991. By Mr. HOEPPEL: Petition of the City Council of San Gabriel, Calif., protesting against the proposed reduction in personnel of the Army and Navy which will aggravate the present distressing unemployment situation; to the Committee on Military Affairs.

992. Also, petition of Leland A. Cupp Post, No. 341, of the American Legion, and American Legion Auxiliary Unit, No. 341, Pico, Calif., urging the maintenance of adequate national defense at all times, and protesting against the reduction of same for the purpose of any so-called "economical program"; to the Committee on Economy.

993. By Mr. LINDSAY: Petition of the Independent Theatre Owners Association, Harry Brandt, president, New York City, favoring the Sirovich Resolution No. 95; to the Committee on Interstate and Foreign Commerce.

994. By Mr. MARTIN of Colorado: Senate Joint Memorial No. 7 of the General Assembly of Colorado; to the Committee on Irrigation and Reclamation.

995. By Mr. PARKER of Georgia: Resolution presented by Congregation B. B. Jacob, of Savannah, Ga., urging Government action to oppose the outrages of the Germans against the Jewish people; to the Committee on Foreign Affairs.

996. By Mr. RUDD: Petition of Edward T. Lee, of Chicago, Ill., favoring legislation for the abolition of railroad grade crossings; to the Committee on Interstate and Foreign Commerce.

997. Also, petition of Harry Brandt, president Independent Theatre Owners Association of New York City, favoring the passage of the Sirovich resolution; to the Committee on Interstate and Foreign Commerce.

998. By Mr. WIGGLESWORTH: Petition of Massachusetts Department, Veterans of Foreign Wars, Boston, Mass., urging the repeal of Public Law No. 2, Seventy-third Congress; to the Committee on Economy.

SENATE

THURSDAY, MAY 11, 1933

(Legislative day of Monday, May 1, 1933)

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

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of May 4, 8, 9, and 10 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. KENDRICK. I wish to announce that the senior Senator from New York [Mr. COPELAND] is necessarily detained from the Senate.

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

APPROPRIATION PROVISIONS PERTAINING TO VARIOUS DEPARTMENTS

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department, for the fiscal year 1933, amounting to $21,000; a proposed authorization for expenditure from Indian tribal funds, amounting to $10,000, together with drafts of proposed provisions pertaining to existing appropriations under several departments, which, with the accompanying papers, was referred to the Committee on Appropriations.

FUNCTIONS OF THE FEDERAL TRADE COMMISSION (S.DOC. NO. 59)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, information relating to the various functions, annual costs and personnel, etc., of the Commission, which was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Johnson-Brown Post, No. 1736, Veterans of Foreign Wars of the United States, Alexandria, La., protesting against reductions in appropriations for military projects or any action tending to impair the national defense, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Council of the City of Cleveland, Ohio, requesting that the Reconstruction Finance Corporation make all reasonable haste in approving applications for loans to be made for the purpose of slum-clearance projects and the providing of housing for the low-income group, etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate the petition of John Karachon, of Newark, N.J., praying for certain relief on account of injuries sustained while working with the Lidgerwood Manufacturing Co., of Newark, N.J., which was referred to the Committee on Claims.

He also laid before the Senate resolutions adopted by the county judge and precinct commissioners of San Jacinto County, and the commissioners court of Tarrant County, in the State of Texas, endorsing the program of President Roosevelt and urging the inauguration of a public-works program to provide highway construction in the State of Texas, which were referred to the Committee on Education and Labor.

He also laid before the Senate the petition of the Veterans' Expeditionary Force, signed by George Alman, commander, for the Veterans' Expeditionary Force Committee, New York City, N.Y., praying for the passage of legislation providing for immediate cash payment of adjusted-service certificates (bonus) of ex-service men; the restoration of disability compensations, allowances, and pensions; the immediate remedial relief of the unemployed and farmers, and the making of an appropriation for adequate shelter and food for the veterans while in Washington on a march, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Forty-first Associate Council, National Society, United States Daughters of 1812, at Washington, D.C., opposing the recognition of the Soviet Government of Russia, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a memorial of sundry citizens of Plaucheville, La., 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 was referred to the Committee on the Judiciary.

Mr. WALSH presented resolutions adopted by the Massachusetts State Union of Women's Clubs, comprising 1,600 women, in convention assembled at Haverhill, Mass., protesting against all injustices to the Negro race, denouncing the treatment and trial of the so-called "Scottsboro boys" in Alabama, denouncing the Ku-Klux Klan and the alleged segregation of over 350 Negro employees in various departments of the Government, etc., which were referred to the Committee on the Judiciary.

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

TREATMENT OF JEWS IN GERMANY

Mr. WALSH presented resolutions adopted by the City Council of Cambridge, Mass., condemning the persecution of, and alleged atrocities committed against, members of the Jewish faith in Germany, which were referred to the Committee on Foreign Relations.

He also presented memorials of sundry citizens of Boston, Roxbury, and Worcester, in the State of Massachusetts, remonstrating against the persecution of Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. WALSH. Mr. President, I also present a number of telegrams which I have received from various organizations in Pittsfield, Mass., namely: Troop 13, Boy Scouts of America; Pittsfield Zionist Organization; Young Women's Hebrew Association of Pittsfield; Branch of Pittsfield Jewish Congress; Hebrew Alliance of Pittsfield; Junior Hadassah of Pittsfield; Jewish Working Men's Circle of Pittsfield; Young Men's Hebrew Association of Pittsfield; Talmud Torah of Pittsfield; Hebrew Ladies' Aid Society; Pittsfield Chapter of Senior Hadassah; Zionist Organization of Pittsfield; and Pittsfield Mazrachi Organization; also, from the Jewish National Workers' Alliance, Branch No. 170, and Women's Branch No. 39, Fall River, Mass.; and from the Greater Boston Women's Association of American Jewish Congress, Boston, Mass., protesting against the atrocities committed against the Semitic race in Germany. I ask that these telegrams may be appropriately referred.

The VICE PRESIDENT. The telegrams will be received and referred to the Committee on Foreign Relations.

Mr. ROBINSON of Indiana. Mr. President, I have here a telegram from the Indianapolis Chapter of Hadassah, signed by Mrs. Louis B. Goulden, its president, protesting against the treatment of the Jews in Germany, which I ask may be incorporated in the RECORD and appropriately referred.

There being no objection, the telegram was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

INDIANAPOLIS, IND., *May 8, 1933.*

Senator ARTHUR ROBINSON,
Washington, D.C.:

We earnestly request you in the name of liberty and justice to urge the United States Government to protest to Germany in the name of the American people against the outrages and cruel discrimination being perpetrated against the Jews in Germany.

INDIANAPOLIS CHAPTER OF HADASSAH,
MRS. LOUIS B. GOULDEN, *President.*

ALLEGED CONSPIRACY RELATIVE TO SMUGGLING OF WATCHES

Mr. WALSH presented a letter from the president of the Waltham Watch Co., of Waltham, Mass., relative to investigations made by former Commissioner of Customs Eble and special agents of the Customs Bureau in connection with the entering of watches into the United States, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

WALTHAM WATCH CO.,
Waltham, May 1, 1933.

Senator DAVID I. WALSH,
United States Senate, Washington, D.C.

MY DEAR SENATOR: We call your attention to a situation important to the watch manufacturers of the United States. There are about 10,000 unemployed men and women in this industry.

Investigations by former Commissioner of Customs Eble, by special agents through Nathaniel G. Van Doren and John W. Roberts, have been going on for several years.

These investigations have repeatedly disclosed an organized conspiracy between Swiss watch manufacturers and their agents in the United States and Canada and confirm the suspicions of American watch manufacturers and customs officials, resulting in many convictions.

For instance:

Evidence of collusion on the part of Government employees at the appraisers' stores in New York City.

Undervaluations, as in the case of Bulova Watch Co., $45,000 fine, and Benrus Watch Co., $100,000 fine, both of New York City. (1933.)

Smuggling of Swiss watches into the United States from Canada found through seizures made at Rouses Point, October 1930.

Three thousand Swiss watches smuggled in stationery in August 1932.

Swiss watch movements, smuggled in cases marked "Chocolates", August 1932.

Approximately 25,000 Swiss watch movements smuggled in bales of rabbit skins, October 1932.

Swiss watch movements smuggled in various other ways. For example, Paul Rabkin, July 1930.

Bootlegging of watches and their parts from Switzerland amounts to a loss of revenue to the United States Government, estimated at from $2,000,000 to $5,000,000 a year, and it is estimated this vicious practice prevents the yearly sale of from 1,000,000 to 2,000,000 American-made watches.

In Switzerland the industry is subsidized by the support of efficient horological schools and by loans of very considerable amounts of money.

The policy of the Government to sell at auction watches seized by the Customs is tending to break down the American industry, for they seldom bring at auction a sum equal to the duty they should pay and their destruction would prevent flooding this market and thereby supply employment to our workmen.

If the Customs could be permitted to compel all watches be numbered and certificates required, showing each watch imported had paid the proper duty, it would protect the buyer as well as the American producer.

The collusion said to exist between the Swiss makers and their domestic distributors might well be a fit subject of conversation between the Swiss Minister and the Department of State.

This appeal is made to you, even in these busy days, because of its great importance to a concern, long existing in your district, and, as you know, capable of employing many thousands of people.

With assurance of high regard, sincerely yours,

F. C. DUMAINE, *President.*

REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (S. 1129) to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof, reported it without amendment and submitted a report (No. 61) thereon.

Mr. BRATTON, from the Committee on the Judiciary, to which was referred the bill (S. 1518) providing for waiver of prosecution by indictment in certain criminal proceedings, reported it without amendment and submitted a report (No. 62) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 510) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes, reported it with amendments and submitted a report (No. 63) thereon.

BILLS INTRODUCED

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

By Mr. FLETCHER:

A bill (S. 1634) to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue; to the Committee on Banking and Currency.

By Mr. DICKINSON:

A bill (S. 1635) for the relief of Robert McFarland; to the Committee on Military Affairs.

A bill (S. 1636) granting a pension to Bridget Wagner;

A bill (S. 1637) granting a pension to Pearl F. Warren; and

A bill (S. 1638) granting an increase of pension to Lizzie Wilford; to the Committee on Pensions.

(Mr. SHEPPARD introduced Senate bills 1639, 1640, and 1641, which were referred to the Committee on Banking and Currency, and appear under separate headings.)

By Mr. SHEPPARD:

A bill (S. 1642) for the relief of the Southern Products Co.; to the Committee on Claims.

A bill (S. 1643) to amend section 3477, Revised Statutes of the United States (U.S.C., title 31, sec. 203); to the Committee on the Judiciary.

By Mr. SHIPSTEAD:

A bill (S. 1644) to authorize owners or representatives of the owner of resort property to secure from the home-loan banks loans secured by mortgages and to authorize such banks to lend to members on the security of such mortgages; to the Committee on Banking and Currency.

A bill (S. 1645) for the relief of Henry R. Harris; and

A bill (S. 1646) for the relief of John C. Seebach; to the Committee on Claims.

A bill (S. 1647) relating to annual leave of employees in the Government Printing Office; to the Committee on Printing.

By Mr. BULKLEY:

A bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations; to the Committee on Banking and Currency.

By Mr. KING:

A bill (S. 1649) to amend section 23 of the Revenue Act of 1932; to the Committee on Finance.

By Mr. LONERGAN:

A bill (S. 1650) amending section 74 of the Judicial Code (U.S.C., Annotated, title 28, sec. 147); to the Committee on the Judiciary.

By Mr. SCHALL:

A bill (S. 1651) for the relief of the estate of Anton W. Fischer; to the Committee on Claims.

FEDERAL CREDIT UNION SYSTEM

Mr. SHEPPARD. Mr. President, I desire to introduce a bill to establish a Federal credit union system. I present a statement in explanation of the bill which I have prepared and ask that the statement may be printed in the RECORD at this point and referred to the Committee on Banking and Currency with the bill.

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

The bill (S. 1639) to establish a Federal credit union system, to establish a further market for securities of the United States and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, was read twice by its title and referred to the Committee on Banking and Currency.

The statement presented by Mr. SHEPPARD and ordered to be printed in the RECORD and referred to the Committee on Banking and Currency, with the bill, is as follows:

STATEMENT TO ACCOMPANY A BILL TO AUTHORIZE THE ORGANIZATION OF FEDERAL CREDIT UNIONS AND FEDERAL CENTRAL CREDIT UNIONS

Definition: A credit union is a cooperative bank organized within and in each case limited to a specific group of people, self-managed by officers chosen by and from the specific group in meetings in which each member has a single vote, operating under as strict supervision as do other forms of banking, supplying its members with (1) an excellent system for accumulating savings which enables them (2) with their own money and under their own management to care for their own short-term credit problems at normal interest rates, with all of the resultant earnings reverting to the members as dividends on their savings in the credit union and as surplus. No one outside the specific group can have anything to do with the specific credit union directly or indirectly.

History: The first credit union was organized at Flammersfeld, in Germany, in 1848. The plan spread rapidly from Germany throughout the world. In 1909 Massachusetts enacted the first credit union law in the United States. Since then 37 States have enacted similar laws. In 1932 Congress (Public, No. 190, 72d Cong.) enacted a similar law for the District of Columbia. There are approximately 2,000 credit unions in the United States, with over 300,000 members and resources of better than $50,000,000. There is nothing new, strange, or experimental about the credit union.

Record during depression: While these credit unions all operate subject to annual examination by State banking departments (in the District of Columbia under the supervision of the Comptroller of the Currency) and are managed by the working people and small farmers who compose them, they have come through 3 years of extreme depression with practically no failures, establishing the finest record ever established by any form of banking in times of similar stress.

Samples: There are, for example, over 300 credit unions composed of postal employees in as many post offices; there are 28 credit unions of employees of the Rock Island Railroad, and credit unions on over 20 other systems; the Municipal Employees' Credit Union of the City of New York has over 14,000 members and resources of $2,000,000, with a perfect banking record for 15 years; there are 16,000 employees of the New England Telephone & Telegraph Co. who have over $2,000,000 in their eight credit unions; members of the American Farm Bureau, the National Grange, the Farmers' Union, the American Legion, etc., are organizing successful credit unions. There are many fine credit unions operating within church parishes, etc.

The bill provides that credit unions of the sort carefully developed by much experience with the administration of the State laws may be organized anywhere in the United States under Federal supervision. The first part of the bill follows closely the method of credit-union organization and operation provided for the District of Columbia by Public No. 190, Seventy-second Congress. There is nothing in this part of the bill which develops any new form of practice or procedure. Its importance is that it would enable a rapid credit-union development at a time when as never before in our history the need for such development is very great. Part II of the bill, also following good credit-union procedure, provides for the possible organization in each State of one central credit union under Federal jurisdiction. This would accomplish two purposes: (1) It would supply credit unions with a central depository under their own control and operating under good credit-union practices which would constitute a further and important safeguard for credit unions now often curtailed in their opportunity for service by the failure of their banks of deposit. The central credit unions provided by this bill would be so restricted that they would avoid automatically many of the banking practices which have resulted in bank failures. Further, it many times happens that a large credit union accumulates greater resources than needed for its small loans demand while another credit union in good condition in the State has a larger demand than it has resources. The Federal central credit union would make it possible to keep all credit-union funds operating for the credit relief of credit-union members. This bill is offered as a substantial contribution to a better banking system for average city workers and farmers. It would greatly stimulate the spread of a form of cooperative banking which has met every test of the depression successfully.

AMENDMENT TO FEDERAL RESERVE ACT

Mr. SHEPPARD. I also introduce a bill to amend section 13 of the Federal Reserve Act. I desire to have printed in the RECORD at this point and referred to the Committee on Banking and Currency with the bill an explanation of the bill which I have prepared.

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

The bill (S. 1640) to amend section 13 of the Federal Reserve Act by authorizing Federal Reserve banks to receive deposits from credit unions was read twice by its title and referred to the Committee on Banking and Currency.

The statement presented by Mr. SHEPPARD and ordered to be printed in the RECORD and referred to the Committee on Banking and Currency with the bill is as follows:

STATEMENT TO ACCOMPANY A BILL WHICH SEEKS TO AMEND THE FEDERAL RESERVE ACT IN SUCH FASHION AS TO PERMIT CREDIT UNIONS TO DEPOSIT IN FEDERAL RESERVE BANKS AND UNDER CERTAIN CONDITIONS TO BORROW FROM FEDERAL RESERVE BANKS

In 37 States of the United States, under the supervision of State banking departments, and in the District of Columbia, under the jurisdiction of the Comptroller of the Currency, credit unions operate in accordance with State laws and an act of Congress. Each credit union is a cooperative society organized within a specific group of people, self-managed, functioning under the same rules as State banks, supplying its members with (1) an excellent system for saving money, which enables them (2) with their own money and under their own management to take care of their own short-term credit problems at normal interest rates. The need for such service among the working people and small farmers, who compose the credit unions, is, particularly in this time of great stress, obvious. There are approximately 2,000 credit unions, well spread throughout the United States, and their number is rapidly growing; they have over 300,000 members and resources of better than $50,000,000. While self-managed and composed of men and women hard hit by the depression and operating under the examination of State banking departments, they have come through the depression to date with practically no failures, establishing an unexcelled and rarely equalled record for honest and efficient management. Each credit union does its banking business through a bank of deposit, and during the depression the credit unions have had to absorb serious losses due to the failure of banks. This bill seeks to give credit unions the protection which would be incidental to the right to deposit in the Federal Reserve banks; it also seeks to give a credit union a right to borrow from a Federal Reserve bank to the amount of its

deposit in said bank plus the par value of securities of the United States, which it may hold and offer as security for its loan together with an assignment of its deposit. The enactment of this bill will assist a great many credit unions, which are now seriously disturbed by the condition and curtailment of service of the banks with which they have done business.

AMENDMENT TO THE POSTAL SAVINGS SYSTEM ACT

Mr. SHEPPARD. Further, I introduce a bill to amend section 4 of the Postal Savings System Act, and I ask that a brief explanation of the bill which I have prepared may be printed in the RECORD at this point and referred to the Committee on Banking and Currency with the bill.

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

The bill (S. 1641) to amend section 4 of the act approved June 25, 1910, authorizing the Postal Savings System, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

The statement presented by Mr. SHEPPARD and ordered to be printed in the RECORD and referred to the Committee on Banking and Currency with the bill is as follows:

STATEMENT TO ACCOMPANY A BILL WHICH SEEKS TO AMEND THE POSTAL SAVINGS SYSTEM ACT IN SUCH FASHION AS TO ENABLE POSTAL SAVINGS BANKS TO ACCEPT DEPOSITS FROM CREDIT UNIONS

Credit unions are accumulations of the small savings of working people. The Postal Savings System was created to afford a method whereby small savings could be effectively protected. During the depression it has many times developed that a credit union has greatly needed a safe depository in order to be able to carry on its normal business. This bill extends the use of the Postal Savings System to credit unions for that purpose.

GASOLINE-TAX BILL—AMENDMENTS

Mr. GORE and Mr. LONG each submitted an amendment and Mr. TRAMMELL submitted three amendments intended to be proposed by them, respectively, to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, which were severally ordered to lie on the table and to be printed.

SIGNING OF ENROLLED BILLS

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the present consideration of the resolution which I send to the desk.

The VICE PRESIDENT. The resolution will be read.

The resolution (S.Res. 77) was read, as follows:

Resolved, That the President of the Senate and the President pro tempore be, and they are hereby, authorized to sign enrolled bills of the Senate or House of Representatives during recesses or adjournments of the Senate during the first session of the Seventy-third Congress.

Mr. McNARY. Mr. President, as I understand, this resolution is similar in language to the one that we adopted each year.

Mr. ROBINSON of Arkansas. Yes. We have heretofore had similar resolutions. The purpose of the resolution is to make it unnecessary for the Senate to remain in session from time to time, when it has no other business to transact, in order to enable the Vice President or the President pro tempore to sign bills.

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

The resolution was agreed to.

ADJUSTMENT OF VETERANS' COMPENSATION

Mr. DUFFY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement issued at the White House and published in the Washington Post of May 11, 1933, setting forth some modifications of the rules which are going to be put into effect with reference to veterans' compensation.

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

As a result of conferences between the President, the national commander of the American Legion, Louis Johnson, and the Director of the Budget, the following conclusions have been reached.

As a result of the application of the veterans' regulations, it now seems that the cut in compensation of service-connected World War veterans with specific injuries has been deeper than was originally intended. The regulation and schedules in this respect will, therefore, be reviewed so as to effect more equitable levels of payment. Careful study also will be made of the other regulations and their effects.

By reason of the burden incident to rerating, and in order that undue hardship will not be imposed upon veterans in their application for adjudication of their cases, regional offices of the Veterans' Administration will not be closed, as has been reported, except where it has been clearly demonstrated that regional facilities are not necessary.

It is not contemplated that Government hospitals will be closed pending a careful, studious survey of the entire hospital situation. This, of necessity, will require considerable time.

These conclusions are in line with the President's original statement that the regulations and schedules would be drafted so as to effect the most humane possible treatment of veterans truly disabled in war service.

STEPHEN EARLY.

ADDRESS BY SENATOR THOMAS OF UTAH BEFORE AMERICAN SOCIETY OF INTERNATIONAL LAW

Mr. BRATTON. Mr. President, on Saturday evening, April 29, the Senator from Utah [Mr. THOMAS] delivered an address before the American Society of International Law at the Willard Hotel. The Senator from Utah was introduced by Mr. Scott, president of that society. I ask unanimous consent to have printed in the RECORD the address delivered by the Senator from Utah and also the introductory remarks of President Scott.

There being no objection, the address and the introductory remarks were ordered to be printed in the RECORD, as follows:

INTRODUCTORY REMARKS OF PRESIDENT SCOTT

President SCOTT. The second speaker of the evening, ladies and gentlemen, was to have been Senator PITTMAN, Chairman of the Senate Committee on Foreign Relations. We thought we would have a symposium of the treaty-making powers, the power that negotiates, the Secretary of State, may I say, who proposes, and the chairman of the Senate committee or the body under his direction, but we are distressed to hear that Senator PITTMAN was called away. You have had the pleasure of hearing the Chairman of the House Committee on Foreign Affairs, which, if not a coordinate body, a treaty-making power, nevertheless holds the purse strings so that if the House be not satisfied with the terms of the treaty, the money to execute the agreement is not forthcoming.

We had thought that we would learn here tonight from practical people the way the affairs of the Nation should be conducted, and we have real concern, however, that the Chairman of the Foreign Relations Committee of the Senate could not be with us.

Senator THOMAS of Utah, a newcomer to the upper branch of the Legislature, is with us, and while he will not replace the Chairman of the Foreign Relations Committee of the Senate, he will speak in his behalf. Senator THOMAS makes a very special appeal to us. He is one of our very oldest—I cannot say exactly he was cradled in the Society of International Law but I can say, however, that he has been for years past a regular member, regular in his attendance, and on various occasions he has been present at the meetings of the conferences of teachers of international law and related subjects. He is a member of the executive council of the American Society of International Law, and more than that, a member of the executive committee. So I think I have made my claims clear that he is really one of our own, and that you may see what one of our own really looks like when he lives at a distance from the Capital of his country and grows up with the growing far West. I have the pleasure of introducing to you Senator THOMAS of Utah. [Applause.]

ADDRESS OF HON. ELBERT D. THOMAS, UNITED STATES SENATOR FROM THE STATE OF UTAH

Senator THOMAS. Dr. Scott and ladies and gentlemen, I am in no sense worthy of a place on this program tonight, and in about 2½ minutes I shall prove to you that I am ill-prepared for such a place. I am glad that Dr. Scott did not introduce me as an outright substitute. I have been a substitute so many times in my life that I am frightened whenever anyone suggests it, for I have even gone through the experience of having a chairman announce: "I am sorry to have to present to you tonight as the speaker, ELBERT THOMAS."

President SCOTT. We are happy to hear you.

Senator THOMAS. As a substitute I must confess to you that I was never the first thought of anyone. Both my mother and my father thought in terms of a girl, and then when I got down to the time of marriage I am sure I was not the first thought of my wife, but I am happy to report to you that I was accepted as her last thought, and trust that I may remain that—but I suppose I had better not dwell on that subject.

I am going to talk to you from a text for a moment or two. In your readings from Oppenheim's International Law you will remember that he sets out several morals of history which he accepts as canons in the development of international law. In his fifth moral he says something like this, that "a progress in the development of international law wants time to ripen."

It is that thought which I would leave with you tonight. The question as to how things are going to ripen is extremely im-

portant to us who are dealing with international-law concepts. Shall the law develop in the spirit of its letter? that is, in a spirit of litigation, of contest; or shall it develop or be developed in a spirit of growth, recognizing its constant evolution? It is, of course, the latter spirit that we all hope to see recognized, and for its ultimate consummation we may wait. In the accomplishment of a real genuine growth of that sort may I not add something to what has been said tonight about neighborliness. The countries of the world are now, from force of circumstances, whether we wish it or not, neighborly both in time and space. Shall we not accept neighborliness of spirit also? We are neighbors in fact; can we not be neighbors in attitude? I like this concept of neighborliness, and we, I am sure, want to follow President Roosevelt's lead and be good neighbors. This may be accomplished in reality if we recognize the advantages of true neighborliness. To recognize the existence of a neighbor is one thing; to fight or persecute a neighbor is still another thing; to forbear with him is a thing quite different; and to tolerate him is still something else; but to appreciate him means real neighborliness and a very, very much greater thing.

If I could hope to become prophetic, I would pray for the time when, as a result of the nationalistic spirit that has grown up in the world, we may through generation after generation of international law develop an attitude and a spirit which may be called the spirit of appreciation, because much of progress depends upon this fundamental attitude. It is the way that we are going which counts quite as much as the place at which we arrive; and, surely, in all of these nations of the world, we must be able to find somewhere among every people an honest striving and an earnest determination to attain that thing for which we ourselves are striving.

I am sure, Mr. President, that no one has a more genuine feeling for you and for our aim than that which I may designate tonight as a spirit of true neighborliness through appreciation of our neighbors. I may illustrate this point by quoting to you a Japanese poem: "There are many trails which lead to the top of the mountain, but when once the summit is gained the same moon is seen." Are there not in other nations and in other countries those who are climbing up their various trails, attempting to attain the heights of true appreciation who will meet with us at the top and enjoy with us the attainment of a view of our accomplishment? Surely, we will find when we gain the summit of this mountain of international law that many others traveling different trails will view the same moon of our desire. [Applause.]

President SCOTT. Ladies and gentlemen, you can see what may happen to a far westerner if he joins early the American Society of International Law—he speaks with an unclouded dignity and grace, and clothes, if you please, his after-dinner remarks with such names as Oppenheim and his 10 resolutions, only laying before us, fortunately, one of the same, instead of the Ten Commandments.

I think, however, while your commendation is a refutation of his modesty, I nevertheless feel that he has been in a way unfair to your presiding officer of the evening. He seemed to intimate that he was the forgotten man, discovered on the mere occasion of the absence of the regular speaker on the program. Ladies and gentlemen, this is not so. I had prepared for you what I hoped would be the surprise of the evening, if not that of your lives; that is, after the regular program had been exhausted, that he should be called upon inadvertently as the child wonder of the American Society of International Law, an illustration of what may be made of a Utah man if he be caught young and if he limit himself to one wife, even though he is not accompanied by her on this occasion.

IMPROVEMENT OF BUSINESS CONDITIONS

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the New York Times of May 10, entitled "Recovery in the Markets", together with a survey by the Associated Press indicating the revival of industry and showing the response by industry to the request of the President for increase in the wages of the American workingman.

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

[From the New York Times, May 10, 1933]

RECOVERY IN THE MARKETS

No doubt it will be disputed hereafter whether the turn for the better in trade and prices was primarily a result of "inflation talk." Speculators have admittedly been busy, since Congressional debate on the inflation bill, in bidding up prices, on the ostensible theory that fiat-money issues would quickly follow the gold embargo. But prices were already rising for other reasons. Whatever the dominant cause, the fact of emphatic recovery is beyond dispute. Dun's index of commodity prices makes the rise in the average during April 4¼ percent, the largest monthly advance in a dozen years or more, and the average works out about 1 percent higher than a year ago. Wheat has not only risen 30½ cents a bushel from the year's low price and cotton $43 a bale, but both commodities are selling substantially higher than a year ago. The Times's stock market "averages" have advanced 26 points from the low figure of March 2, and are now one third higher than a year ago.

These are largely the indications of the speculative markets, and in the matter of staple prices our impending wheat crop shortage has been a potent influence. But the indexes of actual trade have pointed in the same direction. Yesterday the Iron and Steel Institute reported April's steel production in the United States to have reached not only the highest monthly total in a year, but for the first time since the depression began, to have exceeded the output of a year ago. Thus far in May it has increased further, although steel production usually slackens at this time. Even more to the purpose is the fact that loadings of freight on the railways, which in the 4 past months had decreased 14½ percent from 1932, show for the closing week of April a decrease of less than 3½ percent.

The initiative for better business must have occurred before the talk of currency-tinkering began. The movement of recovery which began in the middle of March, has reflected the confidence restored by the Government's effective measures to surmount the banking crisis. Yet the numerous directions in which the present showing is better even than that of a year ago give reason for belief that, apart from the removal of immediate apprehension, a new spirit of confidence is beginning to prevail.

There were signs that a turn for the better was at hand even before the shock of the banking "moratorium" brought everything to a halt. The recovery which started last June, which affected primarily the course of commodity prices and the stock exchange and which continued longer than any similar movement since the depression period began, was sufficiently emphatic to show that "deflation" was spending its force. We can now see that the check to that recovery last autumn resulted from misgiving over the bank position. Insofar as that fear has been removed, this season's resumption of the recuperative movement would be natural.

If the business community thought that the wilder inflationist proposals would be adopted, such a resumption of the upward turn would have been improbable—except perhaps for the activities of speculators. The program outlined in some of the congressional speeches would wreck any industrial system. Even now much will necessarily depend on the manner in which the sweeping administrative powers over the currency are exercised. Despite the present evidences of better feeling in the industrial domain, there is a sufficiently trying period still ahead of us. But the inference reasonably to be drawn is that we have seen the worst of the reactionary movement, as has usually been the case in the fourth year of our major economic depressions.

[By the Associated Press, May 10, 1933]

American workmen marched back to their jobs by the hundreds yesterday—and many of them read notices at the door that wages were up 10 percent.

Encouraged by orders piling up and by price advances for their products, many employers decided to share the profits with their employees.

One company, Planter's Nut & Chocolate of Suffolk, Va., announced pay envelopes for lower-paid employees would be padded by 20 percent effective today.

There were several dozen other firms that added 5 or 10 percent to wages, or else planned doing so as they called back hundreds of employees dropped as long as 2 years ago, reinstated night shifts, or reopened long-closed departments.

Steel mills, barrel factories, automobile plants, rubber companies, clothing manufacturers—all of them were among firms that greeted pick-ups with screaming whistles that called men back to work.

Among the concerns that boosted wages: Supreme Shirt Co. of Philadelphia, 10 percent; Armstrong Rubber Co., 10 percent.

Monday E. L. Cord announced a 5-percent increase for his companies and the Norfolk Tire & Rubber Co. a bonus of 5 percent on weekly wages.

Many of the employers referred in announcing pay roll increases to President Roosevelt's admonitions in that respect and to the $3,000,000,000 public construction plan to revive business as completed by his advisors.

Here are some of the firms adding employees:

Commerce (Ga.) National Manufacturing Co. called back several hundred and began operating its mills at night; two barrel stave factories at Barbourville, Ky., added night shifts; the Briggs & Stratton Corporation increased operations from 3 to 5 days a week; the Magazine Ceramic Industry of Chicago estimated 10,000 men went back to work in glass, porcelain, enamel, pottery, and allied industries since April 1.

The A. C. Spark Plug Co. of Detroit added 200 men to help catch up with orders; the Washington Mill at Lawrence, Mass., of the American Woolen Co., reopened after being idle a year; tobacco companies at Richmond, Va., announced they had recalled 150 men, and small wood mills at Tonahawk and Muscoda, Wis., opened after being long closed.

From across the sea came reports that England's unemployment decreased 80,000 persons in April. Building, tailoring, and road building were some of the industries accelerated.

Increased operations in the steel industry—considered one of the most reliable of business barometers—provided good cheer in a dozen industrial sections of America. Automobile manufacturers were ordering steel and a publication of the industry predicted "a buying panic" was possible.

GREENVILLE, May 8.—More than 9,000 employees in 20 Piedmont South Carolina textile mills were given 10 percent wage increases today, reflecting better business conditions and "appreciation of the loyalty" of the workers.

Mills here and in Greenwood, Ninety-six, Woodruff, Renfrew, Liberty, Simpsonville, Easley, and Fountain Inn were affected by the increases.

Meanwhile, other mill officials were adding workers to the factory rolls while still others contemplated "wage adjustments."

Over the week-end the Greenwood, Mathews, Papola No. 1, and Grendel mills at Greenwood and the 96 mills at Ninety-six announced the increase effective today.

Today the additional announcements were made by the Brandon Corporation here for the Brandon and Poinsett mills here; the Renfrew at Renfrew; and the Brandon Corporation plant at Woodruff. The Woodside mills, with plants here, in Simpsonville, and Fountain Inn and the Easley mills, with 2 plants at Liberty and 1 at Easley, also jumped their employees' pay.

ORDERS PILING UP

Late today officials of the Victor Monoghan mills said their five plants would immediately increase wages of employees, but the amount of the increase was not specified.

The Woodside and Easley officials, in announcing the increase, said:

"This increase is not based so much on earnings but to show our appreciation for the loyalty of our help. They stood by us without a murmur, and we planned to remember them as soon as we could do so. We are doing that now, and on the prospect of better times we can announce this wage increase."

Officials of the Judson mills here said a number of employees had been recalled to work during the last few days and that orders were piling up.

W. J. Bailey, of the Clinton mills, said, when asked about wages in his mills: "We will have to wait and see how long this prosperity lasts. We only hope that it is not a flash in the pan. It looks like the genuine thing, but only time will tell."

Mill managements in other sections said business is improving.

[By United Press]

30,000 GET RAISES

For the first time since 1929 announcements of wage increases today dominated the business news.

Half a score of concerns employing a total of 30,000 to 40,000 men have notified their employees in the last 24 hours of increases ranging from 5 to 10 percent. The announcements were made almost immediately following President Roosevelt's address of Sunday night in which he appealed for the cooperation of industry to increase purchasing power.

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5 PERCENT BONUS

NORWALK, CONN., May 8.—Employees of the Norwalk Tire & Rubber Co. were notified today that they will receive a 5 percent bonus on their weekly wages. The company's announcement said:

"The Norwalk Tire & Rubber Co. announces a plan with a view to aiding the President's program of increasing purchasing power, whereby they will pay their workmen a bonus of 5 percent on their weekly earnings. This plan becomes operative simultaneously with the recent 5 percent advance in tire prices."

PAY UP 20 PERCENT

NORFOLK, May 8.—More than 2,000 men will have their wages increased by from 10 to 20 percent in the 26 mills of the Colombian Peanut Co., it was announced today.

The increase, inspired by President Roosevelt's appeal for higher pay in industry, was made effective as of May 1 and restores employees of the company to predepression salary and wage levels.

RAISED IN DELAWARE

WILMINGTON, DEL., May 8.—A general wage increase of 7 percent, effective next week, will be given 500 employees of the Standard Kid Co., it was announced today.

The company, a division of the Allied Kid Co., last January divided a $10,000 bonus among its employees.

BOOST AT DETROIT

DETROIT, May 8.—Officials of the American Store Equipment Co., with branches and subsidiaries in Detroit, Muskegon, and New York, announced today that all employees are to be given a 10 percent increase in pay.

BROKERS HOIST WAGE

NEW YORK, May 8.—J. S. Bache & Co., New York brokers, informed employees today that they will receive a 10 percent pay increase.

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410 EMPLOYEES RAISED

UNIONTOWN, PA., May 8.—A 5 percent wage increase for the 410 employees of the Berkowitz shirt factory will go into effect immediately, officials announced today.

SHIRT FIRM PAYS MORE

ALBANY, N.Y., May 8.—More than 2,000 employees of the Artistic Shirt Co. are to receive 10 percent pay increases, effective today, it was announced by company officials.

The firm has plants in Albany, Troy, Kingston, and New York City.

[From the New York Times, May 11, 1933]

Unfilled orders of the United States Steel Corporation increased 23,572 tons last month to 1,864,574 tons on April 30, it was announced yesterday. It was the first gain reported by the company since October 1932.

Since the company's backlog is traditionally one of the most important barometers of trade, the rise was regarded in Wall Street as one of the most convincing indications of the improvement in the economic situation in the country in the last month.

In view of the sharp expansion in production last month, the rise in unfilled orders was gratifying to steel authorities. The entire steel industry increased its output to more than 24 percent of capacity, compared with about 15 percent in March. The United States Steel Corporation's rate of output was somewhat less than the average for the entire industry, but its gain was extremely rapid in the month, steel experts believe.

[From the New York Times, May 10, 1933]

JOB REVIVAL SITUATION

By the Associated Press

American workmen marched back to their jobs by hundreds yesterday, and many of them read notices at the door that wages were up 10 percent.

