indebted to us. Therefore, whatever this Government issues in the shape of money, it is strong enough to redeem it. I would as soon see the "inflation" applied by paying the soldiers the balance of their bonus, and it may be the President intends doing it that way.

My reason for voting for the measure is to help restore prosperous industrial conditions, with work for labor and prices for the farmer, thus ending the unhappy economic conditions which stare us all in the face, with no promise of relief from any other source.

Finally, this whole matter resolves itself into a question of trusting this vast power into the hands of the President and his advisors. I know the President and have faith that he is honest and able and will not be "hooked" by any crooked European diplomacy; the Secretary of the Treasury, Hon. William H. Woodin, is a Pennsylvanian and from early life has been an outstanding leader as a great manufacturer and financier. He can be relied upon, because he is honest and able. Secretary of State Cordell Hull, who spent much of his life in the House and the Senate and whom most of us know intimately, has the right kind of experience, and with Mr. Woodin will render great service to the President. And there are other men of ability and trustworthiness in the Cabinet, but these three men I do not hesitate to pin my faith to and trust for results that will quickly bring the Nation back to the highway of prosperity, with a "controlled inflation" doing no harm but returning a blessing to every manufacturer, worker, farmer, and all men who carry mortgages or indebtedness.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Speaker, it is difficult for me to understand how my colleagues can fail to support this bill. I believe it is one of the most constructive measures the President has recommended. It is common information that about the only thing that is scarce in America is money. We have a surplus of almost everything, and yet under our system of finance we find ourselves utterly without a medium of exchange adequate to carry on trade and industry.

My friends, the only way to bring about reestablishment of trade and industry in our Nation is to put sufficient money in circulation throughout the country to reestablish credit.

I believe that the next constructive measure which should be enacted by Congress is the making of deposits in banks secure. You may call it deposits insurance or you may call it a deposit-guarantee law. With this currency-expansion measure and the bank-deposits guarantee measure enacted the people will have confidence in their banks, confidence in the financial system, and it will quicken trade and industry. These two measures, if enacted, will reestablish confidence in the minds of the American people and our other difficulties, in a way, will take care of themselves. We have commanded our citizens, under penalty of law, to put their gold and currency back in the banks. Therefore we should enact legislation which would make bank deposits just as safe as Postal Savings deposits. I favor the amendment before us for expansion of the currency, and regret that I have not time to further discuss it. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield one half minute to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, I expect to vote for this amendment and for the agricultural bill when amended, with the hope that it may do much good for the American people through its passage. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, first of all let me express my appreciation for the patience of all the Members who have remained here 7 hours today during this debate. Seven continuous hours of debate is naturally fatiguing, and I am reluctant to trespass on your time at 7 o'clock in the evening. I am as reluctant to say anything as was Jim Brown who was apprehended for stealing chickens, in spite of the fact that the chicken coop was locked and barred and guarded by a bulldog. They apprehended Jim in due time and took him before the judge. The judge expressed some curiosity about the purloining of chickens under such difficulties, and said, "Jim, tell me how you got those chickens out of the coop." Jim would not say a word, but the judge importuned him to answer. Jim remained silent. Finally he said, "Judge, I'll tell you. If you want to indulge in any rascality, you better stick to the bench where you are familiar." [Laughter.]

Perhaps I ought to stick to subjects with which I am familiar, and I confess my lack of familiarity with inflation. However, I want to leave this thought with which to wind up the debate on the minority side. I suppose this matter of inflation ought to be clear to everyone by this time, after 7 hours of debate, and yet I must confess that I am confused and unconvinced that this measure will do what it is designed to do.

First let us consider the effect of inflation on the consumer, particularly the man who is out of work. Out in Illinois I have a little bakery. I have watched the wheat market. Flour has advanced a dollar a barrel in the last week, along with shortening and yeast and all the ingredi-

ents of bread. These commodities have all advanced, because the market is responsive to the inflationary sentiment of the country. If prices of ingredients continue upward, I suppose I must go to the people who are now buying bread at 5 cents a pound from our bakery and say, "I am sorry, but because of inflation it is now necessary to raise the price to two loaves for 15 cents." If 1929 commodity levels are restored, bread may go to 10 cents per pound. How are you going to get away with an answer like that when you still have twelve to thirteen million jobless people in this country? Does it not appear that inflation instead of being an aid to distressed, unemployed people, simply aggravates their distress and misery? This bill does not do anything for them. It does not create a single job. It does not solve the unemployment problem. It does not go to the root of our present acute problem of the jobless army.

You say to me that inflation will make business, develop industrial activity, and thereby create jobs, and that it will make money available to those who need it. Let us see about that.

Yesterday morning there sat in my office the operating vice president of a corporation that has several large plants. He seemed quite discouraged. I said to him:

Why so low in spirit this morning?

His answer was this:

Briefly, we are selling manufactured goods from our accumulated inventory. We have four or five million in cash on hand, and we're not turning a wheel. We have a real problem on our hands, and inflation will not help nor make jobs, because it's not money we need but customers with purchasing power.

Imagine being up against that kind of a problem when you are in business on a large scale and sincerely anxious to restore men to their old jobs in your factory. He, as operating vice president, can see no hope in this bill so far as jobs are concerned, so where does it affect the man without employment who is in dire need of help?

So far as the average citizen is concerned, if he needs and wants money he must go to the bank to get it, and to do so he still needs good collateral. Since most of them have exhausted their collateral long ago, where is the benefit of making two dollars grow where one grew before if the average citizen cannot avail himself of it?

When this session adjourns and I return home and find that the swing of prices is still upward, there will be nothing else to do except to put up prices in line with commodity prices. What a distasteful thing this would be. What a terrible answer to men who are unemployed, to women with gaunt faces, to children suffering from malnutrition and want. Yet what alternative is there under inflation?

Business men are in the nature of things constrained to raise prices as the general price level of commodities rises, because the inspiration for such action is here in this inflationary bill. Tell me where the benefit is in the bill as a matter of hard and practical reality? By this time we ought to be clear on this point; yet here we have had 7 hours of debate, and I am just as much in the air and in doubt about the result of this thing as I was when we started, because a convincing case has not been made on the floor today. [Applause.]

(By unanimous consent Mr. DIRKSEN was granted leave to extend his remarks in the RECORD.)

Mr. Speaker, this extension of remarks is not a speech. It was not delivered on the floor of the House, and I say that because I do not wish to have the impression go out to my people in Illinois that this was an impassioned speech delivered in the Chamber, for, as a matter of fact, it is simply an elaborated statement prepared by me in my office as a supplement to the remarks which I did make on the inflation amendment to the Agricultural Relief Act on the floor of the House.

It was my privilege to conclude the debate on that measure for the minority side, but unfortunately there were only 4½ minutes available and the statement which I made in that brief time was manifestly not conclusive and could not in the nature of things be very comprehensive. I am therefore making this statement as a supplement to those remarks, so that my conclusions on the inflation bill might become a matter of record.

Much was said during the general debate about the further usurpation of legislative power by the President through the authority vested in him by the terms of the inflation amendment. Much has been said in the press about a dictatorship and about the supine abdication by Congress of its constitutional prerogatives. Even so ardent a supporter of the President as William Randolph Hearst now inveighs against the President for this seeming usurpation of power. All this railing at Congress for abdicating its power and at the President for usurping such power comes with poor grace. Most of the gentlemen who are now holding up their hands in horror at the prospect of a National Legislature shorn of its legislative power on the most momentous matters failed to utter a word or lift a hand against the notorious economy bill where this usurpation of power began. This bill denies to a veteran the right of judicial review of his case. It denies to a veteran the right to have his case reopened when once disallowed by the Bureau, even though new evidence has been uncovered that might alter the equities of the case. In many other respects this economy bill is drastic and sweeping in its provisions, and yet so many of the distinguished gentlemen who now make a great hue and cry against various pieces of legislation before Congress on the ground that they constitute a violation of the Constitution and an invasion of legislative rights, voted for the economy bill and justified that vote on the broad ground that they were supporting the President.

To argue against usurpation now comes with poor grace. The damage has been done. It started with the economy bill, and the time for lamentation is past. I am happy to reflect that I voted against that bill because every argument in the House on the surrender of constitutional power confirms the propriety of that vote.

In that bill there was approved a general pay reduction of 15 percent for all Federal employees and a drastic scaling down of veterans' benefits. Now we come along with an inflation bill designed to raise prices. From the President's inaugural address I learn that he would immediately address himself to a restoration of purchasing power of the people and to providing jobs for the jobless. I would welcome information as to how the cutting down of wages and the raising of prices will restore purchasing power. To me it seems a further impairment of purchasing power. Anticipating the passage of the inflation bill, prices have moved upstairs and wages have gone into the cellar. How, then, can you expect, through the instrumentality of an inflation bill, to get both wages and prices on the first floor, so that the two will bear something of a normal relationship to each other.

What will inflation do for the 13,000,000 people out of work? Do they derive any benefit from the fact that the stock exchanges are enjoying an orgy of speculation? Does it help them to know that there are 5,000,000- and 6,000,000- and 7,000,000-share days and that the ticker is an hour behind the floor quotations? Many of them—yes, millions of them—are now securing public relief. Inflation will not enlarge the allowance they are now receiving from relief agencies and organizations, but it will skyrocket the prices which they must pay, even for the ordinary necessities of life, so that after awhile the allowances which they now receive will only buy two thirds or perhaps half as much as it did before. The result is a greater aggravation of their distress and their misery, more hunger, more malnutrition, more agony. Let any man point out to me if he can what the mass of jobless can expect from inflation except more grief and more worry.

It is hoped that inflation will make available to business and industry money which they may need to begin or to enlarge operations. As I see it, that is not industry's problem right now. What business is looking for just now is customers with the money to buy its products, and no man has yet set forth any kind of a convincing case to show that industry will benefit by inflation or that it will create a single job.

My interest is in jobs for our unemployed. The program to provide jobs should have headed the procession of legislative proposals messaged to Congress by the President. Instead it comes at the tail end. You can create money with a printing press, but you cannot create wealth with such a piece of machinery. Wealth will be created only by the brain and brawn of the millions who have been idle, lo, these many years, and inflation contains no single promise that they will be restored to work.

To be sure, inflation will raise the price of wheat and corn and aid the farmer, and for that I am sincerely happy; but will the farmer be much better off under this particular type of inflation if the benefit derived is offset by proportionately higher prices for everything that he must buy?

I am not categorically opposed to the principle of inflation at this time, but I am opposed to an inflationary measure that fails to spread its benefits to the great mass of people who are in distress. The Senate amendment which provided for the payment of the soldiers' bonus should have been retained in this measure, for then some of the benefits of inflation would have found their way to all corners of the land and would quickly have been placed in circulation, and thus showered some benefit upon every form of business in the land.

No matter how you approach the question of inflation, it cannot be justified unless it serves to restore purchasing power to the millions of distressed consumers, and this it fails to do.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker and Members of the House, I was very glad to hear my old friend, former Governor CHRISTIANSON, of Minnesota, state that he expected to support this bill. I know he is thinking of the same thing that I am. About 10 or 12 years ago I went into Minnesota, in the towns of Worthington and Winnebago and Chrystal Lake, and sold hogs for from $300 to $500 apiece. What are they bringing today, Governor?

Mr. CHRISTIANSON. Three dollars apiece.

Mr. TRUAX. I say to you on the minority side, you may talk about your constitutionality, you may talk about the germaneness of this or that to the bill, but we talk about constitutionality while men are planting revolution in the greatest agricultural State in the world—the State of Iowa. I ask any of you, Were you in their position today, about to be dispossessed from all that you have ever earned, all that you had ever owned, to send your family to the poorhouse or to charity, what would you do? Would you lie down idly or would you pull that judge off the bench as those Iowa farmers did? Is it possible that we shall never open our eyes in this Congress? We talk about constitutionality and about this being germane. Louis XV we heard about this afternoon. When told that his people were starving for lack of bread, he said, "Let them eat grass."

A few hours later his severed head was paraded through the streets by the mob, with grass sticking out of his mouth. A few days ago distressed school teachers in the city of Chicago went to the great bank of Charlie Dawes, a former Vice President of the United States, a man who was loaned $90,000,000 by the Reconstruction Finance Corporation. They pleaded with him, they talked with him, and what was his answer? He said, "Go to hell." That was his answer. Talk about the money lenders! You may as well do as Shakespeare said:

> You may as well go stand upon the beach,
> And bid the main flood bate his usual height;
> You may as well use question with the wolf,
> Why he has made the ewe bleat for the lamb;
> You may as well forbid the mountain pines
> To wag their high tops, and to make no noise,
> When they are fretted with the gusts of heaven;
> You may as well do anything most hard,
> As seek to soften that (than which what's harder?)
> His damnable Shylock's heart.

I say to you that the people of this country and the farmers, unless you give them relief, will take the law into their own hands and they will obtain relief from the crucifixion and plunder of the money lenders of this country. [Applause.]

Mr. BROWN of Kentucky. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. BURKE].

Mr. BURKE of California. Mr. Speaker, I rise in support of the pending bill in spite of the fact that I do not think the provision in the bill relating to the inflation of the currency is by any means the best method of handling the situation. I am firmly convinced that the theories advocated by Professor Fisher, of Yale University, and the plan which he has perfected for controlling currency more nearly meets the needs of our people than the inflation feature of this present bill. But since we are not able to vote for a bill based upon the theory of Professor Fisher, and since I believe that this inflation program will tend to accomplish to some degree what a bill formulated upon his theory would, to the last degree I am going to support and vote for this bill.

The time will come when the monetary structure, at least in the payment of domestic debts, will be patterned after and based upon the Fisher theory. Perhaps it is too far advanced for our present day, but sooner or later the men in control of our Government will recognize the fact that of all the speculations which transpire in our country the worst speculation is in the American dollar.

Last July an article appeared in the American Magazine section of the Hearst newspapers, either written by Mr. Robertson, chairman of the board of the Westinghouse Electric Co., or written by someone as a result of an interview with him, in which he set forth facts which were the last word in analyzing the economic condition of the American people. He indicated that in 1929 the estimated wealth of the United States approximated 350 billions of dollars; that the estimated income annually was 90 billions of dollars; that the estimated cost of government was something in the neighborhood of 20 percent of the estimated income. He pointed out that in 1932 the estimated wealth had depreciated in dollars to approximately one half that of 1929; that the estimated income had likewise depreciated to approximately one half of the income of 1929; and that the expenses of government had remained at a fixed figure. While he did not say so, it was apparent that the depreciation in income and wealth was caused by the appreciation in the value of the dollar, and that by reason of that fact the people of the United States, on income of 1932 and assets of 1932 at the dollar value of 1932, actually owed more money than their assets were worth, and that by reason of the fact that when their debts were contracted in 1929 or prior thereto the purchasing power of the dollar was only approximately 50 percent of what it was in 1932, conversely if the purchasing power of the dollar increased the property value of our people decreased in inverse proportion to the appreciation of the purchasing power of the dollar.

The tragic thing in all depressions is that the depression strikes hardest, as a rule, at 95 percent of the people who can least afford to be stricken, and likewise when we go out of the depression into a period of prosperity, and, after all, these terms are relative, those who benefit the most are the 5 percent of the people who need it the least. There is a reason for that which becomes readily apparent if we examine the facts.

The average member of American society who desires to borrow money does so over a term of years, whereas big business, great corporations, high and mighty financiers, if they borrow at all or if they loan, do so only on short-term credit. What is the result? No more concrete example could be found to illustrate the point I desire to make than to say that any man who borrowed money in 1929 and is obliged to repay it in 1932 or 1933 is actually repaying twice what he borrowed. But big business, whether borrowing or loaning, repays and reloans on such short terms that the fluctuation in the value or purchasing power of the dollar does not concern him because of the short-term credit under which he conducts his business.

This is the ready explanation for the failure of many of the midwestern banks during the last 3½ years. They took in deposits of cheap dollars, loaned out cheap dollars on security that was well worth the amount of the loan when calculated in cheap dollars. But on the maturity dates of the loans, 3 or 4 years hence, the security was worth far less than the amount of the cheap-dollar loans made on it in terms of high-priced dollars, and the net result was that the banks could not liquidate their loans, the depositors who had deposited cheap dollars demanded an equal amount of high-priced dollars, and bank after bank was obliged to close its doors.

How different it would have been and how different it will be some day when we use money as a means of exchange rather than a medium of speculation, because then we will always be trading in, borrowing and loaning, not numbers of dollars but the purchasing power represented by any given number of dollars.