The magazine Ceramic Industry, of Chicago, estimated that 10,000 men had gone back to work in glass, porcelain enamel, pottery, and allied industries since April 1. The A. C. Spark Plug Co., of Detroit, added 200 men to help catch up with orders; the Washington mill of the American Woolen Co., at Lawrence, Mass., reopened after being idle a year; tobacco companies at Richmond announced they had recalled 150 men, and small wood mills at Tomahawk and Muscoda, Wis., opened after being long closed.

Increased operations in the steel industry—considered one of the most reliable of business barometers—provided good cheer in a dozen industrial sections.

SHOE PLANT ON FULL TIME

BINGHAMTON, N.Y., May 9, 1933.—George F. Johnson, an executive of the Endicott-Johnson Shoe Co., told the Binghamton Press today that unfilled orders would put all factories of the corporation in Binghamton, Endicott, and Johnson City on full time and capacity production schedule for the better part of the summer.

TIRE WORKERS TO GET 10 PERCENT MORE

WEST HAVEN, CONN., May 9.—A 10 percent rise in all wages and salaries, with the prospect of more, was announced today by the Armstrong Rubber Co., tire manufacturers. James A. Walsh, the president, said the concern was working 24 hours a day to fill orders.

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5 PERCENT BY DRESS CONCERN

PHILADELPHIA, May 9.—Biberman Bros., Inc., dress manufacturers, announced a 5 percent wage increase today for the concern's 600 employees.

STAVE PLANTS ADD NIGHT SHIFTS

BARBOURVILLE, KY., May 9.—Night shifts have been added by two barrel-stave manufacturing plants here to keep up with orders for beer-barrel staves.

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350 GET JOBS AT LAUREL, MISS.

LAUREL, MISS., May 9.—The Masonite lumber byproduct plant here started operating at full capacity today after partial operations during the past week and following several weeks of complete idleness.

12½ PERCENT RISE AT AKRON

AKRON, OHIO, May 9.—P. W. Litchfield, president of the Goodyear Tire & Rubber Co., said today that salaried employees in the general offices, who were cut 12½ percent when working hours were shortened sometime ago, were being restored to their former pay basis.

The Seiberling Rubber Co. announced that the factory was working at capacity 24 hours 7 days a week.

The General Tire & Rubber Co. last week went on capacity schedule.

AUTO ACCESSORY PLANT EXPANDS

MILWAUKEE, WIS., May 9.—S. F. Briggs, president of the Briggs & Stratton Corporation, manufacturers of automobile accessories and motors, announced today the concern had increased its operations from a 3-day to a 5-day week basis, in line with the greater output in the automobile industry.

[From the News, Washington, D.C., May 9, 1933]

CHICAGO, ILL., May 9.—Effective tomorrow, all employees of the 11 companies controlled by the Cord Corporation will receive a straight 5 percent increase in wages, E. L. Cord announced today. The wage increase applies to 10,000 workers in 25 States.

In his announcement of a new program of expansion, Cord declared that President Roosevelt's recovery program "is well on its way toward its goal."

The increased wage compensation will affect the employees of the American Airways, Aviation Corporation, Auburn Automoble Co., Lycoming Manufacturing Co., Stinson Aircraft Corporation, Duesenberg, Inc., Spencer Heating Co., L. G. S. Devices Corporation, Columbia Axle Co., Central Manufacturing Co., and Limousine Body Corporation.

UNIONTOWN, PA., May 9.—A 5 percent increase in wages was placed in effect at the plant of the Berkowitz Shirt Co. here today, less than 2 weeks after striking employees had won cancelation of an order inflicting a 10 percent wage reduction.

BURGETTSTOWN, PA., May 9.—Resumption of mining activities in the Avella district collieries today called 900 coal miners back to their jobs.

[From the Journal of Commerce, May 11, 1933]

BUSINESS INDICES SHOW UPTURN

The general level of business activity, as reflected in leading indices, will again show an improvement over the corresponding week in 1932, preliminary indications show.

Electric power output for the first week of May was one half of 1 percent above last year. Car loadings remain somewhat below the 1932 level, as coal operations have not yet caught up, but the drop for the first week of May may be less than 2 percent.

On the other hand, such indices as steel production are showing a decided expansion, which will tend to place the level of general activity well above that of last year.

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ADVANCE IN STEEL ORDERS

The rise of 22,752 tons in unfilled orders of the United States Steel Corporation is significant. It represents the first rise in such orders since last October. In the second place, it has been usual in recent years for a substantial drop to be shown in the total of unfilled steel orders during April, incident to higher operations and a seasonal decline in the placing of new commitments.

Further expansion of steel operations this month reflects a continued inflow of new orders to date. Another rise in unfilled orders for May is doubtful, however, because of the rapid rise in the rate of operations and seasonal influences. Rail orders could change the situation.

NEW PURCHASING POWER

Concrete evidences of the creation of new purchasing power as a result of recent price advances and expansion of industrial operations continue to come to hand daily.

Current compilations place the indicated increase in the purchasing power of the farmer, resulting from recent price advances, at approximately $1,000,000,000. This would be outside any additional funds that might reach the agricultural population as a result of the application of the farm bill.

Increase in steel operations of about 100 percent from the levels of several weeks ago will provide a corresponding expansion of income to workers in the steel plants. In many other industries reports of increase in working hours, advance in pay rates of employment of new workers point to increased buying power.

"THE GREAT GAME OF POLITICS", ARTICLE BY FRANK R. KENT

Mr. FESS. Mr. President, in this morning's Baltimore Sun is a very readable article entitled "The Great Game of Politics—the Last Ace", dealing with the emergency and especially the legislative program now before the Congress. I ask that the article from the pen of Frank R. Kent may be printed in the RECORD.

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

[From the Baltimore Sun, May 11, 1933]

THE GREAT GAME OF POLITICS—THE LAST ACE

By Frank R. Kent

WASHINGTON, May 10.—Since Mr. Roosevelt's speech, the reassuring financial note of which was very well forecast by those observers in close White House touch, interest centers upon the bill for industrial regulation, which is scheduled to be presented with administration support in a day or so.

With this measure, it is said, the full Roosevelt legislative program will have been revealed. No further general legislation is to be presented at this session. The professors will rest their massive minds. Having covered the fields of finance, agriculture, transportation, and industry with bills embodying their theories for the remaking of our national life, they have little to do now save oversee the proper execution of their plans and await results. And whatever the trepidation among others, this, it may be said, they do with the utmost confidence.

It is quite clear that when—which will be shortly—the administration proposals are finally through Congress we will be launched upon a new era.

The legislative body will have transferred to the executive branch unrestricted and practically unlimited power to operate the country, and it will have enacted laws extending Federal supervision and control over every form of human activity outside of the professional classes. In effect, our system of government will have been largely remade and the national direction greatly changed. When the entire program is grasped it is an astounding picture, one which no man visualized 2 months ago, and of which there was scarcely a hint in either the Democratic platform or the Democratic campaign.

There is sound ground for asserting that while some of the things, such as the original farm relief bill and the grandiose Muscle Shoals-Tennessee Valley scheme, were in mind before inauguration, neither the President nor his professional advisers had any notion of the extent to which we would be carried when he took office. It was the bank crisis that presented the opportunity, made it all possible, and, perhaps, rendered it necessary. Such, at any rate, is the argument. The elevator was on the bottom. The country and Congress were badly scared. It was a chance in a thousand for the enactment of a program, and no one will contend that the chance has not been fully seized. The interesting part is that it has been achieved with the enthusiastic, if not wholly comprehending, support of the people, and a minimum of criticism. Only in a few isolated instances has a statesman or a newspaper had the hardihood to speak out clearly in opposition. Public sentiment has been and is behind the President, and so are the professors.

And now, the last card for the grand-slam bid is about to be dealt in the form of the industrial regulation bill. It was at first called the Wagner bill, and able Senator WAGNER, of New York, was its sponsor, but the professors and a good many others have now aided in its preparation and it is greatly expanded. The 30-hour week Black bill is to be sidetracked to make way for this far more comprehensive measure, the trend of which is toward a true socialization of industry, by which private ownership and operation will be retained, but Federal supervision and planning established. The provisions of the bill have not yet been disclosed, but those best posted say it is designed to encourage industry to organize, regiment, and regulate itself under governmental supervision, as to production, wages, and hours of work.

It is regarded by some as a companion piece to the farm relief bill and is held to be equal to that measure in its scope and potentialities. The action of industry toward self-regulation is to be voluntary, but it will be made very much to its self-interest not to be recalcitrant. To put the plan in full operation, it is said, will require a good many years, but once launched upon this experiment there can be no retracing of steps until it has been fully made. Mr. Roosevelt meant this proposal when, on Sunday night, he spoke of the Government's seeking not control but a "partnership" in business. It is the last card in the new deal—but it is an ace.

CARE OF VETERANS

Mr. ROBINSON of Indiana. Mr. President, I should like to have incorporated in the RECORD an article from the Dayton Journal of May 7, 1933. It contains a picture of a disabled veteran discharged from the Dayton Hospital in his underwear. The clothing which he had been wearing in the hospital had been taken from him. I will read just one short paragraph from the veteran's statement:

Next, the Government told me I would have to turn in the only clothes that I have in the world. I told them in there [pointing to the quartermaster's building] that if I did I would have to go home in my underwear, and they told me that they could not help that—that "orders is orders."

I ask that the entire article may be incorporated in the RECORD.

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

[From the Dayton Journal, May 7, 1933]

VETERAN TURNS IN SUIT UNDER NEW UNITED STATES RULING—LEAVES SOLDIERS' HOME SANS OUTER GARMENTS, THUS COMPLYING WITH LETTER OF THE LAW

"Orders is orders. You will have to take them off," and off they came, as can be seen in the above photograph taken at the National Military Home Thursday afternoon. The picture shows P. M. Long, 3214 Courtland Avenue, as he appeared after turning in his suit of clothes given him by the Government when a resident of the home.

"So this is the 'new deal' we heard so much about", he commented bitterly as he posed reluctantly for a picture.

"Well, I was one of those who demanded a change, and I got it—I ought to be satisfied," he added.

"First, the Government notifies me that my $24-a-month pension for 75 percent disability was cut to $12 a month, and then I was notified that I would receive my last pension check of any kind on the last day of May.

"Next, the Government told me I would have to turn in the only clothes that I have in the world. I told them in there [pointing to the quartermaster's building] that if I did I would

have to go home in my underwear, and they told me that they could not help that—that "orders is orders.'"

With that, he summoned what dignity he could and walked through the drives past Government buildings until he neared the Anderson gate, where a sympathetic motorist stopped and offered to take him home. Otherwise, he had planned to continue walking through the city.

As he walked, he held his head high, never glancing to the right or to the left, nor did he seem to hear the few comments made in his passing. One resident of the home shouted:

"I'll never do that. The Government will never get this suit from me." But Long, in his underwear, shirt tails flying in the breeze, strode on without answering.

For some time there have been reports that the officials of the home were requiring discharged residents to turn in their clothing, and that in several instances these men had left the home grounds in their underwear.

Col. Fred Runkle, governor of the home, said that the order was issued by the Veterans' Bureau at Washington in compliance with the provisions of the National Economy Act, which order stipulates that any man not entitled to residence at the home must turn in all clothing issued him by the Government.

"I do not know anything about any men going out of here without their clothes," he said, "for I know that they are given a reasonable length of time to look around and get relief from some other source, but the clothing must be turned in in all such cases."

It was a more elaborated statement of the curt "orders is orders" statement given Long by the employee in the quartermasters building.

PROVISIONS OF LAW

The law provides that any man eligible for the home either as a resident or as a "sleeper out" who gets $6 a month or more is not entitled to clothing and must turn in what clothes he has issued him by the Government, the governor said.

In Long's case, he is still classed as getting $12 a month, although he draws his last check May 30. It is presumed that because he drew $12 on April 30 he should have been able to provide himself with clothing.

"How can you do it with a wife and three children and not enough to eat?" he asked this writer. "I can't pay rent and have not done so since last fall. If it was not for the good nature of my landlord, I would have been out in the street before now."

Mr. BYRNES subsequently said: Mr President, this morning the Senator from Indiana [Mr. ROBINSON] had inserted in the RECORD an item from the Dayton (Ohio) Journal making certain statements with reference to the management of the military home at that place causing a veteran there to leave the home in his underwear. The newspaper story, with the picture of the soldier, justified the statement of the Senator from Indiana. It impressed me as rather unusual that a photographer should be on hand to take the picture of the soldier, and so I made inquiry of General Hines' office as to the story. I learned that the Veterans' Administration had investigated the case and I now ask unanimous consent that, immediately following the publication of the newspaper story submitted by the Senator from Indiana, there may be printed the report submitted after investigation by the manager of the home at Dayton, Ohio, and also the report of General Wadsworth, who has been in charge of the homes for a number of years. These reports set forth the facts with reference to the manner in which the veteran left the home.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, will the Senator from South Carolina state, in a word, just what the facts are?

Mr. BYRNES. I am very glad to say that the Veterans' Administration reports that this ex-service man went into a clothing store and stated:

That he wanted to turn in some clothes. Some newspaper cameramen—

According to the report which I am reading—

were standing near the clothing store and had been waiting approximately 20 minutes. Long went into the clothing store and turned in his clothes. The clothing clerk who works behind the counter did not note that Long did not have on any trousers because he could not see below the counter and had no reason to believe that he was in this condition. Long did make some statement that he was going to turn in his shoes and did not have any others and the clothing clerk told him he would not accept shoes from a member and let him go out without shoes. He immediately left and as soon as he stepped outside of the clothing store his picture was taken. He walked down through the camp for some distance and it is understood that his picture was taken twice more; whereupon he was picked up by an automobile and taken out of camp.

The report goes on to state that the bulletin which is attached and the regulations provide that no soldier shall be allowed to leave the home without clothes if he is in need, but that this man did not ask any official of the home for clothes and the cameramen who had been waiting for some time for his arrival at the store left with him after his picture was taken, and the story was published in the Dayton Journal of last Saturday. General Wadsworth's statement and the statement of Mr. F. C. Runkle, who is in charge of the home, are quite plain, and I think will satisfy every person who reads them, that there was no justification for the story which was published in the newspaper.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

UNITED STATES VETERANS BUREAU,
Dayton, Ohio, May 9, 1933.

From: Manager, V. A. Facility, Dayton, Ohio.
To: Director, National Homes' Service.
Subject: Member Perry M. Long turning in clothing.

This has reference to the case of Perry M. Long, a sleep-out member of this home, who turned in his clothing and whose picture appeared in the Dayton Sunday Journal of May 7 sans outer garments.

Immediately after this happened it was thoroughly investigated, and it was found that Perry M. Long, according to our records, receives an income of $24 per month disability allowance. He is a sleep-out member and is still a member of the home and has not yet been examined to determine his eligibility under the new law. On Thursday, May 4, Long went to the company commander and asked him for his roster card, stating that he wanted to turn in some clothes. Some newspaper cameramen were standing near the clothing store and had been waiting approximately 20 minutes. Long went into the clothing store and turned in his clothes. The clothing clerk, who works behind the counter, did not note that Long did not have on any trousers, because he could not see below the counter and had no reason to believe that he was in this condition. Long did make some statement that he was going to turn in his shoes and did not have any others, and the clothing clerk told him he would not accept shoes from a member and let him go out without shoes. He immediately left, and as soon as he stepped outside of the clothing store his picture was taken. He walked down through camp for some distance, and it is understood that his picture was taken twice more, whereupon he was picked up by an automobile and taken out of camp.

It is very apparent, since the photographers were standing by waiting, that the whole affair was planned beforehand for publicity purposes. Attached is a bulletin issued at this station on April 22 explaining the new regulations concerning clothing for members of the home. It will be noted in this bulletin that it plainly shows that a man may have clothing when necessary for the protection of his health, or for sanitary reasons, or because of special need in any case. Long made no appeal to the company commander or any of the officials of the home. It was also pointed out in the attached bulletin that if a member wants to keep his clothing he must fill out form P-11 and submit it to the adjutant, who will make a check of the records and submit it to the manager for his approval or disapproval. Long did not comply with these instructions in any manner. He made no effort to retain his clothing, but simply turned them in of his own volition.

The statement attributed to the manager in the Sunday paper is misquoted and misleading, in that the manager explained the conditions of the new law but pointed out that in no case would a member be caused to leave the home without sufficient clothing. We have adopted the policy at this station that a member of the home either comes within a new law or the old law, and that in either case he would be allowed to retain clothing when it was a special need. As stated above, this particular case has been investigated thoroughly, and it was apparently done for no other purpose except for publicity.

Unsubstantiated rumors come to us that others are going to do likewise, but so far this is the only case that has developed, except one man who went to the mess hall without shoes, although he had shoes in his locker, and stated he was doing it to help out the Government economy program.

F. C. RUNKLE, *Manager.*

VETERANS' ADMINISTRATION FACILITY,
Dayton, Ohio, April 22, 1933.
(Bulletin No. 22)

CLOTHING FOR MEMBERS OF THE HOME

The manager is in receipt of instructions as to the new regulations governing the issue of clothing to members who are eligible to be members under the law. They are published for the information of all concerned.

Clothing will be furnished beneficiaries in Veterans' Administration facilities only under the following conditions:

(a) When necessary for the protection of health or for sanitary reasons.

(b) When the beneficiary is in receipt of less than $6 per month from any source; or when the manager of the facility personally authorizes the furnishing of clothing because of special need in any case.

Clothing can be issued only under the above conditions. Those members who do not come within the foregoing regulations and who have clothing in their possession must turn them in to the clothing storehouse. Captains of companies will make arrangements with the clothing clerk so that this procedure will be carried out promptly.

All of those members who have clothing and come within the foregoing regulation must fill out form P-11 if they want to retain the clothing now in their possession. Captains of companies and hospital stewards have been supplied with these forms. They will furnish members of their companies or hospitals with these forms if they want to retain their clothing. Captains of companies or stewards must stamp or write the number of their company or the name of their hospital on each form. After the form has been filled out, it will be forwarded to the adjutant, who will check the records and submit to the manager for his approval or disapproval. They will then be returned to the company or the hospital, who will take them to the clothing clerk as the authority for the member retaining the clothing. After the clothing clerk has made notations on his cards as to the date of approval for the issue, the forms will be sent to the adjutant's office for file in the member's jacket. The captains of the companies and the stewards in the hospitals will complete this work by May 15, 1933.

Any member who does not now have clothing, who comes under the foregoing regulation, and who desires to draw clothing, must fill out one of the forms mentioned above and then the procedure will be the same as outlined above.

F. C. RUNKLE, *Manager.*

MAY 10, 1933.

From: Director of National Homes.
To: Assistant Administrator.
Subject: Conditions at V. A. Home, Dayton, Ohio.

Recent newspaper publication concerning the depriving member P. M. Long of clothing, stated that this member had been required to give up his clothing; that he had been taken to the storehouse and stripped of his outer garments, and there was published his picture in underclothing.

When this matter was brought to attention, I wired the manager, as follows:

"Wire immediately full details concerning taking in clothing of P. M. Long, covered in Sunday's Herald, especially the matter quoted as your statement concerning turning in of clothing. Are you giving careful consideration to needs of the individuals and allowing them to take clothing under paragraph 145 H.R.

WADSWORTH NATIONAL HOMES."

Have just received report which reads as follows:

"Re radio May 9. P. M. Long, a sleep-out member with income of $24 per month per our record, voluntarily turned in his clothing without contacting his company commander or anyone else concerning retaining it. Statement in newspaper misquoted. Careful consideration is being given to needs of the individual and allowing them to take clothing under paragraph 145 H.R. Long is still a member. Letter follows.

RUNKLE."

From Captain Salisbury, commissary of subsistence at the Dayton Home, who came here yesterday on special duty, I have obtained further information concerning this incident.

It was a carefully staged publicity stunt. This member, on his own volition, went to the storehouse and hastily cast off his outer garments and left the building. A newspaper photographer was stationed outside and took his picture. The member, in the newspaperman's car, then proceeded to the home gate where additional pictures were taken and the extravagant publications followed.

The survey of members is being carried out in accordance with instructions, giving members affected due notice and giving a liberal interpretation to paragraph 145 H.R., which allows the manager to permit needy members being discharged to take away clothing.

C. W. WADSWORTH.

EXTENSION OF GASOLINE TAX

Mr. HARRISON. I move that the Senate proceed to the consideration of House bill 5040.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, which had been reported from the Committee on Finance, with amendments.

Mr. HARRISON. Mr. President, I desire to make a brief explanation of the bill now pending before the Senate. I trust that Senators who desire to listen to the explanation will withhold any questions until I shall have concluded my explanation, and then, if I can do so, I shall be glad to explain further any parts of it that may be desired.

It will be noted that the first part of the bill pertains to the gasoline tax which was imposed in the 1932 act at the rate of 1 cent per gallon. That tax would expire on June 30, 1933. The committee provides in the first section of the bill an extension of that tax for another year. It is to be hoped that by that time the Federal Government can withdraw from participation in the tax on gasoline.

Section 2 of the bill deals with changes in the postal laws. It fixes the rate on drop letters for the fiscal year 1934 and provides that the present rate of 3 cents shall be reduced to 2 cents. That is not optional with the President. That is fixed by the mandate of the Congress.

As to other powers that are granted in that section of the bill, the President is given authority, after survey and investigation, either to reduce or to increase postal rates, having in view economies and a balancing of postal receipts and disbursements. There are only two limitations upon those powers. One is that he may not fix a rate below 2 cents on first-class mail matter and the other is that the 2-cent rate as fixed shall apply to drop letters.

As to the other provisions of the bill, it was found in the application of the gasoline tax of 1932 that certain dealers were discriminated against and that sometimes a tax was unjustifiably imposed upon them. Upon recommendation of the Treasury Department we have cured such defects in the act. We made the tax applicable to all those things embodied in the manufacturer's so-called "limited sales tax." For instance, where a dealer buys from a manufacturer and the tax is passed on from the manufacturer to the dealer, the dealer will not now have to pay the tax where he sells the gasoline to another manufacturer, but the second manufacturer will pay it. I would not have Senators get the impression that there are two taxes to be imposed. It is only imposed in the last instance.

The bill changes also the application of the tax so that political subdivisions, States, counties, highway commissions, and so forth, are made exempt from the payment of the 1-cent gasoline tax. It was found in certain cases that a manufacturer had sold gasoline to a dealer, and when the dealer had sold it to some political subdivision, a State or county, or municipality, they had paid the tax and there was no recourse for the political subdivision to obtain a refund. We have incorporated in the bill a provision that enables the dealer, where the tax has been passed on to him and he sells the gasoline to a political subdivision of a State, to apply for and obtain a refund of such tax.

These are the administrative changes recommended in order to eliminate any discrimination in collecting the tax. There is another provision incorporated in the bill that affects lubricating oil, which is put in the same classification as gasoline in the matter of the elimination of the discriminatory provisions of the law in the collection of the tax.

There is also a provision that deals with fuel oils and ship's stores and sea stores. It was found that many of the vessels which carry on the foreign trade heretofore had bought their fuel oil in this country, but since the passage of the tax act they have changed their practice and are filling their tanks abroad in the ports of foreign countries, and we are losing that trade. A provision is recommended by the committee that in the case of fuel oil, ship's stores, and so forth, as involved in this class of foreign trade, the tax shall not be imposed. It will be seen from a reading of the bill that it does not apply to coastwise vessels at all, but only to those engaged in foreign trade.

Mr. President, the last provision of the bill deals with the electric-energy tax. It will be recalled that when the bill was before the House to extend the gasoline tax for another year an amendment was offered upon the floor of the House and was adopted by a very large vote, changing the method of taxing electric energy. I am telling Senators nothing new when I remind them that we had a fight here in 1932 over the imposition of this tax. The Senate imposed a

3-percent electric-energy tax, and it was finally adopted, to be collected from the consumer of electric energy. We applied that only on domestic and commercial energy; that is, electric energy used in stores and dwellings that are classified as commercial and domestic. There was no tax in the 1932 act imposed upon energy employed in industry.

The House adopted an amendment that took the payment of the 3-percent tax from the consumer and placed it upon the power companies, or at the source, so to speak. The committee had a great deal of discussion over that amendment. It was a very difficult problem to solve because many power companies appeared before us by their representatives and said they would be put out of business if such a provision were incorporated in the bill. A subcommittee was appointed to study the matter and report. The subcommittee reported to the full committee and we discussed it several days and finally have adopted and recommended to the Senate a provision for a tax of 2 percent on commercial and domestic energy, to be collected at the source from the power companies, reducing the House proposal in that respect from 3 percent to 2 percent. Then we have recommended an industrial electric-energy tax of 1 percent to be collected from the consumer. The Treasury estimates that there will be very little loss, if any, in revenue from the adoption of this procedure. We felt that such a provision was fair.

Again, we approve and recommend an amendment which makes the tax operative on September 1 of this year. The new tax will go into effect at that time. It was believed by the Committee on Finance, in the case of some of the smaller companies which said they would be driven out of business by virtue of a 2-percent tax upon them, that it should be provided that they might appear before the public service commission of their respective States and let the commission pass upon the question of whether the tax should be passed on to the consumer. The law will not go into effect, under the recommendations of the committee, until September 1.

That is a brief explanation of what the bill contains; and I shall now be very glad to answer any question any Senator may desire to propound.

Mr. BORAH. Mr. President——

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

Mr. HARRISON. Certainly.

Mr. BORAH. As I understand, the tax on electric energy will not go into effect until September 1?

Mr. HARRISON. Yes.

Mr. BORAH. In the meantime the companies may apply to the State commission to have that tax transmitted to the consumer?

Mr. HARRISON. Yes; or for an increase in their rates, as they may be advised.

Mr. BORAH. What changes were made in the House text with reference to that provision?

Mr. HARRISON. The House bill put a 3-percent tax on commercial and domestic energy, payable by the power companies and to take effect at once. The change has been made as I have previously pointed out.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Indiana?

Mr. HARRISON. Certainly.

Mr. ROBINSON of Indiana. As I remember it, last year, when this question was before the Senate, the Senate voted to impose a 3-percent tax on electric energy and charge it to the producer and not to the consumer. Then the matter went to conference and the Senate conferees, in spite of what the Senate had done, agreed to let the consumer pay it. I presume they felt that they had reason for doing that, although the responsibility was finally laid at the door of some Member of the House, and so the tax was to be charged to the consumer. Some of us believed then that it should have been charged to the power companies. A large majority of the Senate believed that. Evidently the House has rectified that provision to a certain extent and now proposes to charge the tax to the producer.

I understand the Senator to say that the Senate Committee on Finance has reduced the 3 percent to 2 percent?

Mr. HARRISON. On commercial and domestic energy.

Mr. ROBINSON of Indiana. And the charge will now be levied against the producer rather than the consumer?

Mr. HARRISON. That is true.

Mr. ROBINSON of Indiana. One percent will be charged the consumer of industrial energy?

Mr. HARRISON. Yes. In that connection may I say that there was no tax on industrial energy in the 1932 act?

Mr. ROBINSON of Indiana. There was none?

Mr. HARRISON. No; there was none.

Mr. ROBINSON of Indiana. I am asking the Senator for information because I know he is very familiar with the subject. I have had a number of inquiries with reference to a 1-percent tax to be assessed against electric railways. Does the Senator call that industrial energy?

Mr. HARRISON. Yes; I think that is industrial energy.

Mr. FESS. Mr. President——

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

Mr. HARRISON. I yield.

Mr. FESS. I did not get the purport of the delegation of power to the President with reference to postal rates. Does that cover second-, third-, and fourth-class rates?

Mr. HARRISON. That is covered by section 2 of the bill.

Mr. FESS. Does it extend to all classes of mail matter except first class?

Mr. HARRISON. To all classes of mail. He had the power during the fiscal year 1932 to increase or reduce, with the limitations which I pointed out.

Mr. FESS. The rates put into effect would cease at the end of the fiscal year 1934?

Mr. HARRISON. The law would expire on June 30, 1934.

Mr. BORAH. Mr. President, going back to the question of the tax on electric energy——

Mr. HARRISON. Did the Senator from Ohio want to ask another question?

Mr. FESS. I will wait until the Senator from Idaho concludes. He may ask the question which I have in mind.

Mr. BORAH. As I understand, the bill provides that the entire tax on electric energy may be charged to the consumer?

Mr. HARRISON. No.

Mr. BORAH. Why not?

Mr. HARRISON. I say it may not. After the law goes into effect, before the 1st of September, and even after the 1st of September, if some power company should apply in the Senator's State or in my State to the public service commission, and that commission thinks it should be passed on to the consumer, they would have the power to order or permit that to be done.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question? The proposed legislation does not deal with that subject at all?

Mr. HARRISON. Not at all.

Mr. ROBINSON of Arkansas. It imposes the tax of 2 percent on the power companies?

Mr. HARRISON. Yes.

Mr. BORAH. I understand that; and then it postpones the time of operation in order to give the power companies an opportunity to be heard before the Commission as to passing it on.

Mr. HARRISON. That was the reason for fixing the date as September 1, may I say.

Mr. FESS. Is any power given to the President here to increase the rate of the gasoline tax?

Mr. HARRISON. None at all; oh, no. We just extend the present 1-cent gasoline tax for another year. That is all that is done with that matter, except that we have cured some of the discriminatory provisions, as I pointed out to the Senator.

Mr. FESS. Then the impression that we are continuing the 3-percent tax is incorrect; it is reduced from 3 to 2 percent on domestic use and 1 percent on industrial use?

Mr. HARRISON. We are reducing the tax on commercial and industrial energy from 3 percent to 2 percent and putting it upon the power company.

Mr. FESS. And adding 1 percent——

Mr. HARRISON. And adding 1 percent on industrial energy, to be collected from the user or consumer.

Mr. WHITE. Mr. President, will the Senator recur to section 630? That section relates to a tax imposed upon fuel supplies, ships' stores, sea stores, and so forth, and provides that this tax shall not be collected on such stores used on war vessels either of the United States or of a foreign country. That is right; is it not?

Mr. HARRISON. Yes.

Mr. WHITE. Then it goes on and refers to these stores and supplies used upon vessels employed in the fisheries or in the whaling business, and so forth. I take it this exempts from the tax only those stores used on American ships.

Mr. HARRISON. The Senator from Pennsylvania [Mr. REED] offered this amendment, and I should like to hear his interpretation of that.

Mr. REED. Mr. President, the idea is this:

At the present time, ships under the American flag or foreign flags, engaged in the various services mentioned here, all have opportunity to buy their fuel oil at foreign ports, and since we have put a tax on that oil they have all been doing it. At the present time we are not getting any revenue out of vessels engaged in these services. We will not get any revenue out of them if this section passes; but Americans will get the business of selling to them, which at present is prevented by the imposition of the tax.

Mr. WHITE. To repeat my question, are foreign vessels employed in the fisheries or in the whaling business exempted from the tax on the use of these articles?

Mr. REED. I think they would be, and they ought to be, because at present they are buying their supplies abroad; and not only do we get no tax, but American suppliers do not get any of the business.

Mr. WHITE. Of course there are no foreign vessels engaged in trade between the Atlantic and Pacific ports of the United States.

Mr. REED. That is true.

Mr. WHITE. The inclusion of that clause led me to believe that perhaps this second portion applied only to American ships.

Mr. REED. No; I should not so construe it. The reason for putting in ships plying between the Atlantic and Pacific ports of the United States is that those ships touch, or can touch, at foreign ports, and can there pick up foreign oil tax-free.

Mr. WHITE. May I ask the Senator the origin of this suggestion?

Mr. REED. The origin was with some of the oil companies. Having received the suggestion from these companies, and feeling unable myself to detect any "joker" that might be in it, I submitted it first to the experts of the Joint Committee on Internal Revenue Taxation, and next to the Treasury Department, and was told by both of those authorities that the amendment seemed to them to be a proper one, and they saw no defect in it.

Mr. WHITE. Was it submitted to anyone having a special interest in the shipping of the United States? Was it submitted to the Shipping Board?

Mr. REED. No; I do not think it was, so far as I know; but I should think they would be very anxious to have it adopted. At the present time the trans-Atlantic liners which used to buy all their fuel oil in New York and other American ports are buying European oil in European ports, enough to carry them on the round trip. We are not only getting no tax out of those vessels but we are getting no business out of them.

Mr. WHITE. That relates to vessels in the North Atlantic trade.

Mr. REED. That is right.

Mr. WHITE. But what about other vessels?

Mr. REED. I am told by one of the Senators from California that this will be very helpful to them in enabling them to sell to the trans-Pacific trade.

Mr. WHITE. Of course, it is an entirely new suggestion so far as I am concerned, and I do not know that I have any very definite notions about it. I am just suspicious about it; that is all.

Mr. REED. What suspicion has the Senator?

Mr. WHITE. I am not sure that I like to see foreign ships and American ships put on precisely the same plane respecting this matter.

Mr. REED. Well, at the present time neither of them is buying any American oil. We want to get that business.

Mr. WHITE. Is that an entirely accurate statement?

Mr. REED. No; I think that is probably too sweeping. I should say that the vast bulk of the business has been lost. There may be exceptions.

Mr. FLETCHER. Mr. President, may I ask the Senator whether this provision imposes any additional tax on American shipping?

Mr. REED. No, Mr. President; it does not.

Mr. FLETCHER. I do not see how they could object, if it does not impose any additional tax on them.

Mr. REED. I do not see where they could have any objection.

Mr. CONNALLY. Mr. President, I desire to ask the Senator from Pennsylvania a question. Why should vessels engaged in whaling and the fisheries be exempt? They do not necessarily touch at foreign ports; do they?

Mr. REED. Because they can very easily do so.

Mr. CONNALLY. Where?

Mr. REED. Take a ship that goes whaling to the south Pacific Ocean: It can pick up its oil in a hundred places.

Mr. CONNALLY. I see no reason for exempting all the fishing industry and the whaling vessels when we make our coastwise vessels engaged in commercial pursuits pay this tax. I see no reason why a vessel doing business between the Atlantic and the Pacific, going through the Panama Canal, all of which is our territory, should be exempt from this tax.

Mr. REED. Oh, no; on the contrary, the whole Caribbean Sea is not our territory by any means.

Mr. CONNALLY. The Panama Canal is under our control.

Mr. REED. The Panama Canal is; but those vessels are in a position to pick up foreign oil, and we want to get the business for American producers.

Mr. CONNALLY. I am not quarreling with the part with reference to foreign commerce; but I do not see any reason why we should exempt the fishing people and the whaling people from the payment of the tax.

Mr. REED. The whalers, I think, clearly ought to be exempted, because all of them go into foreign waters. The fishing ships may or may not.

Mr. CONNALLY. Where would they buy oil if they were going into the South Polar or Antarctic region? There are no oil stations there.

Mr. REED. They pass a hundred ports at which tankers from Persia could fill them up, and in which tankers are situated that would be glad to have the business.

RELIEF OF AGRICULTURE—PERSONAL STATEMENT

Mr. SMITH. Mr. President, when the farm relief bill was first introduced in the preceding Congress and also in this Congress, I strenuously objected to and voted against what was known as "the allotment plan", because it provided that the processing tax which should be levied for the purpose of raising the price of agricultural products should be automatically added to whatever tariff was existing on those articles. I said then that I believed it was a false principle, for I have always stood against a high protective tariff as interfering with reasonable commerce between this country and other countries.

When the bill came up in the present Congress, I opposed that provision because it was endorsing the Smoot-Hawley tariff and adding to it a greater tariff, in that it imposed on

top of that tariff the processing tax. I never have voted for such a proposal, and I did not vote for this bill for that specific reason—that I did not believe it was in accord with the best interests of this country, and certainly not in accord with the Democratic principles that I have been taught and believe to be the correct principles of our Government.

This morning I find that I am vindicated in my Democratic stand, if the reports in the newspapers are correct. I read:

ROOSEVELT AGAINST IMPORT FARM TAX—PRESIDENT THINKS UNITED STATES SHOULD PRACTICE TARIFF TRUCE AS WELL AS PREACH

Keeping to the spirit of his proposed world tariff truce, President Roosevelt believes the United States should forego for the present the levying of an import tax on major agricultural products as provided in the new farm relief bill.

This was made plain yesterday at the White House, where it was also said the President did not believe it would be necessary to apply the import taxes before June 12, when the truce would expire.

America's first move at the world economic conference meeting on that date, it was made clear, will be to propose a new tariff truce to last as long as the conference itself.

The President's stand against using the power in the farm bill to increase the tariff while the preliminary truce is on ended considerable uncertainty.

Import taxes under the bill would be levied in an amount equal to the processing taxes provided on domestic wheat, cotton, corn, hogs, rice, tobacco, and dairy products. The processing tax is intended to give the farmer a greater return for his produce.

Here is the vindication:

The President's attitude was seen as indicating that the United States will "lean over backward" in avoiding any increase in the barriers to world trade.

Mr. President, I stood on this floor and pled with my Democratic colleagues not to forswear their righteous and ancient doctrine and endorse the Smoot-Hawley tariff bill, which everyone here who went on the hustings during the last campaign vigorously protested against, and then come here and vote to endorse that bill and add twice the existing amounts to it. As a Democrat, I would not vote for the farm relief bill in spite of the fact that it had excellent provisions in it—2 of them par excellence; 1 my own, which was, of course, the greatest, and the other was the inflation provision. Yet I was perfectly willing to cast my vote even against these provisions, because they had embedded in them the spirit of destruction which has led us to our present situation.

Now, thank God, we have a President who sees the danger of this selfish attitude on the part of a great Nation like ours—the danger involved in erecting barriers between America and the rest of the world, and shutting out the trade of the world, and leaving us here with our great exports without a market, leading to reprisals on the part of all the other nations of the earth.

Now, there is to be a conference, to get the great sisterhood of nations together, to bring about that amity in trade relations which will make it possible for the United States to deal with the other nations of the earth on the basis of justice and international righteousness. Yet we here voted to include in the farm relief bill a provision under which—in order to help the farmer, for whom I have stood for 24 long years in this body, in an effort to aid them—we were going to invoke domestically the very principle against which from time immemorial the Democratic Party had fought.

Mr. President, I am glad to see that the position I have taken has been vindicated by the very logic of circumstances. We have called the nations of the earth together in order to bring about an agreement that will make the relations of the nations more amicable. Intolerable and inexcusable has been the tariff barrier that has been erected. Now the President, after the bill is passed, and is now ready for him to sign, recognizes, as every true Democrat recognizes, that we cannot live alone, and we dare not declare, at the behest of the great corporations, and those who can fix their prices and mulct the American people, that these corporations shall be left the lords of the destiny of the masses of the American people.

Mr. President, I want to reiterate that I was in favor of the farm relief bill, but I was not going to take the splendid sugar coating around that poisonous thing and swallow it, and I did not, and as long as I am a member of this body I will never vote for a high protective tariff. A man's loyalty to principle is shown by his willingness to make a sacrifice for it; and if he is not willing to make a sacrifice for it, he has no principle, political, or otherwise.

I am glad to see that we are now in the very dawn of an era which undoubtedly will witness the turn of the tide. A new era has come. The spirits of the people are already uplifted because they believe the dawn of a new day has come, and in the very first streaks of that dawn is a recurrence of the old Democratic principle that we shall not have a tariff embargo as between this country and other countries. I am glad that my democracy is vindicated.

EXTENSION OF GASOLINE TAX

The Senate resumed the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

Mr. JOHNSON. Mr. President, may I ask the indulgence of the Senator from Mississippi for a moment? There is one provision of the pending bill in which I am intensely interested; that is, the portion relating to the tax on electrical energy for domestic or commercial consumption. May I ask the Senator has the mode of the payment of the tax been changed by this particular measure?

Mr. HARRISON. It has been.

Mr. JOHNSON. I ask these questions merely that we may get the facts straight, because ultimately, not immediately, we doubtless will argue the proposition here.

As I follow subdivision (a), in line 12, on page 6, a tax of 2 percent is levied upon all producers of electrical energy.

Mr. HARRISON. A 2-percent tax is levied on the producers, so far as domestic and commercial energy is concerned, not as to industrial energy.

Mr. JOHNSON. I should have added that, so far as domestic and commercial consumption is concerned, 2 percent is levied upon all producers. Subsequently, in subdivision (a), on page 7, line 5, a tax of 1 percent is levied upon the users——

Mr. HARRISON. Of industrial energy alone.

Mr. JOHNSON. Upon energy used in other than domestic or commercial activities, a tax of 1 percent is levied.

Mr. HARRISON. Yes.

Mr. JOHNSON. Historically, because I know the Senator's familiarity with the facts, I want to get of record exactly what has transpired in the past.

The Senate has gone on record in the past emphatically in favor of what we termed the Howell amendment, by which a 3-percent tax was sought to be levied upon privately owned electrical companies. That is correct, is it not?

Mr. HARRISON. I think that is correct.

Mr. JOHNSON. Subsequently, when the conference was held upon the bill, that provision of the measure was stricken out.

Mr. HARRISON. That is true. In conference the tax was imposed upon the consumer and not upon the producer. That was in 1932.

Mr. JOHNSON. The Senator recalls that in the original amendment presented by the late Senator Howell, and adopted by the Senate, privately owned companies were the ones charged with the payment of the tax.

Mr. HARRISON. Yes. The Howell amendment, in its original form, as I recall it now, imposed the tax on the producers, but they only made them pay it where there was a net profit. That provision, at the suggestion of the Senator from Michigan, was stricken out, and the tax was put upon gross receipts, without respect to net profits.

Mr. JOHNSON. I wanted the facts straight, because during the day unquestionably we will have for argument the provisions which are here presented.

Mr. HARRISON. I think the Senator has stated the facts of history.

Mr. RUSSELL. Mr. President——

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

Mr. HARRISON. I yield.

Mr. RUSSELL. Under subsection (a) on page 7, the tax is levied on the users of electrical energy for industrial purposes, as I understand it.

Mr. HARRISON. Yes.

Mr. RUSSELL. That tax applies only to such energy as is sold. I was wondering whether that provision went far enough to levy a tax on industrial energy used by the producer, such as a producer of electrical energy which is operating a street-railway system and using large quantities of electricity. That power would not be sold, and I was wondering how the tax would be collected on that energy.

Mr. CONNALLY. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. I yield.

Mr. CONNALLY. Allow me to say to the Senator from Georgia that I have an amendment, which I shall offer, to tax the use of electricity by those who produce it at the same rate as though they bought it.

Mr. RUSSELL. I see no other way whereby we can avoid discrimination against a purchaser who is not a producer.

Mr. HARRISON. May I say to the Senator that there was a good deal of discussion of that point in the committee.

The VICE PRESIDENT. The clerk will state the first amendment of the committee.

Mr. NORRIS. Mr. President, I want to offer an amendment. I have been detained from the Senate in attendance on a meeting of a conference committee and have not been here this morning, so I am not sure that I am offering the amendment at the right place, but I am going to offer the amendment and let it be on the table.

As I understand, the committee would strike out subsection (a) on page 5 of the bill. I do not understand that the amendment added afterward applies to that subsection alone. It applies to some other language. I am wondering whether I cannot offer a substitute for subsection (a) of section 5, on page 5, reading as follows:

> There is hereby imposed upon energy sold by privately owned operating electrical power companies a tax equivalent to 3 percent of the price for which so sold, payable from net income, but not otherwise.

That is the language of the amendment offered by my late colleague, Senator Howell, as I understand it, at the time we had up for consideration the last revenue bill. It went into the bill in that form, as I understand it.

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

Mr. NORRIS. I yield.

Mr. COUZENS. The former colleague of the Senator from Nebraska offered the amendment in the form in which the Senator from Nebraska now states it. The carrying out of that provision would have meant adding a 9- or 10-percent profit tax above the 13¾-percent tax that is now being paid, or was then being paid, above any other corporate net income. On the floor of the Senate it was amended so that the 3-percent tax was a gross tax, regardless of net income, and that was the way the Senate finally passed it.

Mr. NORRIS. The words "payable from net income, but not otherwise" were stricken out?

Mr. COUZENS. Yes.

Mr. NORRIS. I want to get it in the exact form in which the Senate adopted it and put it into the measure. Will I get it that way if I leave out the words "payable from net income, but not otherwise"?

Mr. COUZENS. I think so; but may I make a suggestion?

Mr. NORRIS. Certainly.

Mr. COUZENS. I think the Senator's purpose would be accomplished if the Senate should disagree to the committee amendment.

Mr. NORRIS. No; as I understand it, the House text applies to municipally owned plants as well as to privately owned plants. The language in which Senator Howell offered the amendment, and the language which I think was left in the bill as we agreed to it on a roll-call vote, 61 yeas to 19 nays, applied only to privately owned plants.

Mr. COUZENS. I am not sure of that; but there is no change in this measure as it passed the House from the bill that was passed by the last Congress, except that it transfers the payment from the consumer to the producer. That is my understanding.

Mr. HARRISON. Mr. President, will the Senator permit me a moment?

Mr. NORRIS. In just a moment.

Mr. HARRISON. I can give the Senator the exact language of the amendment as offered by the late Senator from Nebraska, Senator Howell.

Mr. NORRIS. I want to offer the language as it was finally agreed to and put into the bill.

Mr. HARRISON. If the Senator has not the language before him, I have it here and can read it.

Mr. NORRIS. Will not the Senator read it?

Mr. HARRISON. The original language of the Howell amendment was as follows:

> There is hereby imposed upon energy sold by privately owned operating electrical-power companies a tax equivalent to 3 percent of the price for which so sold, payable from net income but not otherwise.

As the Senate adopted it, the amendment read:

> There is hereby imposed upon energy sold by privately owned operating electrical-power companies a tax equivalent to 3 percent of the price for which so sold.

Mr. NORRIS. In other words, the only change made was to strike out the words "payable from net income but not otherwise"?

Mr. HARRISON. Yes.

Mr. NORRIS. That is the form in which I want to offer it. As I understand the bill from the study I have been able to give it in the limited time since I have been on the floor here, that is different from the House text. The House text would impose the tax upon all electrical energy, whether sold by private companies or municipally owned companies.

Mr. HARRISON. That is quite true.

Mr. NORRIS. Then I think I can accomplish what I want to accomplish by offering an amendment to the House text. As I understand it, it is in order to amend the House text which the Senate committee undertakes to strike out.

The VICE PRESIDENT. May the Chair suggest to the Senator that the first amendment, on page 2, seems to be a clerical amendment?

Mr. NORRIS. Then my amendment would not be in order at this time?

The VICE PRESIDENT. No.

Mr. NORRIS. I am going to be compelled to be absent this afternoon on account of the meeting of a very important conference committee, from which I cannot possibly absent myself.

The VICE PRESIDENT. The clerk will state the first amendment of the committee.

The first amendment of the committee was, on page 2, line 20, after the word "that", to strike out the words "for experimental purposes" and the comma, so as to read:

> SEC. 3. (a) Section 1001 (a) of the Revenue Act of 1932 is amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided*, That such additional rate shall not apply on or after July 1, 1933, to first-class matter mailed for local delivery."

The amendment was agreed to.

Mr. NORRIS. Mr. President, as an amendment to the House text—I think it will come in on page 5, after line 7, after the word "sold"—I will move to insert "by privately owned operating electrical power companies", so that it will read:

> There is hereby imposed on electrical energy sold by privately owned operating electrical power companies.

Mr. COUZENS. I think the Senator does not need to put those words in.

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

Mr. NORRIS. Yes.

Mr. CONNALLY. If the Senator offers his amendment to the committee amendment, on page 7, his purposes will be served, I think.

Mr. NORRIS. We have a right to amend the House text before we vote on the committee amendment; and if the House text should be amended and we wanted to keep it in the bill, we would vote down the committee amendment.

Mr. HARRISON. Mr. President, may I state to the Senator that I cannot see any objection to offering the amendment on page 6 to section 615½, which begins about the middle of the page; and, to avoid any confusion, I ask unanimous consent that it may be offered to that part of the amendment recommended by the Senate committee.

Mr. BORAH. It does not seem to me that it would make sense there. Where is it the Senator proposes to insert the words?

Mr. HARRISON. The Senator will find the place on page 6, in the amendment reported by the committee, reading:

There is hereby imposed upon electrical energy sold on or after September 1, 1933, for domestic or commercial consumption—

And so forth.

That is the provision which, I think, the Senator from Nebraska desires to amend.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

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

Mr. COUZENS. I think the Senator from Mississippi is in error, because if the amendment should be placed there it would be practically equivalent to adopting the committee amendment fixing the rate, respectively, at 2 percent and 1 percent. That is the part that I want to protest against the Senate adopting. So if the Senator from Nebraska wants to offer the amendment, I think he has indicated the proper place, where it will not be confused with the committee amendment.

Mr. HARRISON. I think the Senator from Michigan misunderstood me. I thought the Senator from Nebraska was offering the amendment as a substitute for the entire amendment reported by the Senate committee. Of course, the committee amendment divides the proposition into two parts. If the Senator from Nebraska offers the amendment to the committee amendment, it will be as a substitute for that amendment.

Mr. NORRIS. Let me ask the Senator from Mississippi a question. I am just a little bit in doubt as to whether there is one committee amendment or several. If I can offer my amendment as a substitute for the entire committee amendment on this subject, I should like to do it.

Mr. HARRISON. The committee amendment pertaining to the tax on electrical energy runs from page 6, line 12, down to the end of the bill.

Mr. NORRIS. I have just been handed by the Senator from Washington [Mr. DILL] an amendment. I do not know whether he has offered it.

Mr. DILL. I have not as yet offered it.

Mr. NORRIS. If the Senator wants to offer the amendment, and it will accomplish the purpose, I am perfectly willing to let it go that way and to have it offered as a substitute for the entire committee amendment. However, I think it would accomplish the purpose if I offer the language I have read here in lieu of the committee amendment. So as a substitute for the committee amendment I offer this language:

There is hereby imposed upon energy sold by privately owned operating electrical power companies a tax equivalent to 3 percent of the price for which so sold.

I believe that will meet it.

Mr. REED. Mr. President, will the Senator limit his amendment so as to make it a substitute for that part of the committee amendment which deals with electrical energy? The first portion of the committee amendment deals with the sale of ship supplies, and has nothing whatever to do with electrical energy.

Mr. JOHNSON. The Senator from Nebraska proposes to amend the provision having to do with electrical energy, on page 6.

Mr. REED. If that is understood, very well.

Mr. JOHNSON. That is the portion of the bill to which the amendment applies.

Mr. REED. As the Senator from Nebraska stated his amendment I did not so understand.

Mr. BARKLEY and Mr. KING addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I will yield the floor, if desired.

Mr. BARKLEY. I should like to ask the Senator from Nebraska a question.

Mr. NORRIS. Very well.

Mr. BARKLEY. I presume, regardless of whether the 3-percent tax is paid on electrical energy used for commercial and domestic purposes, or whether it is divided, 2 percent on electricity used for those purposes and 1 percent on electricity used by industry, what the Senator is trying to drive at is to limit the tax to energy produced by privately owned companies?

Mr. NORRIS. Sold by privately owned companies.

Mr. BARKLEY. So that it makes no real difference so far as the Senator's purpose is concerned, whether we put his amendment in the provision as to 2 and 1 percent or as to 3 percent, as proposed by the House.

Mr. NORRIS. I am offering it as a suggestion—and the suggestion seemed to me to be a good one—as a substitute for the committee amendment if it can be agreed to as a substitute.

Mr. BARKLEY. That changes the set-up of the amendment. The Senator will understand that the committee proposes for the House language a substitute, which is the same as his amendment, except for a little difference in language. Instead of a 3-percent tax on electrical energy we have divided it so as to provide a 2-percent tax, payable by the producer of energy in cases where it is used commercially and domestically, and 1-percent tax when used industrially, the tax to be paid by the consumer.

Mr. NORRIS. I want to strike them both out.

Mr. BARKLEY. Does the Senator object to that?

Mr. NORRIS. My amendment, if agreed to, as I understand, would strike out both of those provisions. Is not that right?

Mr. BARKLEY. It would strike both of those provisions out; it would eliminate them, put the entire tax upon commercial and domestic users, and leave industrial users free of taxes. Is that what the Senator wants to do?

Mr. NORRIS. No; I wish to strike that out also; and that is in the committee amendment, as I understand.

Mr. HARRISON. Mr. President, I understand this is the difference: The committee has made certain recommendations. A tax of 2 percent on commercial electrical energy to be paid by the producer and a tax of 1 percent upon industrial electrical energy to be paid by the consumer. The Senator offers in lieu of that a substitute putting a 3-percent tax on commercial, domestic, and industrial energy sold by privately owned institutions.

Mr. NORRIS. Yes, sir.

Mr. COUZENS. And to be paid by the producer.

Mr. NORRIS. Yes. That would have the effect of putting in the bill the exact language, word for word, which the Senate put in the bill which was passed a year ago.

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

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

Mr. NORRIS. I yield.

Mr. COUZENS. May I suggest that when we passed the act of 1932 it did not include manufacturing use? If the Senator means what he just said, he wants to extend the field from private, domestic, and commercial use to manufacturing use. I do not think the Senator intends to extend the field, and if he does intend to extend the field I shall have to object, as I objected in the committee to imposing this tax upon manufacturing plants for the reason that it brings about an unfair competitive condition which the Treasury and the Finance Committee have always tried to prevent. In other words, it places a tax on the little

fellow who is compelled to buy electrical energy, while the large companies which produce their own electrical energy are exempted. The Senator, I am sure, does not want to accomplish that.

Mr. NORRIS. Does the Senator think that the provision which the Senate adopted last year was wrong in any particular?

Mr. COUZENS. No; I think it was exactly right.

Mr. NORRIS. That is what I am trying to bring about—to insert the same language in the pending measure which the Senate inserted in the bill pending a year ago.

Mr. COUZENS. I think Senators on the other side are confusing the issue, because they want the Senator to offer his amendment to the committee amendment, while the committee amendment takes off the 3-percent tax and makes it 2 percent on electrical energy used commercially and privately, the tax payable by the producer, and imposes a tax of 1 percent on energy used industrially, the tax to be paid by the consumer.

Mr. NORRIS. I propose to strike that out.

Mr. COUZENS. That is what I want the Senator to do, but the Senator from Mississippi wants the Senator to offer the amendment to the committee amendment.

Mr. HARRISON. Mr. President, I do not think it fair for the Senator to say that we want to do what he has indicated. I merely made a suggestion to the Senator.

Mr. NORRIS. I thank the Senator for the suggestion, and I am not criticizing him at all.

Mr. HARRISON. The Senator wants to get the issue before the Senate so that he can move to strike out section 6 beginning on page 6, line 10, and running to the end of the bill, and inserting his amendment.

Mr. NORRIS. That is what I want to do. I seek to strike out the committee amendment and insert the language that we put in the bill of last year. It seems to me that would accomplish what we want, and we will then have in the law, if it remains in that form, the same provision that we had in the bill which we passed last year and sent to the House, but which went out in conference.

Mr. GLASS and Mr. KING addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield, and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Virginia, if he wants to ask me a question. I am ready to yield the floor, if the Senator wants the floor.

Mr. GLASS. I simply want to ask for information, and either the Senator from Nebraska or the Senator from Mississippi may be able to give it to me. What is there in the proposed bill that requires the payment of this proposed tax by the producer rather than by the consumer? The Senator will recall that when the revenue bill in 1932 was before the Senate, the Senate adopted an amendment providing that the tax should be paid by the producer, but the bill was altered so as to provide that the tax should be paid by the consumer; and the Senate conferees yielded that point, although the Senate overwhelmingly voted to require the tax to be paid by the producer. I recall very distinctly, as perhaps the Senator from Nebraska does, that the Chairman of the Finance Committee stated textually—I have sent for the RECORD to verify my recollection of it—that under the provisions of the bill it would be impossible for the producer to pass the tax on to the consumer. As a matter of fact, that is exactly what the producer has done, and it has cost the consumers of this country $60,000,000 to pay the tax.

Mr. NORRIS. I think the Senator is mistaken in the narration of what actually occurred. As I remember, this is what happened: The Senate put on the bill that had come from the House—there was nothing of the kind originally in the bill—but the Senate put on the bill the so-called "Howell amendment", which I have now offered as a substitute. That amendment went to the House, together with all other amendments adopted by the Senate, and was sent to conference. The conferees brought back the provision that is now in the law. The House acted on it only in the conference report, and the law now specifically provides that the tax shall be paid by the consumer. That is what I am trying to get away from by this amendment.

Mr. GLASS. Yes; and that is what I should like to get away from.

Mr. NORRIS. I think the adoption of my substitute will bring that about.

Mr. COUZENS. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. COUZENS. I should like to correct an error I made in the colloquy with the Senator from Nebraska. I stated that when the Senate originally adopted the electrical energy tax in 1932 it did not include energy used for manufacturing, for the reason, as I thought at the time, that such a tax would create an unfair competitive condition. However, I find I was in error; that as the Senate adopted the amendment it included all electric energy, whether used for manufacturing or for commercial or domestic purposes. The conferees, and I think properly so, eliminated the tax on electrical energy consumed in manufacturing.

Mr. NORRIS. The conferees eliminated it all.

Mr. COUZENS. I mean they eliminated that feature of the tax; they eliminated the tax on electrical energy sold to manufacturing plants and left the tax on electricity used commercially, that is by stores and on electricity used for domestic purposes, and placed it, as the Senator knows, on the consumer.

Mr. NORRIS. Yes.

Mr. COUZENS. I made the statement a while ago that I should like to see the same provision adopted that was approved by the Senate in 1932; but I made an error in that, because it included a tax on electrical energy used in manufacturing, which was an imposition on the little producer who cannot install his own plant because it would exempt the big producer who has his own power plant and therefore would pay no tax.

Mr. NORRIS. I do not know that I get the Senator's point, but he can reach it very easily by adding a proviso to the amendment that the tax shall not apply to the particular kind of energy that he wants to exempt.

Mr. COUZENS. That is true. I should like to point out to the Senator the way the conferees last year framed the language with respect to the use to which the energy was to be put. In section 616 of the act as it was finally agreed to in conference it is provided:

> There is hereby imposed a tax equivalent to 3 percent of the amount paid on or after the fifteenth day after the date of the enactment of this act, for electrical energy for domestic or commercial consumption furnished after such date and before July 1, 1934.

That was set forth, the character of electrical energy to which the tax was to apply, and it was to be collected from the consumer. It will be observed that it did not include manufacturing purposes. So I should like to see the Senator, if he could, draft this amendment in that way.

Mr. NORRIS. I did not understand the last remark of the Senator.

Mr. COUZENS. I think the Senator would meet the objection I have if he would adopt the language of the conferees so far as the industries to which it is to be applied are concerned.

Mr. NORRIS. As I understand it now, though I may not understand it correctly, if I adopt the language agreed to by the conferees I would put the tax where it is now, on the consumer instead of the producer or manufacturer.

Mr. COUZENS. I did not make myself understood. I referred only to the uses to which it is to be put, and not to who is to pay the tax.

Mr. NORRIS. Would it meet the Senator's objection to the language I have offered if I should add "*Provided*, That this tax shall not apply to electric energy sold for manufacturing purposes"?

Mr. COUZENS. Yes.

Mr. NORRIS. Then I will add that in order to satisfy the Senator. I will add to the language which I have offered as a substitute the following proviso:

Provided, That this tax shall not apply to the sale of electric energy sold for manufacturing purposes.

Mr. WHEELER. Mr. President, the Senator would then eliminate all manufacturers from the payment of any tax on electric energy.

Mr. COUZENS. They do not pay it now.

Mr. WHEELER. They do not?

Mr. NORRIS. Oh, no; they do not pay it now.

The VICE PRESIDENT. The clerk will report the amendment offered by the Senator from Nebraska, as modified.

The LEGISLATIVE CLERK. The Senator from Nebraska proposes the following amendment:

There is hereby imposed upon energy sold by privately owned, operating electrical power companies a tax equivalent to 3 percent of the price for which so sold: *Provided*, That this tax shall not apply to the sale of electrical energy sold for manufacturing purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nebraska as modified.

Mr. BORAH. Mr. President, I think I am in favor of the amendment, but I should like to ask if it is certain that the amendment would lodge the tax upon the producer? Is that the way it was adopted last year?

Mr. NORRIS. That is the way it was adopted. It is the identical language.

Mr. REED. Mr. President, let me say just a word about the effect of the amendment now offered by the Senator from Nebraska. What the committee has done has been to take the tax entirely off the backs of the domestic and commercial consumer. What the Senator from Nebraska now proposes is to increase the committee rate from 2 to 3 percent, to be paid by the producers, but to exempt all manufacturing concerns and to exempt all public-operated concerns. The result will be—if the Senator is as successful as he seems to have been in putting the United States into the electric-light business at Muscle Shoals—that a tax of 3 percent on the gross receipts of the competitors of that institution will be levied and paid into the Federal Treasury, which supports this governmentally owned electric-light institution at Muscle Shoals. In other words, we are taxing one competitor to raise funds to be used for the support of the other competitor.

In the farm-relief bill we tax the consumer to pay the producer, but in the amendment of the Senator from Nebraska we are going farther and taxing the private competitor to raise money for the Treasury that is to support the public competitor. The committee takes the burden off of the consumer—there is no question about that desire being attained—but the amendment of the Senator from Nebraska would impose a further penalty upon the private producer of electric light which in the long run and on the average would amount to a surtax on their present income tax of an additional 9 percent. By the amendment of the Senator from Nebraska we would in effect provide that whereas the corporation income tax of all corporations shall be 13¾ percent, as it is now, yet the electric-light companies' corporation income tax shall be 22¾ percent. I do not believe the Senate means to do any such unjust thing as that.

Furthermore, the Senator's amendment would exempt manufacturing concerns if they buy industrial current but does not exempt the trolley lines which are now in receivership or on the verge of it. The Senator from Nebraska does not exempt railroad companies which are having a bad time now. Many manufacturing concerns are far better able to pay the 3 percent tax than are the railroad companies and the trolley lines which will find themselves taxed under it. It is a wholly unjust discrimination.

Say what we will, in the long run it is the consumer who pays the tax under any phraseology, because it is the consumer's payment to the electric companies that furnishes the only means out of which any tax can be paid. If we levy this tax under the amendment of the Senator from Nebraska or any other amendment, in the long run it will come out of the consumer's dollar, and we do not need to blind ourselves to that fact.

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

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

Mr. REED. Certainly.

Mr. KING. Does the Senator understand that the amendment offered by the Senator from Nebraska would exempt from payment of the tax municipal plants which have gone into what might be termed private or proprietary activity?

Mr. REED. Oh, absolutely. The Senator from Nebraska would tax only privately owned companies. Here is an example of the result. In Los Angeles there are two kinds of plants, one owned by the city and one owned by the Southern California Edison Co. I have not, nor have any of my friends so far as I know, any vestige of interest in the privately owned company. The municipal plant will sell absolutely tax free. The privately owned plant would be subjected to the 3-percent gross tax, which is equivalent to 9 percent of its net. The stockholders of the Southern California Edison Co., I am told, are mostly owners of a very few shares each, being people who live in that community. Except for the form of ownership, it is almost as publicly owned as is the city plant, and yet we tax one and exempt the other. I see no fairness in that.

Mr. KING. Mr. President, I should like to ask the Senator from Nebraska if it is his thought that municipalities should be exempt from the tax; and the Government, itself engaged in the manufacture and sale of electricity when it becomes the proprietor, the same as a private corporation, shall be exempt from the tax, and only private corporations shall pay the tax?

Mr. NORRIS. Let us take Los Angeles, or Tacoma or Seattle, Wash., or Springfield, Ill., for example. I concede that it would be an outrageous thing for the Government of the United States to tax a subdivision of government, and that is what we are going to do unless we have this exemption. I doubt very much whether it is constitutional to try to levy a tax on Los Angeles. If the Supreme Court was right when it said that the power to tax is the power to destroy, we can put the city of Los Angeles off the map by this method. We can prevent it from manufacturing electricity for its own people. We can do that with Tacoma and with any other municipally owned plant in the United States. In other words, one branch of the Government would be levying a tax upon another.

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

Mr. NORRIS. Certainly.

Mr. KING. Does not the Senator recognize that there is a distinction between Government functions and private or proprietary functions? Suppose the city of Springfield should erect a plant for the purpose of manufacturing pig iron. Certainly that is not a governmental function. Obviously it seems to me it ought to pay a tax as other owners pay taxes who are operating pig-iron plants, a tax not only to the city but to the county and the State. If municipalities are to engage in all sorts of proprietary undertakings absolutely free from what might be conceived to be legitimate governmental functions, it seems to me that pretty soon we would drive out of business all privately owned institutions. I am merely asking the view of the Senator.

Mr. NORRIS. Mr. President, the Senator has imagined a condition that everybody knows will never materialize. The manufacture of electricity or the distribution of gas or the operation of a street railway is an entirely different thing from the manufacture of shoes. It is necessarily of itself a monopoly. People disagree as to whether there should be any such thing as a municipally operated electric-light plant, but evidently if a city wants to manufacture electricity and supply its own people with electricity, it is conceded, I think, that it is a proper function of municipal government. Nobody has tried to prevent it except in an

election, when an effort was made to prevent the issuing of bonds or something of that kind, which is a very fair way to test it. I am not finding fault with those who oppose it.

If the city of Los Angeles wants to supply its people with electricity, it is conceded everywhere, I think, that it has a right to do it. Are we going to tax that city for doing something for its own people? The people have a right to have a plant to manufacture and sell electricity to the people within the city limits. In the city of Tacoma, Wash., there is no competition. The city itself maintains a monopoly of the business. As a matter of fact, it pays more taxes to the city than a private company would pay if it owned the same facilities. It pays 7½ percent of its income, as I remember, in lieu of taxation. The Senator from Washington [Mr. BONE] will correct me if I am in error. There are dozens of other cities where there will be no tax whatever for municipal purposes, but the city will collect instead a percentage of the income from electric light and gas that they supply to their own people. In reality, it is a tax either way. They really take it out of one pocket and put it into another pocket.

But here comes the Federal Government and says to this municipality, "We are going to tax you if you supply your own people with electricity." I suppose there might be an instance where a city would go into the manufacture of boots and shoes. If they did, I do not think we ought to tax them. I am not in favor of doing anything of that kind, and I do not know that anybody else is. The question the Senator propounds, it seems to me, has no practical application to the consideration of the amendment.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Nebraska a question?

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

Mr. NORRIS. I yield.

Mr. VANDENBERG. The Senator was discussing the Constitutional phase of the matter. May I ask if my memory is wrong that the Supreme Court has differentiated between the types of municipal services in determining what municipal salaries are subject to the Federal income tax?

Mr. NORRIS. I think they have. I think they have held that the salaries of these municipally-owned plants are subject to income tax; that the tax can be levied on them.

Mr. VANDENBERG. I was wondering whether that discrimination would probably follow through in respect to this question.

Mr. NORRIS. I do not know. As I look at it, that has not anything to do with this matter, although there may be a question—there has been in the past—as to whether an income tax levied by the Federal Government applies to employees of municipally owned plants, and I think the Supreme Court have held that it does apply.

If I had my way—that is a different subject, of course—I would amend the Constitution so that an income tax would apply to everybody's salary, whether he is a governor or a member of a legislature or a member of a court. I think it ought to apply. My own idea is that not an unreasonable but a little more liberal construction of the present Constitution would admit that. I am not arguing that question, because I admit that it is settled. The courts have settled it the other way.

Mr. SHIPSTEAD. Mr. President, I desire to ask the Senator from Nebraska a question. As I understood him, this amendment reenacts exactly the so-called "Howell amendment" with a modification as to manufacture.

Mr. NORRIS. Yes.

Mr. SHIPSTEAD. As the amendment was read by the clerk at the desk, I find that a certain part of the Howell amendment was left out. The words in line 4 of the Howell amendment are "payable from net income but not otherwise."

Mr. NORRIS. That is not in my amendment. I left that out because the Senate last year, when it adopted the so-called "Howell amendment" and made it part of the law, itself omitted those words. They were not in the law. The Howell amendment was amended to that effect before it was agreed to. I wanted to offer the amendment in the same form in which we had adopted it before.

Mr. BARKLEY. Mr. President, I always find myself embarrassed when I am compelled to differ from any view expressed by the Senator from Nebraska [Mr. NORRIS], because I am usually in sympathy with him on propositions of this sort; but I do find myself in disagreement with him on this amendment, and I desire very briefly to explain why I do.

I wish to say to the Senate that the Finance Committee found this tax the hardest nut to crack that it has had to deal with in a long time. I dare say that, considering the amount of revenue involved and its isolation as a tax item, the committee gave more consideration and more discussion to it than any one item that had been before the committee in a long time, finally resulting in the appointment of a subcommittee composed of the Senator from Pennsylvania, Mr. REED, the Senator from Michigan, Mr. COUZENS, and myself; and we tried to explore every possible substitute for the tax, because none of us liked it in any form.

Personally, I should like to lift the tax altogether, because there is no way in which it can be assessed that will not result in injustice to somebody; but the Treasury Department convinced us that they could not dispense with this $32,000,000 in revenue. It is one of the important items that go to make up a balanced Budget, and the committee was confronted with the duty of trying to adjust and shift this tax in such a way as to result in just as little injustice to any large group of people as was possible.

A year ago, when we had this bill up, as we all recall, the then Senator from Nebraska, Mr. Howell, offered this amendment on the floor of the Senate, and it was adopted. We all realize here how easy it is to adopt any amendment that taxes power companies. The very mention of the word "power" is a sort of an obnoxious reference here, and we take fright and vote according to our fears sometimes; and I am as guilty as anybody else. The amendment was adopted by the Senate, putting the 3-percent tax on the producer. I dare say that the average Member of the Senate had very little information before him at the time he voted as to the effect that tax would have on a large number of companies in this country.

The bill went to the House with that amendment in it and was sent to conference. In conference the tax was left at 3 percent, but it was provided that the consumer should pay it. It was added to the electric-light bill every month; and I have been paying my tax, as almost everybody else has upon whom it was levied.

Personally I will say that I have had no complaint from anybody in my State with reference to this tax. I think it was recognized as an undesirable, obnoxious tax, but one of the many obnoxious taxes made necessary in order to try to balance the Budget. So far as I am concerned, I will say frankly that if I were sure this tax would not be extended beyond July 1, 1934, I should be willing to vote here to leave it as it is, because I do not think it has operated unjustly upon anybody; but in the House this amendment was added on the floor when the bill was under consideration there. The Ways and Means Committee considered it, and took no action with reference to it; but on the floor of the House an amendment was adopted transferring the 3-percent tax to the producer.

The Finance Committee held a hearing on this measure, and I think they were convinced that the transfer of this 3-percent tax to the producer will undoubtedly work a hardship on many small electric-light companies. I have in my office what I regard as indisputable evidence of the fact that that will be the case out in Illinois, and the statement is backed up by the Federal judge who appointed receivers for some of the companies. I know, of course, that anybody who mentions the name "Insull" here is tarred with the same pitch, psychologically, that tars Mr. Insull; but the Federal judge out in Chicago who appointed Mr. Edward N. Hurley, whom we all know and respect, as one of the receivers of some of those companies, stated that after assuming the duties of receivers they have brought about all the economies

that are possible; they have used a meat ax, and have reduced expenses to the very bone; and that many of the small companies which he represents as receiver cannot stand a 3-percent increase in their operating expenses.

Let us take a company that we will say produces $100,000 worth of energy a year, upon which this 3-percent tax is levied. Many of them are already "in the red", as we know. Many of them are on the verge of receivership; but let us assume that any given company selling $100,000 worth of electrical energy without the tax would make $3,000 net in any year. Now we come along and slap on this 3 percent tax, which amounts to $3,000, and we take that $3,000 of net income in a tax, and in that case it amounts to a 100-percent levy upon net income. There is no way to escape it.

Let us assume that it is a larger company and sells $1,000,000 worth of energy per year. The 3-percent tax amounts to $30,000; and in some cases that $30,000 may represent 50 percent of the net income, or it may represent all of it, or it may be taken in such a fashion as to add to an already-existing deficit in that company. Now, what are we going to do about it?

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

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

Mr. KING. The Senator will remember that several representatives from Iowa, as I recall, who represented independent companies, not connected at all with the large companies, in their testimony before the committee indicated that many of these small companies were either "in the red" or ready for receivership, or that their income was so small that the 3-percent tax would confiscate the entire revenue. Those are the smaller companies, the independent companies, a great number of them in Iowa and in some of those Mississippi Valley States.

Mr. BARKLEY. And the testimony also showed that the ownership of these companies is not in any holding company.

Mr. KING. Exactly.

Mr. BARKLEY. It is not in Wall Street. It is not in any great city. The testimony showed that in the main these small companies in the State of Iowa—and I take them as typical—are owned by the community, by small stockholders in the neighborhood, serving a village or a county seat or a small town.

When we consider that a 3-percent gross tax may amount to more than 9 percent on net income, as the Senator from Pennsylvania [Mr. REED] has indicated, but if it amounts to only 9 percent on net income, it increases the income tax to that particular type of corporation from 13¾ percent to twenty-two and a fraction percent, I think as a matter of justice we ought to consider whether it is desirable to single out any one type of corporation upon which we will increase the income tax by 9 percent, assuming that that is a fair average of the increase which would result.

Mr. BONE. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. LONG in the Chair). Does the Senator from Kentucky yield to the Senator from Washington?

Mr. BARKLEY. Yes.

Mr. BONE. Can the Senator tell us what percentage of the gross revenues of the electrical business in this country is realized from the little companies to which he refers?

Mr. BARKLEY. I cannot.

Mr. BONE. Would it exceed 5 percent?

Mr. BARKLEY. The total gross sales income of the companies supplying domestic and commercial energy is about two and a quarter billion dollars. I cannot give the Senator the proportion.

Mr. BONE. My impression is that it would not reach 5 percent of the total, perhaps not to exceed 3 percent of the total.

Mr. BARKLEY. I am not in a position to answer the Senator's question. I do not know what percentage it may amount to, whether it amounts to 5 or 10 percent; but, anyhow, it is a substantial amount.