To illustrate my point: Suppose that in 1929 I were in need of a suit of clothing. I met one of my good friends who was more fortunate than I, told him of my plight, and he said he would buy me a suit; we went into a store, I picked out a suit, put it on, and he paid for it. He probably would have paid $75 for the suit. Supposing that instead of telling him at that time that I would pay him back $75, I promised in the near future to buy him a suit of clothing of identical quality, workmanship, and so forth, as soon as I were able. I then found that I could not repay him until 1932, and in that year I did for him exactly what he did for me—went to the same store and procured for him a suit of clothing identical in all respects as to material, workmanship, and so forth, to the one which he had procured for me, only I paid $30 instead of $75. Allowing a fair return or forbearance by way of interest for his being deprived of the use of his money, have not I, in fact, actually repaid everything that I secured from my friend? Or, let the conditions be reversed: If, in 1932, I secured the suit from my friend and he paid $30 for it, and it is 1935 before I am able to make return, during which time the purchasing power of the dollar has depreciated 50 percent, we know that in such a situation the value in dollars of the clothing I am to return to him will have appreciated at least 50 percent. Is it fair that I should pay him $30 in 1935 when the best he could hope to do would perhaps be to buy a coat and vest, or maybe only a coat, of a suit of clothes similar to that which he procured for me? This is a concrete example of that which has happened to the American people, and likewise that is what has happened in every panic from the day of the first one to this day.

Congress has power under the Constitution to control the value of money, that power being given in the section of the Constitution which reads as follows:

> Congress shall have power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

It is significant that in this one clause, the first part relating to money and the second to weights and measures, that in the one instance the framers of the Constitution have used the word "regulate" with respect to money and the word "fix" with respect to weights and measures. It is obvious they intended that there should not be a fixed monetary standard so inflexible and so unchanging that would permit the tremendous amount of speculation that has taken place. And how ridiculous it is that of all the things we need the least, money is the one thing to which we attempt to give an arbitrary value by law.

Under our system a man with $5,000,000 acquired in a period of prosperity can, by judicious investment, in time of panic increase his fortune 2 or 3 times. On the other hand, the man who has acquired a considerable sum of money in a period of depression and keeps it in coin of the realm may easily see it dwindle to one half the value of that which it had at the time of its acquisition.

That is the one reason I am supporting this bill. The President may not exercise the powers given him. He probably will not have to, for the money changers, living in daily fear of having their monetary wealth depreciated to a point that it may be worth only 50 percent of its present value, will be very eager, indeed, to put it into circulation with an agreement from someone to repay in kind.

Just an observation or two as to one or two remarks which have been made by previous speakers. It is most interesting to me and, in fact, quite humorous to hear the very able gentleman from Massachusetts [Mr. LUCE] tell you ladies and gentlemen of the House today that even the pendency of this measure before this body has so affected business that no manufacturer will today buy any raw materials because of fear as to what will happen in the event of the passage of this bill. I imagine the gentleman could not so do, but I am quite sure it would be very enlightening if he could tell us how much raw materials the manufacturers, to which he refers, purchased in the last 2 years of the administration of President Hoover, and that at a time when there was no inflation bill before Congress or even thought of. I am sure that his statement, if he could give us one, would make the argument which he has offered appear most absurd.

Another gentleman on the Republican side, in a most forceful argument, said that this bill was not properly before the House, since it was tacked as an amendment to the agriculture bill in the Senate and made the point, on constitutional grounds, that this bill should have originated in the House. He went so far as to say that by reason of the fact that this bill should have originated in the House and did not, he was fearful that it would not be sustained by the Supreme Court, and he concluded his remarks by saying that there was a day when the Constitution meant something in this House but apparently it meant nothing now.

I am sure the gentleman knows his Constitution better than do I, but there are several provisions of the Constitution which I believe the Members of this House are adhering to strictly in voting upon this bill now, without regard to the constitutional question raised by the gentlemen, because the question he raised pales into insignificance as compared to our constitutional duties under one or two other sections thereof. The first clause in the grant of powers to Congress imposes on this body the duty of providing for the general welfare of the United States. In fact, that suggestion was of such importance to the framers of the Constitution that it was included, in identical words, in the preamble to the Constitution. Therefore, having in mind that of all the legislation that has come before this body during this session this is of paramount importance to the general welfare of the people of the United States, no man dare say that we have forgotten our constitutional oaths, even though we concede for the sake of argument that the gentleman be right in his contention that the inflation portion of this bill should have originated in the House. I would say to the gentleman that to quibble over the place from whence this bill should originate through some constitutional provision, in view of the injunction of the Constitution upon us to provide for the general welfare of the people of the United States, while men, women, and children are on the verge of starvation and many actually are starving and destitute, seems to me to be more of a violation of the Constitution than the course that is being pursued here in attempting to enact this bill into law.

Other constitutional grounds have been urged against the inflation section of this bill. Some have said that the Supreme Court of the United States will not sustain the delegation of power given to the President herein. I am not fearful of that. I am inclined to believe that in the last 10 years the Supreme Court has come to recognize the fact that the decisions of that Court must not be based on hidebound precedent which has outlived its usefulness, but must flee from precedents to facts and changing conditions, and must therefore keep its decisions up to date and in conformity with the needs of the people in the time in which we live. We are given power to regulate the value of money; we are enjoined with the duty of providing for the general welfare; and under the omnibus clause of the Constitution wherein Congress is granted the power to make all laws which shall be necessary and proper for carrying into execution the

powers delegated; I am sure that under these three provisions of that great document none need have fear that the Supreme Court will overturn the act of this Congress in the passage of this bill.

Mr. BROWN of Kentucky. Mr. Speaker, I yield the balance of my time, 4 minutes, to the gentleman from Ohio [Mr. WEST].

Mr. WEST of Ohio. Mr. Speaker, during the course of this debate a great deal has been said about the devastating and distressing consequences of monetary inflation in Germany and other European countries in the period following the World War. All that has been said in regard to this uncontrolled inflation of currency is true. Indeed, the picture could even have been painted blacker than it has been.

One night in Berlin during the period of this money crisis in Germany I had what amounted to a hundred thousand dollars' worth of German marks in my hand and did not have enough money to buy an evening meal. A friend of mine in Germany had an insurance policy coming due at the time of this crisis which was worth more than $25,000 in marks and yet he did not have enough purchasing power in that inflated currency to buy an ordinary hat. In another instance a friend of mine held a mortgage worth 20,000 marks, which is normally worth about $5,000. When he wanted to collect the money on that mortgage he found it would cost him more for a postage stamp than the money itself would be worth when he received it. That was when postage stamps in Germany sold for 30,000 marks apiece. During the period of this crisis a friend of mine in Germany sent a letter to me which required more than $4,000 worth of postage stamps to bring it to this country.

When Germany resorted to the system of uncontrolled currency inflation the most direful consequences resulted. Commodity prices and the general level of values in all lines reached the most fantastic heights until finally the entire monetary system of the country was ruined.

But let us not forget that the Germany of the period immediately following the World War is not the United States of America today. With her huge external debt, involving the payment of reparations, a tremendous deficit in the operating expenses of her Government, and the lack of any substantial supply of gold, it was inevitable that the devastating effects of uncontrolled inflation ruined the money system of the country. In our country today we have a tremendous supply of gold, more than 4 billions out of the 11 billions of the world's gold supply. An embargo upon the exportation of this gold to foreign countries has recently been declared. Both internationally and domestically our country is off the gold standard. Furthermore, through the courageous action of our President the Budget of our country has been balanced and the credit of the Government is not only sound, but unimpaired. With these safeguards existing in our country it is entirely possible for us to adopt a policy of controlled expansion of the currency without the slightest danger to the money system of the country.

It must not be forgotten that there is bad inflation, like that employed in Germany, and good inflation, according to sound monetary principles, as those proposed in the measure before us. Accordingly, this proposal can be adopted without any fear of the disastrous results that accompanied inflation in European countries but with every assurance that its use will be an aid in our efforts to restore normal economic activity and improve business conditions.

Throughout this debate today there has also been considerable discussion with respect to the constitutionality of this proposal. My learned colleague from Pennsylvania [Mr. BECK], to whose discussions of constitutional law I always listen with great admiration and whose judgment in matters pertaining to constitutional law I respect, has in his very lucid exposition made it appear that this measure is of doubtful or questionable constitutionality. It is indeed true that Congress cannot delegate the legislative function to any other department of the Government. This is widely recognized as fundamental principle of American constitutional law. This does not mean, however, that the powers which Congress has a right to exercise cannot be embodied in an act authorizing an administrative agency to put them into effect, in accordance with law, upon the determination of certain facts or conditions. In the case of Wayman against Southard, in 1825, Chief Justice Marshall said:

> It will not be contended that Congress can delegate to the courts or to any other tribunal powers which are strictly or exclusively legislative. But Congress may certainly delegate to others powers which the Legislature may rightfully exercise itself.

In American constitutional law it is entirely clear that the establishment of principles or rules of legal conduct is the essential function of Congress. It is equally clear that this power itself cannot be delegated. But the power to put rules into effect and apply principles, once these are established by Congress, to facts or conditions as they may arise can be vested by Congress in some other governmental agency or department or executive official notwithstanding the constitutional prohibition against the delegation of legislative power.

In the Tariff Act of 1890 there was embodied a delegation of authority which was considered by some as an unwarranted surrender of the constitutional power of Congress. By this act, in order to secure certain reciprocal trade agreements with countries producing certain specified commodities, it was declared that the free importation of such goods therein provided for should be suspended whenever the President was satisfied that the exporting countries were imposing duties upon American products which were reciprocally unequal and unreasonable.

When it was determined that these particular circumstances existed, it was provided that certain duties specified should be imposed upon the goods that were named in the act. This provision was attacked on the ground that it was a delegation of legislative authority to the President, but the Supreme Court in the case of Field against Clark refused to accept this view. In this opinion the Court declared:

> * * * Legislative power was exercised when Congress declared that the suspension should take effect upon a named contingency. What the President was required to do was simply in execution of the act of Congress. It was not the making of law. He was the mere agent of the law-making department to ascertain and declare the event upon which its expressed will was to take effect. It was a part of the law itself as it left the hands of Congress that the provisions, full and complete in themselves, permitting the free introduction of certain commodities from particular countries, should be suspended, in a given contingency, and that in case of such suspension certain duties should be imposed.

In this notable case the whole subject of legislative delegation of power to an administrative officer was thoroughly examined and significantly upheld. In accordance with the principle established in this opinion, it is constitutional for Congress to enact legislation with a provision either that its operation shall go into effect or be suspended upon the existence of specified conditions which are to be ascertained by an administrative agency. As the Court said in the case of Field against Clark, quoting from a decision of the Ohio Supreme Court in the case of C. W. & Z. Railroad Co. against Commissioners:

> The true distinction * * * is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring authority or discretion as to its execution, to be exercised under and in pursuance of the law. The first cannot be done; to the latter no valid objection can be made.

Instead of being of questionable constitutionality, the provisions of this act are so plainly in accord with established principles of American constitutional law respecting the delegation of power that there is no doubt in my mind about the constitutionality of this act. As a matter of fact the Supreme Court has never declared a specific delegation of legislative power to an administrative official unconstitutional when the limits and conditions of such delegation of authority were especially designated. The wise founders of our Government in the establishment of our Constitution made provision for the national emergencies that might confront us. The Supreme Court of this country in the great opinions interpreting its meaning has clearly

established the fact that our Constitution can be adapted to the various crises in our country's history. As the great Chief Justice Marshall said in the notable case of McCulloch against Maryland:

> We must never forget that it is a constitution we are expounding. * * * This is a constitution intended to endure for ages to come and, consequently, to be adapted to crises of human affairs. To have prescribed the means by which the Government should in all future time execute its powers, would have been to change entirely the character of the instrument and give it the proprieties of a legal code * * * Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited but consist with the letter and the spirit of the Constitution are constitutional.

The SPEAKER. The time of the gentleman from Ohio [Mr. WEST] has expired.

All time has expired.

Under the resolution the previous question is considered as ordered.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LEWIS of Maryland. Mr. Speaker, the following general conclusions relate to the general-welfare clause and farm relief:

GENERAL CONCLUSIONS

I. The Convention history of the welfare clause (sec. 8, art. 1) shows it to have been intended as a residuary legislative power.

II. The limitation on its application is indicated in the Virginia Plan as giving Congress the power to legislate in "all those cases to which the separate State is incompetent." This welfare power came as a postscript introduced several weeks after the adoption of the particular powers by the Convention. The particular powers were taken, "corrected, and enlarged" from the Articles of Confederation.

III. The residuary welfare power was found necessary to supply a gap in the sum of the legislative powers of the State and Nation under the Articles of Confederation, the gap embracing those subjects involving interstate causation and effects which were not embraced in the concrete subjects named in the particular powers.

IV. The control of production to balance with the demand, and thus conserve and protect commerce in agriculture and mining, calls for a legislative authority which can deal with interstate causes and effects where the "separate State is incompetent to act."

V. The doubt which has arisen over the interpretation of this clause lies, I have discovered, in a mistranscription of the first two clauses in section 8 of article 1. This mistranscription is obvious and is proven by the original manuscript of the Constitution, preserved by General Washington as President of the Convention.

VI. Taking the particular powers and the general-welfare power together, Congress possesses complete power to legislate on subjects of interstate character, subject, however, to any expressed prohibitions carried in the Constitution.

Mr. Speaker, during the discussion of the farming section of this bill on its initiation in this House the right of the Congress under the Constitution to pass such a bill was challenged. I am referring to the remarks of the Honorable JAMES M. BECK, a Representative from the State of Pennsylvania. The gentleman's ability as well as his forensic background gave uncommon significance to the doubts he expressed. Meanwhile, it is recognized the national exigencies demand the application of remedies if they can be found. Can it be that in the face of these exigencies the fathers in forming the Constitution have left us helpless by denial of all authority to act? I was loath to impute such impotency to our institutions, I confess. I had no thought that the makers of the Constitution had intended to create a gap in the American legislative power; but was convinced that in assigning to the States their share, and to the Nation its share, they fully intended the sum total of their legislative powers should be equal to the country's needs; and should equal the total formerly possessed by the Colonial legislature plus that of the parent British Parliament. Could there be a gap in the legislative power, legislative impotency to act in the interstate community, a situation in which neither the State nor the Nation can act to protect us? Had the fathers designed such a vacuum in our institutions? These were illustrious men, these makers of the Constitution. They displayed much wisdom in their work. Before we pass such a verdict on their work, let us examine it. Let us examine it well.

Mr. Speaker, I shall discuss this document, the Constitution, as a statesman's document. I do not think the right or power of a nation to legislate should be determinable solely in a forum of litigants upon the arguments of their interested advocates. The atmosphere, the setting, even though tempered by the presence of an impartial attorney sitting as a judge, are inadequate to elicit the full meaning of such a document. It was as a statesman's document that it entered the Convention; that it was discussed and developed in the Convention. It was as a statesman's document that it emerged from the Convention. And it was as a statesman's document that it was designed to empower statesmen and lawmakers, in the words of Washington, to legislate for "our prosperity, felicity, safety, perhaps our national existence."

THE VIRGINIA PLAN AND THE WELFARE CLAUSE

Let me trace, in a running fashion, the history of this much misunderstood welfare power.

General Washington, Governor Randolph, Madison, and other distinguished associates, reaching Philadelphia some time before the other delegates to the Convention, prepared a plan for a constitution and a national organization of government. Its preamble read: "Resolved that the Articles of Confederation ought to be so corrected and enlarged as to accomplish the objects proposed by their institution; namely, common defense, security of liberty, and general welfare."

The plan, since known as the "Virginia plan", was a comprehensive one. It embraced full legislative, executive, and judicial organizations. But I shall restrict myself to a discussion of the legislative phase alone.

In defining the legislative power the plan provided that Congress shall—

> (1) Enjoy the legislative rights vested in Congress by the Confederation.
>
> (2) Moreover to legislate in all cases to which the separate States are incompetent.
>
> (3) Or in which the harmony of the United States might be interrupted by the exercise of individual legislation.

Later, June 18, the Hamilton plan was presented. Its legislative grant to Congress read—

> Power to pass all laws whatsoever.

Mr. Speaker, I am adding to my remarks a catalog of the legislative powers contained in the Articles of Confederation. An inspection of these powers when supplemented by the power proposed in the Virginia plan, "to legislate in all cases to which the separate States are incompetent", will show a design to vest in State and National legislatures, taken together, law-making powers equal to the sum total of such powers possessed by the Colonies and Parliament taken together. Otherwise a vacuum, a gap in government, in respect to important subjects of an intercolonial or interstate character, would exist. The quoted clause of the Virginia plan was designed to fill this gap where the "separate State was incompetent" under the Confederation.

In their deliberations on the legislative powers the members proceeded as if the Virginia plan was the agenda of the convention. Since constitutions and laws are both designed to promote the public welfare it may be said that the clause quoted from the Virginia plan was designed to convey an interstate or a general welfare legislative power. To the mind it read:

> Congress shall have power to legislate for the public welfare "in all cases to which the separate States are incompetent."

The members began with an enumeration of the particular powers found in the Articles of Confederation. They proposed that this residuary power in interstate matters should be added to them. We shall see that what they finally did was to "correct and enlarge" those particular powers and add a few others, including this power proposed in the Virginia plan, now known as the "general-welfare clause".

WHY WAS THE VIRGINIA PLAN PROPOSED?

To prevent national anarchy Washington declared—

> We are descending into the vale of confusion and darkness. The Confederation appears to me to be little more than a shadow and

Congress a nugatory body. To me it is a solecism in politics * * * that we should confederate as a nation and yet be afraid to give the rulers of the nation who are the creatures of our own making * * * sufficient powers to order and direct the affairs of the same.

In a letter to Carter he wrote that it was his

decided opinion that there is no alternative between the adoption of it (the Constitution) and anarchy.

We note that Washington spoke of the Union as a nation. This feeling began with the Revolution. Patrick Henry at that time declared: "I am not a Virginian. I am an American."

Mr. Speaker, the Colonies did, indeed, comprise a national community and experienced the institutional needs of a national community. Before the Revolution these intercolonial relations and needs were matters for the King and Parliament of Great Britain, which had jurisdiction over all and possessed the full organs of government to effectuate such jurisdiction. The Union under the Confederation lacked powers. It had no executive organization or officers to speak of; no power of taxation to raise revenue.

Their conditions are hard to realize in our day. Mr. Lawson has referred to them in his exhaustive work on the general-welfare clause. I quote:

Dark as was the foreign outlook for America, her domestic situation was worse. Mutual jealousy and antagonism dictated the policy of the States toward each other. Commercial rivalries and unfriendly imposts irritated the feeling of all. They quarreled over their lands, over payment of their debts, and over the apportionment of expense. Massachusetts and New York disputed territory whose inhabitants conceded it to neither. Connecticut and Pennsylvania were at the point of war over Wyoming Valley. The larger States were threatened with violent dismemberment, and the incoherent confederacy became accustomed to the thought of partition into two or three.

The most intolerable part of the situation, however, arose from the inefficiency of the State governments and their failure to afford the ordinary security essential to life and property. Steadily their authority declined and their respectability waned until anarchy threatened the existence of all. Mobs formed frequently and unchecked in nearly every locality. In New Hampshire they closed the courts. They broke into open rebellion in Massachusetts; and when finally dispersed by the militia, selected their leaders to the legislature, where they made the laws which exempted themselves from punishment. In Rhode Island the people succumbed to the fiat-money craze and compelled creditors to accept payment in worthless currency. Pennsylvania forgot its peaceful Quaker traditions and became accustomed to language of violence and scenes of outrage. New Jersey debtors nailed up courthouses. Virginia debtors set fire to them. North Carolina mobs broke up trials. Blood was shed in 1786 over the proposed division of North Carolina; and Sevier, first Governor of the seceding part of the State, was arrested for treason. Electioneering violence and internal ferocious disturbances were common.

It was no mere rivalry between politicians for places of power and profit, which disturbed the peace of the States, and no ordinary party alignment. It was the leveling principle of communism striking at every private property right and at the institutions by which alone private rights and individual security could be maintained. All government was threatened with dissolution.

Certainly Washington's restraint was not failing him when he spoke of "anarchy" and of "descending into the vale of confusion and darkness."

CONVENTION ACTIONS ON WELFARE CLAUSE

Mr. Speaker, let us follow chronologically the stream of thought and action of the Convention through the 3½ months of its history as to the Virginia proposal to accomplish the "common defense * * * and general welfare."

May 29

The introduction of the Virginia plan proposing that Congress have power—

to legislate in all cases to which the separate States are incompetent, or in which the harmony of the United States may be interrupted by the exercise of individual legislation. (3 D.H.C. 16.)

July 17

Sherman moved to limit the above proposal in the Virginia plan so as—

not to interfere with the government of the individual States in any of the matters of the internal police which respect the governments of such States only, and with which the general welfare of the United States is not concerned. (1 D.H.C. 96.) Rejected.

July 17

Passage of Bedford's resolution, adopting an amended Virginia proposal—

(1) That the National Legislature ought to possess the legislative rights vested in Congress by the Confederation;

(2) and moreover to legislate in all cases for the general interest of the United States;

(3) and also in those to which the States are separately incompetent;

(4) or in which the harmony of the United States may be interrupted by the exercise of individual legislation. (1 D.H.C. 96.)

July 26

In the 2 months of its session the Convention had at length agreed upon 23 resolutions defining the structure and functions of the proposed government. On this date it adopted a motion that these resolutions "for the establishment of a national government be referred to a Committee of Five (Rutledge, Randolph, Gorham, Ellsworth, and Wilson) to prepare and report a constitution conformable thereto." Among these 23 resolutions was the following:

VI. *Resolved*, That the National Legislature ought to possess the legislative rights vested in Congress by the Confederation, and moreover to legislate in all cases for the general interest of the United States, and also in those to which the States are separately incompetent, or in which the harmony of the United States may be interrupted by the exercise of individual legislation. (Elliot's Debates, vol. 1, 221; 3 D.H.C. 413–414.)

August 6

Report by the above committee of a printed plan of constitution consisting of 23 articles, including the "corrected and enlarged" particular powers taken from the Articles of Confederation, to which was added the commerce clause and the following clause on taxation:

The Legislature of the United States shall have the power to lay and collect taxes, duties, imposts, and excises;

The general-welfare subject was not included in this first draft of the Constitution.

August 22

The same Committee of Five (Rutledge) made a supplementary report recommending the following:

(1) And to provide as may become necessary from time to time for the well managing and securing the common property and general interest and welfare of the United States, (2) in such manner as shall not interfere with the governments of individual States in matters which respect only their internal police, or for which their individual authorities may be competent. (1 D.H.C. 144.)

August 31

Committee on Unfinished Portions:

The Convention had acted clause by clause but some parts had been postponed, others substituted, and others had neither been accepted nor rejected. Among the latter was the above "welfare clause" of August 22 proposed by the Committee of Five, also a resolution as to Revolutionary debts adopted by the Convention. On August 31, all these unfinished parts were referred to a Committee of Eleven on unfinished portions consisting of a member from each State.

September 4

Report of Committee of Eleven on unfinished portions:

The Legislature shall have power to lay and collect taxes, duties, imposts, and excises; to pay the debts and provide for the common defense and general welfare of the United States. (Elliot's Debates, p. 283.)

Observe the semicolon after the word "excises."

September 4

Brearly, as Chairman of the Committee of Eleven, read the above clause to the Convention and gave it to the secretary to read a second time. On the same day, without being debated or remarked upon, the clause was adopted "nem. con." (Elliot's Debates, p. 284.)

September 12

The Committee on Style and Revision reported a second draft of Constitution "as revised and arranged"; and members were "furnished with printed copies thereof." (1 D.H.C. 194.)

The printed Convention copy reads:

The Congress * * * shall have power to lay and collect taxes, duties, imposts, and excises; to pay the debts, and provide for the common defense and general welfare of the United States. (Journal, p. 356; Elliot's Debates, p. 300.)

Observe again the semicolon after the word "excises."

Thus, the proposal to promote the public welfare in the Virginia plan, giving Congress power to legislate:

In all cases to which the separate States are incompetent—

Becomes a power to—

provide for the common defense and general welfare of the United States.

It is submitted that this expresses the same purpose found in the Virginia plan and in all the intermediate actions of the Convention on the subject. It is an affirmative expression of the sense of the Virginia clause.

EVOLUTION AND FINAL FORM OF WELFARE POWER

Mr. Speaker, the Convention is considering the broad subject of the public welfare. The State powers to secure the local welfare already exist. What shall be done to provide for the public welfare when it lies outside of State powers? The Virginia plan says give Congress power to—

legislate in all cases to which the separate States are incompetent.

Adopting the Bedford motion, the Convention said give Congress power to—

legislate in all cases for the general interests of the United States, and also in those to which the States are separately incompetent.

The report of the Rutledge committee on August 22 said give Congress power to—

provide * * * for the common property and general interest and welfare of the United States, * * *

The Brearly committee said give Congress power—

to pay the debts and provide for the common defense and general welfare of the United States;

Does not a common thought run through all these? And is it not that Congress may legislate to meet those "general" (interstate) problems involving the public welfare which may arise in a field beyond the jurisdiction of the separate State. This is the view of our institutions held by the most renowned of American judges, Marshall, who said:

The genius and character of the whole Government seem to be that its action is to be applied to all the external concerns of the Nation and to those internal concerns which affect the States generally, but not to those which are completely within a particular State, which do not affect the other States, * * *. (*McCulloch* v. *Maryland*, 4 Wheaton, 316.)

ANALYSIS OF CLAUSE

Mr. Speaker, paragraph 1 of section 8 contains three distinct subjects, speaking historically as well as generically: (1) The power to lay taxes, (2) the power to pay debts (including especially Revolutionary debts), (3) the power to provide for the common defense and the general welfare. They are combined by the "Committee on Stile and Arrangement" in a single paragraph. But in fact each of these three subjects arose and were disposed of as independent and as unrelated subjects; and received separate discussion and separate treatment in the Convention, whose proceedings I shall refer to as briefly as the detail will permit.

THE POWER TO TAX

The tax clause appears by itself in the first draft of the Constitution of August 6, 1787, as follows:

The * * * shall have power to lay and collect taxes, duties, imposts, and excises. (Elliot, p. 226, 3 D.H.C. 449.)

It terminates with a semicolon and was followed in that draft by the commerce clause, which also terminates with a semicolon like the other power clauses.

The taxation clause was adopted in the above state on August 7 (Elliot, p. 231); and so the paragraph stood on August 22, "debts" and "welfare" subjects not yet in the Constitution; when on this date the Committee of Five reported as to debts as follows (Elliot, p. 256):

(1) That at the end of the first clause there be added the following words: "for payment of the debts and necessary expenses of the United States * * * provided that no law for raising any branch of revenue except what may be specially provided for the payment of interest on debts or loans shall be continued in force for more than —— years";—

Here we have the first allocation of the "debts" subject; leaving the paragraph on taxation to read:

Congress shall have power to levy and collect * * * excises for payment of the debts and necessary expenses of the United States * * *;—

The report of the Committee of Five then continued as to commerce and interstate welfare:

(2) that the commerce clause include trade with Indians: and that at the end of the 16th clause of the second section of the seventh article, the following words be added:

(3) *And to provide as may become necessary from time to time for the well managing and security of the common property and general interest and welfare of the United States* in such manner as shall not interfere with the governments of individual States in matters which respect only their internal police or for which their individual authorities may be competent. [Italics supplied.]

Here the "welfare" clause receives on August 22 its first allocation in the Constitution, viz, to the sixteenth clause (now seventeenth) which as thus amended would read:

(3) To make all laws that shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested, by this Constitution, in the Government of the United States, or in any department or officer thereof, *and to provide as may become necessary from time to time for the well managing and security of the common property and general interest and welfare of the United States* in such manner as shall not interfere with the governments of individual States in matters which respect only their internal police or for which their individual authorities may be competent. [Italics supplied.]

And so, Mr. Speaker, the taxation, debts, and welfare subjects stood when on September 12 Dr. Johnson from the Committee on Style and Arrangement reported the second printed draft of the Constitution which disposed of all three of them as follows:

The Congress shall have power to levy and collect taxes, duties, imposts, and excises; to pay the debts and provide for the common defense and the general welfare. (3 D.H.C., p. 724.)

Thus the two different items, (1) relating to "debts" and (3) relating to "welfare", separately allocated by the previous report of the Committee of Five are at last boiled down by the report of the Committee on Style and Arrangement, without change of meaning, to a sentence of 14 words and are placed to follow a semicolon at the end of the taxing clause in the first paragraph. The remaining part of the present paragraph, namely, "but all taxes shall be uniform throughout the United States"; was first proposed and adopted on September 14, 1 day before the adoption of the Constitution as amended; and was also an independent subject separately treated.

Mr. Speaker, it is plain enough that this first paragraph of section 8 represented three different subjects, three separate conclusions and actions of the Convention. To read them as a single thought, as you might read one of the Ten Commandments, is to do violence to the conceptions of the Fathers and to our institutions as well. The proceedings show that the taxing power, as usual, was a subject of bitter controversy, while the discussion of the payment of the debts and depreciated paper of the Revolution excited such utterances as "bloodsuckers who had speculated on the distress of others." Of these three powers only that power relating to the "general welfare" secured from the Convention oft-repeated, constant, and uniform support.

MISTRANSCRIPTION BY ENROLLING CLERK OF COMMA FOR SEMICOLON

Mr. Speaker, we are not yet done with the history of the "welfare" clause in the Convention. It had to meet an uncontemplated accident as so often happens with public-welfare objectives. The Convention's printed draft of the Constitution of September 12, together with the additions and revisions written thereon, was turned over to a copyist for copying in handwriting on parchment for enrollment. He made a mistake. He inserted a comma instead of the semicolon after the word "excises" ending the taxation clause. And now may I continue with this incident by quoting from a dialog with the Chairman of the Committee on the Judiciary of the Senate:

Mr. LEWIS. My investigation shows that the comma, following the word "excises" in the engrossment form, was an error; that the original document shows it to be in fact a semicolon. It was a semicolon throughout the whole proceedings and as adopted by the Convention, and only became a comma by a mistranscrip-

tion of the copyist who was given the proceedings to copy on parchment.

The CHAIRMAN. What comma? After what word?

Mr. LEWIS. After the word "excises."

The CHAIRMAN. All right.

Mr. LEWIS. That was and is a semicolon in all the proceedings of the Convention, and this statement is susceptible of complete proof.

As adopted in the Convention the clause read:

"The Congress shall have power to lay and collect taxes, duties, imposts, and excises; to pay the debts and provide for the common defense and general welfare of the United States;"

The semicolon is there.

Now, this [indicating] is a photostat page of the section as it erroneously appears in the engrossed parchment copy of the Constitution.

SEC. 8: Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts and excises shall be uniform throughout the United States; (semicolon).

Observe that the semicolon has disappeared. The copyist, to whom the Constitution as actually adopted in the Convention was referred for copying, has here substituted a comma for a semicolon after "excises."

This is proved by a photostat copy I now hold in my hand of the Convention Constitution as preserved by General Washington himself with his notations. In this original copy of the Constitution we find the semicolon. It reads:

"The Congress shall have power to lay and collect taxes, duties, imposts and excises; to pay the debts and provide for the common defense and general welfare of the United States."

It is the printed copy of September 12th with the semicolon plainly apparent.

In the Washington copy we find an evidence again of his thoughtful care and illimitable industry, in the full recopying of one of the paragraphs in his own hand.

The question presented is, Shall we take the document of General Washington or of the copyist whose written scroll was most certainly not read by the members signing? The Journal of the Convention not only shows the semicolon but also shows all the changes made in the September printed draft of General Washington. It shows no change as to the semicolon. It also shows (Elliot, p. 317) that the engrossed Constitution was "read" to the Convention; rather than read by its members, before signing. Reading clerks certainly do not pronounce punctuation signs or distinguish commas from semicolons to their auditors.

The CHAIRMAN. Let me ask: Does the change of the punctuation now, making a semicolon of the comma, change the meaning of the sentence?

Mr. LEWIS. When the paragraph is read as in the correct Washington copy you have a power to lay taxes. It ends with a semicolon, like all the other specific powers. Following it you have a power to pay debts and to provide for the common defense and general welfare, also followed by a semicolon.

The CHAIRMAN. Yes; I understand that.

Mr. LEWIS. As you read those clauses in section 8 you find that every legislative power clause follows a semicolon attached to the preceding clause.

The CHAIRMAN. But if we take it as it is now printed, a comma, does it follow that the power, for instance, to pay debts and provide for the common defense and general welfare is not equally as great with the power to lay and collect taxes?

Mr. LEWIS. We hear the contention that we cannot use the tax to effectuate "general welfare" objectives. If the clause is disconnected from the tax clause by the semicolon, it is clear then it becomes an independent power under which the lawmaker might proceed by the prescription of justiciable rights and duties, in proper cases as we do, say, under the postal clause.

Mr. Speaker, taken as separate subjects the whole paragraph reads substantively:

Congress shall have power: (1) to levy taxes; (2) to pay debts; (3) to provide for the common defense and the general welfare.

With the semicolon Congress may "provide for the general welfare" not merely through the levying of a tax but by other logical and legitimate methods, e.g., the prescription of justiciable rights and duties generally. It is true that such a power is applicable to but a limited part of the field of legislative subject matter. But when applicable it possesses characteristics and properties like the postal clause, enabling the lawmaker to fully control the subject matter with a view to remedying the evil involved. The breakdown of the principle of competition in farming and coal mining which calls for a limitation of the production of such products, the equal right of competent men to work and to a share of the Nation's employment, all subjects which the separate State is organically unable to encompass, are examples of interstate subjects, the evils of which may run into catastrophes if an equal interstate power to treat them be denied. The commerce clause, extended to its utmost, may only reach production of those articles designed to enter into interstate commerce. But to save the farm and coal-mining industries, their prices must be rationalized; and this objective requires that the totals of their products, which determine prices, must be controlled. Legislative power to effect such control exists in all the leading countries, most of which have taken some action. Such a legislative power unquestionably existed in the sum total of the legislative powers of the colony and parliament taken together. It was to conserve this necessary legislative power that the welfare provision of the Virginia plan and the general-welfare clause was designed.