The subcommittee and the Finance Committee, in dealing with this hard situation, undertook to compromise between the consumer and the producer so as to work as little hardship on both as is possible. Recognizing, as I think the committee recognized, the impossibility of passing this tax on to anybody without working a hardship on somebody, it figured out that it probably would be possible for most of the companies to stand for a 2-percent gross tax—that is, those that are supplying domestic and commercial energy—and whereas there had been no tax levied upon the consumption or the production of energy for industrial purposes, in order to raise the other one third of the revenue necessary to make up the amount now received, the committee decided to put a tax of 1 percent on the gross sales of electric energy used for industrial purposes, to be paid by the consumer.

I take it for granted that the reason why this tax was not levied on industrial energy in the first instance was because of the difficulty in which our manufacturers found themselves. We were in the midst of a depression. Labor was largely unemployed. Many manufacturing companies found it difficult to go along. Many of them were closed; and we did not desire to make it more difficult for manufacturing concerns to continue in business and employ labor. Therefore we eliminated them from the payment of this tax.

I think the amendment which has been brought in here by the Finance Committee is the fairest division that can be made of this tax. There are some 6 or 7 States in which there is no great amount of regulation of utility companies; there is no public-utility commission; and in those States, of course, it will be an easy matter for the light company or the power company to pass this tax on to the consumer.

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

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

Mr. BARKLEY. I do.

Mr. FESS. Would the tax on industrial energy be paid if a manufacturer were producing energy for his own consumption and not for sale?

Mr. BARKLEY. It would not. There is no basis upon which a percentage tax can be levied on that energy. The manufacturing establishment does not sell it. It produces it in its own plant, by its own power, and consumes it there.

There is, therefore, no basis upon which we could levy a tax of 1 or any other percent, and the only way in which we could tax that sort of a concern would be to tax the use of electrical energy or impose a tax per kilowatt-hour, or thousand or million kilowatt-hours, and if we undertook to invade that field we would find ourselves under the necessity of requiring that a meter be put in every little electrical plant, every Delco lighting system, every unit for the generation of power on a farm or in a store or anywhere else, and we would find ourselves in a labyrinth of insurmountable difficulties which would make it impossible to administer such a law.

Mr. FESS. If an industry of that sort shows any profit from the use of electrical energy, it would be subject to taxation under the income-tax law.

Mr. BARKLEY. They would be subject to the same tax they would pay upon any other profit they made from any other enterprise or any branch of their business.

Mr. President, we postpone the transfer of this tax to the producer until the 1st of September in order that the companies which cannot bear the increase may have an opportunity to go before their State regulatory bodies and make such showing as they can upon applications for increases in their rates presumably sufficient, and only sufficient, to absorb the tax itself.

If we may assume—and I think we may assume—that some of the companies would be able to make a showing that would entitle them to an increase in rate, it seems inconceivable to me that we must assume here in the Senate of the United States that all of the 40 or 41 State regulatory bodies have not performed their duty in keeping electric-light rates down as low as possible.

If they have allowed the companies in their States to charge the public a rate high enough to absorb a 3-percent gross tax, then they have not been performing their duty,

They have not compelled a sufficient reduction in the rates of public-utility companies if they have allowed them to charge rates high enough to absorb a 3-percent gross tax, which, in many cases, will amount to a tax of 20 or 25 or even 50, and in some cases as high as 100-percent upon their incomes. I think it would be entirely out of line for us to assume here that these public commissions in the forty-odd States where such commissions exist have been derelict in the performance of their duty.

Mr. President, I know how easy it is for men to charge in public addresses that public-utility bodies, the commissions in the States, have not performed their duties, that they have permitted the charging of rates which were too high; but to make that wholesale charge in the Senate of the United States is equal to making a charge that the people themselves are incompetent to govern themselves, or to select honest men to administer the laws with reference to the regulation of the charges of public-utility corporations.

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

Mr. BARKLEY. I yield.

Mr. FESS. If the companies were given opportunity to go before the public-utility commissions for increases, it would only open the way to do what has been done before, place the tax upon the consumer, rather than on the producer.

Mr. BARKLEY. I was coming to that. If we may assume that any number of State regulatory bodies, after hearing and showing by a company, would allow them to increase the rate high enough to absorb the tax, then the consumer would pay it, and we would not benefit the consumer by shifting it from him to the corporation, but we might damage him by making it possible for such corporations, using the increase allowed to absorb a 3-percent tax, to increase the rate even higher. My experience and observation have been that whenever any public regulatory body allows a private industry to increase its rates to the people enough to absorb a tax, they go just as far beyond that as is possible in the collection of the toll from the public.

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

Mr. BARKLEY. I yield.

Mr. FESS. Why should we exempt the payment of taxes by a municipal corporation that is in the power business?

Mr. BARKLEY. I think that we have to divide that power into two classes. The power which is generated and used for purely public purposes, like the lighting of streets, I do not think ought to be taxed, but where a municipality engages in the manufacture of power for profit and charges private consumers for the use of that power for private profit, I cannot see where we have any right to discriminate as between it and a private corporation doing the same thing in the same community.

Mr. FESS. That is my view exactly.

Mr. BARKLEY. I do not think we ought to tax any municipally owned plant on any public function it performs.

Mr. GLASS. Mr. President, may I ask a question for information?

Mr. BARKLEY. I yield.

Mr. GLASS. Is the tax proposed by the committee now upon the producer or upon the consumer of the electricity?

Mr. BARKLEY. The tax as proposed by the committee, beginning on the 1st of September, so far as energy for domestic and commercial purposes is concerned, is imposed on the producer. The 1-percent tax which we levy upon industrial electrical energy, as proposed by the committee, is to be paid by the consumer. The whole tax now, as the Senator knows, is paid by the consumer.

Mr. GLASS. I know, and I have reviewed the controversy which ensued in the Senate at the time the former bill was before us. The Senate adopted an amendment offered by the Senator from Nebraska, the late Mr. Howell, and instructed its conferees to insist upon that amendment, which imposed a tax on the producer and not on the consumer, and the Senate conferees were bitterly reproached for abandoning that position to the House. I wanted to be certain whether the tax this time is to be paid by the consumer or is to be paid by the producer.

Mr. BARKLEY. Mr. President, the tax on domestic and commercial energy is to be paid by the producer. As the Senator knows, there is now no tax on industrial energy produced by electricity.

Mr. President, I think I have said about all I can say about this proposition. I have no interest in it one way or another. It so happens that in my State there is no public body authorized to regulate electric-light rates, and I am quite satisfied that if this tax is put on the producer it will be added to the light bills of the consumer, so that so far as my State is concerned the people will receive no benefit from the amendment offered by the Senator from Nebraska or the proposal of the Senate committee itself, because I have every reason to suppose that, if it is necessary, the companies will pass it on to the consumer.

Regardless of that fact, however, regardless of how we conceive notions with reference to misconduct on the part of power and electric companies, it seems to me that there is an element of justice of which we cannot lose sight, in view of the conditions which now exist, and the testimony which has been brought before the Committee on Finance with reference to many of these companies, which may represent a small proportion, I will say to my friend from Washington, in the amount of energy produced, but represent a much larger proportion in the number of companies that will be involved, because we cannot compare a hundred small electric-light companies in small towns, privately owned, which produce only enough energy to light the homes and probably the streets of the villages or small towns, with the great, giant corporation, which controls, as a holding company or otherwise, the distribution of large units of electrical power in commerce or in industry in the United States. While the proportion of money involved in the sale of the energy may be small, the proportion that is used and the territory which it covers are large, and we ought to consider that.

Mr. GLASS. Mr. President, I should like to know whether the committee had any accurate information as to the number of small privately owned power companies.

Mr. BARKLEY. I do not believe the committee got that information. It may be in the hearings. I think we asked some witness to put in a statement with reference to that, but we have been so busy on other matters that I have not had a chance to read the hearings since they were printed. I doubt whether the hearings contain that information.

Mr. GLASS. Mr. President, if I may judge other States by my own, there are comparatively few, because most every one of the electric plants in Virginia has been gobbled up by the great and powerful corporations of which the Senator speaks.

Mr. HARRISON. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. HARRISON. I think there were only a few, perhaps, but there were at least 3 witnesses who appeared before the committee, 1 a gentleman from Iowa, and 2 from New England, who stated that the smaller companies would be affected very much; but I do not think there were any facts put in as to the proportion who would be affected.

Mr. BARKLEY. Mr. President, as far as the straight 3-percent gross tax upon the distribution of industrial power affecting industry is concerned, under the amendment offered by the Senator from Nebraska, if there was any virtue in the argument made a year ago that this tax ought not to be levied on industry because it would make it more difficult for industry to carry on during the depression, and employ the men it was able to employ, it would be even more true with a 3-percent gross tax upon electrical energy. The committee felt that a 1-percent tax upon the distribution of industrial electric power was sufficient, that we were making it easier for the smaller companies by reducing the 3 percent carried in the bill as it passed the House to 2 percent, giving them until the 1st of September to make whatever showing they can make before public-utilities bodies, in order that they might secure, wherever necessary, an increase in rates which might be essential to absorb the tax.

Mr. HARRISON. Mr. President, before the Senator concludes, merely for the RECORD, I should like to present some figures which have been handed me with reference to the income-tax returns of these companies. In 1930—and evidently it is worse now—there were 679 companies engaged in the production of electrical energy showing net incomes and 291 companies which showed deficits.

Mr. BARKLEY. That was for 1930?

Mr. HARRISON. That was for 1930. The 291 companies which showed deficits were evidently the small companies.

Mr. BARKLEY. The facts as to commercial activities show that there has been a decline since 1930 up to within the last week or two. There has been a slight increase in the United States as a whole during the last week, and, I think, the week before, in the use of electrical power. In other words, for week before last the decline in the use of electrical power was smaller than it had been for the week before and for the same week a year ago. Last week there was a slight increase over the week before of one half of 1 percent in the use of electrical power. But, taking it as a whole, I am quite sure that in 1932, and in all likelihood for the part of 1933 that has already elapsed, the conditions have been even worse than those referred to by the Senator from Mississippi, which shows that a considerable portion of the number of these companies, without regard to their size, were in the red in 1930, and I do not think that it can be claimed there has been any substantial improvement since that time.

Mr. President, for the reasons I have given, I hope that the Senate Finance Committee amendment will be agreed to, because I believe it is the fairest compromise between the two proposals, either one of which would work hardship on somebody, and we cannot claim that ours will not work hardship upon a large number of people in this country.

INVESTIGATION OF STOCK-MARKET ACTIVITIES

Mr. NORBECK. Mr. President, I desire to address the Senate for a few minutes on the stock-market investigation and the securities bill. I should not break into the debate at this time except for the fact that I am compelled to leave the city for a few days.

I take this opportunity to make a few remarks in connection with the so-called "securities bill", S. 875, which has passed both Houses and is now in conference. The bill is aimed to put a stop to certain fraudulent practices, so common in the past, by which investors lost billions of dollars.

The United States is the only great industrial and commercial nation on earth which lacks a national code of law dealing with the creation and business conduct of corporations selling their securities generally to the public. In consequence, the Federal Government is without legal means to safeguard the American investor.

In the pending bill the authority of the Government rests largely on the fact that the mails are used in the transaction of this business and that it is, therefore, subject to certain regulations. Briefly, the high points in this bill are three:

First. That a sworn statement must be filed with the Federal Trade Commission before securities can be offered for sale, and substantial penalties are connected with any violation of the act.

Second. This legislation goes farther than to prevent misrepresentation; it makes it mandatory that the whole truth be told in a signed statement and also in advertisements or any publicity in connection with the sale of securities. It recognizes the fact that a half truth is a falsehood. This will be a new thing in American corporation law; it is in fact copied after the British law.

Third. The directors, underwriters, and issuing houses of the corporation provided for are personally responsible for misrepresentation and may have to answer in court for such misrepresentation.

STOCK-EXCHANGE INVESTIGATION

The Senate Committee on Banking and Currency started its investigation during the last Congress largely on the theory that the bears were breaking down the market. The committee did not find much basis for that, but did find much improper conduct on the part of those who had been trying to boost the market rather than on the part of those who had been trying to break it. The bear operations had long since passed.

NEW YORK STOCK EXCHANGE

As the committee proceeded with its investigation it became more and more evident that the iniquities connected with the sales of stocks and bonds could not be limited to the New York Stock Exchange. The exchange was simply a place where the business was transacted. Its rules were lax and its management was often indifferent. Violations of its rules and of the New York State laws were of daily occurrence. The only penalty for the most flagrant violation, however, was that the speculator was denied the use of the exchange. There was no redress for the victim. In all fairness it must be said there has been a gradual improvement in the rules and practices of the exchange. But the changes have been only those forced by public opinion or by the New York State laws. Their rules seemed to be aimed toward providing for what they consider square dealing between the members of the exchange and to make sure of the solvency of members so that their obligations will not be unpaid. While strict rules have prevailed as to the conduct of members toward each other, only recently have they discovered that the public is also a party to stock-market transactions and has interests which should be protected. It seems to be a new idea to think first of protecting the investor in the stock market. Until recently they had been operating with the idea that the "buyer should beware", but this bill proposes also to place responsibility on the one who sells.

The pending bill does not in any way deal with the stock exchange. That matter has been left for subsequent and much-needed legislation. All the trouble, however, is not in the New York Stock Exchange, which is probably the best-regulated exchange in the country. This may not be saying much, but it means something by comparison. The New York Curb Exchange is now under investigation by the authorities of New York State.

Millions of shares are admitted to trading privileges on various exchanges throughout the country without any adequate examination of the companies which issue them or without imposing any responsibility upon the exchanges to keep currently advised of their condition. The New York Curb is notoriously guilty of this practice. When stock is listed on an exchange, a financial statement is required of the corporation, but even this is not required when stocks are "admitted to trading." It is generally done on motion of an interested broker who is a member of the curb or exchange.

Our first witness was Mr. Richard Whitney, president of the New York Stock Exchange, but we did not learn much from him. He denied categorically all bad practices and violations of their rules; he would not admit the possibility of anything wrong. He employed his technical knowledge to dodge issues and confuse the committee. The committee was compelled to depend on other witnesses to learn something about the practices and weaknesses of the New York Stock Exchange.

It has been a common saying among the wise ones that markets never go up; they are put up. "Rigging the market" is well understood among the traders but not by the public. Pools for the purpose of sending the market up or down are common, but we could not get much evidence from the president of the exchange on that subject.

STOCK-EXCHANGE PRACTICES

Mr. President, I have a report here from Mr. William A. Gray, who served as counsel for the committee during 1932. I ask that the portions of the report which I have marked may be printed in the RECORD. The report reviews the cases handled during the period of Mr. Gray's service.

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

The excerpts referred to are as follows:

PERCY A. ROCKEFELLER

Percy A. Rockefeller admitted his connection with certain syndicates or pools and his testimony developed the fact that among those who would engage in these pool operations were members of the brokerage firms which constituted the New York Stock Exchange, these brokers being in the position to obtain inside information regarding the operations on the stock exchange in the particular stock in which the pools were interested. These pools were managed mostly by brokers, and among those who would be interested in the pools were those who were either officers or directors of the corporations whose stocks were made the subject of the pool transactions.

Mr. Rockefeller also stated that he, himself, had engaged in the practice of selling stock against the box; in other words, the selling of stock he did own but did not deliver, but which he would borrow for the purpose of delivery in the same manner as would be done in the case of an ordinary short sale. The vice of this practice, as will be shown in some of the concrete instances hereafter referred to, is that it is usually done in another name or in such a manner as to prevent the public from knowing that an officer or director in a certain corporation is disposing of his stock; and inasmuch as he naturally has more definite information as to the value of the stock than the public in general, this is to his advantage and very often to the detriment of the public who buys the stock which he sells without having an opportunity to obtain the knowledge which he posseses. This may or may not be an improper practice, but it is undoubtedly a decided disadvantage to the public who purchase stocks to buy the same from one who is selling it with information which the public cannot obtain. It might be likened very well to the playing of a game of cards with marked cards.

MATTHEW BRUSH

Mr. Brush, who classified himself as an individual trader, though he admitted having, at times, an interest in certain pools, gave some enlightening information to the committee. He stated that in his belief stocks could be manipulated; that heavy short selling in a declining market influences the market; and that short sellers will add to their short interests in a declining market, although at times the short interests increase with a rising market when the short seller is taking his position. He gave illustrations of how stocks might be put up just before the closing of the market (vol. I, p. 303).

He stated he believed, however, that the prohibition of short selling would bring a terrific swing in the market because those who wished to purchase would be limited in their buying to the purchase from someone who actually owned the stock. He acknowledged the existence of the pegging of the market and the practice of large operators to operate in other names in order that the activity of the trader might be kept secret.

THOMAS E. BRAGG

Mr. Bragg was a member of the brokerage firm of W. E. Hutton & Co. from some time in 1928 until October 1930.

He acknowledged his operations in a number of pools or syndicates, notably those that were conducted in Anaconda Copper and Radio stocks. The circumstances under which these pools were operated and the details thereof shall be referred to hereafter.

RADIO POOL

On March 7, 1929, M. J. Meehan & Co., a brokerage firm and a member of the New York Stock Exchange, sent out to certain persons a communication marked "private and confidential" and headed "Radio Corporation of America Common Stock Syndicate (new stock)." The communication contained a statement that the firm of M. J. Meehan & Co. was forming a syndicate to trade in the stock of Radio Corporation of America, and that it had reserved for the person to whom the communication was addressed a certain number of shares. The commitment of the syndicate was not to exceed 1,000,000 shares, "either long or short." The communication also indicated that the managers were to receive 10 percent of the net profits of the syndicate. The managers were to be Thomas E. Bragg and Bradford Ellsworth. Participation in this syndicate was composed of two groups—one formed through the brokerage firm of M. J. Meehan & Co. and the other through the brokerage firm of W. E. Hutton & Co. The participators in the pool through the firm of M. J. Meehan & Co. will be found in volume II, pages 468, 469, of the record; and among other significant names of the participators were Mrs. M. J. Meehan, wife of M. J. Meehan, and Mrs. D. Sarnoff, wife of the president of Radio Corporation of America.

The list of participators through W. E. Hutton & Co. will be found in volume II, pages 469, 470, 471, of the record; and among those who participated through this firm are G. D. Smith, wife of Bernard E. Smith; Vera Bragg, wife of Thomas E. Bragg; and Cliffwood Corporation, a corporation owned and controlled by Thomas E. Bragg.

The pool started to operate on March 12, 1929, and concluded its operations on March 19, 1929, during which time those who participated through the firm of M. J. Meehan & Co. made a profit of $3,217,570.03, and those who participated through the firm of W. E. Hutton & Co. made a profit of $1,502,310.68. There was also a participation in this pool by certain persons through the firm of Block-Maloney Co., another brokerage firm, which brought the entire profit through these three firms arising from the pool operations to $4,924,076.27. During the course of the operations 1,493,400 shares of stock were purchased and sold at a gross profit of $5,563,198.48, from which were deducted the management fees and certain other payments, leaving a net balance as heretofore stated. These other payments, amounting to $92,000, will be found in volume II, page 475, of the record, and could not be explained by any of the witnesses who were called, though the persons to whom these payments were made were not participators in the pool.

During the time this pool operated the stock rose approximately from a close of 91¾ on March 12 to a close of 109¼ on March 16, receding on March 18 to a close of 101, and on March 19 to 96¼, the last 2 days representing the closing of the operations of the pool when they were disposing of a small balance of their holdings. Thereafter the stock continued to decline for several days, reaching a closing price of 87¼ on March 23 (vol. II, p. 473).

The prices which are referred to and which appear in volume II, page 473, of the record, are therein indicated as the high prices of the stocks for the dates mentioned.

On August 24, 1932, Mr. Richard Whitney, president of the New York Stock Exchange, made a statement to the governing committee and the members of the exchange regarding the investigation which was being conducted by your committee; and on pages 14 and 15 of his printed statement he calls attention to the fact that these prices were not the high prices on the days mentioned, and that in some instances the differences between the actual high prices and the figures given to the committee by its counsel were substantial. He set out these differences in detail.

The statement of Mr. Whitney having come to the attention of counsel, he immediately investigated the situation to determine what the actual facts were. The information, of course, was furnished originally to counsel by one of his investigators. It was found that the prices stated were not the high prices for the day, but were the closing prices for the day; and though it may have been that counsel inadvertently stated them as being the high prices of the day, it would have required but little investigation by Mr. Whitney to determine that as a matter of fact they represented the closing prices and not the high prices of the day, though the differences do not affect the picture that was presented to the committee, but show plainly the effect of the operations of the pool on the market prices.

It will be noted in connection with Mr. Whitney's criticism of the data furnished to the committee regarding the prices of Radio that he directs attention to the fact that after the pool stopped its operations and the price of Radio had returned to approximately 87, it again rose on March 26 to 95, on March 27 to 100½, on March 28 to 109, or within three quarters of a point of the high price reached during any time during the operations of the pool. Though this is a correct statement of the prices, counsel was reliably informed, but had not the time to make a proper investigation to present the facts to the committee, that after the pool which was investigated ceased its operations another pool was formed, which again brought about a rise of prices to those mentioned by Mr. Whitney. Upon this, however, counsel does not desire to make a definite statement, because of the lack of opportunity to make a proper investigation. Undoubtedly the prices of this stock rose and fell at times when the pool operations were not in existence; but, as has hereinbefore been stated, one cannot read the picture of the operations as presented to the committee without coming to the conclusion that something more must have been done than simply sitting idly by waiting for a natural rise in the price to occur in order that the stock purchased might be sold at a profit. The mere fact that during the operation of the pool, covering a period of approximately 1 week, 1,493,400 shares were purchased and then sold indicates the immense volume of transactions engaged in by the pool operators, which must have been managed in such a way as to influence the market prices of the stock.

A few brief illustrations of the publicity given to Radio during the time immediately preceding the activity of the pool interest in that stock and while the operations of the pool were continuing will be found in volume II, pages 517, 518, 519 of the record.

A significant fact developed by the testimony presented to the committee is that Esmonde F. O'Brien, a member of the firm of M. J. Meehan & Co., was, at the time of the operations of the pool, a specialist on the floor of the stock exchange, dealing in the stock of Radio Corporation of America. He was called as a witness, and though he denied that his inside knowledge, which he possessed by reason of his acting as a specialist in the purchase and sale of that stock, was used by the firm in its market transactions, one cannot help believing that the firm of M. J. Meehan & Co. was enabled to act with considerable more intelligence in its dealings in this stock by reason of the fact that a member of its firm was a specialist therein than had the situation been otherwise. Indeed, the New York Stock Exchange, by the adoption of a rule hereinafter referred to, since this pool operation was made public through the facts presented before your committee, has recognized and endeavored to correct the evil existing through the connection of the specialist with the firm operating in the stock in question; and one cannot read the story of the operations of this pool without coming to the conclusion that steps must have been taken by the experienced persons who were managing and controlling the pool which helped to manipulate the market and guide the prices in such a manner as would bring large profits to those interested in the pool.

Another evil which the existence of this pool brought to light is the trading by brokers on their own accounts, which trading may be and frequently is contrary to the interests of the clients

whom they represent. This evil has been recognized by the stock exchange by the adoption of a rule, which will be referred to hereafter, since the presentation of the testimony on this subject before your committee.

GENERAL ASPHALT

The pool which was operated in General Asphalt is an illustration of several vices which existed in connection with certain stock-exchange transactions. The word "existed" is used because, after the production of evidence showing this and other transactions, certain of the vices were corrected by the stock exchange by the adoption of rules affecting them and prohibiting such occurrences thereafter.

The vices shown by the operation of this pool were the engaging in such transactions by the brokers themselves on their own account, some members of the brokerage firm in this particular instance, together with others who were interested in the pool, being officers and directors of the company in whose stock the pool operated, and having specifically, in this instance, knowledge of what the company intended to do with respect to declaration of dividends, which information was, of course, not available to the general public.

This pool lost money, but this was only because its operations were conducted up to the point of time when the stock market crashed in the year 1929 and thereafter, but the facts developed showed a decided advantage which the officers and directors of the corporation, by the declaration of dividends, gave to those interested in the pool.

The pool was formed by the firm of Luke, Banks & Weeks, a member of the New York Stock Exchange. Mr. Weeks, a member of that firm, was on the board of directors of the General Asphalt Co., and in May 1929 a pool to deal in the stock of that company was formed. The syndicate agreement authorized the managers to operate on either the long or short side of the market. The syndicate agreement will be found in volume II, pages 532, 533, of the record.

The pool was managed by Mr. Weeks; and among the participators were M. J. Meehan & Co., a brokerage firm; Jessup & Lamont, another brokerage firm; J. G. Mayer & Co., another brokerage firm; Horatio G. Lloyd, a partner in the banking firm of Drexel & Co., in Philadelphia, and the chairman of the executive committee of the General Asphalt Co.; Thomas Cochrane, a member of the banking house of J. P. Morgan; together with several trading corporations, among which was Lu-Ba-Wee Corporation, which was a combination of the firm of Luke, Banks & Weeks.

At the time the pool was formed, General Asphalt Co. was paying no dividends.

On August 27, 1929, the company sent out a letter to its stockholders indicating that consideration had been given to the question of dividends on the common stock and that certain changes were to be made in the financial set-up of the company. In November 1929 an initial dividend of $1, being based on a dividend of $4 a year, was declared.

The pool operated from May 17, 1929, until May 15, 1931, and during that time dealt in 500,000 shares of stock, winding up by a distribution of the stock remaining on hand.

In the year 1930 the General Asphalt Co., in which this pool held a very large interest and in which, as has been indicated, Mr. Weeks, the manager of the pool, was a director, and Mr. Lloyd was chairman of the executive committee, paid out $1,549,292 in dividends, whereas their net income for the year was $1,006,796. Of this amount paid out in dividends in the year 1930, the pool received $448,950 in dividends, which represents nearly one third of the amount paid out in dividends and nearly one half of the entire net income of the General Asphalt Co. during that year. In the year 1931, while Mr. Weeks was still on the board and still managing the pool, though the company itself showed a deficit in earning of 41 cents per share on the common stock, dividends were still declared, from which the pool received $108,600.

All this Mr. Weeks characterized as a pure coincidence, but one cannot help drawing the conclusion that the existence of the pool and the personal advantage to those who were managing it and at the same time handling the affairs of the General Asphalt Co. had a great deal to do with the diversion of part of the surplus, if not part of the capital, of the General Asphalt Co. into the dividend channel.

The testimony produced with respect to the pool operations in this case also indicated another interesting thing.

Block, Maloney & Co., another brokerage firm, had an option to purchase from the syndicate a certain number of shares of General Asphalt Co. stock at a price which, when the option was exercised, was considerably below the then market price. This was explained on the ground that the option had been given verbally some time before and that the syndicate of necessity was compelled to make delivery of the stock at the price mentioned, notwithstanding the increased market value. But the significance of the transaction is to be found in an exchange of correspondence between the firm of Luke, Banks & Weeks and the firm of Block, Maloney & Co. The letter giving the option will be found in volume II, page 546, and the letter accepting the same will be found in volume II, page 544, which letter uses this language:

"Hoping that you will give us whatever assistance you can marketwise and assuring you that we will do our utmost for a successful culmination, we remain, very truly yours."

Though it was denied by Mr. Weeks that this transaction was one whereby the stock was transferred to Block, Maloney & Co. in order that the two brokerage firms in cooperation might engage in transactions for the purpose of manipulating the stock and "stabilizing" the prices, the language contained in the letter of Block, Maloney & Co. is certainly capable of that interpretation and is probably inexplainable except on that theory; and market manipulation by the persons interested in this pool and by cooperation between two brokerage firms, members of the New York Stock Exchange, is a practice which should be, and probably now is, by the adoption of a rule since the conducting of this investigation by the New York Stock Exchange made impossible.

KOLSTER RADIO

The testimony offered with regard to a certain operation conducted in Kolster Radio stock shows the conduct of an operation under an option to purchase, and the testimony of George F. Breen, who conducted this operation, gives the committee some very interesting information as to how such operation was conducted and as to several other practices which take place in stock-market transactions.

Mr. Breen was a very frank witness. He stated his business as a dealer in securities. He handled stocks alone and did not have a seat on the New York Stock Exchange. He stated it to be the general practice of those who were in control of the affairs of corporations whose stocks were traded in on the New York Stock Exchange to give men like himself an authority up to a certain point to buy those stocks to support the market and that he had been doing that for a period of twenty-odd years past. He stated that when these corporations felt that a sustaining of their securities was necessary they would give him a trading account with power to purchase a limited number of shares at some specified price, with power to redistribute those shares as he could; that the corporations would put up the money for him and that he was absolutely guaranteed against loss. Should the stocks decline, it was the company's loss. Should he be able to sustain the market and create a market, the profits belonged to him and his associates. He acknowledged that very frequently stocks could be guided by him on the New York Stock Exchange; that stocks could be put up and that stocks could be put down. This has been frequently asserted and generally believed, and it is refreshing to get an admission that it is true from one whose business it is to do that very thing and who has evidently been doing it successfully for some years past. One is brought to a realization of the very unsafe and insecure position in which the public stands when this can be successfully accomplished.

Mr. Breen obtained from Rudolph Spreckels certain options on Kolster Radio stock, and in the course of his dealings in that stock he first took a short position in the market for a certain quantity of shares; and, though he stated that it was not his practice to do so, he admitted that should the stock decline in price he was in a position to cover his short selling in the open market and to decline to exercise his option and thus assure himself of a profit, whereas, of course, if the stock rose in price he would exercise his option and in that way accomplish the same results He was under no legal obligation to exercise the option at all. After the options were secured and his position was assumed in the market, Mr. Breen evidently instituted an active campaign to produce profitable results. A statement of his purchases and sales of this stock will be found in volume II, page 559 of the record. Altogether he sold, between the end of October and the early part of December, 456,900 shares of stock and bought 206,900 shares, putting him in a position to balance his account by the exercise of his various options, which were for the purchase of 250,000 shares. The profit made by the operation, divided among Mr. Breen and his associates, was $1,351,152.50.

GOLDMAN-SACHS TRADING CORPORATION

The Goldman-Sachs Trading Corporation was, as its name implies, a corporation formed for the purpose of trading in stocks by the firm of Goldman, Sachs & Co., brokers and members of the New York Stock Exchange. Ninety percent of the stock of the corporation was sold to the public, the firm of Goldman, Sachs & Co. retaining a 10-percent interest therein.

The particular transaction which was investigated concerned a deal which was made by the Goldman-Sachs Trading Corporation and the Postum Co., afterward known as the General Foods Corporation, for the purchase of the stock in a company known as the General Foods Co. The stock in the General Foods Co. was represented by an investment of $1,750,000 and its only asset which was claimed to be of any serious value was a patent right in connection with a process for the freezing of foods. For the purpose of purchasing the stock of the General Foods Co., the Postum Co. and the Goldman-Sachs Trading Corporation organized and controlled a corporation known as the Frosted Foods Co., which company in turn was used to acquire the assets of the General Foods Co. The mechanics by which this was done prove very interesting reading.

In the first place, Postum Co. had an agreement with the committee of stockholders of the General Foods Co. to buy all its stock, for which they were to pay the sum of $23,500,000; that is, the stock of this corporation, which had an entire investment of $1,750,000 and the patent. The Postum Co. then issued 150,000 shares of additional Postum Co. stock, which they sold to the Goldman-Sachs Trading Corporation for $10,750,000. This amount paid by Goldman-Sachs Trading Corporation to the Postum Co. for Postum Co. stock, together with $12,750,000 in addition thereto put up by the Goldman-Sachs Trading Corporation, was paid for the acquisition of the stock of the General Foods Co. through Frosted Foods Co. Thus it will be seen that the Goldman-Sachs Trading Corporation put up the entire $23,500,000, for which it acquired 150,000 shares of Postum Co. stock and an interest in the acquired

stock of the General Foods Co.; but under an agreement between the Goldman-Sachs Trading Corporation and the Postum Co., the Goldman-Sachs Corporation acquired only 49 percent of the stock for their $12,750,000; whereas the Postum Co. acquired 51 percent of the stock for their $10,750,000, and in addition thereto secured under the agreement with the Goldman-Sachs Trading Corporation preference with respect to the payment of dividends and certain other preferences should the corporation be liquidated or dissolved.

In addition to this the Goldman-Sachs Trading Corporation put up $1,500,000 for the purpose of furnishing the corporation with working capital. This transaction took place in June of 1929. The stock of the Postum Co., which was acquired in this transaction by the Goldman-Sachs Trading Corporation for the sum of $10,750,000, was sold by the Goldman-Sachs Trading Corporation at a loss of $230,000; and the stock in the Frosted Foods Co., for which Goldman-Sachs Trading Corporation paid $12,750,000 in June 1929, was charged off at the end of the year 1930 on their books as being worth only $1, and at the end of the year 1931 was turned over to the General Foods Corporation, successor to the Postum Co., for 30,000 shares of Postum Co. stock, which was then selling on the market for $30 a share and represented something worth $900,000, for which they gave up something that cost them $12,750,000.

There is certainly something wrong when those who are managing a corporation such as Goldman-Sachs Trading Corporation, in which the public has invested its money to the extent of 90 percent of the full capitalization of the company, can, in June of 1929, make an investment of $25,000,000, on which they will take a loss in the several succeeding years of more than 50 percent which is not due in any way to a depression in market values but is due to the fact that they paid $12,750,000 of that amount of money for a 49-percent interest in a stock of a corporation whose total investment was represented by $1,750,000 and whose principal asset was a patent of undetermined value.

But this transaction was investigated for still other reasons.

In the first place, the method which was followed to complete the transaction and to make the payments for the stock purchased was in itself a suspicious factor which naturally demanded an investigation when it was brought to our attention, and because of the fact that the method of payment also indicated tax avoidance if not a tax evasion.

As before stated, a corporation known as the Frosted Foods Co., Inc., was formed and the stock of the General Foods Co. was not purchased directly by Postum Co. and Goldman-Sachs Trading Corporation, but was purchased by the Frosted Foods Co., whose stock in turn was owned by the Postum Co. and Goldman-Sachs Trading Corporation; but instead of having Frosted Foods Co. buy the stock directly from those who owned and controlled it, there was another Canadian corporation known as the "United Foods, Inc.", and another company formed under the laws of the State of Delaware and called the "United Foods Co." The checks which were paid by the Goldman-Sachs Trading Co. for the purchase of Frosted Foods Co. stock (copies of which checks will be found in vol. II, p. 574 of the record) show that they passed through the hands of Frosted Foods Co. and the United Foods, Inc., and were deposited in the Royal Bank of Canada to the credit of United Foods, Inc. Ultimately they were paid to the United Foods Co. of Delaware, a corporation which was formed to represent the interests of the stockholders who were selling their stock in General Foods Co. Time did not permit a complete tracing of these funds, so that it might be determined who reaped the ultimate benefit of these transactions. It might, therefore, be said that the picture is incomplete, though undoubtedly it serves to show what those in control of the public's funds in investment or trading corporations can do with the same when they feel so inclined; and it must be borne in mind that this trading corporation was a corporation whose stock was sold on the New York Stock Exchange and was organized and managed and controlled by the brokerage house of Goldman, Sachs & Co.

The question of whether there was any tax evasion involved in the transaction was given consideration and it was not believed, from the facts so far developed, that there is any justification for the United States Government to recover any taxes from anyone involved in the transaction up to the time which the evidence covers, but undoubtedly there was a tax avoidance and a proper study of this problem may determine the remedy by appropriate legislation to prevent such a tax avoidance or evasion. This problem, of course, is not one with which the stock exchange has anything to do.

INDIAN MOTO CYCLE CO.

Three witnesses were called and examined with reference to certain transactions in the stock of the Indian Moto Cycle Co. These witnesses were Howard F. Hansell, Jr., independent operator, formerly a member of the brokerage firm of Redmond & Co.; Norman T. Bolles, who was president of the Indian Moto Cycle Co.; and Harry Content, a member of the brokerage firm of H. Content & Co.

The testimony of these witnesses showed that Howard F. Hansell, Jr., arranged to purchase 40,000 shares of Indian Moto Cycle Co. stock from the company, a large part of which was sold through the brokerage firm of H. Content & Co. Options on the stock were given to 20 or 30 people. Thereafter the witness Hansell purchased 60,000 shares additional, all of which shares were marketed to the public, according to his own admission, at prices ranging from $4 to $12 a share. In some of these transactions, Harry Content, of H. Content & Co., had an interest. Trading operations in this stock were conducted which caused the price to rise as high as $17 a share; whereas it was apparently well known that the company was in a temporarily impaired financial condition due to a decrease in working capital.

Thereafter a promoter named Lawrence Wilder was given 50,000 shares of stock in the Indian Moto Cycle Co. by the company to purchase in England certain patents on an airplane motor; a large part of this stock which was given to Wilder for the purpose of purchasing these patents being retained by him and distributed in the operations of Messrs. Hansell and Content to the public.

The vices in these transactions are shown first in the testimony of Mr. Content, who admitted that his market transactions were so conducted as to control the price (vol. II, p. 600 of the record) and the fact that a publicity man was employed for the purpose of disseminating information to aid the parties in their market manipulations. Though it was denied by the witnesses that the publicity man, whose name was Plummer, was employed for that purpose, it was admitted that he received large sums of money and that a suit which was instituted to recover a balance claimed to be due him was settled. Independent proof of the employment of Plummer and the payment to him of large sums of money by these witnesses and others was offered to the committee by Hon. F. H. LaGuardia, a Member of the House of Representatives from New York State, whose testimony will be found to contain in detail an extensive statement of the publicity operations of Mr. Plummer. Congressman LaGuardia's testimony on the Indian Moto Cycle Co. will be found in volume II, pages 459, 460, and 461 of the record. Congressman LaGuardia testified (vol. II, p. 463 of the record) that Mr. Plummer had paid out for publicity on behalf of his various employers the sum of $286,279.