INTERPRETATION OF COMMA

Mr. Speaker, with the comma substituted for the semicolon the question of the meaning to be given the comma arises. Does it mean "and", its most frequent use? It is so used twice in this very paragraph, and in four other instances in this section. If so read the "welfare" clause represents a distinct power like the tax clause, that is, the meaning of the clause conforms with its history and is the same as with the semicolon.

The presence of the alien comma forced the contractionist who disliked the false power he set up to introduce an interpolation. Story was driven to interpolate the words "in order." In view of the proved intent of the makers of the Constitution that the clause should carry a power, rather than interpolate, would it not be more reasonable to give the meaning "and" to the comma, its common meaning? Then it would read:

Congress shall have power to lay and collect taxes, duties, imposts and excises (and) to pay the debts and provide for the common defense and general welfare of the United States.

Reading the paragraph without the semicolon after the word "excises" (and Jefferson probably never saw it with the semicolon) Thomas Jefferson thought:

They cannot lay taxes for anything they please but only for the common defense and general welfare. * * * They cannot do anything they please for the general welfare but can only lay taxes for that purpose.

And then maintained:

For in the phrase "to lay taxes, to pay the debts and (to) provide for the general welfare" it is a mere question of syntax whether the two last infinitives are governed by the first or are distinct and coordinate powers.

With only the familiar but erroneous print before him it became a question of syntax, of the interrelation of three infinitives. Not having been a member of the Convention, he did not know the truth about the clause. The Journal was not published until 1819, 32 years after the convention; Madison's notes not until 1840, a half century after. With the actual clause before us, the clause as consciously developed and adopted by the Convention, we can raise no such question of syntax or of governing infinitives. There are two, not three infinitives, and they introduced the coordinate powers, "to pay debts, and (to) provide * * * for the general welfare." The debt- and welfare-clause is grammatically separated from the preceding sentence on taxation by a semicolon in the same manner as all the following 17 power clauses are separated from it. And now may I resume my dialog with the Judiciary Committee of the Senate?

Senator WALSH of Montana. If I understand the question of the chairman right, the idea in his mind is that it is equally as well when you put a comma there, it is equally as well set apart from what goes before, as though there was a semicolon there, and if the clause "to provide for the payment of debts and general welfare" is a modification of what precedes, you should not have either a comma or a semicolon.

Mr. LEWIS. Exactly so. If the comma be read to mean "and", as the history of the subject requires, then a distinct legislative power is carried. The erroneous comma is meaningless as a modifier unless you interpolate some phrase like "in order" a meaning which the comma is never used to express.

INTERPOLATION BY CONTRACTIONIST

The CHAIRMAN. The contention is this, as I understand it, that where you have a comma there it is the same as though it read like this:

Congress shall have power to lay and collect taxes, duties, imposts and excises "in order" to pay the debts.

Mr. LEWIS. Yes. That is the contention that is made by the contractionist.

The CHAIRMAN. "And provide for the common defense and general welfare."

If that were true, then the authority to pay debts, provide for the common defense and general welfare of the United States would be limited to the powers given in the first part of the sentence, to wit, to lay and collect taxes, duties, imposts and excises. Is that the contention?

Mr. LEWIS. That is the contention and the purpose of the interpolation of the contractionists who would destroy this clause as a power.

Senator WALSH of Montana. As I understand you, Mr. Lewis, you contend it should be construed as though Congress had power to lay and collect taxes, imposts and excises, that Congress shall have the power to pay the debts of the United States, that Congress shall have the power to provide for the common defense and the general welfare of the United States?

The other contention is that Congress shall have power to lay and collect taxes, imposts and excises "in order" to pay the debts and provide for——

The CHAIRMAN. It seems to me to get the last construction you would have to take the comma out. What is the use of the comma?

Story, himself a contractionist, resorted to an interpolation for the purpose of contracting the clause. He, too, was in ignorance of the erroneous comma which had replaced the semicolon. I quote from him:

The reading therefor which will be maintained in these commentaries * * *

"The Congress shall have power to lay and collect taxes, duties, imposts, and excises *in order* to pay the debts and provide for the common defense and general welfare of the United States."

that is for the purpose of paying the public debts and providing for the common defense and general welfare.

INTERPOLATION BY DESTRUCTIONIST

Even this interpolation of Story leaves the "welfare" idea still standing as a legislative objective for which Congress can lay taxes as well as appropriate. The destructionists will have none of his milk-and-water contraction. They argue (Henry St. George Tucker) that as:

It is recognized by all authorities that the taxing power of a government, without special limit or specification, extends only to the execution of the functions or powers of that government.

Hence, as the debts, defense, and welfare clause does not carry legislative powers but is only a preamble introductory to the particular powers, the clause should be regarded as surplusage, merely.

The contractionist would give some meaning to the words "provide for the general welfare." The destructionist would eliminate all meaning. To do so, like the contractionist, he must get rid of the comma by interpolation of the words, "in order." His interpolations cannot stop there; for the idea, "general welfare", still remains as an available objective under the taxing clause to raise corresponding "implied legislative power." Now, how can this power also be removed? Only by interpolation of such additional words as, "in manner following, viz." The clause then would read:

Congress shall have power to lay and collect taxes, imposts, and excises (in order) to pay the debts and provide for the common defense and the general welfare (in manner following, viz):

To borrow money, etc.

To regulate commerce, etc.

To establish * * * rules of naturalization.

To etc., etc., etc.

A double set of interpolations into the Constitution in order to read out a now most essential power.

But how shall they justify interpolating the words, "in manner following, viz"? By contending that the expression "common defense and general welfare" performs the office of a mere "introductory" or preamble to the powers which follow. What would be the use of the specifications which follow, they ask, when all these powers could be derived from the plenary power "to provide for the common defense and general welfare"? In truth it is clear that as specialized these powers could not be derived from this clause which is residuary only and not truly plenary like the Hamilton proposal, viz, "Congress shall have power to pass all laws whatsoever." But I shall examine this question later.

If all these interpolations and arguments be granted, then what? The effect is to reduce the meaning of the present paragraph to the meaning which it possessed, August 6, in the first draft of the Constitution, when it contained no expressions as to debts, defense, or welfare, and when it read as follows:

Congress "shall have the power to lay and collect taxes, duties, imposts, and excises;

"To regulate commerce, etc.

"Etc., etc."

For, if the words, "common defense and general welfare", operate only as "introductory", that is, as a videlicet to the specialized powers, then they add nothing to and take nothing from the taxing clause as it stood on August 6. Taxation, by essential and unavoidable implication, of course, is designed to pay debts and expenditures; so the word "debt" added nothing to the text of August 6 on taxation. In fine, the clause by these interpolations and emendations comes to mean that Congress "may lay taxes to defray the expenses which may be incurred in exercising the specialized powers which follow." I protest that this is not an interpretation of the clause but an elimination of the clause. To what an absurdity it reduces the work of the Convention, which spent much time between August 6 and September 12 in formulating this clause.

THE INTERPOLATORS DISAGREE

Judge Story, in his Commentaries, volume I, section 913, notices this very point about the second interpolation which the destructionist demands. I quote him:

It is not said to "provide for the common defense and general welfare, in manner following, viz," which would be the natural expression to indicate such an intention. But it stands entirely disconnected from every subsequent clause, both in sense and punctuation; and is no more a part of them than they are of the power to lay taxes.

The contractionist, Story, must use one interpolation ("in order"); the destructionist must supplement it with a second interpolation ("in manner following, viz"), and "all for the lack of a horseshoe nail", the semicolon which the copyist left out of the enrolled copy of the Constitution. I repeat, it is improbable to the last degree that Story ever saw a correct copy of the clause as adopted. Now, without any semicolon to stand in the way, Story got rid of the expression "common defense and general welfare" by using them as mere words of limitation on the taxing power, but he could only do so by introducing an interpolation. He was willing to do this to get rid of the expression as a grant of an independent power. In order to justify himself, he makes the following misleading statement, than which I am constrained to say there has never been a more mistaken statement in all the works of reputable juris-consults. He says (sec. 909):

If the clause is construed to be an independent and substantive grant of power, it not only renders wholly unimportant and unnecessary the subsequent enumeration of specific powers but it plainly extends far beyond them and creates a general authority in Congress to pass all laws which they may deem for the common defense and general welfare. Under such circumstances the Constitution would practically create an unlimited national government.

"An unlimited national government" is what Hamilton proposed with a grant of power to Congress "to pass all laws whatsoever." This is "stump" talk, wholly unworthy of the commentator.

It contains two vital misstatements:

First, that if the welfare clause be a power then the specific or concrete powers are unnecessary and unimportant.

Second, that an unlimited national government would result. I shall discuss them in order.

WELFARE CLAUSE NOT A PREAMBLE TO PARTICULAR POWERS

Mr. Speaker, why this enumeration, long detailed enumeration of 17 particular legislative powers if all such powers are found in an alleged plenary clause, "to provide for the common defense and general welfare"?

I shall amplify the question, giving its argument as well, in the language of Story (sec. 910):

(1) For what purpose could the enumeration of particular powers be inserted if these and all others were meant to be included in the preceding general power?

Answer: The "general welfare" clause was not intended as a substitute for the particular powers. It did not come first. The particular powers were reported and adopted weeks before. It came last. There was no such clause in the first draft of the Constitution presenting the "particular powers", as they were reported to the Convention on August 6, 4 weeks before the "welfare clause." The draft of the welfare clause was not brought in until September 4, and then only as the result of several actions of the convention demanding it or its equivalent. There were the Madison and Pinckney resolutions, of August 18, the report of the Committee of Five (Rutledge) of August 22, the Convention action of August 23. The Journal and proceedings leave no doubt on this point. The "enumerated particular" powers came first, not last. They were nearly all "corrected and enlarged" revisions of like powers in the Articles of Confederation, to which the welfare power was to be added under the Virginia plan. And after 4 weeks came the "welfare clause", certainly not as a preamble to the "particular powers" but as a further enumerated power, and because the "enumerated particulars" were considered insufficient. It came as a residuary grant of power applicable to other Federal subjects, not mentioned among the concrete subjects enumerated, as the country's well-being might, from time to time, demand—

And now I shall examine Story's argument:

> Nothing is more natural or common than first to use a general phrase and then to qualify it by a recital of particulars.

But it has been shown that the "general phrase" in this case was not used first but came into the Constitution 4 weeks after the report and adoption of the particulars. It was in fact a postscript to the other powers, and (about) the last to be adopted. In its first appearance, August 22, in the Rutledge report it was assigned not to the first paragraph, containing the power of taxation, but "at the end of the sixteenth clause." The chronology of the clause and its history in the Convention discountenance the "introductory" or preamble function, which degrades it into a euphemistic tail to the taxation power. And as to the "enumeration of particulars", the admittedly insufficient Articles of Confederation clearly shows their place of origin. There are few new subjects added by the particular powers to the articles outside of taxation and control of commerce. What the convention did was to put teeth into these old powers. I append them to my remarks for comparison.

WHY THEN THE PARTICULAR POWERS?

And now I shall consider the general question, viz, "For what purpose the particulars?" Says Story:

> But an idea of an enumeration of particulars which neither explain nor qualify the general meaning, and can have no other effect than to confound and mislead, is an absurdity, which no one ought to charge on the enlightened authors of the Constitution. It would be to charge them either with premeditated folly or premeditated fraud.

How could the "enumeration of particulars" be called upon to "explain or qualify" the general meaning of something then unborn. We have seen that the welfare clause was 4 weeks younger than the "particular powers." That is it came as a postcript to the particular powers and was first allocated to follow them all at the end of the section.

Again, he asks—

> For what purpose these particular powers, if they are included in the defense and welfare clause?

Mr. Speaker, the answer is that there were natural, even peremptory reasons. Of current subjects of legislation they had experience, and this experience indicated particular ways in which they wished such current problems to be handled. They wished to limit the discretion of Congress in dealing with them; or they wished to place limitations on the States. In order to state these limitations such subjects had to be particularized.

No one will deny that the words "common defense" carry the military powers. Acting under this clause alone the military powers could be exerted by Congress without any of the qualifications prescribed. But the Convention designed otherwise. Congress should be given the military power, but withal Congress must exert it in a particular way. To state the qualification it was necessary to specify the military subject, for example, Congress shall have power—

> To raise and support armies.

However—

> But no [such] appropriation * * * shall be for a longer term than 2 years.

Again, Congress shall have power—

> To provide and maintain a Navy.

But—

> No State shall without the consent of Congress * * * keep troops or ships of war in time of peace.

Observe that the National Congress could provide troops and Navy at any time. But the States were to be disarmed, except that during war they might arm for the aid of the Nation or in self-defense. It is doubtful whether Congress under the power to act for the "common defense" alone could have constitutionally imposed such peace-time disarmament upon the States. Hence, the special treatment and qualifications in reference to the "common defense" power.

Again, the power to provide for the "general welfare" certainly would include legislative authority to regulate interstate and foreign commerce. Acting under this clause Congress could have regulated interstate commerce without any qualification. The Convention concluded Congress should exert the power, but should exert it subject to particular limitations. So we find this power particularized and the limitations stated. Thus:

> Congress shall have power to regulate interstate and foreign commerce.

But in doing so it—

> Shall give no preference to the ports of one State over those of another, etc.
> Shall pass no law prohibiting immigration or emigration before 1808.
> Shall lay no tax or duty * * * on articles exported from any State.
> No State shall * * * lay any imposts or duties on imports or exports.

Again, Congress may—

> Coin money [and] regulate the value thereof.

But—

> No State shall coin money, emit bills of credit, or make anything but gold or silver coin a tender in payment of debts.

Under this alleged plenary clause Congress could have issued money whether paper or coin. The sad experience with the continental paper money doubtless induced the restriction. But the States must also be restrained, and so the direct prohibition on them against the issue of any kind of money. Experience has shown that had the States retained this power, a successful national currency would have been impossible.

Under the general-welfare clause, taken alone, Congress might have imposed duties on exports, as it does on imports. The Convention did not desire this. Again the States must logically be restrained from levying duties on imports and exports. If the limitation on Congress as to exports were not imposed, its power might be abused; if the restraint on the States as to imports and exports were lacking, the power of Congress over interstate commerce might be frustrated.

WHAT ABOUT FUTURE PROBLEMS?

Mr. Speaker, considering the then known concrete subjects, we see how natural it was to place limitations or qualifications on the national or the State lawmaker, or even upon both. This would be natural enough as to existing social or property subjects of which they had had experience. They knew these subjects. Their experience would suggest the qualifications.

But what of subjects yet unborn, subjects unforeseeable, problems inevitable in the life of a Nation which they planned to live through the centuries? Of these they could only know that they must arise. What particular limitations, if any were desirable, on the power of Congress with respect to them, they could not divine. What of these? Should statesmen ignore them? Here are a few of the many such with which Congress has already found it necessary to deal: Antilottery legislation, the narcotic evil, phosphorous poisoning, contagious diseases, pests, food adulteration.

Of the evils which are afflicting us now they could have had no prescience; for our industrial system was then unborn. The break-down, in farming and mining, of the regulating principle of competition, the monopoly control of local services through general holding companies which mock State laws, the need of blue-sky laws to protect honesty property—could they foresee just what limitations they should place on the legislative power which should have to deal with the above problems, or with industrial break-downs, present unemployment, agriculture, or mining stabilization? They could not foresee what the desirable limitations might be; and so rather than leave a gap in the legislative power and leave a nation helpless under its constitution they conferred the power, subject to those general prohibitions provided elsewhere in the instrument. This is not a new thought I am presenting—I quote from the Federalist (no. 34):

> Constitutions of government are not to be framed upon a calculation of existing exigencies; but on a combination of these with the probable exigencies of ages, according to the natural and tried course of human affairs. There ought to be a capacity to provide for future contingencies as they may happen, * * *.

Now, then, to summarize, why are these particular powers specified and others not? The answer is that as to what the Convention could see them moving on the face of the earth it could be specific and wisely qualify the power; but the Convention also had wisdom enough to realize there would be many subjects arising in the future whose nature they could not foresee, as to which they could not be specific, and qualify. For these, to save us from anarchy, they gave the general-welfare power, where the State is organically incompetent to act.

LIMITATIONS; "GENERAL" MEANS "INTERSTATE" IN CONSTITUTION

Mr. Speaker, first let me say that the word "general" in this clause is misinterpreted by the noncritical to mean that under it the Government might do anything. When used in connection with our Government the word "general" has a special meaning. It is a word of limitation and means "not local"—not intrastate, in character.

Implicit in all State or national laws is the idea of the "public welfare" or the "public good." It is easy for a superficial reader to confuse such expressions with the expression "general welfare."

No interpretation of this clause can be intelligent which neglects this special and limited meaning attached to the word "general" when used in connection with the National Government. It is this oversight which accounts for the interpolations of both the contractionist and the destructionist—reacting in terrorem at the thought that a power to provide for the general welfare meant that Congress could do anything in general, and so would swallow up the powers of the States, they were driven to the interpolations already referred to.

What is meant by the word "general" and "local" is illustrated in the distinctions between interstate and intrastate commerce. The word "interstate" did not come into use until 1845; hence, the use of the word "general." The subject is local in character when its operating cause begins in the State and its controlling effects close within the State as in the case of commerce that moves wholly within State lines. It is "general" in character when its operating cause beginning in one State exerts controlling effects in another State. There is a common-sense agreement as to this among the Fathers. Said Marshall, who sat in the ratifying Convention of Virginia:

> The Government's "action is to be applied * * * to those internal concerns which affect the States generally, but not to those which are completely within a particular State, which do not affect the other States."

Wilson, a member of the Constitutional Convention:

> Whatever object of government is confined in its operation and effect within the bounds of a particular State should be considered as belonging to the government of that State; whatever object of government extends in its operation or effect beyond the bounds of a particular State should be considered as belonging to the Government of the United States.

Jefferson wrote:

> The capital and leading object of the Constitution was to leave with the States:
>
> (1) All authorities which respected their own citizens only.
> (2) To the United States those (authorities) which respected; (a) citizens of foreign (States); (b) or other States.

Certainly they unite on the principle. The State is to act on subjects wholly within its legislative control, the Nation on subjects beyond such control; and no gap was contemplated as beyond the control of either State or national authority.

I have no thought that the clause conveys a power to do all the things that might be thought generally desirable. Congress could not under the welfare clause in my view enact a uniform divorce law for the United States; or legislate as to the law of bills and notes, deeds, mortgages, the whole field of private property. The States can attend to these subjects; they are organically competent in that field. Congress, on the other hand, unless this welfare clause is applicable, would have no power to say that there should be a national language in our country.

Let us go back to the Virginia plan, the mother of the welfare clause.

A statement of "cases in which the separate States are incompetent" certainly does not include cases in which State legislation is merely less desirable. Nor does power to legislate for "the general welfare" imply national power to act in any case of the public welfare. Implicit in the clause is the word "public" it is true. But the clause contemplates two kinds of public welfare, the local and the general, the intrastate and the interstate; in one of which the State is competent, in the other only the General Government. Granted a reasonable observance of this distinction by the national lawmaker, and how could it then be asserted that the exercise of the welfare power must swallow up the State power? Certainly as to the field of interstate welfare the State possesses no power. How then can it be robbed of its power or be swallowed up? But should the field then be left as a vacuum, a gap in government? The Virginia plan was meant to fill this gap, not only as to commerce but as to other fields of interstate causes and effects where the separate States are organically incompetent to act.

If in any act passed the evil to be overcome or the welfare objective to be achieved were in fact only intrastate in their causes and effects, could not the courts declare that fact, as in the *Child Labor cases*, and refuse to give their support to the act?

Does this national community have a problem before it that concerns the general welfare with which the separate State is incompetent to deal? Then only could it be dealt with under the Virginia plan. Now, in what cases of the public welfare is the separate State organically incompetent? Obviously in those cases which require control of the relations of citizens in more than one State, or of a subject whose controlling relations involve control of the citizens of several States. The control of commerce among the States must have been one, for it was a specified cause in the call for the Convention. Yet it was not specified in the Virginia plan. They must have intended that it should come under the "power to legislate in those cases in which the separate States are incompetent" along with other interstate subjects.

This interstate-welfare power was not in fact a new power. The British Parliament possessed it over our intercolonial relations and could and would have exercised it upon occasion of necessity.

The Convention recognized that just as there was an intrastate commerce and there was an interstate commerce, so also there was an intrastate and an interstate welfare. In the case of commerce, commensurate powers were admittedly left with the States and granted the National Government. A like division of powers is suggested by the Virginia plan for other subjects of the public welfare. Why should the word "general" in the welfare clause be given a different interpretation from the words "among the States" in the commerce clause?

In interstate commerce we see commercial causes and effects which involve persons in more than one State which the States are incompetent to control. In the public general welfare do we not also find causes operating in one State with essential controlling effects in other States, which the separate State is incompetent to control.

Why should a national control restricted to such interstate welfare destroy the State any more than such control of commerce among the States? In this argument I contend for no greater legislative authority. What validity then can be accorded to the statement of Story that:

> Under [the welfare clause] the Constitution would practically create an unlimited National Government.

This very essential welfare clause, has been the victim of class antagonism from the beginning. Naturally there will exist in any generation some strong interests which should prefer that the governing authority should have no power it could exert over them. Before the Civil War were some among the slave-owning class who, with other interests, sought to prevent the adoption of the Constitution, and who, far from denying the effectiveness of the welfare clause, argued:

> Have they not the power to provide for the general welfare? * * * May they not pronounce all slaves free, and will they not be warranted by that power?

Having lost the battle to Washington, whom the majority followed in adopting the Constitution, these interests, changed tactics and started the doctrine that the clause meant nothing at all, that is, nothing not carried in the particular powers. The slavery interest has gone, but other class interests have sprung up in other parts which also prefer to "be let alone."

ILLUSTRATIONS OF APPLICATION

Mr. Speaker, in my view, then, the word "general" in the clause was intended to carry the same limitation as in the Virginia clause, viz, that the power was restricted:

> "All cases to which the separate States are incompetent."

This is only to employ the principle affirmed by Wilson, Jefferson, and Marshall.

Let me make some applications. I will take some subjects which are already before the public, say first, the subject of uniform laws on marriage and divorce. With regard to this subject while it certainly involves the public welfare, can it be said that it is a case in which State legislation is incompetent? The marriage laws involve primarily two persons living together within the same State. The causes and effects of such marriage relation commonly are similarly confined within the boundaries of such State.

Another illustration is the child-labor subject. Can it be said that the State legislature is incompetent to consider and act on the welfare of the child? We must trust it to act humanely and wisely; the State Commonwealth must accept its moral responsibility. Unless it could be shown that a great disparity in the employment-age requirement and consequent costs of manufacture resulted, could it be argued that substantial interstate causes and effects were involved?

Now let me make some applications of a positive character, the subject of wheat, for example. The price of wheat is determined at Liverpool, by a complex of production-and-consumption factors world-wide in character. But the price of wheat, if it became chronically inadequate, may wreck a primary and paramount industry of the United States. The causes and effects are obviously interstate in character even within our own country, and beyond all susceptibility of control by State legislation. Control moreover which contemplates restricting the production within the United States and restricting its importations from other countries can be encompassed over such an area only by national authority. Here is a clear case involving the public welfare and in which the State legislature is organically incompetent to act.

A second illustration is found in the coal industry where control of production to balance consumption is indicated as the method of relief. But some twenty-six States are producing coal and are marketing it beyond State boundaries. Who would suggest that a State legislature is competent to act remedially with reference to the coal industry in the United States? Oil is a like example.

A third illustration is equally in point. Society has come to recognize that its most important asset is the employment asset, and that the worker is entitled, in justice, to an equitable share of such employment. But the manufacturing industries, like farming and mining, operate beyond State boundaries and involve such conditions of interstate cause and effect that the legislation of a single State could only work with destructive results. Here again you have a subject where the separate State is not competent to act.

Finally, Mr. Speaker, to be more graphic, let us suppose that we were in a court which had to act on these various subjects. A court can only act through its processes and as far as its processes may reach. Its process may not reach beyond the physical boundaries of its jurisdiction; and so it can act only through process on the person or by proceeding in rem. With respect to child labor, within a State, with respect to the marital relations within the State, the processes of the State court would be effectual. Extend the subject now to cases where the parties interested are scattered through a number of States; and do we not have a case where the State courts are incompetent to act; a case in which if justice is to be done, resort must be given to a tribunal possessing processes which will reach the parties interested over the interstate boundary involved? The makers of the Constitution did not fail to provide for such interstate courts. They left no gap here. Why, then, a gap in the legislative power to provide rules for the courts to apply in this vast field of interstate welfare?

Mr. Speaker, our distinguished colleague, Mr. BECK of Pennsylvania, specifically objected to the "lack of power to deal with agriculture as such, except insofar as its productions go into interstate commerce." He declared that "no one had the audacity to suggest in the Constitutional Convention * * * that there should be a Federal power in respect to" manufacturers or agriculture. Well, I quote in answer. Washington, who presided throughout the Convention, in his very first message to Congress, declared:

> The advancement of agriculture, commerce, and manufactures by all proper means will not, I trust, need recommendation;

Both houses made answer, as was the custom in those days. The Senate said:

> Agriculture, commerce, and manufactures, forming the basis of the wealth and strength of our Confederated Republic, must be the frequent subject of our deliberation, and shall be advanced by all proper means in our power.

And the House of Representatives declared:

> We concur with you in the sentiment that agriculture, commerce, and manufactures are entitled to legislative protection, and that the promotion of science and literature will contribute to the security of a free Government; in the progress of our deliberations we shall not lose sight of objects so worthy of our regards.

Hamilton, a member of the convention, may be quoted directly in answer. In Hamilton's famous report of 1791 on manufacturers we find the following statement which has become classic. Speaking of the phrase, "common defense and general welfare", he said:

> The phrase is as comprehensive as any that could have been used. * * * And there seems to be no room for a doubt that whatever concerns the general interests of learning, of agriculture, of manufacturers, and of commerce, are within the sphere of the national councils, as far as regards an application of money.
>
> The only qualification of the generality of the phrase in question which seems to be admissible is this: That the object to

which an appropriation of money is to be made must be general, and not local; its operation extending in fact or by possibility, throughout the Union, and not being confined to a particular spot.

Governor Randolph I shall quote in another connection—many other members of the Convention could be quoted in answer. Our most recent commentator on the Constitution, Professor Willoughby (Willoughby on the Constitution of the United States, vol. 1, second edition, p. 104), in the light of over a century's experience since the Hamilton declaration, states:

It scarcely needs be pointed out that a considerable number of the administrative services now carried on by the National Government and maintained by Federal appropriations, depend for their constitutionality wholly upon the power of Congress to authorize the expenditure of public moneys for the promotion of the general welfare of the United States. Among such services which are to a very slight, if any, extent concerned with matters directly connected with the exercise of powers specifically or by implication vested in the Federal Government, may be mentioned the Public Health Service, the Bureau of Education, the Geological Survey, the Bureau of Mines, the Department of Agriculture, with its many bureaus, the Bureau of Fisheries, the Bureau of Labor Statistics, the Children's Bureau, the Women's Bureau, the Smithsonian Institution, the National Gallery of Art, the Bureau of American Ethnology, the Astrophysical Observatory, and many of the special services in various of the other administrative departments of the Federal Government.

The drawback is a familiar instrument of Government control in industry which has not been successfully attacked. I discuss it more fully in exhibit C, which I am adding to my remarks.

OPINION AT THE TIME

Mr. Speaker, the enemies who opposed the adoption of the Constitution, whatever their real objections, did not deny that the welfare clause contained a legislative power. It carried so much power, they averred, that the States would be swallowed up. I am quoting from the exhaustive work of Lawson on the General Welfare Clause.

Patrick Henry (p. 187), who opposed:

Have they not the power to provide for the general welfare? May they not think that these call for the abolition of slavery? May they not pronounce all slaves free, and will they not be warranted by that power?

Gerry, of Massachusetts (p. 181), as one of the dozen reasons which constrained him not to sign the Constitution, said that it gave Congress power—

to make what laws they may please to call necessary and proper.

Luther Martin, of Maryland, who also refused to sign, declared (p. 185) that the Constitution gave power to Congress to—

make what laws they please.

Samuel Adams in the Massachusetts Convention (p. 186) characterized it as a—

power * * * to extend to every subject of legislation.

Richard Henry Lee (p. 186) writes:

To judge of what may be the general welfare * * * a power coextensive with every possible object of human legislation.

Mason, of Virginia (p. 187), who nevertheless refused to sign, writing to Jefferson, said:

That Congress should have power to provide for the general welfare I grant. But I wish a clause * * * with regard to all powers not granted that they be retained by the States * * *.

Grayson (p. 187) in Virginia Convention:

They had indefinite power to provide for the general welfare * * *. He thought therefore that there ought to be a bill of rights.

Randolph, of Virginia (p. 188), answering Patrick Henry:

If you mean to have a general government at all, ought it not to be empowered to raise money to pay the debts and advance the prosperity of the United States in the manner that Congress shall think the most eligible?

Williams in the New York Convention (pp. 188–189):

The power is in express words given "to provide for the common defense and the general welfare." It is evident that [Congress] may pass any law which they may think proper.

Lansing in the New York Convention (p. 189) objected to the—

concurrent jurisdiction under control of the General Government.

Smith in the New York Convention (p. 189) declared that—

there was no limit to the discretion of the [Congress].

Jay, also in the New York Convention (p. 190), who did not object to the power, wrote Washington:

Some of the most unpopular and strong parts of it appeared to me to be the most unexceptionable.

The reasonable meaning of the clause was expressed by Wilson, in the Convention of Pennsylvania, who said:

Whatever object of government is confined in its operation and effect within the bounds of a particular State should be considered as belonging to the government of that State; whatever object of government extends in its operation or effect beyond the bounds of a particular State should be considered as belonging to the Government of the United States.

A significant contemporary circumstance is that, in the face of this opposition to the "unlimited" power imputed to this clause, the Constitution was ratified with the clause included.

Even more significant is the fact that while a number of States in their ratification contended that the Union should be restricted in securing its revenue to "requisition on the States", as under the Articles of Confederation, not one took exception to the general-welfare clause in their resolutions.

What I fear is something that has happened before. There was a time in the history of this Republic when our highest court (and I am referring to the Dred Scott decision) declared that there was no power under the flag of the United States that could deal with the slavery question. We know what happened. That decision made a problem already aggravated a vulnus immedicabile. That decision put a sword in every man's hand. Are our lawmakers today entirely sure that we are not facing problems as serious and threatening in character? If we do not have this national welfare power to enact farm legislation; to meet disemployment subjects; to rescue the coal and oil industries, in the same disastrous state; if, where the State is incompetent to act, Congress, too, is made incompetent to act by a destructive interpretation of this welfare clause, then we are the subjects of a vacuum in the American lawmaking power which may be charged with similar disaster.

The references to "Elliot" are to volume I of Elliot's Debates on the Federal Constitution which reproduces the Official Journal of the Convention, first printed by order of Congress in 1819. The references "D.H.C." are to Documentary History of the Constitution.

EXHIBIT A

IN RE LEGISLATIVE POWERS UNDER ARTICLES OF CONFEDERATION	IN RE LEGISLATIVE POWERS UNDER CONSTITUTION
1. Congress not to grant any title of nobility.	No title of nobility shall be granted by the United States.
2. Congress given exclusive power to direct land and naval forces in service of the United States.	Congress to raise and support armies.
3. Congress to have power to build and equip a navy.	Congress to provide and maintain a navy.
4. Congress to agree on number of land forces and to make requisitions from each State for its quota, etc.	Congress to raise and support armies, but no appropriation to be for more than 2 years.
5. Congress to appoint all officers of land and naval forces, and commissioning of officers serving the United States.	States to appoint officers and train militia according to discipline prescribed by Congress.
6. Congress to determine peace and war, etc.	Congress to declare war.
7. Congress to make rules regulating land and naval forces.	Congress to make rules to govern land and naval forces.
8. Congress to establish rules in all cases of capture on land and water and approbation of prizes taken.	Congress to make rules concerning captures on land and water.
9. Congress to grant letters of mark and reprisal in times of peace.	Congress to grant letters of mark and reprisal. No State to grant.
10. Each State to keep a disciplined militia and supplies, etc.	Congress to provide for organizing, arming, and disciplining the militia, etc.