JOHN J. LEAVENSON

The testimony of John J. Leavenson and R. J. Cornell is illustrative of another flagrant instance of the employment of a publicity writer, and in which instance a member of a New York brokerage firm, which firm was a member of the New York Stock Exchange, was interested.

Mr. R. J. Cornell had formerly been connected with the bureau of securities of the department of law in the State of New York, and in the course of his duties he made an investigation of certain transactions which Mr. J. J. Leavenson had with Mr. Raleigh T. Curtis.

Mr. Curtis was an individual who wrote a financial column in the New York Daily News and signed himself "The Trader." Mr. Leavenson described himself as a free-lance trader who, during the year 1929 and part of 1930 conducted certain operations through the brokerage firm of Burnham, Herman & Co., by which transactions he made a profit of approximately $1,136,000. During that time, by the purchase and sale of stocks on behalf of Raleigh T. Curtis, he made for Mr. Curtis approximately $19,000 between May 3, 1929, and March 1, 1930. During this time Mr. Curtis was writing the column in the New York Daily News under the name of "The Trader", and the testimony of Mr. Cornell shows that he was constantly boosting the stock in which Mr. Leavenson was trading and in which he was given, without the deposit of a single cent of money, a profit of $19,000. Mr. Leavenson stated that this was done out of pure friendship, and denied that his motive was to pay him for publicity. Mr. Curtis could not be found to be questioned on the subject.

Each one of the transactions in which Mr. Leavenson was engaged, the interest of Mr. Curtis therein, and the boosting of the stock by "The Trader" will be found in detail in Mr. Cornell's testimony.

Aside from the vice of paid publicity, of which this case is a strong illustration, Leavenson admitted (record, vol. II, p. 619) that one of the persons interested in his operations was a man named Rodney, who was a partner in the brokerage firm of Burnham, Herman & Co., through which Mr. Leavenson conducted his operations.

As will be noted hereafter, the New York Stock Exchange has since adopted rules to correct the vices shown to exist in this matter.

DAVID M. LION

Another illustration of the publicity which was paid for (and it may be safely assumed that when publicity is paid for the publicity will be in aid of the market manipulations in which those who make the payments are interested) will be found in the testimony of David M. Lion.

When asked his business, he stated that it was "financial publicity", and, without covering his testimony in detail, he admitted (vol. II, p. 675 of the record) that his articles would be published for the purpose of interesting the public in the stock in which he and those who employed him were interested for the purpose of causing a rise in the market value of the stock, and for this work he was paid by calls and options.

He went to the extent of employing a man to talk on the radio. This man was introduced as an economist and the president of a financial research institution, which was only the name of a business conducted by the individual in the case. He conducted over 30 such operations at one time; was employed by pool operators and individual traders and among those names he mentioned were some who were members of the New York Stock Exchange. His operations and earnings were detailed and it seems unnecessary in this report to analyze such earnings, and again it may be said that the conduct of business in this manner has since been prohibited by a rule adopted by the New York Stock Exchange.

ELECTRIC AUTO-LITE CO.

Evidence was offered to the committee of several different instances which clearly illustrate the operation of traders under an option to purchase.

One of these instances is to be found in the operations conducted by George F. Breen in the Kolster Radio stock. In this instance, however, the options were exercised and the market stabilized by purchases and sales.

The committee's attention was called to the fact that when options were taken the person who held the options immediately pursued the policy of selling short a certain amount of stock so that, in the event of a declining market, his position would be protected, the price at which the stock was sold usually being approximately the price at which it could be bought under the option. If the market rose, the option was exercised, with a resulting profit; but should the market drop, the operator was in a position to refrain from exercising his options and covering his short sales at a profitable figure.

As an illustration of an operation in which this was done, there was submitted to the committee (vol. II, pp. 522, 523) a transaction in Electric Auto-Lite Co. stock, operated under an account known as account no. 815 with M. J. Meehan & Co.

Joseph E. Higgins, a member of the firm of M. J. Meehan & Co., whose testimony appears in volume II, page 750 of the record, conducted this operation. An option was given to him to purchase all or any part of 25,000 shares of Electric Auto-Lite Co. stock at $70 a share, and all or any part of another 25,000 shares at $75 a share. (Vol. II, p. 751.) This option was never exercised. Discretion was left with M. J. Meehan to handle the account as he pleased. With the protection of the option in approximately a month and a half some 94,000 shares were dealt in, the operators practically at all times maintaining a short position in the stock, with an ultimate profit to themselves.

WARNER BROS. PICTURES

The transactions which took place in the stock of Warner Bros. Pictures, as they were conducted by Harry M. Warner on behalf of himself and his brothers and through accounts which were kept in various names, show what can be done by persons in control of a corporation who have inside knowledge of the affairs of a corporation in dealing in their own stock.

Summarizing the situation, the Warner Bros. started in January 1930 to sell a large quantity of stock in Warner Bros. Pictures which were owned and controlled by them, but these sellings were not made so that the public could in any way know that their holdings would be disposed of, but through accounts and in such manner as to prevent the public from ascertaining the true facts; and during the first half of the year 1930 while these stocks were being thus sold, the publicity given to the affairs of the company was such as to keep up the price of the stocks.

It is evident that the Warner Bros. knew that at a meeting of the board of directors, which meeting was to be held in the month of August 1930 the dividend had been theretofore paid on the stock was to be passed. When this occurred, of course, the stock depreciated in value on the market, and after this happened Warner Bros. started to buy back the stock which they had sold; and during this period of time, publicity appeared deprecating the future of the company.

In the early part of 1930 Warner Bros. owned 303,480 shares of the company's stock. During the year 1930, in the manner indicated, Warner Bros. sold 305,350 shares of their stock at a price totaling $16,520,986; and they bought back 326,500 shares of stock at a price totaling $7,544,481.50, showing a net profit to them on the transaction of $8,976,504.50 in cash and an increase of their holdings of 21,150 shares which, at the then approximate value, made an additional profit for them of $274,950.

These operations were conducted through various brokerage houses and under various names and numbers. Mr. Warner indicated that he lent to the company certain sums of money which he received from the sale of his stock, and for this he secured debentures. In other words, he placed himself in the position of becoming a creditor of the company having preference over the stockholders and thus, in addition to making a very substantial profit out of his dealings in the stock, secured a decided advantage in his investment position; and there is nothing in the rules of the New York Stock Exchange to prevent officials of a company, having the affairs of the company within their control, from conducting similar operations in their own stock for their own personal advantage and of necessity to the detriment of the public buying and selling the stocks.

The articles showing the publicity given to the stock of Warner Bros. Pictures during the time the operations were being conducted will be found in the record, volume II, pages 655 to 669, inclusive.

COPPER STOCKS

The investigation which was conducted into certain transactions involving the manipulation of stocks of certain copper companies related to a period of time extending from January 1929 to the fall of 1929. The transactions which were investigated involved two pools in the Anaconda Copper Co. stock and other pools in Greene Cananea Copper Co. stock and Chile Copper Co. stock, with ultimately a marketing of Anaconda Copper Co. stock by the National City Co., an affiliate of the National City Bank, which marketing took place after an exchange of Greene Cananea Copper Co. stock and Chile Copper Co. stock into Anaconda Copper Co. stock.

On January 18, 1929, W. E. Hutton & Co., a brokerage firm and a member of the New York Stock Exchange, sent out a communication to various individuals indicating the formation of a syndicate for the purpose of dealing in the Anaconda Copper Co. stock. Various individuals were entitled to participate in this syndicate. A complete résumé of this pool will be found in the record, volume II, pages 758, 759, 760.

The pool closed with a distribution of profits amounting to $1,225,765.54, the pool having closed its dealings about March 5, 1929. During that period of time, the price of Anaconda Copper Co. stock rose from $116.25 a share to a top of $163.75 a share.

A second pool in this stock was formed on March 19, 1929. The syndicate agreement with reference thereto will be found in the record, volume II, pages 761, 762. That syndicate absorbed approximately 66,000 shares of stock of the Anaconda Copper Co. from the first pool. It operated until May 24, 1929, and purchased a total of 416,260 shares of various copper-company stocks at a cost of $65,065,532.50; and, having sold all of the stocks in all other companies than the Anaconda Copper Co. and having sold a large number of shares of the Anaconda Copper Co. stock, distributed the balance of the stock which they held in the Anaconda Copper Co. among the members of the pool. Figuring the stock at the then market price, this pool lost a little over $6,000,000.

Among the participators in this pool were several brokerage firms and several persons who were interested in one or the other of these pools, namely, Mr. Percy Rockefeller, Mr. James A. Stillman, and Mr. Lee Olwell, were connected with the National City Co., an affiliate of the National City Bank.

While these operations were taking place several other small pools or syndicates were operated in the stocks of the Greene Cananea Copper Co. and the Chile Copper Co., and on the close of these transactions and the second pool in Anaconda Copper Co. stock the Greene Cananea Copper Co. stock and the Chile Copper Co. stock, having in the meanwhile been for the most part converted into the stock of the Anaconda Copper Co., the National City Co., hereinbefore referred to, engaged in an operation by which it, through a high-pressure salesmanship campaign, distributed and sold a large number of shares of the stock in the Anaconda Copper Co. The pools in the Greene Cananea Copper Co. stock and the Chile Copper Co. stock, which have been referred to, were managed by Mr. John D. Ryan, who was chairman of the board of the Anaconda Copper Co. and a director in the National City Bank, though he had no position in the National City Co., the affiliate of the National City Bank. The participants in these syndicates were John D. Ryan, various officers of the Anaconda Copper Co., the Chile Copper Co., the Andes Copper Co., and the National City Co.

The right to conversion of the Chile Copper Co. stock into Anaconda Copper Co. stock became effective on January 23, 1929, and was closed on April 30, 1929. The right of exchange in Greene Cananea Copper Co. stock into Anaconda Copper Co. stock became effective on July 1, 1929, and was closed on October 1, 1929.

In order to properly understand the situation with respect to the syndicate which dealt in the Greene Cananea Copper Co. stock and the Chile Copper Co. stock certain other facts shown by the evidence produced before the committee must be considered.

There was a corporation known as the United Metals Selling Co. which was owned and controlled absolutely by the Anaconda Copper Co. All of the metals of the company were sold through this corporation and this corporation did virtually all of the banking business for the subsidiary companies of the Anaconda Copper Co., excepting that of the Chile Copper Co. and the Greene Cananea Copper Co. When the offer was made to exchange Anaconda Copper Co. stock for the Chile Copper Co. stock on January 23, 1929, the United Metals Selling Co. was used by the Anaconda Copper Co. for the purpose of engaging in market operations in order to keep the stocks of the Anaconda Copper Co. and the Chile Copper Co. relatively at the levels of the basis of exchange, and the stock was bought and sold to carry out that plan (vol. III, pp. 794, 795, of the record).

Mr. Ryan testified that if there were any disparity between the values of the stocks of the two companies while the exchange was under way, it was likely to defeat the object and prevent the exchange. The stock was bought or sold accordingly, all of which transactions were carried on through the witness, who was not only the chairman of the board of the Anaconda Copper Co. but also the president of the United Metals Selling Co. Mr. Ryan would not tell the committee just exactly what he would do in order to maintain the prices, but he testified (vol. III, p. 796, of the record) that if there were a weak market and one of the stocks was especially weak, he would do one thing and in another market he would do another.

At the end of 1928 the United Metals Selling Co. owned 42,062 shares of Anaconda Copper Co. stock, and when the transactions in buying and selling this stock had been concluded it had acquired in the market 172,100 shares of Chile Copper Co. stock for which it received 125,633 shares of stock of the Anaconda Copper Co., and 73,700 shares of Greene Cananea Copper Co. stock for which it received 100,550 shares of stock of Anaconda Copper Co.; or in all it received, in exchange for the Chile Copper Co. stock and the Greene Cananea Copper stock, during the year 1929, 236,183 shares of Anaconda Copper Co. stock.

Mr. Ryan testified (vol. III, p. 800 of the record) that at a period of time in December 1928, when certain bonds of the Andes Copper Co. were called for conversion, the Anaconda Copper Co.

and the National City Co. were anxious that the bonds be converted instead of taken up and paid off in cash, and for that purpose the Anaconda Copper Co. and the National City Co. operated in Andes Copper Co. stock to "stabilize" it and bring about the conversion, which operation conducted for that purpose resulted in a total profit to the two institutions of $335,042.43.

Prior to January 23, 1929, which was the date on which the conversion of Chile Copper Co. stock into Anaconda Copper Co. stock was to become effective, Mr. Kelly, who was the president of the Anaconda Copper Co., with Mr. Ryan and Mr. Guggenheim, who was a large stockholder in the Chile Copper Co., and the National City Co. began to accumulate the stock of the Chile Copper Co., knowing that the conversion agreement was to become effective on January 23, 1929. This resulted in a delivery of the stock accumulated to the National City Co. on January 22, 1929, one day before the right of conversion became effective, bringing to those interested in the operation a profit of approximately $1,250,000.

In the meanwhile, an operation was conducted in Greene Cananea Copper Co. stock by the same gentlemen, the National City Co., and a Mr. Thornton, who was president of the Greene Cananea Copper Co. This operation was conducted through the brokerage firm of Hornblower & Weeks, under an account known as "account no. 55", which was an account conducted under the same number as Mr. Ryan's personal account. Under this operation a net profit to the syndicate was made in the sum of $2,909,978.15. The profit, of course, is figured on the value of the stock at the time of the distribution, the stock not having been sold but having been distributed among the members of the syndicate, the National City Co. having taken its distribution from the Chile Copper Co. syndicate and the Greene Cananea Copper Co. syndicate in stock.

One very significant transaction, which shows what may happen or may be caused to happen in stock-market operations, is found in the testimony of James A. Fayne, a member of the firm of Hornblower & Weeks, who was conducting the operations of the syndicates composed of the various officials of the Anaconda Copper Co., Chile Copper Co., Greene Cananea Copper Co., and the National City Bank. His testimony will be found in volume III, pages 800 to 814, of the record.

The attention of the witness was directed to a transaction which took place on March 20, 1929, in connection with the operations in account no. 55 hereinbefore referred to. In the syndicate account a sale of 35,000 shares of stock was shown, whereas on the same day a purchase of 35,000 shares of stock was shown in Mr. Ryan's personal account. Prior to the time this purchase was made in one account and the sale in another account, the transactions in stock had been in small amounts comparatively. To counsel for the committee this appeared as a purely wash transaction intended to boost the market price, but the witness explained that the making of the sale through one account and the buying through another account was an error, for which he took the responsibility, he having absolute discretion as to the purchases and sales of the respective accounts. He admitted, however, that the result of the transaction was to cause an immediate rise in the market value of the stock from approximately $192 a share to $196 a share, resulting in his immediate disposal of such stock of his client as he could at the advanced price. He denied that this was a wash sale, but whether it was or was not, it is a clear illustration of what might be done under the rules of the stock exchange to cause a fluctuation of prices in the manner in which it occurred in this case.

It has been stated that after these various pool operations, in which the officers of the Anaconda Copper Co. and the Chile Copper Co. and the Greene Cananea Copper Co. were engaged, and the operations of the several pools hereinbefore referred to, an operation was conducted by the National City Co., an affiliate of the National City Bank, in the stock of the Anaconda Copper Co. Time would not permit such investigation to be made as would determine definitely whether any of the stock in what was called the small Anaconda pool and the large copper stocks pool passed into the hands of the National City Co. in connection with its operations, but undoubtedly, as is shown by the testimony before the committee, considerable of the stock of the Anaconda Copper Co., resulting from the conversion of the Chile Copper Co. and the Greene Cananea Copper Co. through the syndicates conducted by the officers of these companies and National City Co., did pass into the hands of the National City Co., and in addition thereto certain of the Anaconda Copper Co. stock passed into the hands of the National City Co. from the exercise of an option given to this company by the United Metals Selling Co., the wholly owned subsidiary of the Anaconda Copper Co. hereinbefore referred to.

Mr. Mitchell, president of the National City Co., testified (record, vol. II, p. 772) that they had in their portfolio 50,000 shares of stock of Anaconda Copper Co., and that from April 1928 until June 1929 it was purely an investment account; that the account in 1928, by conversion of certain Anaconda Copper Co. bonds, ran up to 114,000 shares, but at times it came down and ran below the 50,000 shares mark; that in February 1929 it was down to 38,000 shares and continued that way until June 1929; that in June 1929 the National City Co. bought some additional stock; and that in July 1929, by conversion of the Andes Copper Co. stock and the Greene Cananea Copper Co. stock (which had been acquired through the pools hereinbefore referred to), their holdings in Anaconda Copper Co. stock were brought to 208,000 shares; and that in June 1929 they determined to offer Anaconda Copper Co. stock to the public through their sales organization. They obtained an option to purchase 100,000 shares of Anaconda Copper Co. stock from United Metals Selling Co., and through their sales organization continued to distribute this stock until the early part of October 1929. Mr. Mitchell himself, who was chairman of the board of the National City Bank, and as such was the chief operating officer of the affairs of the bank, and who was a director of the Anaconda Copper Co., testified that Mr. Percy Rockefeller, who was interested in one of the pools conducted in the stock of the Anaconda Copper Co., was on the board of the National City Bank, as was Mr. James A. Stillman, another participator in the pool; that Mr. Lee Olwell, another participator in the pool, was vice president of the National City Co.; that Mr. C. T. Fisher, who was also a participator, was one of the directors of the Anaconda Copper Co.; and that Mr. John D. Ryan was chairman of the board of the Anaconda Copper Co. and a member of the board of the National City Bank. There seems, therefore, to be a very clear picture connecting the several pools that were being operated through the brokerage firms in Anaconda Copper Co. stock and other copper stocks which the pools that were operated by the officers of the Chile Copper Co., the Greene Cananea Copper Co., and the National City Co. with the operations of the National City Co. in the stock of the Anaconda Copper Co., all of whom should have had inside information as to the affairs of these respective companies. During the operations of the National City Co. the stock rose from $122.50 a share to $133 a share, and at the time when the National City Co. ceased its operations the stock dropped again to approximately $114 a share. Through the operations of the National City Co. in the market immediately prior to the time when they started their selling campaign, they purchased 251,081 shares of stock of the Anaconda Copper Co. and sold 288,707 shares, leaving their net position 210,774 on August 6, 1929. The net profit on this transaction was over $2,000,000.

Between August and October 1, 1929, extensive market operations were conducted in the Anaconda Copper Co. stock by the National City Co., and a high-pressure campaign was conducted through their salesmen to sell these stocks to the public. As heretofore stated, this resulted in a decided rise in the market price. These operations were conducted on a very extensive scale, and when they were concluded about October 1, 1929, the National City Co. had a very substantial profit. Thereafter the stock continued to drop in value; but this, of course, can be partially attributed to the crash which occurred in stock-market values in October 1929.

The picture thus developed by the testimony in connection with the stock pools, which were conducted through a brokerage firm, a member of the New York Stock Exchange, and by the officers and directors of the various companies interested in the stocks, and, of course, having inside information as to the affairs of the various companies involved, shows what can be done not only in the manipulation of the prices on the market but what can be done to the profit and advantage of the officers and directors of the various companies who have inside information as to what is going on with respect to the affairs of the various companies.

The National City Bank is, of course, a national institution, and under the law as it exists today it may not conduct such dealings or engage in such transactions as have been heretofore pictured; but it may, as was done in this instance, do this very thing under the guise of an affiliated company. The right to do this has never been, but may be, seriously questioned; and if a national bank has a right to do this under the law as it exists at the present time, it is respectively suggested that it should be, by proper legislation, deprived of this right. A national bank, if permitted through an affiliated company to gamble in stock-market transactions, jeopardizes not only the money of the investing public who buys its stock, but may very well be said to be jeopardizing the money of its depositors, who have used such an institution as a depository on the faith of the protection that is afforded them by the laws which surround national banks.

The National City Co. was organized by the National City Bank. Its business is conducted by trustees. In this particular case the National City Co. was originally organized to hold the securities which the bank could not have held under the law. Up until the year 1928, it did not engage in stock operations, and at that time the shareholders of the bank authorized the setting aside of a sum of money for the purpose of stock operations. Every stockholder in the National City Bank owns a proportionate amount of stock in the National City Co., and it is plainly seen that any losses or profits sustained or made by the National City Co. cause a resultant loss or gain to the stockholders of the National City Bank. In plain words, the National City Bank, which was never intended to have the authority to gamble in stocks, was permitted, through the subterfuge of an affiliated company owned and controlled by the stockholders of the National City Bank, to gamble in the stock market. This would seem to be a dangerous practice, which, as has been before suggested, may result in a serious loss to the stockholders or the depositors of the bank in a manner which was never intended to be permitted under the laws of the United States with relation to national banks. It was never intended that such institutions should be used as either a distributing center for stocks and bonds or as a medium through which public funds, whether invested in the stocks of such institutions or deposited therein, should be used for the purpose of speculation which, though it might result to the profit of such stockholders and depositors, might very well lead to the ultimate bankruptcy and dissolution of the institution.

CONTINENTAL SHARES, INC.—OTIS & CO.

Continental Shares, Inc., was an investment trust. Otis & Co. was a brokerage house and a member of the New York Stock Exchange. Cyrus S. Eaton, of Cleveland, controlled the affairs of Continental Shares, Inc., and was a member of the firm of Otis & Co. A third corporation, known as Foreign Utilities, a Canadian company, was used by him to hold his personal investments.

In the organization of Continental Shares, Inc., the stock was distributed through the firm of Otis & Co. The record shows questionable transactions by which the firm of Otis & Co. sold back to Continental Shares, Inc., certain of the stock which they had underwritten, and also shows a number of other questionable transactions. The importance of the investigation of the affairs of Continental Shares, Inc., and Otis & Co. is to be found in one certain transaction.

Shortly before October 10, 1930, Otis & Co. had total obligations approximating $125,000,000 and the banks holding most of these obligations were calling upon them for payment. On the night of October 13, 1930, Otis & Co. were informed by the New York Stock Exchange that they would not be permitted to open the next morning unless they obtained $20,000,000. It was later arranged that they would be permitted to open if they obtained this money by noon of the next day. On October 8, 1930, Continental Shares, Inc., purchased certain securities from Foreign Utilities for $57,000,000, of which $35,000,000 were to be paid in cash and the balance in stock of Continental Shares, Inc., at $21 a share. At this time it must be borne in mind that Continental Shares, Inc., Foreign Utilities, and Otis & Co. were practically in the control of Mr. Eaton and it is plainly indicated, in view of what later transpired, that this transaction on October 8 was in anticipation of Otis & Co. needing financial help.

A great many of the obligations of Otis & Co. were secured by collateral either owned by Mr. Eaton himself or by Foreign Utilities, Mr. Eaton's corporation, and it was these securities which were being sold to Continental Shares, Inc., the investment trust controlled by Eaton, for the purpose of securing sufficient money to pay off the obligations of Otis & Co. Of the cash to be raised for the purpose of carrying out the agreement between Continental Shares, Inc., and Foreign Utilities, $30,000,000 were to be furnished as an original payment by the Chase National Bank, and, pursuant to the authorization of the board of directors of Continental Shares, Inc., a number of bank promissory notes were given by Continental Shares, Inc., to the Chase National Bank, which were subsequently filled out for various amounts and the cash loaned thereon used to take up existing loans of Eaton, Otis & Co., and Foreign Utilities at various banks in New York and Cleveland, which resulted in the releasing of the securities which were sold by Foreign Utilities to Continental Shares, Inc. On the morning of October 14, 1930, these transactions were put through in order that Otis & Co. might comply with the requirements of the New York Stock Exchange.

The loan, which was made by the Chase National Bank, was of course, made to the Continental Shares, Inc., for the purpose of furnishing them sufficient funds to buy from Foreign Utilities the securities which they had agreed to purchase. It should be noted that these securities, for which they were to pay $57,000,000 partly in cash and partly in stock of their own corporations, were not sufficient as collateral for the loans of $35,000,000 which they were securing and that they had to deposit as additional collateral therefor considerable stock from their portfolio. When the transaction was completed, Otis & Co., Foreign Utilities, and Mr. Eaton were relieved of their obligations, while Continental Shares, Inc., an investment trust in which the public had put its money, was obligated at various banks where it had put up as collateral not only the stocks which it purchased from Foreign Utilities but other stocks of its own. From these stocks of its own it had a certain income and it was testified that, after the transaction hereinbefore referred to was closed, it cost Continental Shares, Inc., for its carrying charges $800,000 a year more than the dividends on the securities which they purchased of Foreign Utilities.

On pages 918 and 919 of volume III of the record will be found certain memoranda which passed between officers of the Chase National Bank, and an interesting sidelight on the transaction will be found in the fact that the Chase National Bank sent the securities thus purchased up to Canada in order that they might there be delivered by an agent of Foreign Utilities, a Canadian corporation, to the correspondent of the Chase National Bank in Canada and forwarded by the correspondent to the Chase National Bank in New York. This was done, at an expense of over $34,000, in order to save the payment of taxes to the Government of the United States.

On October 20, 1930, 6 days after the deal hereinbefore referred to was closed, and while the New York Stock Exchange knew, or should have known, how Otis & Co. arranged to pay its obligations, Continental Shares, Inc., applied to the New York Stock Exchange to list 990,000 additional shares for the purpose of sale, which listing was permitted. The application for listing will be found in the record, volume III, pages 934 to 951, inclusive.

FOX THEATERS AND FOX FILMS

It was the practice of counsel for the committee, in the making of investigations into transactions involving the practices of the New York Stock Exchange, to examine those who were closely associated with the transactions in question, to subpena those persons to appear before the committee for the purpose of examining them with regard to these transactions, and also to afford those persons an opportunity of presenting to the committee such facts as they may desire to present in connection with the matter under investigation.

In the investigation of certain transactions concerning dealings in the Fox Theaters and Fox Films stock, counsel interviewed William Fox, who was a very large owner of the stocks of these corporations and managed and controlled their affairs. He was subpenaed to come before the committee, and, though he came to Washington, failed to appear on account of an alleged illness. Reference is only made to this circumstance because his failure to appear necessitated the presentation of the results of the investigation by a statement from counsel and the testimony of other witnesses instead of—as it had been done in other instances, at least partially—by the examination of the persons involved in the transactions.

A summary of the situation will be found in the record, pages 979 to 1000. It would serve no purpose in this report to fully restate that summary here, but a brief reference might well be made to the nature of the transactions. Mr. Fox controlled the voting stock in both the Fox Theaters and Fox Film Corporation.

In 1925 Fox Theaters made a contract with Eisele & King, a New York brokerage house, under which they were authorized to sell a half million shares of class A common stock at $25 a share, they to be paid $3 a share commission. A copy of this agreement will be found on pages 995, 996, and 997 of volume III of the record. Following this agreement there was another agreement made upon the same day, November 11, 1925, between Eisele & King and certain other brokerage houses of the one part and one Carolyn Leah Tauszig, a copy of which agreement will be found on pages 997 and 998 of the record, volume III; which, among other things, provided that the said Carolyn Leah Tauszig should receive 25 percent of the commissions to be paid under the agreement first referred to. Carolyn Leah Tauszig was the daughter of Mr. Fox and, under these agreements, was paid the sum of $411,185.37. A copy of the check paid to her will be found on page 998, volume III of the record; and the statement of the distribution of the profit from the operations in these stocks under the agreements referred to will be found on pages 999 and 1000 of volume III of the record. Through this transaction, Mr. Fox, by his control of the affairs of the Fox Theaters Co.—in which the public had invested its money—authorized the issuance of this half million shares of stock and provided for a method of sale which brought back more than $411,000 to a member of his family.

The Fox Film Corporation desired to acquire the stock of the Westco Corporation, a corporation operating theaters upon the west coast of the United States, and William Fox conceived the plan of offering one share of stock of the Fox Film Corporation for $^{75}/_{100}$ of a share of the Westco Corporation. The stock of the Westco Corporation was then quoted at approximately $55 a share. The firm of Hayden, Stone & Co., a brokerage house and a member of the New York Stock Exchange, entered into an underwriting agreement with the Fox Film Corporation to market 125,000 shares of their stock and agreed to underwrite the issue for the marketing and underwriting, for which they were to be paid the sum of $3 per share.

Having a knowledge of the offer which was to be made by the Fox Film Corporation for the exchange of the stock in that company for the stock in the Westco Corporation, they purchased a considerable quantity of the Westco Corporation stock, so that, when the time came to market the 125,000 shares of Fox Film stock under the underwriting and marketing agreement, practically all that had to be done by Hayden, Stone & Co. was to make the exchange of the Westco Corporation stock for the 125,000 shares of stock which they were to market under the agreement.

According to the testimony of Richard F. Hoyt, a member of the firm of Hayden, Stone & Co. (record, vol. III, p. 1034), both the agreement for the exchange of the stock of the Fox Film Corporation for the Westco Corporation stock and the underwriting agreement referred to were executed on January 21, 1928.

A list of those participating in the underwriting syndicate will be found in the record, volume III, page 1035. Aside from the interest of Hayden, Stone & Co. in the syndicate, there was a very large interest of the Haystone Securities Corporation, controlled by the members of the firm of Hayden, Stone & Co. and other brokerage houses, members of the New York Stock Exchange.

In September 1928 another contract was signed by Hayden, Stone & Co. with the Fox Film Corporation, by which they agreed to underwrite and market 153,000 shares of stock at $85 a share. They were to be paid $4 a share for the underwriting and marketing. A syndicate was formed to handle this underwriting. A list of those interested in the syndicate and the extent of their interests will be found set forth in the record, volume III, page 1043. The firm of Hayden, Stone & Co. and other interests which the firm represented had a very large portion of this underwriting; and it is important to note that in this transaction—which was, of course, authorized by the Fox Film Corporation, controlled by William Fox—he himself had an underwriting to the extent of 27,000 shares out of a total of 153,444 shares, upon which he made a profit of $81,000.

During the same year, other brokerage firms—notably the firm of Taylor, Thorne & Co.—were conducting several different operations in the stock of the Fox Film Corporation. Mr. Fox had an interest in these various syndicated operations—this interest being carried in the name of Nathaniel King and in the name of Eisele & King, a brokerage firm and a member of the New York Stock Exchange. In volume III, page 1020, will be found a copy of a check drawn by Eisele & King to the order of William Fox

for $50,000, which represented his profit in one of the syndicates. In volume III, page 1021, will be found another check drawn to his order for $19,992.48, which represented his profit from another syndicate.

Further evidence of the participation of Mr. Fox in these syndicates is found in certain communications acknowledging receipt of contributions appearing in volume III, page 1024, of the record. It might very well be noted also (record, vol. III, pp. 1010 and 1011) that, while one of these pools was operating, Taylor, Thorne & Co., the managers of the pool, sent a communication to the various members of the pool enclosing certain confidential information which it was admitted was being furnished to them by William Fox in advance of the time that the information was made public.

The brokerage firm of Stevens & Legg, members of the New York Stock Exchange, were participators in one or more of the syndicates handling the Fox Film stock, which was controlled by Taylor, Thorne & Co., making a profit of more than $42,000; and, in addition to the profit made from the operations in the pool, the firm, who were specialists in the stock of the Fox Film Corporation, while the pool was still in operation were paid the sum of $10,000, which, according to the testimony of Mr. Stevens (record, vol. III, p. 1002), was an unsolicited amount in appreciation of the work done in "running an orderly market."

The operations of these syndicates show very clearly what can be done by New York brokerage houses, members of the New York Stock Exchange, operating in conjunction with a person who holds a controlling interest in a corporation the stock of which is to be handled, and operating in addition thereto in conjunction with the specialist in the stock. The practices engaged in would seem to be the proper subject of correction. It will be noted, however, that the New York Stock Exchange, by the adoption of certain rules, which will be referred to hereinafter, since the development of this evidence before the committee, has prohibited brokerage firms, or the members thereof or specialists, from engaging in such transactions as these.

Other transactions which were developed in the course of the investigation of Fox Films and Fox Theaters show to what extent inside manipulations of stocks may take place without the knowledge of the public. In the stock of the Fox Theaters, a syndicate, operating on the short side of the market and handling nearly a half million shares of stock of this corporation, was conducted through the brokerage house of Michael J. Meehan & Co. On December 6, 1928, the board of directors of the Fox Theaters Corporation granted to William Fox an option to purchase 500,000 shares of the class A common stock of the Fox Theaters and, on the same day, Fox granted a similar option to the firm of Michael J. Meehan & Co., agreeing in his letter granting the option that, if Michael J. Meehan & Co. should at any time require a loan of shares of Fox Theaters Corporation class A common stock, he would loan 200,000 shares in the aggregate.

Prior to this time a pool was conducted in the fall of 1928 by Bradford Ellsworth, a pool manager for Michael J. Meehan & Co., in the stock of Fox Theaters, which pool operated in connection with an option given by William Fox on 125,000 shares of stock in the Fox Theaters Corporation. The participators in the pool were William Fox, Elizabeth Meehan (wife of Michael J. Meehan), Bradford Ellsworth, J. H. Higgins, and Earl Rodney, a partner in a New York Stock Exchange firm. The profit was upward of $400,000. The importance of this transaction, aside from the interest which William Fox and members of the brokerage houses had in the operation of the syndicate, is to be found in the manner in which the transactions were conducted. A very large number of the purchases, which were made on certain days at certain prices were directly offset by sales made on the same dates at the same prices.

Referring again to the transaction which started with the securing by Mr. Fox of the option to purchase 500,000 shares of stock on December 6, 1928, and the granting of a similar option to the firm of Michael J. Meehan & Co., the records of the account showed that the transaction was practically a short sale operation, in which stock of the Fox Theaters thus acquired by Mr. Fox was loaned to the firm of Michael J. Meehan & Co., or the syndicate which this firm was operating, to cover their short transactions. The pool made a profit of nearly $2,000,000. In order to secure the stock in Fox Theaters for the purpose of loaning it to Michael J. Meehan & Co., William Fox—who controlled both the Fox Film Corporation and the Fox Theaters—had the Fox Film Corporation purchase from the Fox Theaters in the first instance 125,000 shares of stock in the Fox Theaters Corporation. These stocks were issued in two blocks—one of 25,000 shares and one of 100,000 shares—and were issued to Jack Leo; and, on the same date that these blocks of stock were issued to Jack Leo, they were loaned to Michael J. Meehan & Co., Michael J. Meehan & Co. putting up $4,300,000 in cash. This stock remained with the firm of Michael J. Meehan & Co. during the time that their operations on the stock market were being conducted. This transaction of the loaning of the stock appeared on the books of the Fox Film Corporation as a loan of the stock to Michael J. Meehan & Co., showing the receipt of the sum of $4,300,000 in cash.

On April 9, 1929, Fox Films repaid $550,000 to Michael J. Meehan & Co., but received none of the stock in return. On April 11 Fox Films repaid $2,400,000 to Michael J. Meehan & Co., and received 75,000 shares of stock; and though on April 18 Fox Films repaid to Michael J. Meehan & Co. the balance of $1,350,000, the 50,000 shares of stock remaining in their hands were not returned to the Fox Film Corporation nor to Jack Leo; and, though from the records it was impossible to establish when the 50,000 shares of stock were returned, it was evident from the examination of the portfolio of the Fox Film Corporation that in some way the certificates were returned.

From the operations of this syndicate on the short side of the market, which was known as "Account No. 433" on the books of the firm of Michael J. Meehan & Co., Mr. Fox himself made a profit of $322,960.41 (testimony of Mr. Higgins, record, vol. III, p. 1072), the check for the same having been drawn to the order of P. J. Higgins and by him endorsed to the order of Mr. Fox. Mr. Higgins testified (record, vol. III, p. 1072) that it was drawn to his order for the purpose of concealing from the clerical force who the participants were in the account. A copy of the check is to be found in the record, volume III, page 1073. This account at one time had a maximum short position of 466,310 shares (record, vol. III, p. 1083).

Mr. Fox was conducting a large number of transactions in Fox Theaters stock through a number of brokerage houses, with accounts in various names, and though absolutely no authority appeared in any of the books of the Fox Theaters authorizing him to deal in that stock on their account and, though Mr. Fox admitted that he was unable to distinguish as to which of the transactions conducted by him belonged to the Fox Theaters and which belonged to him, on November 19, 1929, after the market had broken, he caused the directors of Fox Theaters to adopt a resolution taking over his transactions in the Fox Theaters stock, they assuming at that time his indebtedness to his brokers, amounting to $6,153,774.33, and, of course, taking over at that time the stock to which he was entitled and thus assuming a loss of $3,314,724.33 which, if the dealings were dealings of Mr. Fox on his own behalf, should have been borne by him (record, vol. III, pp. 1086, 1087, and 1088). Notwithstanding the fact that these transactions were taken over by the Fox Theaters, with reference to such of these transactions as could be examined, credit was taken by Mr. Fox in making his New York State income-tax report for the losses suffered.

On behalf of Fox Theaters, on March 24, 1928, Mr. Fox purchased 400,000 shares of Loew Co. stock for $50,000,000, paying for them $125 a share when the market at that time ranged from 75⅞ to 81½ per share. He thereafter dealt in Loew stock in his various accounts, and thus acquired a total of 660,900 shares, which on November 19, 1929—which is the same date upon which he turned over the Fox Theaters stock to Fox Theaters—he turned over the Loew stock to Fox Theaters at an assumption by them of a loss of $5,026,782.50 which he himself would otherwise have been compelled to stand.

Of course these losses were ultimately borne by the public which owned the Fox Theaters stock, and these transactions are an illustration of the nefarious practices which can be carried out by one who is in control of a corporation to his own advantage and profit and to the detriment of the public which owns a considerable portion of the stock in the companies in question, while, if regulations were adopted giving publicity to the dealings of officers and directors of corporations in their own stock, either on their own behalf or on behalf of their corporations, the public could be properly informed as to the manner in which the business affairs of the corporations were being conducted and could determine for themselves whether such transactions were to their advantage or to their detriment.

In 1929 Fox Theaters and Fox Films were both threatened with receivership proceedings, and Mr. Fox entered into a deal, which was ultimately consummated on April 7, 1930, to part with his controlling stock in the Fox Film Corporation. He sold this stock to the General Theaters Equipment, Inc., owned by a group known as the "Harley-Clark group", for a total consideration of $18,000,000—$15,000,000 in cash and $3,000,000 in a note, which has since been paid. His attorney was paid $1,000,000; his brother-in-law, Jack Leo, a bonus of $500,000; a man named Sol Wertzel, a bonus of $500,000; and Fox secured an agreement whereby the General Theaters Equipment caused a contract to be entered into between the Fox Film Corporation and Mr. Fox to employ him for a period of 5 years at a salary of $500,000 per annum—the portion of which had fallen due at the time that the matter was presented to the committee having been paid, though it was evident that no actual services were required.

Fox had incurred obligations on behalf of the Fox Film Corporation to the extent of $103,000,000, and in order to finance the transaction the Fox Film Corporation sold to the Fox Theaters 1,600,000 shares of its stock, which in conjunction with $27,000,000 in cash and accounts was used to take over the Loew stock at a cost of $75,000,000. The Fox Film Corporation stock was taken over at $30 per share, though the market on the stock at that time was between $45 and $48 a share. Fox Theaters immediately sold this stock to General Theaters Equipment Co., Inc., at the same price. General Theaters Equipment sold 200,000 shares of this stock to Halsey, Stuart & Co. at $30 per share, thus affording Halsey, Stuart & Co. a profit of somewhat over $3,000,000, which was evidently a consideration for Halsey, Stuart & Co. loaning to General Theaters Equipment Co. $55,000,000 upon their notes, secured by the Loew stock, hereinbefore mentioned.

Mr. Fox was to be given an interest in the distribution of the Fox Film Corporation stock as a further consideration for the contract which he entered into and a pool was formed for the purpose of dealing in some of the stock of the Fox Film Corporation; but at that time the United States Government instituted proceedings under the Clayton Act for the purpose of setting aside

the transaction by which the Fox Film Corporation obtained the Loew stock from Fox Theaters. A consent decree was entered, and a corporation known as the Film Securities Corporation was formed, to which the 660,900 shares of Loew stock were transferred, which corporation created a new scheme for financing, whereby the remaining $48,000,000 needed to take care of the obligations of the Fox Film Corporation were raised; and when the Halsey, Stuart & Co. obligations of $55,000,000 fell due they were taken up by the same banking interests that financed the $48,000,000 portion of the indebtedness—the investments thus made resulting eventually in a very substantial loss to the financial interests which originally took care of them.

Mr. NORBECK. Mr. President, later the committee employed Mr. Ferdinand Pecora, of New York, as counsel for the committee. I think he was a happy discovery. He is a man of unusual qualifications for that kind of work, and the record made by him shows what is possible when such a subject is handled by the right man and with due diligence. Mr. Pecora remains in the employ of the committee. He has important tasks still ahead of him. I feel confident that he will continue to add to the laurels he has already won.

KREUGER & TOLL

The first case we took up during the last session of Congress was that of Kreuger & Toll. This corporation is the parent company of the Swedish match monopoly, but there were many affiliated corporations operating in different countries, all interrelated and depending on each other—none knowing what the other owned or what the other did. It was all built on secrecy. The operations, both in finance and business, were on such a large scale that they were accepted not only by the investing company but by the financial centers both here and abroad.

In delving into the matter we tried to ascertain who protected the investor. We found it not in the attorneys of the bonding house nor of the stock exchange; we found it not in the banking houses nor the brokerage houses; we found it not in the American director of the company.

The late bond issue of Kreuger & Toll was floated by Lee, Higginson & Co., one of the oldest investment houses in America, who had previously built up a fine reputation for fair dealing.

The committee found that the agreement between Kreuger & Toll and the bankers permitted of substitution of collateral pledged to support $50,000,000 of bonds on their par value instead of their real value. Under this agreement it was possible to take a bond worth $90 and substitute one having a market value of $10 or less. This was a very unusual proceeding; evidently it was one of the new tricks in the game. Substitutions were made and values were reduced. Under this agreement good securities were taken out and poorer ones substituted, impairing the security and reducing the value of the bond resting thereon. The agreement was drafted by the same firm of attorneys who are attorneys for the stock exchange in New York City, and associated with them was an equally well-known firm in Boston.

The American director of Kreuger & Toll admitted on the witness stand that he had never attended a meeting of the board of directors, evidently having the view that the directorship would give him certain business advantages, but that he owed no obligation to the American investor.

There are some remaining assets, but it is feared that there are prior liens in Sweden against them, a matter which was not looked into until after the failure.

In the listing agreement with the stock exchange Kreuger & Toll agreed to keep the exchange advised of substitution of security, but no information came to the stock exchange and the exchange asked for none. This part of the agreement seems to have been entirely overlooked or forgotten. The stock exchange evidently felt deeply the criticism in connection with this matter, since they have to some extent strengthened their rules in relation to such transactions, indicating that progress is slowly being made.

THE INSULL INTERESTS

Next the committee took up the Insull failure at Chicago. This was one of the worst, if not the most colossal, failures on record in this country, involving losses running into many hundreds of millions of dollars, and it is impossible even yet to determine the total amount of losses. Under the management of Mr. Insull there were over a hundred corporations, connected or related—so many that his closest friends admit that it was impossible for any human mind to keep track of them all. Most of them were engaged in the production and distribution of electric power or gas, but a number of them were finance companies, promoting companies, holding companies, investment companies, management companies, or what not. Many of the operating companies, especially the smaller ones, have assets and some earning power and still continue to operate. The finance and holding companies have "blown up", and most of them are in receivership. Much of the rottenness was brought to the surface by the Senate committee. The stock manipulations were easily carried on by different companies trading with each other, and therefore the "wash sale", which everyone condemns, was being indulged in and concealed. Such sales were easily possible. When one Insull company sold securities to another Insull company, through a broker or perhaps a third Insull company, the transaction was given every appearance of a bona-fide sale.

HALSEY, STUART & CO.

Working in collusion with the Insull Co. was one of the oldest investment banking houses in America—Halsey, Stuart & Co. This is one of our large financial institutions which had built up a fine reputation during years of square dealing, only to sell out that reputation during the boom. H. L. Stuart, the active head of this concern, is under indictment for criminal practices. Eighteen others are in the same sorry boat with him. This is the house that employed the "old counselor", who gave advice over the radio for many months, and counseled widows with $10,000 in life insurance to buy bonds. He turned out to be a professor, who was paid $50 a week to read a statement prepared for him by Halsey, Stuart & Co. He had a good voice and won the confidence of his listeners. He led many to make bad investments. The "old counselor" was always introduced in connection with the name of Halsey, Stuart & Co. From the long period he was on the air, it is fair to assume that he brought many people to Halsey, Stuart & Co. for their "investments."

INSULL INFLUENCE

The senior Insull left this country, and is now in Greece. He has so far successfully resisted extradition. He does not want to come home and face those whose trust he betrayed.

This is the same Insull who was the dominant figure in Chicago and in Illinois politics, who contributed $200,000 to the campaign fund of Frank Smith, elected to the Senate from Illinois, and refused a seat. At the time of his election, Smith was chairman of the State Utilities Commission, which had jurisdiction over the rates charged for electricity produced by Insull companies. Insull wielded large influence in both parties. Both were subject to his beck and call. He was always an important contributor to their campaign funds.

Not only was the public fooled by Insull, but the "higher-ups" seem to have had no better grasp of his operations. The Chicago banks were heavy losers through his operations. Whether through zeal or confidence, they made excessive loans, technically possible on account of the weakness in the banking laws. In fact, the bankers in their testimony frankly admitted they violated the spirit of the law in making these loans. Different Insull corporations would borrow the limit, and so the total became entirely too large.

Insull's hold on men who dominated the business of the country and who shaped public opinion was partly due to the favors he extended. On stock issues put out he had a preferred list and gave to those on that list an inside price, which was lower than the price for which the stock was sold to the general public. In that way he courted the influence of powerful individuals, and they in turn helped sell Insull to the public.

NATIONAL CITY BANK

The last investigation before the close of the session on March 4 was that of the National City Bank. The committee had come to realize that until we went into the operations of the banking houses, we would know little about stock manipulations. We did not get our facts from the stock exchange. That task is still before the committee.

The investigation of the National City Bank was made on account of its recognized leadership in the orgy of speculation which led to the business collapse. Stock operations are forbidden in the charter of all national banks. To circumvent the law, National City created an affiliate organized and owned by the stockholders of the bank and managed effectively, though indirectly, by the same directors. This affiliate went into stock manipulation on a huge scale.

The National City group recommended a large number of questionable stocks, notable among which was the Oliver Farm Equipment. Their recommendation and sale of Anaconda Copper at 15 or 20 times its subsequent value caused enormous losses to the innocent investor. Outstanding among their issues were South American bonds. Bonds of the State of Minas Geraes, a small State in the Republic of Brazil, were sold under representation that the funds obtained would be used for revenue-producing internal improvements. The fact of the matter is that a good deal of the money was to take up worthless outstanding loans in which the National City had an interest.

PERUVIAN BONDS

Many million dollars worth of bonds of the Republic of Peru were sold in this country, and they are worth today in the market about one tenth what they cost American investors. The committee developed the fact that the National City had sent their own representative to Peru to size up the country and that this representative had reported a bad situation in Peru, casting much reflection on the value of the bonds—everything—in fact, all but telling the company not to handle them. Notwithstanding these facts, the bonds were sold. It was developed before the Committee on Finance, under Senator JOHNSON'S resolution, that a sum of nearly half a million dollars had been paid to the son of the President of the Republic of Peru in connection with these flotations.

GREED

One outstanding example of the manner in which National City transacted business was shown by the testimony of Mr. Edgar B. Brown, of Pottsville, Pa. He read an advertisement in a standard magazine where the National City proposed to manage investments for those who expected to travel and be absent from home for some time. He said that fit his case, so he wrote the National City Bank. Promptly a salesman appeared at his home and took over his investments under power of attorney. This man is today broken in health; he has lost his entire fortune. His case is merely typical of thousands of others.

This is another instance of a reputable banking house with a century of growth and confidence back of it suddenly going wrong in the hands of unsound management, who were so anxious for immediate gain that greed got the better of their judgment.

SPECULATES IN OWN STOCK

The most notorious operation of National City was the manipulation and speculation in the stock of its own bank. In other words, National City Bank stock, which at the peak went to $580 a share, and has since sold for $20 a share, even now 3 years after the peak sells only at $31, which is probably about its fair value. Finding in the first instance they could sell more stock than they had, they divided each share into five new shares. The astonishing thing is that the difference between the peak market value and the low value on the total issue of this bank stock was around $3,000,000,000—3,000 times a million dollars—and it was shown that short selling contributed to this result. This is, and will for a long time be, the most outstanding example of insane speculation. Men supposedly well informed in business and finance, who were looked up to by every banker in the country as men of integrity, lost all sense of value. Their only defense is they did not have any basis to figure—yet they had the books of the company showing the assets of the bank right before them. They also claim they did not know the depression was coming. They had less business foresight than Members of this body or men on the street.

WARNINGS UNHEEDED

Let me here repeat: They had the books of the National City organization before them; they had the inventory; they knew what the bank owned and what the affiliate owned. They knew assets and liabilities, and still they pleaded lack of knowledge. One witness from the National City Bank, as I have said, pleaded that they did not know the depression was coming. Senator Brookhart said to him, "You should have read the speech of the Senator from Minnesota [Mr. SHIPSTEAD] which was made in 1926 and you would have known it was coming."

It may not be out of place here also to recall that the Senate Committee on Banking and Currency reported favorably in the spring of 1928 the La Follette resolution—Senate Resolution 113 of the first session of the Seventieth Congress—a year and a half before the stock market broke in the fall of 1929. Not one of the committee members claimed to be a financial expert, but they all agreed in forecasting the disaster, which those New York financiers said they could not foresee.

TAX EVASION

Incidentally, the committee has found a great deal of technical tax avoidance and unlawful tax evasion. I should not be surprised that many millions of dollars will be recovered as a result of this investigation which, up to the time I gave up the chairmanship of the Banking and Currency Committee on the 4th of March, had cost in all about $85,000. Indictments have been found in Federal courts, and civil actions are already pending for about a million dollars against a former official of the National City Bank. The investigation is still under way, and the public may well expect that very important matters will develop under the direction of the new chairman of the committee, the able Senator from Florida.

PUBLIC SUFFERS

The stock-market collapse was a tragic disaster for the American investor, and is doubtless responsible for a great deal of the lack of confidence from which this country has suffered so much the last few years.

The American public has looked with confidence and pride upon men who have been successful in the accumulation of wealth, but the light thrown upon securities markets by the Senate committee indicates neither judgment nor integrity on the part of some of the leading figures in American finance, though it must be admitted there are bankers even in New York who have not yielded to temptation and have not betrayed their stockholders nor the public. They are outstanding because they are the exceptions.

This great debacle grows out of the fact that we have forgotten that money must be earned instead of made. We all hope for an early business recovery, but that is impossible without a return to plain, old-fashioned business honesty.

We have not had the time nor the facilities to examine corporate practices in their relation to the securities markets, nor have we gone behind that to the State charter situation which is the starting point of much of this trouble. We have not gone into the investment trusts where is to be found probably the greatest single complication of bad security practice. Nor have we examined the holding-company matter, and that is no small part of the problem. Some of this ground we should retrace for more searching examination. The aspects we have not touched should be looked into.

REMEDIES

How we should continue depends upon two things: First, we should uncover rottenness, the frauds and the fakes, until the public is fully aroused to the need of remedies and until we know enough about the facts to draft sound legislation. Second, we should continue facing the disagreeable truth—and there is plenty of it left—until no responsible

banker or business man in the country will dare obstruct with lobbying fixers any honest and intelligent attempt to give the public a remedy.

Two general courses of action seem possible. We can hamstring markets with a lot of prohibitory laws that will make business good for a new crop of lawyers whose job it will be to beat them; or we can permit a good deal of freedom under a system which will definitely fix responsibility for deception and frauds upon directors and other officials and with severe penalties for such acts. Personally, I prefer the latter approach to the problem.

We must have simpler corporate structures and more straightforward accounting and auditing.

We should have better and more complete information about investments, cleaner publicity, more facts, and less bunk.

All publicity which induces the public to invest should carry with it an obligation of personal liability for the accuracy of the facts stated.

Bankers who depend on secret arrangements or market manipulations for their profits should be driven out of business by those who are willing to lay their cards on the table with the public.

When the time comes, I believe the lawyers in the Senate should consider the principle of a Federal license to do business in interstate commerce as a device to regulate securities markets.

We are not going to restore confidence in investment markets by soft-pedaling or side-stepping the facts. I believe the inquiry should proceed without suspension, or until we have restored this confidence through practical and effective remedies.

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

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Missouri?

Mr. NORBECK. I yield.

Mr. CLARK. I have been very much interested in the Senator's speech. I think the committee has done a great deal of very effective work. I should like to have the Senator make an explanation at this time of the reason why the Chase National Bank has never been drawn into the investigation. It is certainly one of the worst of these malefactors and yet has never been drawn into the investigation.

Mr. NORBECK. I am frank to say, and I want to admit here, as I have admitted many other times, that there are many more that ought to be investigated. We are able to take only one at a time. When we called Mr. Mitchell down here, he was at the head of the biggest bank in the world. He had been a member of the Federal Reserve bank and had defied the Federal Reserve Board when they tried to slow down the boom. He showed an arrogance that was simply unbelievable. We had him here four times before we could get anything substantial out of him.

Mr. CLARK. Is it the purpose of the committee to pursue the investigation through the Chase National Bank and the rest of those banking institutions that ought to be investigated?

Mr. NORBECK. I am no longer chairman of the committee and I cannot speak for the committee. I think the question should be addressed to the Senator from Florida [Mr. FLETCHER].

Mr. CLARK. I am aware of that fact, but I wanted to get the Senator's reaction to the situation.

Mr. NORBECK. I have already in my remarks stated that I think a great deal more should be done, that we have got to break down every crooked organization so that we can throw the fear of God into them and let them know there is law in the land. Until we do that we cannot restore confidence to the people. We have examined only one bank in New York, perhaps the worst one of the lot.

Mr. CLARK. The Senator will agree that the National City is only one example?

Mr. NORBECK. That is true.

Mr. CLARK. The Chase National should be investigated just as much as the City National?

Mr. NORBECK. Yes; there have been many complaints coming to the committee off and on about the stock manipulations of the Chase Bank. I for one think we ought to look into them. But as I have said before, that is a matter for the committee to decide.

Mr. CLARK. That is all I wanted. I merely desired the Senator's reaction to that suggestion.

PRESENCE OF STENOGRAPHERS BEFORE GRAND JURIES

Mr. ASHURST. Mr. President, I beg pardon of the Senate for interrupting its present business, but the matter which I now present is quite in the nature of an emergency.

It will be remembered that in the last Congress the Senate passed a bill authorizing district attorneys or other counsel for the Government to employ stenographers and clerks in taking testimony before a grand jury. That bill passed the Senate, but did not pass the other branch of Congress. I have reintroduced the bill, and the Senate Committee on the Judiciary has ordered a favorable report on the same. Doubtless Senators would like to know what changes are here proposed to the present law.

Section 1025 of the Revised Statutes of the United States reads as follows:

> No indictment found and presented by a grand jury in any district or other court of the United States shall be deemed insufficient, nor shall the trial, judgment, or other proceeding thereon be affected by reason of any defect or imperfection in matter of form only, which shall not tend to the prejudice of the defendant.

The bill proposes to add the following language:

> Or by reason of the attendance before the grand jury during the taking of testimony of one or more clerks or stenographers employed in a clerical capacity to assist the district attorney or other counsel for the Government who shall, in that connection, be deemed to be persons acting for and on behalf of the United States in an official capacity and function.

The Attorney General, Mr. Cummings, has urged the enactment of this bill. The reason I ask immediate consideration is—without mentioning the places or the States—a number of United States grand juries are soon to be impaneled looking toward what might be called a more effective and vigorous action against "gangsters." In many States the district attorneys have the power and authority to employ stenographers and clerks to aid in clerical capacities before the grand jury. A vast deal of doubt now exists as to whether the United States courts have the power to uphold and sustain an indictment where stenographers or clerks were present before the grand jury.

I ask unanimous consent to report back favorably, from the Committee on the Judiciary, the bill to which I have referred, and I present a report (No. 64) thereon. The report is a unanimous one, and I ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. Without objection, the report will be received.

The Senator from Arizona asks unanimous consent for the present consideration of the bill. Is there objection?

Mr. HARRISON. There will be no discussion on the bill?

Mr. ASHURST. Oh, no! I should like to have the bill read.

The PRESIDING OFFICER. The bill will be read.

The Chief Clerk read the bill (S. 1582) to amend section 1025 of the Revised Statutes of the United States, as follows:

> *Be it enacted, etc.*, That section 1025 of the Revised Statutes of the United States be, and the same is hereby, amended so as to read as follows:
>
> "SEC. 1025. No indictment found and presented by a grand jury in any district or other court of the United States shall be deemed insufficient, nor shall the trial, judgment, or other proceeding thereon be affected by reason of any defect or imperfection in matter of form only, which shall not tend to the prejudice of the defendant."

Mr. ASHURST. That is the present law. Now comes the amendment.

The Chief Clerk read as follows:

> Or by reason of the attendance before the grand jury during the taking of testimony of one or more clerks or stenographers

employed in a clerical capacity to assist the district attorney or other counsel for the Government who shall, in that connection, be deemed to be persons acting for and on behalf of the United States in an official capacity and function.

The PRESIDING OFFICER. The Senator from Arizona asks unanimous consent for the immediate consideration of the bill. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT TO BANK CONSERVATION ACT

Mr. FLETCHER. Mr. President, I wish to bring to the attention of the Senate a matter of very considerable interest here in the District.

It will be remembered that not long ago we passed the Emergency Banking Act, and in section 207 of that act provision is made for reorganizing banks that have been closed, and so forth, under the President's order. In section 207 "national banking associations" are mentioned, but the section does not seem to give the Comptroller of the Currency authority to permit this reorganization plan to operate on other banks in the District that are under the supervision of the Comptroller of the Currency—for instance, trust companies, savings banks, and so forth—all of which are under the jurisdiction of the Comptroller of the Currency.

There is pending here a bill which the Committee on Banking and Currency unanimously reports, and which the Secretary of the Treasury recommends, which will enable a number of these banks in the District to reorganize, simply by substituting for the words "national banking association", in section 207, the word "banks." The bill is only five lines long. As I say, it will give relief to the depositors in savings banks and trust companies that are under the supervision of the Comptroller of the Currency in the District of Columbia.

Mr. COUZENS. Mr. President, as I understand, the bill applies only to the District of Columbia.

Mr. FLETCHER. That is all.

Mr. HARRISON. Does the Senator ask unanimous consent for its present consideration?

Mr. FLETCHER. I should like to have it.

Mr. HARRISON. If there is no debate on it, I shall have no objection.

Mr. FLETCHER. I am sure there will be no debate.

Mr. HARRISON. I think, however, we had better proceed with the tax bill just as soon as the bill referred to by the Senator is out of the way.

Mr. FLETCHER. I agree with the Senator. Ordinarily I should not make this request, but these depositors are very anxious to have some relief afforded them.

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent for the immediate consideration of a bill, which will be read for the information of the Senate.

The Chief Clerk read the bill (S. 1410) to amend section 207 of the Bank Conservation Act, with respect to bank reorganizations, as follows:

Be it enacted, etc., That section 207 of the Bank Conservation Act is amended by striking out "national banking association" wherever it appears therein and inserting in lieu thereof the word "bank."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. FLETCHER. Mr. President, I ask to have the report printed in the RECORD in connection with the bill.

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

The report (No. 60) submitted by Mr. FLETCHER on the 10th instant is as follows:

[Senate Report No. 60, Seventy-third Congress, first session]

Mr. FLETCHER, from the Committee on Banking and Currency, submitted the following report (to accompany S. 1410):

The Committee on Banking and Currency, to whom was referred the bill (S. 1410) to amend section 207 of the Bank Conservation Act with respect to bank reorganizations, having considered the same, report favorably thereon and recommend that the bill do pass without amendment.

The purpose of the bill is to correct an inadvertent error in the language of section 207 of the Bank Conservation Act (title II of the Emergency Banking Act of Mar. 9, 1933), which as written provides for the reorganization of national banking associations under special conditions. The provisions of the remaining sections of the act are uniformly extended to "banks", a term which is defined in section 202 as including not only national banking associations, but also banks and trust companies located in the District of Columbia and operating under the supervision of the Comptroller of the Currency. It seems obvious that a discrimination against the latter class was not intended in the matter of reorganizations, and therefore the committee recommends the passage of the bill, which strikes out the term "national banking association" wherever it occurs in such section 207 and inserts in lieu thereof the defined term "bank."

The bill has the approval of the Secretary of the Treasury, as shown by his report hereto attached and made a part thereof.

MAY 9, 1933.

Hon. DUNCAN U. FLETCHER,
Chairman Senate Committee on Banking and Currency,
Washington, D.C.

MY DEAR MR. CHAIRMAN: Reference is made to your request of April 20, 1933, for a report on S. 1410, "To amend section 207 of the Bank Sonservation Act with respect to bank reorganizations."

The proposed amendment to the act would strike out of section 207 the phrase "national banking association", wherever it appears therein and would substitute therefor the word "bank", which is defined in section 202 of the Bank Conservation Act as meaning (1) any national banking association and (2) any bank or trust company located in the District of Columbia and operating under the supervision of the Comptroller of the Currency.

Section 207 provides a basis of consent by shareholders and/or depositors and other creditors to a plan of reorganization. As this section now is written, State-chartered banks and trust companies operating in the District of Columbia cannot avail themselves of its provisions, since those banks which come within the scope of the section are specifically referred to as "national banking associations"; whereas the amendment would make the section applicable to all those banks and trust companies in the District of Columbia which are under the supervision of the Comptroller of the Currency.

The Treasury considers it essential to contemplated plans of reorganization of certain banks in the District of Columbia that the provisions of section 207 be made applicable to these banks and therefore recommends the immediate enactment of the proposed bill.

Sincerely yours,

W. H. WOODIN,
Secretary of the Treasury.

EXTENSION OF GASOLINE TAX

The Senate resumed the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

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

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. BONE. Mr. President, I desire to speak briefly in behalf of the amendment of the Senator from Nebraska [Mr. NORRIS] to the committee amendment dealing with the power aspects of this measure. I had prepared an amendment similar to that offered by the Senator from Nebraska; but, inasmuch as his amendment covers the same field in large part, I have refrained from offering it.

I have been impelled to say what I am going to say—and I want to make it as brief as possible—by the remarks of

some of the Senators dealing with certain aspects of the power business, particularly with the question of whether or not this act would impose an undue burden on private companies.

I think we are all very well aware of the fact that during all of this depression, which probably is the most trying and tragic the Nation has ever experienced in its entire history, the private power industry of this country has fared better than any other industry.

During this entire panic or depression I have watched the profit record made by the privately owned power companies of this country; and the astounding and astonishing fact remains that the private power industry of this country has fared better, has been better fortified to withstand the economic shocks of this depression, than any other business on earth.

Some of the ablest thinkers in this country, including our best-known economists, have pointed out repeatedly that the very nature of the power business in this country fortifies it against shocks which so easily affect other types of business; and we have seen the profits of these private power companies not only mount steadily during good times but remain unimpaired during a panic which has destroyed the business life of so many others.

I am now going to take the liberty of telling the Members of the Senate some of the experiences of the people of my own State, merely to shed a little light on this problem. I merely want to tell you some of the facts concerning our experience out in the State of Washington, which will tend to explain to you why it is that power companies are immune from the shocks that affect so harshly other forms of business and why they are able to carry the burden of government, as is suggested in the amendment of the Senator from Nebraska.

The Senator from Kentucky [Mr. BARKLEY] referred some time ago to the fact that his own State does not have a State regulatory body. I assume that is correct.

Mr. BARKLEY. Mr. President, it has a railroad commission, which, of course, deals with railroad matters; but it never has had conferred upon it the authority to regulate electric-light rates in cities.

Mr. BONE. That was my understanding; and the Senator expressed the feeling that perhaps they might not be as adequately and as well protected in the State of Kentucky from the encroachments of power companies as they would be if they had a State regulatory body of some sort.

Let me say to the Senator from Kentucky that my own State of Washington possesses what is said to be a State regulatory law second to none, drafted by the most capable attorneys for private power interests, passed by a legislature willing to give those interests anything that they wanted. It has been on our statute books since the year 1911. We have had ample time to demonstrate its workability, to demonstrate whether or not it would protect the people of my State from wrong at the hands of private power companies. So let us examine for just a moment some of the things that have occurred under the regulatory law of the State of Washington, and find out how power companies have fared there.

Let me say to the Members of the Senate that in the State of Washington for a great many years active battles have been carried on against private power companies to establish, firmly and perpetually, the institution of public ownership of power. The State of Washington possesses nearly 20 percent of all the hydroelectric energy in this country in its rivers and lakes, the most priceless heritage that ever came to any people. It is worth billions of dollars. It can be translated, year after year, into millions of dollars of profit that should be flowing into the public treasury instead of the coffers of private power companies. This revenue would in itself help very materially to solve the tax problem of the State of Washington. It would, if it were handled correctly, at one fell swoop wipe out this Banquo's ghost of taxation which assails the people of my State as it does the people of every other State in the Union.

Private power companies out there are just like the private power companies in the State of Kentucky or in any other State of this Union.

They want to make all the profit they can; but in my State, contrary to the experience they have enjoyed in other States, notably in the Middle West, and in other sections of this country where they did not have the strong sentiment for public ownership, the private power companies have been subjected to rigid and critical scrutiny at the hands of men like myself who are interested in the building of great publicly owned power systems which have effectively served the people of that great Commonwealth. In spite of this critical scrutiny at the hands of these critics of private power companies, these power companies in Washington have boldly put across some of the very things which have subjected Mr. Insull and his associates to the criticism which has been justly visited upon them.

Let me try to illustrate: It has been stated that a number of little power companies will be injured by the application of the change suggested by the Senator from Nebraska. Let us see what has happened to the little companies of the State of Washington, because what has happened in that State is typical of what is happening to them everywhere.

A few years ago when this flair for the creation of holding companies took possession of this country there came into existence organizations like the Electric Bond & Share Co., the American Power & Light Co., the Insull combine, the Foshay outfit, and a number of others I could mention. They set about to acquire every independent power company in this country and wipe out of existence the little power companies concerning which the Senator from Kentucky has spoken.

They came into my State. The American Power & Light Co. is an example, an eastern power combine controlled in New York City. It took over three major power companies in the State of Washington which served the greater part of that State, the Washington Water Power Co. on the east side of the State, a large company; the Pacific Power & Light Co., in the south and east part of the State; on the west side, the Northwestern Electric Co.; and I want Senators to remember that last name, because I am going to refer to one of its peculiar experiences in a moment.

There remains in my State only one other company of major size and importance, the Puget Sound Power & Light Co., now controlled by another holding company, the Engineers Public Service Corporation.

I call this to the attention of the Senator from Kentucky, because if his State is ever subjected to this sort of fantastic financial business I trust that he and other citizens who object will write into the law books of their State provisions which will protect the people from that sort of thing.

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

Mr. BONE. I yield.

Mr. BARKLEY. I judge, from what the Senator says concerning the law in his State, and the type of men who are administering it, that there would be no difficulty for the light and power companies to appear before the public-service commission and secure an increase of rates which would enable them to absorb the proposed tax.

Mr. BONE. I will try to answer the Senator.

Mr. BARKLEY. If that is true, I am wondering whether the increase will be limited to the tax, or whether they will use it as a vehicle on which to hang additional increases in rates, and, after all, whether the people are to be benefited by the transfer of this tax from the consumer to the producer, so called.

Mr. BONE. I am going to try to explain why I think this tax can be borne and should be borne by the private power companies, and I am telling the Senator now why the earnings of these companies are sufficient to enable them to absorb this proposed tax without reverting to this process of passing it on to their customers.

Again, I want to suggest to the Senator, when he refers to this thing we call "public regulation", that I know of no system of public regulation ever devised that has success-

fully regulated these private power companies, because in my own State we are no better or no worse than the people of other States, and our past system of regulation tolerated the thing I am about to describe. However, we now have a new State administration which gives promise of stopping the practices to which I shall advert.

Mr. DILL. Mr. President, will my colleague yield?

Mr. BONE. I yield.

Mr. DILL. I just want to suggest that the only regulation that has been effective in the far Northwest has been the regulation that has come about by the competition of municipally owned plants in the State of Washington and other States. Then we have had real regulation.

Mr. BONE. Mr. President, my colleague from the State of Washington is absolutely correct. The only kind of regulation that ever regulated private power companies is the sort of regulation we have created in the State of Washington, where we have set up the yardstick of public ownership of power. We have harnessed the rivers and lakes and have been selling cheap light and power so that the people have had an opportunity to know what power could be sold for at a profit.

Mr. President, to get back to the Washington Waterpower Co., it was taken over by the American Power & Light Co. at a cost of about $26,000,000, and one of the first entries on the books of the American Power & Light Co. in this new set-up was a new valuation of $57,000,000, a write-up of practically 100 percent. That write-up was represented by a flood of stocks, bonds, notes, and debentures, prior preference superheterodyne stocks and bonds of one kind or another, upon which the people will pay interest and dividends as long as that company is permitted to operate in the State.

Why was that write-up made? If they are not going to make earnings on the stocks and bonds issued in the set-up, why did they issue them? There is not a man in this body who is a lawyer who can rise to his feet and explain the logic of uttering all that stock unless that power company was going to do one thing. It was going to make the public pay on this new capital or it was capitalizing false hope for earnings.

Mr. President, let us examine the record of another company operating in the southern part of my State, known as the "Northwestern Electric Co." It is another child of the American Power & Light Co. Before I refer to that company, however, let me retrace my steps for an instant to point out to the Senate that when the American Power & Light Co. took over the Washington Waterpower Co., a very peculiar thing occurred. That company had been controlled largely by local men, but it suddenly discovered that it needed a guardian, and it employed an eastern holding company to give it technical advice, something it had been able to get along without very beautifully over the years. For that technical advice it has been paying that eastern concern a sum many times in excess of the tax that would be levied under the pending bill.

Going to the southern end of the State, to the Northwestern Electric Co., another child, or grandchild, or some sort of relative, of the American Power & Light Co., we find that a few years ago that company filed on the water power of a river in southern Washington known as the "White Salmon River." Then followed one of the most astounding things that ever occurred in my State, but a thing which has been repeated and duplicated all over this country and which has brought the power industry of this country to the verge of ruin and precipitated things like the Insull crash.

The company filed on that little stream, securing its water right from the State. That river belonged to every boy and girl in Washington. Because of the peculiar laws of the State, that river was practically given to this power company. All it paid was a tiny filing fee for the privilege of harnessing the stream for private profit. It built a little stream-flow hydroelectric-power plant which produced 15,000 horsepower of electric energy. The plant cost that company $1,230,000, or about $82 per horsepower.

Then came the financial jugglery I want to describe. This has happened not only with that power company, but it has happened with hundreds of private power companies in this country. It is one of those things for which the private power companies in this country can never answer to the people of this Republic who have been robbed, skinned, gouged by this sort of business. This was put over in my State, under State regulation, where the regulated outfit successfully regulated its regulators. Against that bare water right, which cost nothing, the company issued $10,424,000 in securities. Bear in mind that the plant cost only $1,230,000, but the Northwestern Electric Co. issued $10,424,000 in securities against a water right which cost nothing, and that flood of wind and water represented nearly nine times the capital cost of that plant, and these securities were uttered in addition to the capital cost of the plant.

When I challenged that operation on the public platform I was met with the charge that they had merely issued the stock and were not earning on it, and a gentleman down in Portland, who edits a paper called the "Oregon Voter" volunteered the statement in a debate with me that the company was merely capitalizing its hopes. "Are they paying dividends on hopes?" I asked. The company, through one of its leading agents, denied they had been paying dividends; but not long ago, in a rate hearing in Oregon, it was demonstrated that the company had been paying 10 to 12 percent a year on that $10,000,000 ever since the securities were issued.

These dividends were paid on those phantom dollars in that fake capitalization. This phantom value was translated into real value by the alchemy of State regulation. The earnings on this fake value have been taken out of the pocketbooks of the people of Oregon and Washington year after year. They have been taken out of the pockets of widows and orphans in that section. They represented the interest on ten and a half million dollars, which did not represent one dollar of investment. Ten percent on that vast sum would be over a million dollars a year, over a million dollars a year filched from the pockets of the people of Washington and Oregon by that one transaction, put across by men who claimed to be reputable, honest, and honorable business men.

Mr. President, I pick up a report of the Internal Revenue Department, giving a statement of the collections under the revenue act on power and light in the State of Washington during 8 months, and I find there was collected only the sum of $246,000. The Northwestern Electric Co., out of the money it has filched from the people over the years by that one shady transaction, could have absorbed this 3-percent tax on electrical energy and not affect its revenues in any substantial way.

Another thing occurred which is illuminating. In 1924 we had a big power fight in an attempt to write into the statute books of Washington a public-ownership measure. The private power companies bitterly resisted it, and spent a million dollars fighting the bill. In the reports of these Washington power companies filed with the State, there appears no evidence of the expenditure of that vast sum of money employed to fight the right of the people to use their own power systems. We cannot trust a power company to be square with us in dealing with that type of expenditures. Under State regulation there certainly should be some evidence of the expenditure of such a vast sum of money to fight legislation.

Mr. President, let us turn to Chicago for a moment, and see how these companies fared in the Middle West, and whether they could pay in the way of taxes the small sum that is required under this bill. I see the Senator from Illinois in the Chamber, and he will recall that not long ago Mr. Insull, the head of a great combine in his city, very generously gave $20,000,000 to build an opera house. The Insull Co., operating in Chicago and all through that section of the country, has been reaching into the pocketbooks of the people of that entire section, taking a toll totally disproportionate to the service rendered.