IN RE LEGISLATIVE POWERS UNDER ARTICLES OF CONFEDERATION—continued	IN RE LEGISLATIVE POWERS UNDER CONSTITUTION—continued
11. Congress to publish Journal monthly, except secret matter.	Each House shall keep a journal and publish same, except secret matter.
12. May adjourn to any time within the year and to any place, but not longer than 6 months.	Neither House to adjourn more than 3 days without consent of the other.
13. Congress shall never engage in war, enter into treaties, coin money, etc., etc., unless nine States assent.	No State to enter into any treaty, etc., or grant letters of mark and reprisal.
14. Congress may establish courts to try piracy and felonies on the high seas, and to determine appeals in all cases of captures.	Congress to punish offenses against the law of nations and crimes on the high seas.
15. Congress shall be last resort on appeal in all disputes between two or more States (providing method of considering appeals).	Congress to establish inferior Federal courts. To define appellate jurisdiction, Supreme Court.
16. Freedom of speech in Congress not to be impeached, etc. Members to be protected from arrest, etc., except for treason, felony, breach of the peace.	Freedom of speech in Congress not to be impeached. Privilege from arrest except for treason, felony, and breach of the peace.
17. No person holding office, etc., under United States to accept any present, emolument, office, or title from any king, etc.	No person holding any office for profit or trust to accept any present or title, etc., without the consent of Congress.
18. Congress to receive ambassadors; to enter into treaties and alliances. To name three persons from each State to a list from which interstate court judges shall be drawn.	President to appoint and receive ambassadors. No State shall enter into any treaty, etc. To define appellate jurisdiction of Supreme Court.
19. Congress to ascertain sums of money necessary for the service of the United States. Congress to appropriate same "for defraying the public expenses."	Congress to have power to lay and collect taxes, duties, imposts, and excises.
20. Congress to borrow money or emit bills of credit, reporting same to the citizenship half yearly, of charges of war.	To borrow money on the credit of the United States.
21. Congress to regulate the trade and management of affairs with the Indians, except that within any State.	To regulate commerce with foreign nations and among the several States, and with the Indian tribes.
22. Congress to regulate the alloy and value of coinage authorized by United States or the States.	To coin money and to regulate the value thereof.
23. Congress to have power to fix standards of weights and measures.	To fix a standard of weights and measures.
23. (a) To establish post offices.	To establish post offices and post roads.
24. Confederation court, mode and procedure, and powers of.	Appellate jurisdiction Supreme Court subject to exceptions and regulations of Congress.
25. Inhabitants of each of the States, etc., entitled to all the privileges and emoluments of free citizens in the several States; freedom of ingress and egress privileges of trade, etc.	Citizens of each State entitled to privileges and immunities of citizens in the several States.
26. Officers of land forces raised by States, beneath rank of colonel, to be appointed by State legislatures.	To provide for organizing, arming, and disciplining militia, etc.
27. No treaty to restrain any State from imposing imposts and duties on foreigners, etc., or from prohibiting the exportation or importation of any goods or commodities.	No State without consent of Congress to lay any imposts or duties on exports, etc. No State to lay any duty of tonnage. No preference to be given by regulation of commerce or revenue to ports of any one State.
28. Extradition of criminals between States provided for. Full fact and credit to be given by each State to the records, acts, etc., of other States.	Extradition of criminals found in another State. Full faith and credit to be given by each State to records, etc.
29. No State to send or receive ambassadors.	President to appoint and receive ambassadors.
30. States may not enter into treaties between themselves without consent of Congress.	No State without consent of Congress to enter into any agreement or compact with another State or foreign power.
31. No State to grant title of nobility.	No title of nobility shall be granted by the United States.
32. No vessel of war to be kept during peace by any State, or body of forces, except as approved by Congress.	No State without consent of Congress to keep troops or ships in time of peace.
33. No State to engage in war without the consent of Congress, unless actually invaded, etc.	No State to engage in war unless actually invaded without consent of Congress.
34. No State to lay any imposts or duties which may interfere with any stipulations in treaties of the United States.	No State without consent of Congress to lay any imposts or duties, etc., etc.

It will be noted that the Articles of Confederation make no provision as to patents, bankruptcies, naturalization, or immigration. And, of course, the articles carried no power of direct taxation or authority to regulate commerce between the States. The order of succession of the items above follows the order found in the Articles of Confederation.

In a hearing before a subcommittee of the Senate Judiciary Committee on February 3, 1933, on Senate bill 5267, the following discussion of the "debts" subject took place between Senator Walsh of Montana and myself which may be of interest:

EXHIBIT B

PAY THE DEBTS

Senator WALSH of Montana. I was going to ask you—may I have the attention of the committee—just why should the Convention make a specific provision authorizing Congress to pay the debts of the United States?

Mr. LEWIS. Debts were a very troublesome political subject at the time. Here were a lot of private debts between British and American citizens that had been outlawed by the war but revived by treaty of peace. The State courts were refusing to enforce them. But under the Constitution the Federal courts could. This was a fertile source of antagonism.

These revived debts figured in this debt clause, perhaps not with courthouse logic, but effectively with a lot of debtors who for a dozen years had seemed to be freed from such debts. Here too was the depreciated continental money itself, that had sunk in value almost beyond human recognition. The subject of public debt was a matter of bitter controversy in the Convention. One of the members—I have forgotten his name for the moment—used the expression "bloodthirsty men who had fattened on the distress and misery of others."

Senator WALSH of Montana. Mr. LEWIS, suppose these are all separate. Suppose the correct construction is that Congress shall have power to lay and collect taxes, duties, imposts, and excises; that Congress shall have power to pay the debts and provide for the common defense and general welfare of the United States. Suppose that is correct. Why should the Constitution grant power to Congress to pay the debts of the United States? Now, you spoke about debts being a matter of consequence at that time, but that is taken care of in my estimation by article VI, which provides that all debts contracted and engagements entered into before the adoption of this Constitution shall be as valid against the United States under this Constitution as under the Confederation. Of course Congress has not any power to pay private debts. It would have to have a special grant for that, but this takes care of all debts of the United States, and it is only the debts of the United States that are taken care of in this section 8. This does not take care of any debts except the debts of the United States, and that is taken care of in the first clause of article VI, so that does not, in the construction of the language there to pay the debts of the United States—does not that practically refute the contention that it should read "Congress shall have power to lay and collect taxes, duties, imposts, and excises; Congress shall have power to pay the debts of the United States"? Why on earth should they put in there an independent provision that the Congress shall have power to pay the debts of the United States, when it afterward provides that all these obligations shall be just obligations against the United States.

Mr. LEWIS. The historical explanation will probably be found in the Rutledge report. It carried separate paragraphs on the subject of debts and the subject of general welfare. They were verbose; 14 words in the Constitution take the place of 41 words in the Rutledge report which treated them as two different subjects. One was a special matter outlined in item 1, for taking care of the debts of the United States and paying its expenses from time to time. Another portion was item 3, dealing with this welfare power. The actual report made here, in which the clause now appears, was an answer in the form of a revision of 2 out of 3 different subjects in the Rutledge report.

Postscript: The distinguished and greatly lamented Senator was in error in stating that "debts of the United States [are] taken care of in the first clause of article VI." This article reads as follows:

"All debts contracted and engagements entered into, before the adoption of this Constitution, shall be as valid against the United States under this Constitution as under the Confederation."

Mr. LEWIS. There would, of course, without mention be an implied power to pay debts; in the draft of the Constitution of August 6 it was left to implication. But why leave it to implica-

tion alone? Members did not seem satisfied to do so. On August 18 the draft of August 6 being silent, Madison proposed among many others the following powers:

"To secure the payment of the public debt.

"To secure all creditors under the new Constitution from a violation of the public faith when pledged by the authority of the [Congress]." (Elliot Debates, p. 247–248.)

On August 22 Mr. Rutledge of the committee reported the following recommendations:

"(1) That at the end of the first clause (i.e., the tax clause, sec. 8) there be added the following words 'for payment of the debts and necessary expenses of the United States * * * provided that no law for raising any branch of revenue except what may be specially provided for the payment of interest on debts or loans shall be continued in force for more than — years.'" (Elliot Debates, p. 256.)

It is evident that there was a purpose to specify an obligation on Congress to pay its debts. It had not been paying them. Moreover, the debt duty was completely disassociated in the Rutledge report from the power to provide for the general welfare; they were treated as distinct and independent subjects, and were distributed by the report of the committee to different places in the Constitution. So much for the report of the committee. On August 23 the taxing clause in the draft of the Constitution of August 6, by a unanimous vote of the convention, was amended so as to read:

"The [Congress] shall fulfill the engagements and discharge the debts of the United States and shall have the power to lay and collect taxes, duties, imposts and excises." (Elliot Debates, p. 260; 1 D.H.C., p. 150.)

Later, on August 25, Randolph proposed the following:

"And debts contracted and engagements entered into, by or under the authority of Congress, shall be as valid against the United States under this Constitution as under the Confederation." (Elliot Debates, p. 264.)

The Randolph motion was adopted; and was the parent of the first paragraph of article V, as modified later. In fine, the Convention for the first time on August 23 voted that Congress must pay its debts as incurred, and similarly on August 25 that it must respect the debts contracted under the Confederation. These decisions, as revised, found their places respectively in section 8 of article I and the first paragraph of article VI.

It does not seem possible, in the light of the distinct and separate histories attached to these three subjects, taxation, debts, and general welfare so thrown together by different acts and at different times in the history of the Convention to regard them as representing but a single thought. Even if the draftsman had neglected to insert the semicolon after the word "excises" history would have done so.

EXHIBIT C

CONSTITUTIONALITY OF DRAWBACK

That Congress can levy such a tax is quite certain. There have been innumerable instances of acts of Congress designed to protect and assist industry by the imposition of taxes on production and commerce so graduated or differentiated as to effect this object. These instances began with the organization of the Government, and had long preceded it. The question which is alone suggested is as to whether Congress, having levied a tax, can grant a drawback.

The drawback of 99 percent, or in fact a bounty of that amount now granted domestic manufacturers, of the customs duty paid by them on importations of the raw material entering into their manufactures, is a full precedent. This discrimination or bounty in their favor, designed to encourage American industries—that is, "provide for the general welfare"—is not contested as a violation of the Constitution.

The practice of the bounty and drawback goes back to the very foundations of the American Government. Hamilton favored "pecuniary bounties" as a most efficacious means of encouraging manufactures.

If any doubt as to the validity of such legislation has existed, it is answered by the recent decision of the Supreme Court sustaining the flexible provision of the tariff law under which the United States Tariff Commission and the President are empowered to lower or raise tariff rates for "protective purposes."

Bounties to the fishing industry appeared in the very first tariff acts. (See sec. 4, act of 1789, on p. 15, Tariff Acts, 1790 to 1909; also *U.S.* v. *Nickerson*, 17 How. 204.) The bounty to fishing was long continued. The drawback system is but another illustration of the bounty. The drawback, an old method in the practice of protection, is found in the act of 1789 and continues to this day. (See Dictionary of Tariff Information, p. 272, as to its use in the different countries.)

The McKinley Tariff Act of October 1, 1890 (par. 231) provided for bounties on sugar "grown" and "produced" within the United States. Some $30,000,000 were paid sugar producers "within the United States" under the bounty provided by the McKinley Act, which remained in operation about 4 years. The validity of the sugar bounty in that act was not passed on by the Supreme Court before its repeal. But that Court did sustain a later act of March 2, 1895, granting a bounty to producers of sugar under the McKinley Act who had complied with its provisions but who had not been paid their bounties at the time the McKinley Act expired.

TAXES MAY BE IMPOSED TO ENCOURAGE DOMESTIC INDUSTRY

By an odd turn in our judicial history, even those doubts about the constitutionality of a protective tariff, which were raised by Daniel Webster, were not disposed of by the Supreme Court until its October term in 1928. In passing on the constitutionality of the flexible provisions of the Tariff Act of 1922, by which the President, in conjunction with the Tariff Commission, is empowered to reduce or increase certain tariff rates, the Supreme Court said:

"It is contended that the only power of Congress in the levying of customs duties is to create revenue and that it is unconstitutional to frame the customs duties with any other view than that of revenue raising. * * * It is enough to point out that the second act adopted by the Congress of the United States July 4, 1789 (ch. 2, 1 Stat. 24), contained the following recital:

"'SECTION 1. Whereas it is necessary for the support of government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares, and merchandises imported.'

"In this First Congress sat many members of the Constitutional Convention of 1787. This Court has repeatedly laid down the principle that a contemporaneous legislative exposition of the Constitution when the founders of our Government and framers of our Constitution were actively participating in public affairs long acquiesced in, fixes the construction to be given its provisions.

"*J. W. Hampton, Jr., & Co.* v. *the United States*, decided April 9, 1928 (276 U.S. 394)."

The act of 1789, referred to by the Court, not only carries a "bounty" by name to the fishing industry in section 4 but a discriminating drawback in section 5 under the name of a "discount" to American-built ships of 10 percent of the duties on merchandise carried by them. (Tariff Acts, 1789 to 1909, p. 15.)

THE 10-PERCENT TAX ON STATE-BANK CIRCULATION

An important illustration of the power of Congress to discriminate in the imposition of an excise tax is found in the tax of 10 percent imposed on the circulation of private State banks. The tax was not imposed on the similar circulation of the equally private national banks, although the circulation of neither the State nor the national banks was legal tender, but resembled each other perfectly in their exchange characteristics. The Court sustained this discriminatory tax in the celebrated case of *Veazie Bank* v. *Fenno* (8 Wall. 533).

OTHER INSTANCES OF LEGISLATIVE DISCRIMINATION

The history of the levy of taxes and the imposition of duties is replete with instances of legislative "welfare" discriminations. Until recently taxes imposed on corporation net incomes were remitted on net incomes derived from foreign sources. In the case of inheritance taxes and income taxes, the rates of the tax are obviously discriminatory. There is a discrimination of 20 percent in our tariff in favor of Cuba. Accident-compensation laws exempt employers whose employees number less than a prescribed number. In fact, it may be said that revenue legislation is not likely to be intelligent or just, which does not discriminate in order to recognize some special "general welfare" considerations in its applications.

Other references to relevant decisions by the courts are as follows:

Oleomargarine case: *McCray* v. *United States* (195 U.S. p. 27); *Kelly* v. *Lewellyn* (274 Fed. Rep. 108).

Discriminating not unconstitutional: *American Sugar Refining Co.* v. *Louisiana* (179 U.S. 89; 45 L.Ed. 102); *Williams* v. *Fears* (179 U.S. 270; 45 L.Ed. 186).

(See generally Cooley's Constitutional Lim., p. 825–N–3, 8th ed., 221 U.S. 660; 65 L.Ed. 899.)

Phosphorus matches, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 674).

Narcotic drugs, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 674).

Cotton futures, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 679).

Opium, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 679).

One cannot read the phosphorus, narcotic, or opium acts and the decisions of the courts in relation thereto without the conviction that Congress may legislate to accomplish certain national "welfare" objectives not specifically named in the Constitution. One naturally expects this, since Congress is authorized by the Constitution "to lay and collect taxes * * * to provide for the general welfare." In the narcotic acts we find a full-fledged prohibition law not distinguishable in its features from the Volstead Act.

Under both the Volstead and the Narcotic Acts the privilege of sale is restricted to a particular class of persons, and the sale itself is permissible only on a doctor's prescription. The decisions of the Supreme Court justify the statement that the welfare clause in the past has always proved sufficient authority for legislation when the "welfare" objective represented a paramount necessity and when the desirability of the legislative restraint was generally admitted and the means employed were not unreasonable.

For a full discussion of the meaning of the "welfare clause" reference is given to the statements of James F. Lawson, Esq., dated February 2, 3, 1933, before the Senate Judiciary Committee on Senate bill 5480. It is believed that these studies will leave the student in little, if any, doubt that the clause in section 8, article I, known as the "general welfare clause", was intended to give Congress a real power.

CALENDAR WEDNESDAY BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PRESIDENT'S DAY

Mr. KOPPLEMANN. Mr. President, I ask unanimous consent to have printed in the RECORD an address made by me before the joint services of 11 congregations on the occasion of the observance of President's Day, April 30, 1933, at the Adas Israel Synagogue, Washington, D.C., at services held in observance of President's Day.

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

My dear friends, throughout the whole Nation today men and women of all creeds are gathered for a common purpose. Jew and Christian have united to offer special prayers for our President.

The thought behind this observance is to my mind noble in the highest sense of the word. During these days of economic and social distress when starvation and mental torture dominate the world, leadership must be reassured. That reassurance must come from the people themselves.

How significant it is that Jews everywhere were quick to respond to the call for this prayer. The answer is not hard to find. The observance today centers about a venerating appreciation of courage, truth, and freedom, qualities which our President has displayed admirably since he took office.

Jews especially have been quick to appreciate the daring of this leader, realizing that through him we, as a Nation, will speedily attain the living ideals of justice, freedom, and truth.

These three concepts of justice, freedom, and truth are inborn with the traditions of Judaism. The passion of the prophets was justice for the forgotten and the disinherited. The passion for liberty is instinctive with the Jew.

Persecution, which has stalked its tragic way through the pages of Jewish history, has made the Jew keenly sympathetic with the downtrodden and suffering. The passion for liberty, instinctive with the Jew, has earmarked our history from time immemorial. With what a sense of triumph we celebrate the Feast of Passover, in commemoration of our freedom from the bondage of Egypt. With what a glow of victory do we kindle the lights during the Feast of Chanuka, remembering the Maccabean champions of Jewish liberty. With what a sense of reverence in a few weeks, as Jewry has done for thousands of years, will we observe the Feast of Shevuoth, when the law was handed us to preserve for generations yet unborn.