In the month of December 1929 I used in my home in Tacoma 2,249 kilowatt-hours of electric current, which cost

me $16.55. That was the charge the city of Tacoma made to me for furnishing me 2,249 kilowatt-hours of current. This was an average price of a little over 7 mills per kilowatt-hour. That is the astonishing record of public ownership. I went over to Chicago a few months later to make a speech before a public body, and while there that bill was checked with the Commonwealth Edison Co., of Chicago, against the lowest domestic rate in that city. It was checked three ways—against the records of the State regulatory body; with rate experts in my section of the country, who were thoroughly familiar with that sort of work; and against the company's records at Chicago, where I went to ask them what it would be. I was advised that this consumption, at domestic rates, would be $98. It was $16.55 in Tacoma, under public ownership, $98 in Chicago, under Sam Insull. No wonder he could give $20,000,000 to Chicago for an opera house. Who could not be generous; whose hand could not be wide open; who profited by such a wide difference in the rates? Yet the Insull Co., as Senators know, advertises to the world that it possesses the finest steam generating equipment in this country.

It owns the very last word in electrical-generating equipment, has the finest engineering ability to be found in this country producing cheap power—yet they charge the citizen of Chicago $98 for what my city charged me only $16.55. Does anyone wish to suggest that that sort of company cannot pay this tax and absorb it?

Mr. RUSSELL. Mr. President——

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Does the Senator from Washington yield to the Senator from Georgia?

Mr. BONE. I yield.

Mr. RUSSELL. The Senator indicated the difference between the rates charged by a municipally owned electric company and a privately owned company, reflecting their ability to pay this tax. I am just wondering if the Senator, in his very exhaustive study of this subject, had noticed the great difference between the valuation placed on the power companies for rate-making purposes and the valuations that are shown when such properties are returned for taxation in the various States?

Mr. BONE. I am glad the Senator from Georgia has referred to that. I am going to give the Senator some figures which I want to place in the RECORD, so that Members of the Senate may understand exactly what this tax evasion means to the private power company.

First, I want to say to the Senator that the whole theory that underlies the principle of public ownership of power is a very simple one. That theory is service at cost to the public. Let me explain what that means.

In 1908 the people of Tacoma decided to build a hydroelectric plant on the Nisqually River. Immediately the private power interests set up a dreadful wail that we were going to plunge the city into debt from which it would never emerge. We went ahead, however, and built a hydroelectric plant that cost $2,000,000, and in 12 years, out of operating revenue, we paid off every dollar of cost of that hydroelectric plant.

That power plant is now the property of my city. So profitable has it been that during the twelfth year the system paid $1,000,000 to the city in net profit, while selling the cheapest light and power in this country. The one purpose that underlies public ownership is to give service at the lowest possible cost, pay decent wages, and at the same time write out the capital structure.

Let me suggest to the Senator from Georgia that our light and power system, publicly owned, is one of the finest in this country. Today it has a capital debt of $38 a horsepower, evidenced by outstanding bond issues that will be paid off in a few years. The average maturity of these bonds is about 8 or 9 years. One of the private power companies out there is operating under a capital debt represented by stock and bond issues amounting to over $400 per horsepower; that is to say, 10 times the capital debt of the Tacoma municipal system. That capital debt of the private company will never be paid off, and when my child is a grandfather the people of that section will still be paying interest and dividends on the capital structure of that company. In a few years the capital debt of the power system of the city of Tacoma will have been completely retired, and we will have a $30,000,000 plant free of debt.

Every cent of profit that is then derived from the system will go back to the people in the form of high wages to the men employed in the plant, the cheapest power in the world, and reduction of taxation. That is public ownership of power. Private companies are claiming throughout the country that they can produce power cheaper in steam plants than in hydroelectric plants. The Tacoma plant is a hydro plant.

Now, getting back to the tax problem, I want to refer to that for a moment, and then I will be through. In 1924, in the State of Washington, there was a big power fight. We have had many such fights in that section of the country. That fight revolved around a power measure which bore my name, because I drafted the bill and caused it to be initiated to the people so that they might vote on it. The bill provided, in brief, that the city-owned power systems might freely sell their electrical energy outside their city limits in competition with private companies. The suggestion was immediately made that that would be a desolating thing, that it would be un-American, bolshevik, or something of that sort—such terms come trippingly from the lips of the gentlemen who ardently defend private ownership of power.

One of the arguments raised against the bill was that it would remove property from the tax rolls, because under the "Bone bill", so-called, public ownership would expand and then the private plants would be stricken from the tax rolls. A million dollars was expended by private power companies for propaganda work, for paid advertisements in newspapers, and for hundreds of orators engaging in radio speaking and every other form of propaganda. The private power companies represented to the people of the State that they had $300,000,000 of property on the tax rolls which would all be lost to the tax collector. That assertion was made by men who were jealous of their honor and who would be outraged if it were suggested that they were not telling the people the absolute truth. They were the spokesmen of the private power companies. The people of my State had a right to believe that these men told the truth, and they did believe them, because at that time they voted down the bill.

But it so happened that instead of paying taxes on $300,000,000 of property, which they claimed to have on the tax roll, the companies were paying taxes on a total valuation of $9,450,000. This tax value was less than one thirtieth of the property value they claimed to possess and to have on the tax rolls.

These men deceived the public. The private power companies were paying normal taxes in that State on a valuation of $9,450,000 when they were telling everybody in thousands of circulars and in newspaper advertisements that they had $300,000,000 of property on the tax roll. I repeat, they were paying on one thirtieth of the value they claimed.

Another big power fight in that State occurred in 1930, the "grange power fight", so-called, when we prepared a bill creating power districts similar to those set up in the Province of Ontario. That year newspapers friendly to the Power Trust claimed that the private power companies had $400,000,000 of property on the tax rolls. They were, however, only paying the normal 70-mill tax in the State of Washington, on a valuation of $16,781,000. In other words, they were paying taxes in about the same ratio as in 1924.

A couple of years ago a friend of mine, who is now head of the regulatory body in the State of Washington, started condemnation proceedings on behalf of the city of Puyallup, Wash., to acquire the distribution system of the private power company.

I sat in the Federal courtroom when that case was tried and saw the vice president of that company, a gentleman by the name of McGrath, go on the witness stand, hold up his hand and swear "to tell the truth, the whole truth, and nothing but the truth", and then heard him testify that the property of his company in that city was worth $450,000 and that

the company was making a legitimate return on $450,000. I went to the county assessor's office to ascertain how much tax that company was paying on its $450,000 of property. I found that the $450,000 of property on which this company was earning a handsome net return paid taxes on a value of $15,000, or exactly one thirtieth of the value which its officers and owners swore it was worth.

That record is plain. I have been over the Pacific coast, from one end to the other, checking the tax records of these companies, and the same story of deception and tax evasion is found in all the tax books. The companies are collecting rates on tremendously inflated values and paying taxes on a fraction of these values.

When one challenges that situation they say that in their values for rate-making purposes are numerous intangibles. There is nothing so intangible as these intangibles. Mostly, they are pure imagination.

Intellectual honesty compels but one answer to this sort of financing. Whatever the nature of the investment of private power companies, such an investment finds its way into the rate base of the company and forms the basis of earnings. Rate structures are built around these investments and intangible values. Under all systems of State regulation, the companies base earnings on not only every kind of actual investment made, but upon many sorts of intangible values that have been sustained in the past, and which have no place in a rate structure.

These values should not be immune from taxation, when their owners are permitted to tax the public on such values in the form of rates. That proposition is one of simple justice to the home owner and ordinary taxpayer. If the law makes any form of property so real that a man can make private profit out of it, that property should be taxed.

However, this angle of the power business is not directly involved in this amendment proposed by the Senator from Nebraska. I sincerely hope that his amendment will be adopted. It will, if adopted, merely place a little of the emergency tax burden on the greatest tax evaders in the country.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska.

Mr. DILL. Mr. President, this is an appropriate place in which to insert in the RECORD an article from Public Ownership regarding municipal ownership in Washington, Ind. I should like to have the article printed in the RECORD at this point as a part of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The article referred to is as follows:

[From Public Ownership, February 1933]

WASHINGTON, IND., WORKS WONDERS—THIS LITTLE INDIANA CITY WITH LOW RATES IS DEBT FREE, REDUCES TAXES, KEEPS FACTORIES RUNNING, AND ITS PEOPLE EMPLOYED—THROUGH MUNICIPAL OWNERSHIP

By John W. McCarty, mayor

(Editorial note.—One of the most striking examples of what municipal ownership can do for a city may be found in Washington, Ind. (population, 9,070). That city has one of the lowest tax rates in the State and one of the lowest electric light and power rates; is practically free of debt, has put thousands of dollars into the general city fund, used surplus earnings to keep the factories in the town running and its people employed, and otherwise contributed in most astonishing ways to the general prosperity of the community. And all of this through the surplus earnings of its remarkably successful municipal light and power plant. In the following pages Mayor McCarty tells the remarkable story of this city's achievements.)

From early childhood up to the present time I have always had a desire to see the city in which I lived be the owner of its utilities, as otherwise cities cannot function properly without that great help which the utilities can give. We have owned our electric light and power plant for over 30 years, but we have only recently, June 1932, acquired our waterworks.

STARTED OVER 30 YEARS AGO

In the year 1900 the city council of Washington, Ind., purchased from private ownership a 175-kilowatt-hour electric plant, paying for it the sum of $83,291, which sum was about 6 times its actual cost, but as time went on it proved a godsend to our people, as it furnished at a moderate rate light and power that a privately owned concern would fail to do. This old plant functioned rather well until the year 1921, when the city started to build a new up-to-date 2,000-kilowatt-hour plant, completing the plant in the year 1922. This new, modern, and up-to-date plant shows a book value of $650,000 and could be sold tomorrow for the sum of $1,000,000, but five times this amount would be no inducement to sell, as the people of this good city realize that they have a safeguard which money cannot purchase.

HOW IT HAS HELPED THE CITY

Since the year 1926 this municipal light plant has done some remarkable things in the way of betterments for the city of Washington, and the following are some of them:

(1) In the first place, the surplus earnings of this plant have enabled us to pay the original cost of the plant—$83,291—and also to retire the outstanding debt of $57,000 additional, which had 20 years to run, saving in interest $37,000. Not only that but the surplus earnings have also paid for various enlargements, extensions, and improvements to the plant, amounting in all to $430,251, so that the plant is now thoroughly modern and up-to-date.

(2) Secondly, the success and surplus earnings of the plant have enabled us to reduce the rates, which were originally 10 cents per kilowatt-hour maximum to 7 cents per kilowatt-hour, with a 5-percent discount if paid promptly.

(3) Third, it has helped us to wipe out our city debts. Not only have we paid off all the indebtedness on the plant, as indicated above, but we have also, out of the surplus earnings of this plant, retired a $7,000 indebtedness we owed on the city hall.

(4) Fourth, it has also helped us to reduce taxes from $1.12 on the $100 valuation in 1930 to 43½ cents in 1933. This was done by appropriating to the general city funds out of the earnings of the light plant $80,000 for 1931 and 1932, and an additional $45,000 for 1932–33, making a total of $125,000 in those 3 years.

(5) Fifth, it has paid $19,000 for a modern office building conveniently located on the main street of the city and serving not only the electric-light plant but also the recently acquired waterworks system.

(6) Sixth, the plant has enabled us to set aside $7,182 for the improvement and extension of our streets and alleys.

(7) Seventh, out of the surplus earnings we have also set aside $13,600 for the relief of the unemployed during the current years of the depression.

(8) Eighth, out of the surplus earnings we have applied $27,500 to keep our industries going and our people employed. Twenty thousand dollars of this was invested in a shirt factory and $7,500 in another factory, thus keeping between 500 and 600 men and women employed.

HELPING THE UNEMPLOYED

Perhaps the most pressing problem confronting any city administration during these present times of depression is the problem of unemployment. And we have felt that it was better to give our people work than to give them a dole. We have, therefore, made every effort to keep the wheels of industry going.

In the spring of 1930 a factory which was being operated in this city, employing 250 men and women, was about to leave our city because of inadequate factory space. An effort was put forth by the city and business people here to save the factory, and a company was started to construct a building such as the factory people needed. The building was erected at a cost of $90,000, the city taking $20,000 of its stock and paying for this out of the light fund of the electric-light plant, and this plant has since completion been employing over 600 people.

The $20,000 of stock in the shirt factory purchased in this manner bears 6-percent interest, so that the city earns $1,200 per year in this way and in addition thereto the factory uses approximately $8,000 worth of electric light and power per year. In this way during the last 10 years this particular factory and the old plant have paid into the general fund of the city for power, light, and interest approximately $165,000. In this way the city of Washington considers its investment in this factory a very good-paying proposition, first, because it keeps its people employed and, secondly, it is actually earning money in doing so.

Not only have we assisted the aforesaid manufacturing company but kept the wheels of industry of another factory going by loaning it $7,500, and have seen the number of men and women employed grow from 48 to 150. The above amount, too, was taken from the light fund.

Besides these cash investments in keeping our people employed, the city has also taken out of the light fund the sum of $13,600 with which to give employment to those who are out of work.

REDUCING TAXES

As stated above, due to the surplus earnings of our municipal light and power plant, we have been able to reduce taxes from $1.12 per $100 to 49 cents. This reduction was accomplished by the appropriation of a total of $125,000 during the last 3 years for reduction of taxes for 1931, 1932, and 1933 to the general expenses of the city, which otherwise would have been carried by the taxpayers.

In making our budget for 1933 we were worried as to how we were going to do our part in reducing our former low rate. We had appropriated $80,000 for tax reduction out of the earnings of the light plant during 1931 and 1932. In so doing we had brought the rate down to 45½ cents on the hundred. But in 1933 we are confronted with a depreciation of property values of $1,970,140, and also have a street- and alley-intersection tax to pay of $7,182, which we have agreed to pay out of the general fund instead of making a levy to do so. But, as someone has well said, "Where there is a will there is a way", and we have made our budget for

1933, again reducing the tax rate of this year from 45½ cents to 43½ cents on the $100.

And thus our municipal light plant is actually reducing our tax rates. In June of 1932 the city of Washington purchased its water plant from a private company, paying for it the sum of $650,000. This is to be paid for through revenue bonds. I have repeatedly said, and I say here and now, that when these bonds on the waterworks are paid through the revenue derived from the plant, the surplus earnings of the waterworks, together with the surplus earnings of the light and power plant, should and will, with proper management, make the city of Washington a taxless city.

THE REDUCTION OF RATES

During the early years of the operation of the light plant it did not show a profit. But on the 1st of the month of January 1927, the superintendent of the electric plant in his report to the council showed that in the preceding year, 1926, it had made a profit of $72,000. On this showing we asked the commission to reduce our rates from 10 cents to 7 cents per kilowatt-hour maximum, with a discount of 5 percent if paid on the 10th of the month. This was granted and the rates reduced. The present rate schedule is, for lighting, 6.65 cents for the first 50 kilowatts, 6.175 cents for the next 50 kilowatts, 5.7 for the next hundred, and so on, scaling down to 3.8 cents for all over 1,000 kilowatt-hours, with a minimum charge of 50 cents.

For small power the rate is 3½ cents for the first 500 kilowatt-hours, 3 cents for the next 500, and so on, scaling down to 2 cents for all over 100,000 kilowatt-hours.

Large power users have a rate of 2 cents for the first 10,000 kilowatt-hours, 1.6 cents for the next 15,000 kilowatt-hours, and 1.4 cents for all over 25,000 kilowatt-hours. There is a minimum charge of 50 cents per horsepower. There is a special rate for domestic and commercial heating of 2½ cents for the first 25 kilowatt-hours, 2¼ cents for the next 75 kilowatt-hours, and 2 cents for all over 100 kilowatt-hours, with a minimum charge of $1.50 per month and 5-percent discount for prompt payment.

CITY IMPROVEMENTS

Besides the above-mentioned improvements, the municipal light and power plant has helped the city in acquiring many much-needed and important city improvements. For example, out of the surplus earnings of the plant as mentioned above, $7,000 of indebtedness on our city hall was paid off, as mentioned above, also, a $19,000 office building purchased and paid for, and $7,182 appropriated last year for the improvement of streets and alleys.

SAVING INTEREST ON DEBTS

In this connection, it is important to note that by following the policy of calling in outstanding bonded indebtedness and paying it off, the city has made considerable saving in interest. For example, in October 1930, $64,000 of indebtedness was paid off, and of this, $57,000 had 20 years yet to run. Thus the saving on this item alone was $37,000. There was also $7,000 of this indebtedness which had 4 years to run, so that in this case a saving of $1,500 in interest was made. Thus the saving of interest alone on this retirement of our indebtedness in advance amounted to $38,500.

BRIEF HISTORY OF THE PLANT

For several years after the plant was first established the city realized little or no profit, with the exception of furnishing low rates to the consumers. However, as the plant was improved its earnings increased. In April 1917, through a bond issue of $10,000, new boilers were added and a 300-kilowatt-hour generator was acquired. Again in March 1919, the city sold $20,000 worth of 5-percent light bonds to add one 400-kilowatt-hour and one 250-kilowatt-hour, 3-phase, 60-cycle, 22-volt generator. Up to this time the equipment consisted of single-phase, 133-cycle, 1,100 volts, suitable for lighting only. The above equipment was soon loaded up to capacity and it became necessary to lay plans for additional plant development or look for service outside of the city of Washington.

BUILDS NEW MODERN PLANTS

So it was a question of building a new modern up-to-date plant or taking current from outside parties. The issue became a most heated one and the election to determine the matter was called, and those in favor of building a new plant carried by a vote of 11 to 1. So on the 15th day of July 1920 the city sold $83,495.93 worth of 6-percent light bonds payable $2,800 annually, but with a 10-year callable clause.

The above issue provided funds to start the erection of a new plant. By September 15, 1920, it became necessary to sell $11,500 worth of 6-percent, 10-year light bonds to complete boiler equipment. On August 1, 1921, the city being bonded to the limit of 2 percent, entered into a least contract with the manufacturers of turbines for two 500-kilowatt-hour turbine generators with condensing equipment, the total amount of principal and interest being $76,800, with $1,000 payable each month.

On January 1, 1922, it became necessary to make a temporary loan of $20,000 to complete the distribution system from the new to the old system. The new plant was put in service February 22, 1922, with two 500-kilowatt-hour turbines and two 400-horsepower boilers of what seemed an almost impossible financial load of principal and interest, bearing in mind that the annual gross revenue of 1920 was only $56,232.92, but with a very favorable rate the load increased with leaps and bounds until 1924, when it became necessary to add another 422-horsepower boiler at a cost of $1,600. Again in 1926 there was added 1,000-kilowatt-hour turbine with the necessary condensing equipment at a cost of $32,100.

In 1931 there was added a 2,000-kilowatt-hour turbine generator complete with condensing equipment which required an addition to the building, all of which cost $67,400. The distribution system has been one continuous construction for the last 10 years, at a total cost of $145,056.62, including 42 miles of rural lines.

Thus the plant has been thoroughly modernized and fully equipped for handling the service of the city, including service to the surrounding rural territory.

TO SUM UP

Below are enumerated various sums that have been contributed by the plant from time to time to the general city funds:

(1)	Original purchase price	$83,291
(2)	Retirement of original purchase bonds	57,000
(3)	Extension and improvements since beginning	430,251
(4)	For tax reduction	125,000
(5)	For retirement debt on city hall	7,000
(6)	For purchase of office building	19,000
(7)	Purchase of stock and loan to factories	27,500
(8)	For aid of unemployed	13,600
(9)	For improvement of streets and alleys	7,182
	Total	769,824

The city also owns and operates a street-car system. And for a city of this size this is, of course, quite unique and unusual. The primary purpose of this publicly owned utility is not to make money for the city, but to give to the industrial workers transportation to and from their work. In other words, the main purpose of this utility is public service.

The street-car system has not been a moneymaker. In fact, we have been losing slightly on this investment, especially in recent years, owing to the unemployment. The loss, however, sustained by the operation of these cars is only a trivial matter. A few more shovels of coal is, in the last analysis, about the only real outlay. Of course, the same rate is charged against the street cars as is charged to other users of power. In this way the city secures some return, at least, from the operation. I believe that if we should require all who use the street cars, whether they are public employees or not, to pay the regular fare, it would greatly improve the earnings.

In this connection it is important to note that we still cling to the 5-cent fare on our street cars. This is the lowest street-car fare in the State. And thus, by the maintenance of these city street cars and the 5-cent fare, we are rendering a distinct social service to our community, and especially to the working classes and the common people.

Mr. DILL. I want also to call attention to an article from the Nation, which I inserted in the RECORD yesterday, showing the tremendous profits which are being made, even in these times of great distress for every other kind of industry, by the public-utility corporations, and particularly by private electrical companies in this country engaged in the power business.

My colleague spoke of what was happening on the Pacific coast. I call attention to what has been happening in New York City, a tremendous increase in the actual dividends paid in 1931 as against 1929 by the power companies of the great city of New York.

I do not want to take the time to argue this question other than to say that when this subject was before the Senate a year ago, I voted repeatedly to place this tax upon the power companies. I believe it should always have been there. I said then and I repeat now it was a breach of faith for the Senate to permit the change to be made in the conference report at that time and for the Senate to have agreed to it. We have before us an important question, and I, for one, hope that the amendment of the Senator from Nebraska [Mr. NORRIS] will be adopted.

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	Byrnes	Erickson	King
Ashurst	Capper	Fess	Lewis
Austin	Caraway	Fletcher	Logan
Bachman	Carey	Frazier	Lonergan
Bailey	Clark	George	Long
Bankhead	Connally	Goldsborough	McAdoo
Barbour	Coolidge	Gore	McCarran
Barkley	Costigan	Hale	McGill
Black	Couzens	Harrison	McKellar
Bone	Cutting	Hatfield	McNary
Borah	Dale	Hayden	Metcalf
Bratton	Dickinson	Johnson	Murphy
Brown	Dieterich	Kean	Neely
Bulkley	Dill	Kendrick	Norris
Byrd	Duffy	Keyes	Nye

Overton	Robinson, Ark.	Steiwer	Van Nuys
Patterson	Robinson, Ind.	Stephens	Wagner
Pope	Russell	Thomas, Utah	Walsh
Reed	Sheppard	Trammell	Wheeler
Reynolds	Shipstead	Vandenberg	White

The VICE PRESIDENT. Eighty Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment of the Senator from Nebraska.

Mr. HARRISON. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent. However, I feel at liberty to vote. I vote "nay."

Mr. KEAN (when his name was called). On this question I am paired with the senior Senator from Wisconsin [Mr. LA FOLLETTE]. I understand that if he were present he would vote "yea." If permitted to vote, I would vote "nay."

Mr. LOGAN (when his name was called). On this vote 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 Nevada [Mr. PITTMAN] and vote "nay."

Mr. McADOO (when his name was called). I have a general pair with the Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. KEAN. I find that I am able to transfer my pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE] to the senior Senator from Delaware [Mr. HASTINGS], which I do, and vote "nay."

Mr. McKELLAR. On this vote I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. In his absence I withhold my vote.

Mr. LEWIS (after having voted in the negative). I have a pair with the Senator from Rhode Island [Mr. HEBERT]. Not knowing how he would vote, I transfer that pair to the Senator from Oklahoma [Mr. THOMAS] and allow my vote to stand.

Mr. BULOW. On this vote I have a pair with the Senator from Connecticut [Mr. WALCOTT]. In his absence I withhold my vote.

Mr. NYE. The pair of the senior Senator from Wisconsin [Mr. LA FOLLETTE] has already been announced. I merely desire to announce his necessary absence, he being in attendance upon a funeral.

Mr. FESS. I desire to announce that the Senator from Minnesota [Mr. SCHALL] has a general pair with the Senator from New York [Mr. COPELAND].

Mr. KENDRICK. I desire to announce that the Senator from Virginia [Mr. GLASS], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent on official business.

The result was announced—yeas 35, nays 42, as follows:

YEAS—35

Adams	Connally	Long	Reynolds
Ashurst	Costigan	McCarran	Robinson, Ind.
Bankhead	Couzens	McGill	Russell
Black	Cutting	Murphy	Sheppard
Bone	Dill	Neely	Shipstead
Borah	Erickson	Norris	Thomas, Utah
Bratton	Frazier	Nye	Trammell
Capper	George	Overton	Wheeler
Caraway	Johnson	Pope	

NAYS—42

Austin	Coolidge	Hayden	Reed
Bachman	Dickinson	Kean	Robinson, Ark.
Bailey	Dieterich	Kendrick	Steiwer
Barbour	Duffy	Keyes	Stephens
Barkley	Fess	King	Vandenberg
Brown	Fletcher	Lewis	Van Nuys
Bulkley	Goldsborough	Logan	Wagner
Byrd	Gore	Lonergan	Walsh
Byrnes	Hale	McNary	White
Carey	Harrison	Metcalf	
Clark	Hatfield	Patterson	

NOT VOTING—18

Bulow	Dale	Glass	Hebert
Copeland	Davis	Hastings	La Follette
McAdoo	Pittman	Thomas, Okla.	Tydings
McKellar	Schall	Townsend	Walcott
Norbeck	Smith		

So Mr. NORRIS' amendment was rejected.

Mr. NORRIS. Mr. President, I offer the amendment without the proviso as a substitute for section 6.

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

The LEGISLATIVE CLERK. As a substitute for section 6, on page 6, it is proposed to insert the following:

There is hereby imposed upon energy sold by privately owned operating electrical power companies a tax equivalent to 3 percent of the price for which so sold.

Mr. NORRIS. Mr. President, I do not care to take the time of the Senate. We have debated all of this matter. I ask for the yeas and nays upon the amendment.

Mr. HARRISON. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. TRAMMELL. Mr. President, I desire to ask the Senator a question. The proviso strikes out the exemption of electric energy for manufacturing purposes?

Mr. NORRIS. Exactly.

Mr. TRAMMELL. That is omitted from the Senator's present amendment?

Mr. NORRIS. That is omitted.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KEAN (when his name was called). On this question I am paired with the senior Senator from Wisconsin [Mr. LA FOLLETTE]. I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS], and will vote. I vote "nay".

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Believing that he would vote the same way that I shall vote, I vote "nay."

The roll call was concluded.

Mr. McKELLAR. I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND] and withhold my vote.

Mr. LOGAN. I transfer my general pair with the Senator from Pennsylvania [Mr. DAVIS] to the Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

Mr. LEWIS. I have a general pair with the Senator from Rhode Island [Mr. HEBERT]. I transfer that pair to the Senator from Oklahoma [Mr. THOMAS] and will vote. I vote "nay."

Mr. FESS. I desire to announce that the Senator from Minnesota [Mr. SCHALL] has a general pair with the Senator from New York [Mr. COPELAND].

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS].

The Senator from Massachusetts [Mr. WALSH] is necessarily detained at a committee meeting. If present, he would vote "nay."

The result was announced—yeas 36, nays 45, as follows:

YEAS—36

Adams	Caraway	Long	Pope
Ashurst	Connally	McAdoo	Reynolds
Bankhead	Costigan	McCarran	Robinson, Ind.
Black	Cutting	McGill	Russell
Bone	Dill	Murphy	Sheppard
Borah	Erickson	Neely	Shipstead
Bratton	Frazier	Norris	Thomas, Utah
Bulow	George	Nye	Trammell
Capper	Johnson	Overton	Wheeler

NAYS—45

Austin	Couzens	Hayden	Robinson, Ark.
Bachman	Dale	Kean	Smith
Bailey	Dickinson	Kendrick	Steiwer
Barbour	Dieterich	Keyes	Stephens
Barkley	Duffy	King	Vandenberg
Brown	Fess	Lewis	Van Nuys
Bulkley	Fletcher	Logan	Wagner
Byrd	Goldsborough	Lonergan	Walcott
Byrnes	Gore	McNary	White
Carey	Hale	Metcalf	
Clark	Harrison	Patterson	
Coolidge	Hatfield	Reed	

NOT VOTING—14

Copeland	Hebert	Pittman	Tydings
Davis	La Follette	Schall	Walsh
Glass	McKellar	Thomas, Okla.	
Hastings	Norbeck	Townsend	

So Mr. NORRIS' amendment to the amendment of the committee was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. CONNALLY. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 7, line 10, after the period, it is proposed to insert the following new sentence:

If any person manufactures, produces, or imports such electrical energy and uses it to the extent of more than 500 kilowatt-hours per month, he shall be liable for the tax under this subsection in the same manner as if such electrical energy were purchased by him; and the tax shall be computed on the price at which such electrical energy is sold in the ordinary course of trade, as determined by the Commissioner.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Texas to the amendment of the committee.

Mr. CONNALLY. Mr. President, the committee amendment, as presented at this time, provides for the taxation of industrial power. The existing law does not levy any tax on industrial power; but, under the committee amendment, the tax is levied only on the sale. The result is that manufacturing concerns which manufacture their own power and use it in their own factories pay no tax, whereas their competitors—usually smaller companies—which buy their power would have to pay the tax. The result is that a discrimination is made as against the smaller concerns engaged in the manufacturing business; and it seems to me that since these concerns are competitors, there ought not to be any advantage given by the law to any particular group of them.

My amendment proposes that manufacturers who produce their own power and consume it in their own plants shall pay at the same rate that the other concerns pay which buy their power.

Mr. BARKLEY. Mr. President——

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

Mr. CONNALLY. I yield.

Mr. BARKLEY. I did not get clearly, from the reading of the amendment, what is the basis of the tax.

Mr. CONNALLY. The same—1 percent.

Mr. BARKLEY. One percent? But there is no sale price upon which to base it.

Mr. CONNALLY. The amendment provides that the local sale price of similar power, as determined by the Commissioner of Internal Revenue, shall control.

Mr. BARKLEY. But suppose there is a manufacturing establishment which is the only one in a town, and no other electrical power or energy is consumed in that community for manufacturing purposes; how will anyone then fix the basis of the tax on it?

That is not an exaggerated illustration. There are many communities in which there is one great industry which produces its own power. There is no similar use of electrical energy, upon which there is a charge, by any private concern. In that case, how would the Secretary of the Treasury be able to fix the tax?

Mr. CONNALLY. Of course, the Senator from Kentucky presents an extreme case.

Mr. BARKLEY. No; I do not think so. If there were other factories in the community, there would be a criterion by which to go. Suppose we put on this tax of 1 percent. What would be received if they sold the electrical energy instead of using it?

I have in mind certain towns in which there is a cotton mill, for instance, which generates its own electricity. It may be the only one in the county. How can a percentage tax be fixed upon the basis of what would be charged for power in that community if there were no other commercial and industrial electrical-energy producers selling power to the public?

Mr. CONNALLY. I still insist that the Senator is presenting an extreme case, because there is scarcely any county or community in the country that does not have electrical power-producing plants of some kind which sell power.

Mr. BARKLEY. I have in mind, on navigable rivers, power plants erected by a particular industry to use the power for their own purposes, it may be even out away from any commercial production or sale at all of electric power.

Mr. CONNALLY. Of course, the Senator does present a case in which there would be some difficulty. I am not prepared to dispute that; but the Commissioner of Internal Revenue is given the power to determine those matters. It is perfectly practicable for him to ascertain the cost of power under similar conditions in the adjoining county, we may say, or in other centers where the conditions of cost of production are similar, and to take that cost as a basis for the application of this tax.

Mr. President, this amendment will prevent an undue burden upon those small manufacturers who buy their power and will deny an undue advantage to the large concerns, like the Ford Motor Co., for instance, which manufacture their own power, and because they escape the tax.

In the first place, the large concern manufactures its own power because it can do so more cheaply than it can buy it. It already enjoys that advantage over its competitor. If, in addition to that particular advantage it now enjoys, the Government taxes the consumer who buys his power and exempts the consumer who manufactures his power, it will amount to two advantages to the large concern and two burdens on the backs of the small concerns.

Mr. BARKLEY and Mr. HARRISON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Kentucky.

Mr. BARKLEY. I was going to ask the Senator a question, which probably will be obviated by what the Senator from Mississippi is about to say.

Mr. HARRISON. Mr. President, I was going to say to the Senator that I have no objection to the adoption of the amendment and letting the matter go to conference and trying to have it worked out. I do not mean by that just to have it go to conference. I am in real sympathy with the amendment, I will say to the Senator.

Mr. CONNALLY. I am very much obliged to the Senator from Mississippi. I would not be willing simply to agree that it go to conference as a graceful gesture, but on the assurance of the Senator from Mississippi that he means for it to go to conference in the real sense I, of course, have no hesitancy in accepting his proffer.

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

Mr. CONNALLY. I yield.

Mr. COUZENS. The Senator from Mississippi said he was in sympathy with the amendment. I would be one of the conferees, too, and I am in sympathy with it. So I think the Senator may rely upon an earnest endeavor to keep the amendment in the bill.

Mr. CONNALLY. I rely on anything that either the Senator from Michigan or the Senator from Mississippi may say.

Mr. HARRISON. What the Senator from Michigan has said reflects my feeling. The Senator from Texas will recall that in the committee I said I felt that there ought to be an exemption even where the energy was used for agricultural purposes.

Mr. CONNALLY. I agree with that.

Mr. HARRISON. I would go so far as to exempt the case where energy is used in churches and hospitals.

Mr. CONNALLY. I shall say to the Senator from Mississippi that my amendment exempts 500 kilowatts a month, and that saves accounting annoyance in the Treasury in checking up on small concerns.

Mr. METCALF. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. METCALF. Mr. President, there are a good many charitable institutions and educational institutions which make their own electricity. Does the Senator think it is fair to impose the tax on them?

Mr. CONNALLY. Such a use of energy would not be industrial, would it?

Mr. METCALF. Are they exempt?

Mr. CONNALLY. Does the Senator refer to industrial power?

Mr. METCALF. No; I mean light and power used in hospitals.

Mr. CONNALLY. That is not industrial power. This applies only to industrial power. That to which the Senator refers is commercial and domestic.

Mr. METCALF. One more question. Say that I run a little power plant and make a little electricity for use on a poultry farm. Would the Senator call that industrial?

Mr. CONNALLY. We exempt 500 kilowatts a month for just that sort of thing. I think a poultry farm that used more than 500 kilowatts a month would be a pretty substantial establishment.

Mr. BARKLEY. Mr. President, I want to make just this statement. I suppose, in view of the statement of the Senator from Mississippi and the statement of the Senator from Michigan, the amendment will be adopted. I want simply to say that for the 10 months of the year ending the 1st of July 1934 the amount of revenue obtained from it will not justify setting up in the Treasury Department the machinery necessary to collect it. I think it is an indisputable fact that the Treasury would have to set up intricate machinery within its walls to assess and collect the tax, and that the amount collected will not be sufficient during the 10 months of its application to justify the establishment of all this machinery in the Treasury Department. For that reason, I am not for the amendment.

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

Mr. BARKLEY. I yield.

Mr. COUZENS. I might point out to the Senate that the subcommittee which reported to the full committee recommended the extension of the tax for a year, and it is my conviction that the tax will be extended for a year.

Mr. BARKLEY. It cannot be extended for another year, because it will not be in conference.

Mr. COUZENS. I do not mean by the pending bill, but I mean that it will be extended, when the time comes, for another year, in all probability.

Mr. BARKLEY. We will cross that bridge when we get to it; but I have an idea that whether this particular tax will be extended or not will depend a good deal on the result of the application of it, if this amendment is agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. AUSTIN. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was agreed to.

Mr. CAREY. Mr. President, I desire to offer an amendment, which I send to the desk.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from California?

Mr. CAREY. I yield.

Mr. JOHNSON. I ask the Senator to yield, because I have an amendment in line with some of the matters which we have been discussing.

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from California for that purpose?

Mr. CAREY. I yield.

Mr. JOHNSON. Mr. President, I offer an amendment on page 7, because I want to make the line of demarcation plain and have us determine exactly the situation which exists here without extraneous matters; to add a new subsection, no. 616½, to be added after line 22, as follows:

None of the provisions of this section or of section 615½ shall apply to publicly owned electric and power plants.

Mr. President, just a word. I never quarrel with decisions which may be made either by the Senate as a whole or by votes which may be cast by individual Senators. Each of us, I assume, is doing his utmost here to vote as his conscience shall dictate and for the best interests of the Nation.

Here, sir, is a fundamental principle presented as between private power companies, with which we are all familiar, and the publicly owned plants. I offer this amendment because in a publicly owned plant in southern California with which I am familiar the difficulties have been so manifold; they have been in many instances created and fostered in such outrageous and shameful fashion by their private competitors, that it is absolutely necessary the Government, instead of frowning upon these publicly owned plants—which have given, as a matter of rates in that particular territory, something of justice unto our people—that the Government, instead of frowning upon them by votes here upon amendments, shall lend its aid, so far as it can, in maintaining them and preserving them.

Mr. President, there is not an election that is held in southern California concerning the publicly owned electric plant there; not an election for bonds with the proceeds of which are expended in behalf of the people, and to serve just the people; there is not an election held there for bonds for construction or extensions, but what money is lavishly spent in that territory by privately owned plants in the endeavor to prevent the necessary two-thirds vote for any bond issue for improving or conserving or protecting the public plants.