"Pray for the prosperity of the government and for the peace of the land!" was the injunction of the prophet Jeremiah. This morning, as we ask the kindly guidance of the Almighty for the leader of the American people, we unconsciously follow the dictates of Jeremiah and pray, indeed, for the prosperity and peace not only of this land but of the world!

As a people we have ever lent ourselves to the concepts of liberalism and always have championed the cause of peace. The first court was a Jewish court. The laws of the nations of the world are based upon and derived from the laws of the Torah. The aim of Judaism has ever been to realize the ideals of justice, freedom, and truth through the instrumentality of law.

It is impossible to mention justice and freedom without at the same time shuddering because these concepts, so fundamental to civilization, are being violated in Germany today. It is perhaps sorry consolation at this moment to say that no nation can long endure which discriminates against racial, economic, and social differences. Yet history has repeatedly shown this to be a fact. Justice, truth, and freedom must prevail. Whatever is hurtful and destructive to any group, whatever is hurtful and destructive to the Jews, is equally hurtful and destructive to mankind at large.

And yet it is perhaps natural that crime as heinous as the violation of justice should be an outcome of chaos such as the world has witnessed during the past 19 years, with nations warring, mankind disregarded, lands destroyed. How long was it to endure? Were the Jews of Germany destined to be the final straw that broke the camel's back? So that at last an entire world, horrified and aghast that such atrocities could be committed in peace time, frightened at the dissension and mistrust that exists between nations, is making ready to send its emissaries to counsel one with another. This in order to restore some semblance of economic peace to the world. And surely, my friends, when economic peace has been given back to us social peace must follow.

With what pride do we, as Americans, point to the fact that the one who called together the World Economic Conference, which is to take place in June, was the man whom a mighty Nation elected to lead it out of the mire, our own President, Franklin Delano Roosevelt. Already the wheels toward economic peace have started to turn. Those were important conferences that were held here in Washington last week. They were the first steps toward that ultimate goal, peace among nations, trust among nations, liberty for all.

I anticipate eagerly the activities of the coming world conference. Of one thing I am assured—the crime perpetrated against our brethren in Germany, a crime so insidious as to strike terror into the hearts of all men, will be denounced in such terms that a chastened Germany, nay, a repentant Germany, will quickly try to atone for the wrong she has done not only to the Jews but to herself.

America cannot take a back seat in dealing with the barbarities of Hitlerism. Did she not go to Leviticus when she inscribed on her liberty bell, "Ye shall proclaim liberty throughout the land and to all the inhabitants thereof"?

Jewry is especially happy to observe President's Day. Prayer on behalf of leadership is in keeping with our ideals. We have always recognized the value of great leadership, and have always demonstrated such recognition by our willingness to cooperate.

To my mind, President Roosevelt represents a new kind of leadership—a leadership such as we in the past knew, a man who places his seat of leadership among the people instead of merely at the head of the people. He thus becomes not merely a representative of the particular party which carried him to office but rather a servant of the people.

Our president has surprised the world in his ability to understand and recognize situations and in the measures he has offered to bring about relief. He has shown such bigness and courage and vision that he has gathered unto himself the cooperation of all regardless of faith or political affiliation. Nor has his leadership been confined to any group. American Jewry has just cause to be proud of the recognition our President has given it in the appointments he has made of Jews to high office, demonstrating thus the tradition and ideals of Judaism, that recognition and justice be meted to all alike.

The entire world is standing on a threshold. The door, so long closed, is now open. Through it America, leading her sister nations, will pass along the road to lasting prosperity, tolerance, and real peace, led by a man who is inspired with the ideals of justice, peace, and truth.

CURRENCY INFLATION

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD by inserting a speech delivered by my colleague, the gentleman from Texas [Mr. PATMAN], over the Columbia network on Saturday evening, on the expansion of the currency.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech by my colleague Mr. PATMAN:

RADIO ADDRESS OF HON. WRIGHT PATMAN, OF TEXAS, APRIL 29, 1933

In connection with the subject "currency inflation", I desire to confine my remarks to restoring the honest dollar. Before I conclude, I expect to comment on a statement made by the Honorable Ogden Mills last night and also to say a word to veterans who are encouraging a march on Washington. We are not asking for an undue inflation of currency and prices. We are asking for a reflation of the circulating medium. It cannot be accomplished by an increase in the amount of currency alone; the velocity or turn-over must also be increased; this can best be accomplished by placing money and credits at the disposal of people who will use them—put them in circulation. We have a currency famine. Are we savages that we should sink to barter? If one person in a city is furnished $10,000, the circulating medium in that city is increased very little, but if 1,000 people are furnished $10 each, most of it will go immediately into the channels of trade and everybody in the city will be benefited. In 1929, money and bank deposits were turning over about 25 times a year. Now, the velocity is slowed down to about 10 times a year. Although Treasury reports show that we have at this time about a billion dollars more money in circulation than we had in 1929, there is only about one third of the business being transacted because the outstanding money, presumed to be in circulation, is not in circulation at all; it is hoarded and concentrated in the hands of people who are spending only a small portion of it to satisfy their desires. If there was distribution as there was in 1929, velocity would be restored. Money is the blood of business.

In asking for reflation of the currency, we are asking that the honest dollar be restored.

Remember this: No country has ever got out of a depression without some kind of expansion of the currency.

DISHONEST DOLLARS

The dollar that is now collected on a debt contracted between 1917 and 1929 is a dishonest dollar. It is worth from 50 percent to 400 percent more than it was worth then. It is an economic fact that deflation cheats the man in debt just as much as undue inflation cheats the creditor. We are not asking to cheat the creditors, but we are asking to give the debtor a square deal by restoring the value of the dollar to its 1928–29 purchasing power.

REFLATION, REPUDIATION, OR REVOLUTION

The three R's used to be referred to as "'reading,, 'riting, and 'rithmetic." Now they refer to reflation, repudiation, or revolution. We may as well face the facts. The country is facing reflation of the currency, repudiation of debts by bankruptcy, scaling down, or otherwise, or some sort of a revolution.

The cotton and wheat farmers voted bonds against their property for building schoolhouses, highways, and making other improvements when wheat was worth $1 a bushel and cotton 20 cents a pound. Deflation has caused the price of wheat to decrease to 25 cents a bushel and cotton to 5 cents a pound, thereby forcing these farmers to pay the equivalent of $4 for every dollar borrowed; instead of paying 6-percent interest on the bonds they are now paying the equivalent of 24-percent interest, based on the present price of farm products. The farmers' debts, interest, taxes, and other fixed charges are four times harder to pay than when the debts were contracted. The wage earner who has had his wages reduced 50 percent is now paying the equivalent of $2 for every dollar he borrowed. Also, by reason of the reduction in wages he has suffered, cost of his taxes, rent, electricity, gas, water, and other fixed charges have doubled. Based upon and by reason of the increased value of money, debts owed by the American people, aggregating $200,000,000,000 in 1929, have mounted to the equivalent of more than $400,000,000,000 in 1932. Do not be deceived; these debts can never be paid under present conditions.

GOOD WAGES AND GOOD PRICES

We must have good wages and good prices. One is not possible without the other. It will be better for a creditor to accept the honest dollar, one that will not purchase so much in a few commodities, than not to be able to collect any dollar at all. Most creditors are also debtors. The same dollar they collect, they can use to liquidate a dollar of their own debts. The honest dollar will permit people to pay their debts with approximately the same amount of labor, securities, or products as were necessary when the debts were contracted.

POOR PEOPLE ARE THE MARKET

The farmers, wage earners, and people who work for salaries are purchasers of 80 percent of all goods and services. They still have the consuming power but do not have the buying power on account of low prices of certain commodities, which has resulted in unemployment and reduced wages. If these classes are helped, the country is helped. As the price of gold increases, the price of commodities and everything else decreases, except certain fixed charges. Gold is not scarce; we have a reserve of $4,500,000,000, which is sufficient coverage to authorize the issuance of more than $4,000,000,000 of additional money without decreasing our gold reserve below 40 percent; gold is high because of the scarcity of paper money. The price level may be raised by putting more money in circulation. A higher price level will restore buying power.

MONEY REDEEMABLE IN SERVICES

In addition to the gold reserve, which we have but do not need to support an issue of domestic currency, of four or five billion dollars, any currency that is issued may be redeemable in services rendered by the United States Government which will keep it constantly moving. There is no thought of issuing any kind of money different from the money that is now in daily use. There will be a demand for it, and it may be redeemed in services at the post office or other Government service-rendering institutions, or it may be used to pay taxes, including income, inheritance, gasoline, check, electricity, tobacco, cosmetics, theater, beer, and other miscellaneous taxes, or it may be used by the banks, insurance companies, and the railroad companies to pay the Reconstruction Finance Corporation. It will be lawful money.

GERMAN INFLATION AND CONTINENTAL CURRENCY

We are constantly reminded that currency expansion is dangerous and much is said about this "not-worth-a-continental" money, the Civil War greenbacks, and the German inflation.

Continental currency of "not-worth-a-continental" fame was no good because it was only redeemable in what was found in the hat after it was passed around. The Government had no power at that time to levy taxes to redeem it.

Civil War greenbacks had no gold coverage; they were issued solely on the credit of the Nation. When the Confederate General Early and his troops were about to take Washington City and the Government was about to fall, the security behind the paper money was less valuable, and the greenbacks went down to 35 cents on the dollar. At the same time there was a corner of gold. When the war was over, the credit of the Nation restored, a gold reserve set aside, and the money made good for payments of all debts, they went back to 100 cents on the dollar. We now have $346,000,000 of them outstanding, and I should like to know who would refuse to take one.

Germany issued money without a gold reserve and without reference to national wealth, national income, or ability to redeem. It was issued in huge quantities for the deliberate purpose of destroying their currency in order that the poor people may take the cheap money and pay all their debts, which they did.

HON. OGDEN MILLS

Currency issued by our Government is just as good as a Government bond. The only difference is the bond bears interest and the currency does not. Each represents a Government obligation. The bankers can purchase Government bonds, deposit them with the Government, and obtain new money in return. They loan the money to the people receiving interest for it, and at the same time they receive interest on the Government bonds deposited to secure the money. They cannot be expected to favor a direct issue of money by the Government. That would deprive them of a big bonus.

Mr. Ogden Mills, former Secretary of the Treasury, in a speech at Indianapolis, Ind., last night while explaining the difference between Government bonds and currency, stated: "Bonds do not furnish a basis for an expansion of bank credit more than 10 times their face value; currency does."

Further, he said: "If there is no difference between a Government bond and unsecured paper currency, why not retire the entire Government debt in paper currency and save the interest?"

I have no right to speak for the Democratic Party, but I will express my personal opinion of that statement.

The entire national debt of $21,000,000,000 can be retired with new currency—a circulating Government obligation—and the Government be saved $725,000,000 a year in interest charges. Undue inflation may be prevented by raising the reserve requirements of banks from 10 to 25 or 33⅓ percent. This simple change will remove every objection urged by Mr. Mills to currency expansion.

Higher reserve requirements will make the banks safe, a guaranty of deposits unnecessary, and give a few powerful bankers less authority to inflate and deflate at will. I do not recommend that this change in Government policy be made quickly; it should be made gradually.

INFLATION

Money is high because it is scarce. If the amount of money is increased, it will became cheaper. As money goes down in price, cotton, wheat, other raw materials, real estate, and common stocks increase in price. The honest dollar will still buy just as much railroad freight and passenger service, electricity, telephone, gas, water, and all commodities and services that are now selling at a fixed price. The honest dollar can also be used to pay, dollar for dollar, all debts, taxes, and interest. Inflation will help the farmer because of a sharp rise in his crop prices; he will not have to pay so much in terms of wheat and cotton to settle his obligations, and his buying power will be increased. Labor will be helped by an increase in total employment. Wages go up more slowly than the cost of living, but labor as a class tends to benefit in that local pay rolls are increased. Business men will be helped because sales will increase in dollars faster than costs; profit margins will expand; inventories rise in value; expansion be encouraged. The Government will be helped because of bigger tax collections as business improves. The general welfare of the people will be promoted because the buying power of the masses will be restored.

Who will get hurt? No one really, because the present dollar is not an honest dollar. However, the creditor class—bankers, bondholders, mortgage holders—claim they will be hurt, because the dollars they will collect in interest and on the principal will not buy so much cotton, wheat, and other raw materials as the present dollar. It will be better for a creditor to accept the honest dollar, one that will not purchase so much in a few commodities than not to be able to collect any dollar at all. It is better to cheapen the dollar than it is to cheapen the people. It is better for the wage earner to receive a dollar that will not purchase so much in certain commodities than not to be able to get a job that would enable him to earn a dollar.

DEFLATION IS ALSO BAD

Reactionary Members of Congress and international bankers are claiming that the adoption of the President's expansion program will put prices through the roof. They overlook the fact that there has been a deflation of several times as much in money and credits as now proposed in the form of expansion. They are against any sort of expansion; they want the panic to run its course. If it does, a few creditors will own all the property; all the debtors will be destroyed. Inflation carried to its limit will wipe out all debts; money would be so cheap that all debts would be quickly paid. There is a middle ground. Neither the creditors nor the debtors should be destroyed, but the honest dollar should be restored so people can pay their debts.

People do not lose their homes during inflation; they lose them during deflation. No one is advocating or desiring the wild inflation experienced in Germany. However, with all of its evils, the people of Germany during inflation paid their debts and saved their homes and other property, although it amounted to repudiation of debts.

WHAT IS WORSE THAN DEFLATION?

Deflation has brought poverty, starvation, bankruptcy, unemployment, and suicide to our people in the best country on earth, in a land of plenty. Reflation will restore the country.

The people who build our country in time of peace and save it in time of war are suffering the most by reason of this panic. They will receive the most benefit from reflation. Therefore let us live and let live by restoring the honest dollar.

The country does not owe anyone a living but it does owe everyone an opportunity to make a living.

IDLE DOLLARS

More idle box cars placed on the railroad tracks will not increase car loadings, neither will more idle dollars placed in the large banks, that are not functioning in the interest of producers or borrowers, help the people. It is highly essential that money reach the pockets of the masses of the people in every city and community. They cannot borrow money; they do not have the security to offer, and besides the banks are continuing to hoard and declining to make loans. We should send money to the banks by the people instead of sending money to the people by the banks.

MARCH ON WASHINGTON

I am receiving letters daily from veterans who want to know what I think about a march on Washington. I am opposed to such a proposal. No one can accuse me of being unfriendly to veterans. I have, for 3 years, urged the payment in full of the

adjusted-service certificates; was given considerable credit for causing the 50 percent payment to be made on these certificates, and still believe and never miss an opportunity to urge my views that the payment of the remainder will help the country more than any other plan for distribution of money that has been proposed. I spoke against and voted against the so-called "economy bill."

Such a march would not help the veterans; it would harm their cause. I want to appeal to all veterans to discourage such an undertaking. Benefits and good results for themselves and their dependents cannot be obtained in that manner. I plead with them not to participate in or encourage a march on Washington.

SUPPORT ADMINISTRATION'S EXPANSION PROGRAM

Regardless of the economy bill and the so-called "bonus", it is in the interest of all the people, including the veterans, that the currency be expanded in order that this panic may be broken so that the unemployed can get jobs and so the people can pay their debts and earn a livelihood. The veterans have done more than any other class to arouse the people on the question of currency expansion; they have exposed the manner in which a few powerful bankers have controlled the monetary system of our country. Out of their efforts in this direction, much and lasting good will come to the country. Let us finish the job by causing legislation to be passed restoring the honest dollar.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HAMILTON, for today, on account of important business.

To Mr. BROWN of Michigan, for the week of May 1, that he may attend to his duties as a member of the State Board of Law Examiners.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Wednesday, May 3, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were take from the Speaker's table and referred as follows:

34. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 18, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of and review of report on Connecticut River between Hartford, Conn., and Springfield and Holyoke, Mass., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 27); to the Committee on Rivers and Harbors and ordered to be printed.

35. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 15, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Black Rock Channel and Tonawanda Harbor, N.Y., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 28); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

36. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 19, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Pawtucket (Seekonk) River, R.I., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 29); to the Committee on Rivers and Harbors and ordered to be printed.

37. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 25, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Craig Harbor, Alaska, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

38. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 24, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Intracoastal Waterway from the mouth of Columbia River to Puget Sound, Wash., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

39. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 29, 1933, submitting a report, together with accompanying papers, on a preliminary examination of waterway from Coloma, Ill., to the Mississippi River at Moline Pool, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

40. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 25, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Mystic River, Mass., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

41. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 29, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Nagai Island, Alaska, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WOODRUM: Committee on Appropriations. H.R. 5389. A bill 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; without amendment (Rept. No. 61). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUCHANAN: Committee on Appropriations. H.R. 5390. A bill 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; without amendment (Rept. No. 62). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 128. Resolution providing for the consideration of H.R. 5389, a bill 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; without amendment (Rept. No. 63). Referred to the House Calendar.

Mr. McSWAIN: Committee on Military Affairs. H.R. 2834. A bill to confer the degree of bachelor of science upon graduates of the Naval, the Military, and the Coast Guard Academies; without amendment (Rept. No. 64). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COFFIN: Committee on Military Affairs. H.R. 3050. A bill for the relief of William H. Stroud; without amendment (Rept. No. 65). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUM: A bill (H.R. 5389) 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; to the Committee of the Whole House on the state of the Union.

By Mr. BUCHANAN: A bill (H.R. 5390) 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; to the Committee of the Whole House on the state of the Union.

By Mr. PRALL: A bill (H.R. 5391) to amend section 13 of the Federal Reserve Act, as amended, with respect to rediscount powers of Federal Reserve banks; to the Committee on Banking and Currency.

By Mr. SANDERS: A bill (H.R. 5392) to amend sections 4884 and 4886 of the Revised Statutes as amended by Public Act No. 245, Seventy-first Congress, entitled "An act to provide for plant patents"; to the Committee on Patents.

By Mr. LUNDEEN: A bill (H.R. 5393) to repeal the Economy Act approved March 20, 1933, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. BRUNNER: A bill (H.R. 5394) authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and operate a bridge across the East River between Bronx and Whitestone Landing; to the Committee on Interstate and Foreign Commerce.

By Mr. SUTPHIN: A bill (H.R. 5395) relating to pensions with respect to officers and enlisted men on board the *Akron* at the time of its destruction and their widows and dependent relatives; to the Committee on Pensions.

By Mr. BIERMANN: A bill (H.R. 5396) to discontinue the prosecution of the project for a 9-foot channel depth in the upper Mississippi River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. CHAVEZ: A bill (H.R. 5397) to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein; to the Committee on the Public Lands.

By Mr. COLDEN: A bill (H.R. 5398) extending the provisions of the act of January 15, 1909 (ch. 22, 35 Stat. 586); to the Committee on Interstate and Foreign Commerce.

By Mr. McSWAIN: A bill (H.R. 5399) to regulate interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. O'CONNOR: Resolution (H.Res. 128) providing for the consideration of H.R. 5389, a bill 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; to the Committee on Rules.

By Mr. ROGERS of New Hampshire: Joint Resolution (H.J.Res. 170) consenting that certain States may sue the United States, and providing for trial on the merits in any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name; to the Committee on the Judiciary.

By Mr. JOHNSON of Oklahoma: Concurrent resolution (H.Con.Res. 17) giving preference to veterans who are disabled and unemployed; to the Committee on Labor.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Oklahoma, memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people in general by providing an adequate tariff or tax on oil that will place the domestic oil industry on a competitive basis with imported oil as shown by reports of the Tariff Commission; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Rhode Island, memorializing Congress to request the President not to cut the pensions or compensation of any veteran of any war or the allowance to their widows and orphans where the disability of the veteran is traceable to service or presumptively service-connected; to the Committee on World War Veterans' Legislation.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to enact the Black bill into law; to the Committee on Labor.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to the ratification of the treaty between the United States and Canada for the construction of the St. Lawrence waterway and appropriation of money by Congress for the completion of said project; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to a reduction in the expenditures for prohibition enforcement; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to pass an act permitting cities, counties, and States to deposit their bonds with the Federal Government in exchange for currency; to the Committee on Banking and Currency.

Also, memorial of the Legislature of Puerto Rico, memorializing Congress to amend Senate bill no. 5251 in the sense of expressly extending to Puerto Rico the benefits of such proposed legislation; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to an increase in the currency of the United States through calling in all Liberty and Victory bonds; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Oklahoma, memorializing Congress to enact into law Senate bill no. 3074, introduced in the Seventy-second Congress; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BLACK: A bill (H.R. 5400) for the relief of Thomas F. Olsen; to the Committee on Claims.

Also, a bill (H.R. 5401) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature and other causes; to the Committee on Claims.

Also, a bill (H.R. 5402) for the relief of Capt. L. P. Worrall, Finance Department, United States Army; to the Committee on Claims.

Also, a bill (H.R. 5403) for the relief of Korber Realty, Inc.; to the Committee on Claims.

Also, a bill (H.R. 5404) for the relief of White Bros. & Co., a partnership composed of John W. White, Jr., Will J. White, A. P. White, and Madison White; to the Committee on Claims.

Also, a bill (H.R. 5405) for the relief of Nicola Valerio; to the Committee on Claims.

Also, a bill (H.R. 5406) for the relief of Charles E. Molster, disbursing clerk, Department of Commerce, and Dr. Louis H. Bauer, a former employee; to the Committee on Claims.

Also, a bill (H.R. 5407) for the relief of Ransome Cooyate; to the Committee on Claims.

Also, a bill (H.R. 5408) to provide for the reimbursement of personnel of the Navy and Marine Corps for personal property lost, damaged, or destroyed as a result of the earthquake which occurred at Managua, Nicaragua, on March 31, 1931; to the Committee on Claims.

Also, a bill (H.R. 5409) for the relief of Lawrence S. Copeland; to the Committee on Claims.

Also, a bill (H.R. 5410) for the relief of John J. Galvin; to the Committee on Military Affairs.

Also, a bill (H.R. 5411) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed by fire at the Naval Training Station, Hampton Roads, Va., on February 21, 1927; to the Committee on Claims.

Also, a bill (H.R. 5412) for the relief of certain disbursing officers of the Army of the United States and for the

settlement of an individual claim approved by the War Department; to the Committee on Claims.

Also, a bill (H.R. 5413) to authorize settlement, allowance, and payment of certain claims; to the Committee on Claims.

Also, a bill (H.R. 5414) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed by fire at the Naval Radio Station, Eureka, Calif., on January 17, 1930; to the Committee on Claims.

Also, a bill (H.R. 5415) for the relief of Giuglio Zarella; to the Committee on Claims.

Also, a bill (H.R. 5416) for the relief of Joseph Ricco; to the Committee on Claims.

Also, a bill (H.R. 5417) to reimburse Dominic Fracapane for injuries sustained in an accident with a Government-owned motor truck; to the Committee on Claims.

By Mr. COFFIN: A bill (H.R. 5418) for the relief of Lawrence J. Kessinger; to the Committee on Claims.

Also, a bill (H.R. 5419) for the relief of Robert Rayl; to the Committee on the Public Lands.

By Mr. FIESINGER: A bill (H.R. 5420) granting a pension to Elizabeth Davis; to the Committee on Invalid Pensions.

By Mr. FOCHT: A bill (H.R. 5421) granting a pension to Mary C. Simon; to the Committee on Pensions.

By Mr. GAMBRILL: A bill (H.R. 5422) for the relief of Bertha W. Lamphear; to the Committee on Claims.

By Mr. McREYNOLDS: A bill (H.R. 5423) for the relief of Jack C. Allen; to the Committee on Claims.

By Mr. MULDOWNEY: A bill (H.R. 5424) for the relief of Harry Gordon; to the Committee on Military Affairs.

Also, a bill (H.R. 5425) for the relief of John A. Downey; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5426) granting a pension to James Oscar Donnelly; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5427) granting a pension to Ernest Elmer Edwards; to the Committee on Pensions.

By Mr. SWANK: A bill (H.R. 5428) for the relief of Thomas L. Essex; to the Committee on Military Affairs.

By Mr. TABER: A bill (H.R. 5429) granting a pension to Louise C. Jones; to the Committee on Pensions.

By Mr. VINSON of Georgia: A bill (H.R. 5430) granting a pension to Lonie Pearson; to the Committee on Pensions.

By Mr. VINSON of Kentucky: A bill (H.R. 5431) granting pension to Louie B. Reibold and Louis Reibold, Jr.; to the Committee on Pensions.

Also, a bill (H.R. 5432) granting a pension to Pharis Johnson; to the Committee on Pensions.

Also, a bill (H.R. 5433) granting an increase of pension to William O. Scott; to the Committee on Pensions.

Also, a bill (H.R. 5434) granting a pension to Jesse Johnson; to the Committee on Pensions.

Also, a bill (H.R. 5435) granting pension to Addie Hall; to the Committee on Pensions.

Also, a bill (H.R. 5436) granting an increase of pension to William Hays; to the Committee on Pensions.

Also, a bill (H.R. 5437) granting an increase of pension to Lona B. Porter; to the Committee on Pensions.

Also, a bill (H.R. 5438) granting a pension to Robert Noble; to the Committee on Pensions.

Also, a bill (H.R. 5439) granting an increase of pension to Willie Williams; to the Committee on Pensions.

Also, a bill (H.R. 5440) granting a pension to Earl F. Alexander; to the Committee on Pensions.

Also, a bill (H.R. 5441) granting a pension to Fannie Shields; to the Committee on Pensions.

Also, a bill (H.R. 5442) directing the Secretary of the Treasury to pay the sum of $10,000 to Mr. and Mrs. Jerome Wate Stewart; to the Committee on Claims.

Also, a bill (H.R. 5443) for the relief of John Henry Tackett; to the Committee on Claims.

Also, a bill (H.R. 5444) for the relief of Loraine K. Scott; to the Committee on Military Affairs.

Also, a bill (H.R. 5445) for the relief of Robert Fraley; to the Committee on Military Affairs.

Also, a bill (H.R. 5446) extending the time for the consideration of application for retirement of John W. Stephenson under the Emergency Officers' Retirement Act; to the Committee on Military Affairs.

Also, a bill (H.R. 5447) for the relief of John Barnett; to the Committee on Military Affairs.

Also, a bill (H.R. 5448) for the relief of Marion Ray; to the Committee on Military Affairs.

Also, a bill (H.R. 5449) for the relief of William Adkins; to the Committee on Military Affairs.

Also, a bill (H.R. 5450) for the relief of Charles D. Waldeck; to the Committee on Military Affairs.

Also, a bill (H.R. 5451) for the relief of Floyd Carpenter; to the Committee on Military Affairs.

Also, a bill (H.R. 5452) granting a pension to Nancy Jane Branham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5453) granting a pension to Minnie Allen Lacy; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5454) granting a pension to Sarah Cordelia Adkins; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5455) granting a pension to Dora McCallister; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5456) granting a pension to Alameda Jarrell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5457) granting a pension to Edgar F. Bradley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5458) granting a pension to Josephene Johns; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5459) granting a pension to Ned Johnston; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5460) granting a pension to Carrie Stidham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5461) granting a pension to Mayme Heilman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5462) granting a pension to Thomas Johnston; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5463) granting a pension to Mima Turner; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5464) granting a pension to Lewis Stamper; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5465) granting a pension to Mima White; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5466) granting a pension to Sallie Deaton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5467) granting a pension to Dicey Terry; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5468) granting a pension to Ollie Hamilton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5469) granting a pension to Cynthia Ramey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5470) granting a pension to Thomas McGuire; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5471) granting a pension to Sallie A. Mann; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5472) granting a pension to Louise Workman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5473) granting a pension to Cordie Brandenburg; to the Committee on Invalid Pensions.

By Mr. WILCOX: A bill (H.R. 5474) for the relief of Emma Retzer; to the Committee on War Claims.

Also, a bill (H.R. 5475) for the relief of Harry Flanery; to the Committee on Military Affairs.

PETITIONS, ETC.

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

841. By Mr. CRAVENS: Petition of the State legislative representative, Brotherhood of Railroad Trainmen, Little Rock, Ark., approving Senate bill 158 and House bill 4876; to the Committee on Labor.

842. Also, petition of A. W. Sharp, general manager Fort Smith plant, Long-Bell Lumber Co., Fort Smith, Ark., relative to Senate bill 158 and House bill 4557; to the Committee on Labor.

843. By Mr. CORNING: Petition of the Paper Makers' Felt Association, protesting against the passage of the 30-hour week bill; to the Committee on Labor.

844. By Mr. DINGELL: Memorial of Common Council of the city of Detroit, Mich., requesting the President to maintain the National Guard and Naval Reserve and the efficiency thereof by continuing the appropriations heretofore made for said organizations; to the Committee on Appropriations.

845. By Mr. GOODWIN: Resolution of the Catskill Post, No. 110, American Legion, Catskill, Greene County, N.Y., unanimously pledging its support to the President of the United States, and unalterably opposing any public demonstration by any veterans' organization or group of veterans that would hinder or work harm to the President in his efforts to place the Nation on a sound economic basis, and will do their part to prevent such demonstration, and so forth; to the Committee on Ways and Means.

846. Also, petition of the First National Bank & Trust Co., Roscoe; National Bank of Liberty, Liberty; Tanners National Bank of Catskill; First National Bank & Trust Co., Saugerties; Farmers & Merchants Bank, Cobleskill; Livingston Manor National Bank, Livingston Manor; Catskill National Bank & Trust Co., Catskill; and Otsego-Schohaire Bankers Association, Middleburgh, located in the Twenty-seventh Congressional District of New York State, desiring to register their belief that publicity which has been given to loans made to banks by the Reconstruction Finance Corporation has proved harmful to the banks; to the Committee on Banking and Currency.

847. By Mr. GRANFIELD: Memorial of Massachusetts House of Representatives, urging reasonable tariff protection for the fishing industry in the United States; to the Committee on Ways and Means.

848. Also, petition of Waltham (Mass.) Post, No. 156, the American Legion, protesting against further cuts in veterans' appropriations which would eliminate all Veterans' Bureau regional offices; to the Committee on World War Veterans' Legislation.

849. By Mr. JOHNSON of Texas: Telegram from Texas Theater Owners, Roy L. Walker, president, opposing Sirovich resolution to investigate motion-picture business; to the Committee on Rules.

850. Also, petition of C. W. Byrd, cashier, C. F. Borg, superintendent Corsicana Grader & Machine Co., Corsicana, Tex., opposing House bill 4557 and Senate bill 158; to the Committee on Labor.

851. By Mr. LESINSKI: Petition of Central Cooperative Wholesalers, Superior, Wis., advocating 5-day workweek, 6 hours per day; to the Committee on Labor.

852. Also, petition of Common Council of the City of Detroit, urging continuance of appropriations for the maintenance of the National Guard and Naval Reserve forces; to the Committee on Appropriations.

853. By Mr. LINDSAY: Petition of Central Trades and Labor Council of Greater New York and vicinity, urging reconsideration of reduction of salaries of Federal employees; to the Committee on Ways and Means.

854. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing House bill 4681, introduced by Mr. DISNEY; to the Committee on Interstate and Foreign Commerce.

855. Also, petition of Vick Chemical Co., manufacturing chemists, New York City, opposing House Joint Resolution No. 161; to the Committee on Ways and Means.

856. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., favoring House bill 4677, the Sutphin bill; to the Committee on Rivers and Harbors.

857. By Mr. McCLINTIC: Resolution memorializing Congress to urge the passage by Congress of an act appropriating funds for Federal-aid highway construction, to be distributed among the various States of the Union for the relief and to provide work for the unemployed; to the Committee on Roads.

858. Also, concurrent resolution memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people generally by providing an adequate tariff or tax on oil that will place the domestic oil industry on a competitive basis with imported oil as shown by the reports of the Tariff Commission; to the Committee on Ways and Means.

859. By Mr. RUDD: Petition of the Vick Chemical Co., New York City, opposing the passage of House Joint Resolution No. 161; to the Committee on Ways and Means.

860. Also, petition of Central Trades and Labor Council of Greater New York, protesting against the 15 percent reduction in pay of Federal employees, and urging a reconsideration of this reduction; to the Committee on Appropriations.

861. By Mr. TINKHAM: Resolutions endorsed by the Massachusetts State Union of Women's Clubs; to the Committee on the Judiciary.

862. By the SPEAKER: Petition of the Interdenominational Churchmen's Committee in Philadelphia, submitting a plan for the banishment of poverty; to the Committee on Ways and Means.

863. Also, petition of the Reserve and National Guard Officers' mess of Los Angeles, Calif., relative to the national defense; to the Committee on Military Affairs.

864. Also, petition of the city of Los Angeles, urging that the necessity of persons' taking the pauper's oath in order to obtain relief from the Government be eliminated; to the Committee on Ways and Means.

865. Also, petition of the county of Los Angeles, relative to the establishment of the 5-day 30-hour week; to the Committee on Labor.

SENATE

WEDNESDAY, MAY 3, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. 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:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Dale	La Follette	Russell
Bachman	Dickinson	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	Long	Smith
Barkley	Erickson	McAdoo	Steiwer
Black	Fess	McCarran	Stephens
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Thomas, Utah
Bratton	George	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	
Copeland	Kean	Reed	
Costigan	Kendrick	Reynolds	

Mr. REED. I wish to announce that my colleague the junior Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness.

Mr. KENDRICK. I wish to announce that the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], and the Senator from North Carolina [Mr. BAILEY] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

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

FUNCTIONS OF THE CIVIL SERVICE COMMISSION (S.DOC. NO. 55)

The VICE PRESIDENT laid before the Senate a letter from the secretary of the United States Civil Service Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a detailed report as to the func-