Mr. President, there has been a magnificent work done for the people in that section. It is only for the people that I appeal in this particular amendment thus presented. I do not represent any particular interest or any particular aggregation of interests, of course. No one else in this body represents any interest or any particular aggregation of interests, of course. But when the presentation is made here on a line of demarcation that is so plain that he who runs may read, between the aid which may be extended to struggling governmental non-profit-making plants, and private plants that are profit making and in extensive profit making, there should not be, it seems to me, from my standpoint, the slightest hesitancy on the part of representatives of the people in standing for that which the people own themselves, and according to that which the people own themselves the benefits which may be derived in any tax measure.

The distinguished Senator from Pennsylvania [Mr. REED] made a moving speech today about the Southern California-Edison Co. I did not propose then to argue, and I kept silent under the statements which he then made. I did so because I could not conceive that the amendments presented by the Senator from Nebraska [Mr. NORRIS] were going to be defeated. I was egregiously mistaken. The only thing the Senator from Pennsylvania omitted in the moving speech he made was the usual reference to the widows and the orphans who own the stocks and bonds of the private electric company, and who would suffer, forsooth, if we did not accord the private profit-making plants whatever they might wish and whatever they might desire.

I plead for the publicly owned institution. Oh, talk to me no longer about privately owned institutions and private initiative. What was done in the last administration? What have they been doing since? Business, all business, is wandering around here asking aid of the Government. All kinds of private businesses are dipping into the Public Treasury. Government business may ask the aid of Government as well.

I submit this amendment, sir, because the difficulties of the particular plant in southern California I well know. Knowing them, I know that they ought not to be burdened with this particular tax in the circumstances under which they labor, caused often by the privately owned companies which there try to prevent any activity for the people, any

improvement, or anything that will contribute to the betterment of the service that is dedicated wholly to the public.

I do hope that an amendment of this sort may be adopted by the Senate.

Mr. McADOO. Mr. President, I do not desire to take up the time of the Senate unnecessarily, but I regard this amendment of such infinite importance to the success of the great municipally owned lighting system of Los Angeles that I am obliged to say a few words about it.

I want to say at the outset that some years ago the city of Los Angeles acquired the electric-lighting plants within the city limits, and since that time it has developed a magnificent public electric light and power plant, which is not in competition with any private interest of any kind. The exemption of that plant from the taxation proposed to be imposed by the pending bill would not discriminate in its favor against the Edison Electric Co. or any other plant, for the very simple reason that there is no competition between the municipal lighting and power plant of Los Angeles and the Edison Electric Co.

I want to say, furthermore, that the municipal plant is a nonprofit enterprise, built up by the people of southern California through taxation and bond issues, for their benefit and for the development of the great city of Los Angeles and of that great community.

Many millions of dollars have been expended, and, under statutory requirements which have been imposed upon the municipal plant, it is obliged to amortize a certain portion of its indebtedness every year, a larger portion than would ordinarily be amortized by any private corporation.

I may say that the interests which have fought bitterly this municipally owned electric plant have had a hand in the enactment of legislation there which has imposed unnecessary burdens upon this plant operated and conducted for the benefit of the people of my community.

Mr. President, that plant is required to amortize annually, under statutory law, $1,340,000, and recently, because it has not been able to sell bonds for the purpose of building the necessary distribution line from the Boulder Canyon to the city limits, it has had to apply to the Reconstruction Finance Corporation for a loan of $22,800,000, which has been granted upon terms which require the amortization of the entire amount in the period of 10 years, or in annual installments, including interest, of $3,257,000. So a fixed charge of $4,597,000 from those two sources alone is imposed upon the municipal plant.

I want to say that this tax will be imposed upon the electric energy furnished by this plant to the people who own it and who operate it not for profit. It will impose an additional burden of some $300,000 per annum of tax upon that plant alone.

I ask is it fair, is it reasonable, is it just to penalize the people of a great city who, through their own efforts and the expenditure of their own money, have built up a great institution of this kind for their benefit? Mr. President, it does violence to every principle of just taxation with which I am familiar.

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

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

Mr. McADOO. I yield.

Mr. BARKLEY. I appreciate the force of the Senator's argument, but at the same time there seems to me to be another question involved. All the people of the country who use electric energy are now paying this tax under present law. It is being paid by the people of every community who consume electricity. If this amendment shall be adopted, of course, nobody in Los Angeles will pay any electric tax at all, whereas people in every other community in the United States, where there is no publicly owned electric plant, will be paying this tax. Is it quite fair to levy this tax, whether it is on the consumer or on the producer to be passed on in some way to the consumer in practically all the United States and to leave it off both ends of the equation in any community, whether it be Los Angeles or a municipality in any other part of the country?

Mr. McADOO. I answer the Senator by saying that the taxation to which he refers is embodied in the existing charges which under statutory requirement are already imposed upon the people of Los Angeles.

Mr. BARKLEY. Is there no power to regulate the charges?

Mr. McADOO. Yes; we have the power to regulate the charges, of course, but we at the same time are burdened with a statutory requirement which we cannot escape and which the private power companies have insisted on imposing upon this public plant because they did not want to see it developed. I have nothing against privately owned electrical companies in the United States; I want to see them flourish; I want to see them encouraged in the development of their property, and I am not making an argument against them; but, naturally, competitors surround the city of Los Angeles, that would like to invade that territory, have done everything they could to embarrass this great enterprise.

Mr. President, as I said before, it is burdened with fixed charges already which it cannot escape, burdens imposed upon it by conditions for which it is not altogether responsible. So I want to beg my colleagues to exempt municipal, publicly owned electric light and power companies from this tax; and when I refer to them generally I believe I do not overstate the fact when I say that not more than 5 percent of all the power in the United States is produced by publicly owned corporations.

Mr. BARKLEY. Mr. President, will the Senator yield for another question?

Mr. McADOO. Certainly.

Mr. BARKLEY. I understand the Senator to say that there is no power at all used in the city of Los Angeles except that which is generated at the municipal plant?

Mr. McADOO. That is exactly what I said.

Mr. BARKLEY. Are the other companies barred by statute or by city ordinance from selling to manufacturers and to homes?

Mr. McADOO. They have no distribution system in the city of Los Angeles; it is owned entirely by the city. The then existing companies were acquired by purchase by the city years ago. This development has been made since then.

Mr. BARKLEY. I misunderstood the Senator, because I thought when this matter was discussed in the committee it was stated that they were in competition with others.

Mr. McADOO. I think I said in some of the suburban communities perhaps they were in competition. I have since learned that the statement which I made to the committee was incorrect. I therefore submit this question of fairness and justice to my colleagues of the Senate.

Mr. BONE. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. COUZENS. Mr. President, may I ask the senior Senator from California if I understood him correctly a while ago to say there were no Members of this body who represented special interests? I want to keep the record straight.

Mr. JOHNSON. I said, of course, I assumed there were no Members here representing private interests; and I assume that still.

Mr. COUZENS. I understand the Senator has since added the word "assumed" since he made his original statement. That might be the polite way to say it, but I want to point out to the Senator that a very prominent Member of the Senate told me a while ago that there were at least 30 Members of this body who represented power interests. So I wanted to make quite sure whether when the Senator said "assumed" he was humorous about it?

Mr. JOHNSON. I say I assume that no man here represents private interests; and I cannot conceive that 30 Members of this body represent the power interests. Of course, if that were so, there would be no use of any amendment

of this sort being presented; and the vote will show the Senator that that is not so, I am sure.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from California to the amendment reported by the committee.

Mr. JOHNSON. I ask for the yeas and nays.

The VICE PRESIDENT. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEAN. I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE]. I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS] and will vote. I vote "nay." I am advised that the Senator from Wisconsin, if present, would vote "yea."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. I understand, however, that he would vote as I intend to vote. I, therefore, feel at liberty to vote, and vote "nay."

Mr. NYE (when his name was called). On this question I am paired with the senior Senator from Arkansas [Mr. ROBINSON]. If he were present, I understand he would vote "nay." If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. McKELLAR (after having voted in the affirmative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND] and, therefore, withdraw my vote.

Mr. FESS. Mr. President, I wish to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from New York [Mr. COPELAND];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

Mr. KENDRICK. I desire to state that the Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Arkansas [Mr. ROBINSON] are detained from the Senate on official business.

The result was announced—yeas 45; nays 31, as follows:

YEAS—45

Ashurst	Connally	Long	Shipstead
Bailey	Costigan	McAdoo	Smith
Bankhead	Couzens	McCarran	Stephens
Black	Cutting	McGill	Thomas, Utah
Bone	Dale	Neely	Trammell
Borah	Dill	Norris	Vandenberg
Bratton	Duffy	Overton	Van Nuys
Bulow	Erickson	Pope	Wheeler
Byrd	Frazier	Reynolds	White
Capper	Hayden	Robinson, Ind.	
Carey	Johnson	Russell	
Clark	Kendrick	Sheppard	

NAYS—31

Adams	Caraway	Harrison	Murphy
Austin	Coolidge	Hatfield	Patterson
Bachman	Dickinson	Kean	Reed
Barbour	Dieterich	Keyes	Steiwer
Barkley	Fess	King	Wagner
Brown	George	Lonergan	Walcott
Bulkley	Goldsborough	McNary	Walsh
Byrnes	Hale	Metcalf	

NOT VOTING—19

Copeland	Hastings	McKellar	Schall
Davis	Hebert	Norbeck	Thomas, Okla.
Fletcher	La Follette	Nye	Townsend
Glass	Lewis	Pittman	Tydings
Gore	Logan	Robinson, Ark.	

So Mr. JOHNSON's amendment to the amendment of the committee was agreed to.

Mr. CAREY. Mr. President, I desire to offer an amendment.

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

The LEGISLATIVE CLERK. On page 7, after line 22, it is proposed to insert the following:

SEC. 7. No tax shall be imposed under this subsection upon any payment made for electrical energy used (1) in the production of agricultural products or (2) by any religious, charitable, or educational organization, no part of the net earnings of which inures to the benefit of any private shareholder or individual. The right to such exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.

Mr. CAREY. Mr. President, I shall take no time to discuss the amendment. It simply provides relief for the farmer who is using electrical energy for irrigation. It relieves him from payment of the 1-percent tax. It also relieves any charitable or educational institution from paying the tax. That is the sole purpose of the amendment.

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

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from Washington?

Mr. CAREY. I yield.

Mr. DILL. I did not clearly hear the reading of the amendment at the desk. Does the amendment exempt from the payment of the tax those farm-irrigation companies or cooperative companies organized by farm-irrigation districts who use electricity to pump water for irrigation purposes in the various districts?

Mr. CAREY. Yes; it relieves them from payment of the tax on all electrical energy used for agricultural production.

Mr. McCARRAN. Mr. President, may we have the amendment read again?

The PRESIDING OFFICER (Mr. McKELLAR in the chair). The clerk will read the amendment again for the information of the Senate.

The legislative clerk again read the amendment.

Mr. ADAMS. Mr. President, I am going to suggest to the Senator from Wyoming that he change the language of the amendment to read: "This section" instead of "this subsection."

Mr. CAREY. It applies to section (a), on page 7.

Mr. ADAMS. I am not so sure of that.

Mr. BONE. Mr. President, the suggestion made by the Senator from Colorado may have some merit, because I believe there is now pending some controversy between the farming element in my State and the Department with respect to the application of this tax. If we are going to adopt the amendment, as I assume we will, it should be made very clear that the category within which this current falls is sufficient to protect the farmer. There are thousands of farmers who pay so much tax on electricity for pumping purposes that they are going broke. I am thoroughly in agreement with the amendment offered by the Senator from Wyoming because it applies so much to the Northwestern States, where there is a great deal of irrigation work carried on. I think the suggestion of the Senator from Colorado should be considered by the Senator from Wyoming before he asks for final action upon his amendment.

Mr. HARRISON. Mr. President, does the Senator from Wyoming desire to modify his amendment in any way?

Mr. CAREY. I will modify it as suggested by the Senator from Colorado.

Mr. HARRISON. Mr. President, I may say to the Senator from Wyoming that I am going to offer no objection to the adoption of the amendment. The expert informs me that he thinks this will take care of the situation suggested by the Senator from Washington [Mr. BONE] and the Senator from Colorado [Mr. ADAMS].

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming as modified.

The amendment was agreed to.

Mr. LONG. Mr. President, I send to the desk an amendment, which I ask to have printed and lie on the table. I would rather take it up tomorrow than today.

The PRESIDING OFFICER. Does the Senator from Louisiana desire to have his amendment read?

Mr. LONG. I believe we may dispense with the reading of the amendment. Everyone is familiar with its contents. I would like to have it printed and taken up tomorrow. My amendment proposes to carry out the redistribution-of-wealth pledge contained in the last Democratic platform. I would prefer, as there are several Senators who want to discuss it, that it be taken up tomorrow if that can be arranged. Let it be printed tonight, and let us proceed with other amendments. I understand the Senator from

West Virginia [Mr. HATFIELD] desires to offer an amendment.

Mr. HARRISON. Mr. President, it is the desire that we move along as rapidly as possible with consideration of the bill. Of course, there are some other amendments to be offered, and if the Senator from Louisiana will wait a while we can see how we get along with the other amendments. The Senator from West Virginia has an amendment that may take some little time.

Mr. LONG. It will take some time to dispose of my amendment.

Mr. HARRISON. I have no disposition to keep the Senate in session this evening later than half past 5.

Mr. LONG. That being true, I may say to the Senator from Mississippi that it will take much longer than the time between now and half past 5 to dispose of my amendment.

The PRESIDING OFFICER. The Senator from Louisiana offers an amendment for the purpose of having it printed and lie on the table. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I send to the desk an amendment which I offer.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from West Virginia proposes the following amendment, to be inserted at the proper place in the bill:

SEC. —. That there shall be levied, collected, and paid upon all articles when imported directly or indirectly into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam) directly or indirectly from any foreign country, if the depreciation in the currency of such country, as determined by the Secretary of the Treasury, is 5 percent or more below the standard value of such currency as proclaimed by the Secretary of the Treasury on October 1, 1931, or similarly depreciated when compared with currency of the United States, these following taxes, which shall be in addition to the duties collected under existing law as amended by section 7 of this act:

(1) If the amount of the invoice value of the article is ascertained in units of currency of such foreign country—a tax equal to the difference between the invoice value of the article expressed in units of currency of such foreign country and converted to units of currency of the United States at the standard value of the currency of such foreign country as proclaimed by the Secretary of the Treasury on October 1, 1931; and (b) such amount converted to the currency of the United States at the buying rate of the unit of currency of such foreign country as ascertained under section 522 (c) of the Tariff Act of 1930.

(b) If the amount of the invoice value of the article is ascertained in units of currency of any country (including the United States) other than the country of exportation—a tax equal to the difference between (a) such amount expressed in units of currency of the country of exportation at the current rate of exchange for noon of the date of exportation and converted as provided in paragraph (1) to the currency of the United States at the standard value of such unit of currency of the country of exportation as proclaimed by the Secretary of the Treasury on October 1, 1931, and such amount expressed in units of currency of the country of exportation, and converted as provided in paragraph (1) into the currency of the United States at the buying rate of the units of currency of the country of exportation as ascertained under section 522 (c) of the Tariff Act of 1930. In cases, if any, where the Secretary of the Treasury is unable to determine the said buying rate under any of the provisions of said section 522 (c) of the Tariff Act of 1930, he shall determine such buying rate by the method which he approves as most fair and equitable in the premises and make and proclaim his determination accordingly and such determination and decision shall be final.

SEC. 6. This act shall not apply to imports of articles on the free list of the Tariff Act of 1930 not produced in the United States in substantial commercial quantities.

SEC. 7. For the purpose of the assessment and collection of duties under the existing law, the value (whether such value is ascertained in units of currency of the United States or of any other country) of any article provided for in section 5 shall be the value of such article converted to the currency of the United States at the standard value of the unit of currency of the country of exportation as provided for in paragraph (1) or (2) of section 5, as the case may be.

SEC. 8. Until June 30, 1935, the Tariff Commission, upon the filing of petitions; the adoption of resolutions by the Senate or House of Representatives; the initiation of proceedings before it in any form; or on its own motion shall, when satisfied by evidence before it, that such increased duty, or new duties, as the case may be, will increase employment in the industry which is the subject matter of the investigation, report to the President increased duties on articles on the dutiable list or duties on articles on the free list.

When unable, with due regard to prompt action, to fix rates of duties with greater exactness, the Commission shall report ad valorem rates of either 25 percent, 50 percent, 75 percent, or 100 percent, whichever the proof before it shows to be nearest to the rate which the Commission finds necessary to increase employment, in the United States, in the industry which is the subject matter of the investigation.

The President, upon receipt of such report, and, within 10 days thereafter, shall approve the same by issuing his proclamation in the manner now provided by law, or return the same to the Commission, with or without recommendation. No rate of duty on any article, fixed under the provisions of this section, shall be less than the rate of duty, plus the additional tax, if any, imposed under the provisions of the preceding sections of this act on the same article nor less than the rate fixed under and by virtue of the provisions of the Tariff Act of 1930 or by section 601 of the Revenue Act of 1932. Except as otherwise provided in this section; and except that the Commission shall not be required to hold public hearings; the provisions of part 2 of title 3 of the Tariff Act of 1930 shall, so far as applicable, apply to proceedings taken under the provisions of this section.

SEC. 9. Duties fixed, if any, by the President, under the provisions of section 338 of the Tariff Act of 1930, shall not be in addition to the taxes, new duties, or additional duties fixed under and by virtue of the provisions of this act.

In case of the fixing of any such duties under said section, the additional duties in force shall, while the duties fixed under said section 338 remain in effect, be either the new or additional duties or taxes fixed under and by virtue of the provisions of this act, or the additional duties fixed by the President under said section 338, whichever are higher.

SEC. 10. Terms used in this act shall have the meaning assigned to such terms in the Tariff Act of 1930.

SEC. 11. Sections 5 to 12, both inclusive, of this act shall be administered as part of the customs laws.

SEC. 12. Sections 5 to 11, both inclusive, of this act shall take effect on the day following the date of enactment and continue in force until June 30, 1935.

The PRESIDING OFFICER. Does the Senator from West Virginia offer the amendment as an amendment to the committee amendment? In the opinion of the Chair it ought to be a separate section.

Mr. HATFIELD. It is offered as a separate section.

The PRESIDING OFFICER. The committee amendment then ought to be disposed of first.

Mr. HATFIELD. It was my understanding that the committee had been disposed of.

The PRESIDING OFFICER. No; it has not yet been disposed of. The question is upon agreeing to the committee amendment.

The amendment was agreed to.

Mr. GORE. Mr. President, I send to the desk an amendment which I intend to propose. I ask that it be printed and lie on the table. It will constitute an additional section to the bill. The amendment is designed to prohibit the shipment in interstate commerce of contraband or bootleg oil; that is, oil produced in any State and shipped to another State contrary to the provisions of the law of such State.

The PRESIDING OFFICER. The amendment will be printed and lie on the table. The question is on the amendment of the Senator from West Virginia [Mr. HATFIELD], which has been read.

Mr. HATFIELD. Mr. President, I sent this amendment to the desk on the 4th of May. The amendment that I send to the desk this afternoon is a perfecting amendment, which I understand I have a right to offer.

The Senate of the United States by a majority vote only a few weeks ago, in the passage of the Thomas inflationary amendment to the farm relief bill, found it necessary to protect American trade and commerce from the injurious effects of depreciated currencies of foreign countries.

For the information and benefit of the Senate, I desire to quote briefly the purpose, or, stating the matter more accurately, the reasons given in the presentation of the Thomas inflationary amendment to the United States Senate for its adoption:

Whenever the President finds, upon investigation, that the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, the President in his discretion is authorized—

And so forth.

Mr. President, the adoption of my amendment will simply place in the hands of the President of the United States the power, if he sees fit to use it, to protect our trade and

commerce from the injurious effects of the depreciated currencies of foreign countries.

My amendment will not increase any tariff rates unless the President, after investigation and consideration by the Tariff Commission, finds that such increases are necessary to protect the trade and commerce of this country.

It is hardly to be expected that the granting of such permissive power would be opposed by a majority of the Senate; yet I am fearful that the partisan zeal of some Members of this body may outweigh their judgment.

I am hopeful that the Senate will favor this amendment and indicate to the trade and commerce of the United States that we in the Senate seek to give to American trade and commerce the assurance of protection which is most essential if we are to contribute toward the revival of American industry at this time.

Congress in the last 6 weeks has conferred much dictatorial power on the President of the United States. The power which my amendment seeks to give to the President and the Tariff Commission is one wherein the President is authorized to protect the trade and commerce of America, to provide employment opportunities for millions of American workers, and to make it possible for thousands of American plants again to resume operation.

The President has publicly called upon the industry of the United States to provide employment and to increase wages. The adoption of my amendment will place in the hands of the President an opportunity to say to American industry, "You can now operate, because we have it within our power, and we will exercise the power, to make possible for you to distribute and sell the products of your factory at prices which will permit a fair return on your investment, and to pay the American laborer wages which will insure him a purchasing power which at the present time he does not possess."

Mr. President, I recognize fully that this is a grant of broad and extensive power. In fact, possibly through its directness, it is the broadest and most extensive power proposed to be conferred upon the President at this session of a Congress which has not shown itself unwilling to confer dictatorial powers on the President.

I am entirely willing to confer great power upon the President when such power is to be used solely for the benefit of the American people. However, Mr. President, candor also requires me to call attention to the fact that, while these powers are great and broad, they cannot be exercised until 6 American citizens—3 appointed as Democrats and 3 appointed as Republicans—basing their action, at least, upon evidence in their possession which they deem sufficient, have transmitted to the President a recommendation upon which he can act.

Mr. President, we all realize that if we adjourn early in June, as is now anticipated, there is to be a congressional recess of approximately 6 months. We all realize that we will not be called again in special session before the regular session except in the gravest emergency. Every Senator knows that within those 6 months, with conditions such as exist in the world today, almost any or all American industries may need the tariff protection herein provided. Indeed, Mr. President, they have needed tariff protection, they have needed the assistance of Congress, they have needed the President's assistance, since September 1931.

The adoption of my amendment will make it possible for the President and the Tariff Commission to grant necessary protection to American industry and labor. Yet, unless the President is satisfied that such tariff protection is necessary, there will be no tariff increases granted. In other words, it is left optional with the President as to whether or not he will invoke the great opportunity that is given to him to protect the industries of this country.

Mr. President, my amendment is a planning amendment. It looks ahead. It places at the disposal of an American President, for the benefit of the American people, a tremendous power which, if necessary, I am confident the President, on the recommendation of the Tariff Commission, will courageously exercise.

Mr. President, for the information of the Senate, I have tabulated the depreciation of foreign currencies of 17 nations of the world; and I think it will interest the Senate to know that a table containing these tabulations shows an average depreciation in the currencies of European countries of 31½ percent, and a world average depreciation of the 17 countries of 39 percent.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Utah?

Mr. HATFIELD. I yield to the Senator.

Mr. KING. Has the Senator included in that tabulation the depreciation in the currency of the United States?

Mr. HATFIELD. I have. That has occurred only very recently, I may say to the Senator.

Mr. KING. It may be that within a reasonably short time the depreciation in our currency may be greater than in some other countries.

Mr. HATFIELD. That is very true under the inflation plan unfortunately adopted; but the condition prevails to a larger extent in Europe. It has continued to prevail since England went off the gold standard; and no effort has been made to protect American industry, notwithstanding Belgium, France, England, and all of the European nations as well as the Asiatic nations have protected what they control under their flags; and today each and every industry and each and every laboring man within the confines of their respective countries is absolutely assured of the home trade. Not so, however, with the United States of America.

Mr. President, I offer for the RECORD a tabulation dealing with the depreciated currencies of Europe, and I ask that it be made a part of my remarks.

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

The tabulation is as follows:

	Par	Demand on May 9	Decline in cents	Decline in percent
England (sovereign)	$4.86	$3.94	$0.92	19
Denmark (krone)	.26	.17	.09	35
Finland (finmark)	.025	.017	.008	32
Greece (drachma)	.012	.006	.006	50
Norway (krone)	.26	.20	.06	23
Portugal (escudo)	.044	.036	.008	18
Spain (peseta)	.199	.099	.10	53
Sweden (krona)	.267	.205	.062	23
European average				31½
Canada (dollar)	1.00	.87	.13	13
Mexico (peso)	.49	.30	.19	39
Argentina (peso)	.42	.28	.14	33
Brazil (milreis)	.12	.08	.04	33
Colombia (peso)	.97	.88	.09	9
Chile (peso)	.12	.06	.06	50
Peru (sol)	.28	.16	.12	43
Uruguay (peso)	1.03	.54	.49	47
Japan (yen)	.498	.242	.256	51
World average				39

The American dollar has depreciated approximately 10 percent in European markets; and this depreciation has been taken into account in the demand quotations of foreign currencies given in the above table, and the dollar depreciation also has affected the percentage decline shown in the table.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Colorado?

Mr. HATFIELD. I yield to the distinguished Senator.

Mr. COSTIGAN. May I ask the able Senator from West Virginia whether he has tabulated data with respect to imports from foreign countries under depreciated currencies?

Mr. HATFIELD. I may say to the Senator from Colorado that that has been very difficult indeed to do. I have undertaken this great task, but up to the present time I have not been able to satisfy myself as to the imports. Suffice it to say they have increased obviously more in volume than in value under the currency depreciation that has been carried on; and I am simply undertaking to claim what we are justly entitled to in America since the gold standard was abandoned by the European and the Asiatic nations.

Mr. COSTIGAN. Have the investigations of the Senator from West Virginia disclosed any flood of imports into the United States from depreciated-currency countries?

Mr. HATFIELD. I do not think there has been a flood of imports into the United States, due to the fact that the purchasing power of the average American has been so low that he could not buy the commodities shipped from Europe and from Asia; however, the low quotations from the importer have precluded industrial activity in many lines.

Mr. COSTIGAN. Has the Senator from West Virginia investigated imports into the United States under the great depreciation in the German mark in and following 1921? At that time, if I am correctly informed, the German mark depreciated in excess of 95 percent. Was there, in those years, the flood of imports which the Senator from West Virginia appears to fear at this hour?

Mr. HATFIELD. No; I do not think so. This is the situation, however, so far as Germany is concerned.

Mr. COSTIGAN. What is the explanation of the Senator from West Virginia of the failure of Germany to send a flood of exports to the United States during the period of enormous depreciation in German currency?

Mr. HATFIELD. Their sales organization had been broken down by the war and it was practically inoperative for years after the armistice. Mr. President, there is no reason why they should not have come into this country, so far as the cost of production of the industries was compared, with the cost of production under the American flag. If we take the standard of wage which is paid to the German wage earner and measure it by the standard of wage paid the American wage earner, there is no reason why they should not have been dumped into our country.

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

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

Mr. KING. I have in my hand a statement obtained from the Department of Commerce which shows quite a contrary conclusion from that announced by the Senator—to wit, that instead of there being an increase of imports since those countries have gone off the gold standard, there has been a great decrease in the imports to the United States.

Take Japan, for instance: The last 3 months of this year, under the depreciated currency, the shrinkage in imports into the United States has been approximately 50 percent.

Mr. HATFIELD. In what items? Will the Senator state that?

Mr. KING. I have them here. I have a large number, but in the aggregate the reduction in imports is approximately 50 percent. I have the figures for, I believe, all countries from which we have imported, and they show that there has been a considerable decrease in imports to the United States.

Mr. FESS. Mr. President——

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

Mr. HATFIELD. Just a moment. Will the Senator explain to me why it is that France, Germany, England, and even Japan, have protected their own markets even to the point of almost an embargo if there is no advantage in protecting their home market, which America has failed to do?

Mr. KING. May I say to the Senator that our exports to those countries have greatly exceeded our imports from them, and in the case of the countries to which the Senator has just referred, the exports from the United States to those countries have not been affected at all by any tariff duties which they have imposed, measured by the imports which have come into the United States from them.

Mr. HATFIELD. Mr. President, I may say to the distinguished Senator from Utah that I live in a State that furnishes a great deal of pottery and china. The largest china-and-pottery industry in the world is located in West Virginia; and across the great Ohio River there is located another great china-and-pottery industry. That section of Ohio and West Virginia employs, in ordinary times, 17,500 industrial workers at a wage which is worthy of their hire; but today less than 3,000 workers are employed in those industries, and those men are staggering their work for the purpose of giving employment to a greater number to the point where they may be able to feed and clothe their families. It is conceded by every producer that their market, which they ordinarily enjoy, has been lost to Japan under its 60 percent depreciation of currency.

Mr. FESS. Mr. President——

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

Mr. FESS. I desire to make this observation: It is a universally conceded principle that where a government goes upon a depreciated-currency basis the cost of production in that country is going to be reduced just to the degree that the money is depreciated, and therefore it will undersell any other country that is not on a depreciated-currency basis. The Senator will admit that that is a conceded principle.

Mr. KING. No; I do not.

Mr. FESS. Well, it is a conceded principle that the cheapness of production in such a country, due to the depreciation of the money paid to labor, enables that country to go into markets and undersell where otherwise it could not do so. That is a principle that is conceded. On the other hand, other things being equal, we would have an increase of imports into this country from depreciated-currency countries if we had the normal purchasing power.

Mr. HATFIELD. That is it exactly.

Mr. FESS. But where the purchasing power of the country is broken down, then the principle does not apply. The Senator will admit that it is a principle of economics that every country argues that it should have a cheaper dollar in order to increase its exports.

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

Mr. HATFIELD. I yield.

Mr. KING. May I say that the investigation of the Tariff Commission does not justify at all the broad generalizations of the Senator from Ohio; and may I say that it would seem that if those other countries which have gone off the gold standard are suffering because of lack of purchasing power, they have, in some instances, been purchasing from us approximately a hundred percent more than we have been selling to them.

Mr. FESS. I am not talking about their purchasing power; I am talking about the purchasing power of the gold-standard countries.

Mr. KING. The Senator knows that with respect to those that have gone off the gold standard and those which have maintained the gold standard there are relatively the same exports and imports now as there were before the abandonment of the gold standard.

Mr. FESS. The Senator will concede that the argument of every country for a cheaper dollar or a cheaper measuring unit is for the purpose of increasing its exports.

Mr. KING. I do not concede that.

Mr. HARRISON. Mr. President, will the Senator from West Virginia yield to me?

Mr. HATFIELD. I yield.

Mr. HARRISON. If it meets the approval of the Senator from West Virginia that no action be taken on his amendment tonight and that we now lay aside temporarily the pending business in order that we might take up the deficiency appropriation bill, it would be entirely agreeable to us. The Senator could then proceed tomorrow.

Mr. HATFIELD. Mr. President, I will say to the distinguished Senator from Mississippi that I am just concluding. I have no other statement to make except to refer to a statement recently made by Mr. James A. Farrell, former president of the United States Steel Corporation, at a round-table conference on foreign commercial policy, on May 3, 1933, in which he points out the following. I quote Mr. Farrell:

> We have not changed our tariffs, notwithstanding the fact that within the past 90 days there have been 60 tariff changes on the part of the European countries, and within the last few weeks England has made a tariff treaty with Denmark, with Germany, a very important one within a few days with Argentina, which gives them preference in Argentina and probably will absorb the exchange available there, and in order to make a good measure England has loaned Argentina £10,000,000 sterling.

This statement is followed by a tabulation which contains a list of a great number of nations which have recently changed their tariff rates, which I ask to have made a part of my remarks.

The PRESIDING OFFICER. Is there objection?

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

SOME TARIFF INCREASES MADE RECENTLY BY FOREIGN COUNTRIES

Denmark: Duty increases on coffee and confectionery.
Italy: Import duty put on manioc flour; import duty on marine motors increased; increased duty on outboard motors.
Federated Malay States: Increases on canned milk, certain edible oils.
Canada: Dumping duty on canned shrimp.
Japan: Increased duties on lumber.
United Kingdom: Increased duties on patent varnished, japanned, and varnished leather and bleached cotton linters.
Germany: Increased duty on margarine and its raw materials.
Mexico: Increased duty on hogs.
Peru: Motion-picture films.
Siam: Numerous tariff increases.
Switzerland: Radios.
Australia: Lard and other edible fats; certain static transformers; electric fans; brake drums for trucks and busses; and certain types of motion-picture films.
Brazil: Some increases on a number of products.
Latvia: Duty on herring.
Norway: Coffee, sugar, and tea.
Yugoslavia: Certain paper goods.
Finland: Certain electrical machines.
Paraguay: Gasoline.
Germany: Certain lumber; agricultural products.
Hungary: Certain colonial products.
Mexico: Fish, razor blades, and certain chemical products.
Switzerland: Oil burners and lamps.
United Kingdom: Certain iron and steel manufactures; dried fruits; and carpets, rugs, and mats.
Dominican Republic: Rice.
Finland: On a number of products, including wheat, ironware, electric cookers.
Switzerland: Coffee and tea.
Bermuda: Increased duties on selected items.
Estonia: Numerous increases on various iron and steel products and textile materials, etc.
France: Potatoes and potato starch.
Germany: Cattle, sheep, hogs, meat, and lard.
New Zealand: Gasoline and certain tobacco.
Belgium: Automotive products.
Mexico: Oats.
Poland: Corn meal, rice flour, starch, and celluloid; bacon, pickled hams, and pickled pork products.
Italy: Coke.
Norway: Duplicating machines, floor-polishing machines, and coffee-roasting machines.
Palestine: Breadstuffs and several other products.
Belgium: Gasoline, kerosene, and leaf tobacco.
Norway: Business machines and vacuum cleaners.
Mexico: Galvanized-iron wire, certain articles of rubber, and matches.
Netherlands: Horizontal on noncompetitive imports.

Mr. HATFIELD. Mr. President, if power is given to the President or to the Tariff Commission which would enable them to increase tariff rates anywhere from 25 to 100 percent, it does not mean that the President or the Tariff Commission would exercise the power, but it seems to me that the power ought to be lodged in the hands of someone who is going to be responsible to American industries and to the 125,000,000 people of this country.

Gentlemen may say what they please about the Smoot-Hawley tariff law and its rates, they may say that they are operative at the present time, and that they more than protect the industries of the United States, but when we compare the low currency value of the money of Europe and Asia with our own monetary values at the present time and then when we take the average rate found in the Smoot-Hawley tariff law, which is 16.4 percent, and compare the conditions at home and abroad with a world average of depreciation of currency of 39 percent, which is 2½ times our average tariff rate, we will soon arrive at the conclusion, as has the average business man and the average working man who thinks in terms of his own protection here in the United States, that we need something more in the way of protection to these industries than we have at the present time.

Mr. President, there is nothing compulsory about this amendment. It would simply give to the President of the United States power to deal with our commerce and trade. It would give him power to protect the wage earner of the United States today. There is no question but that there is a sentiment from every point of the compass in the United States for such action. The wage earners have asked for it, they have appealed for it, since England went off the gold standard in September 1931, and they are going to continue to appeal for it.

We may inflate the currency as much as we please, we may devalue the gold dollar and destroy the fundamental principles laid down by Thomas Jefferson and by Alexander Hamilton and approved by George Washington and the other great founders of this Republic, but as long as Europe is on a depreciated-currency basis, as long as Asia is on the same basis, just so long will the American industries under the American flag languish and fail. Here in the Congress we should give the President of the United States the power, if we are not willing to invoke it ourselves.

Mr. President, the tariff rates carried in the Smoot-Hawley tariff bill, with foreign currencies at par, average, for all imports, free and dutiable, 16⅓ percent. The average tariff rate of duty in force on dutiable imports alone—and dutiable imports amount to some 33 percent of our total imports—with foreign currencies at par, average some 50⅒ percent.

The figures I have cited show a world average depreciation of foreign currencies of 39 percent. This in itself eliminates almost every vestige of tariff protection at present accorded those products of American workers which are forced to compete in the American market with products of foreign workers.

Mr. President, in view of the facts I have presented, I am hopeful that those Members of the Senate who desire to place in the hands of the President of the United States the power to properly protect the best interest of American trade and commerce will favor my amendment.

Mr. BRATTON. Mr. President, in view of the statement just made by the Senator from Mississippi, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of House bill 5390, the deficiency appropriation bill.

Mr. HATFIELD. Mr. President, I think I should have a vote on my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia.

Mr. BRATTON. Mr. President, I had understood that the Senator was entirely agreeable to having action on his amendment go over until tomorrow. Otherwise, I would not have made the request.

Mr. HARRISON. Mr. President, several Senators have had to leave, and I told them that we would not have a vote on this amendment today.

Mr. HATFIELD. I have not the slightest objection to its going over.

Mr. CLARK. Mr. President, I desire to give notice of a motion to reconsider the motion by which the first Norris amendment was rejected.

The PRESIDING OFFICER. The notice will be entered.

Mr. HARRISON. Mr. President, before the pending business is temporarily laid aside, I should like to state that the Senator from Wyoming [Mr. CAREY] requested that I ask unanimous consent that the amendment he offered be modified by striking out the word "subsection" and inserting in lieu thereof the word "section."

The PRESIDING OFFICER. Is there objection? Without objection, the modification will be made.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. If the unfinished business shall be temporarily laid aside, when it shall again be taken up for consideration, the question will then be on the amendment offered by the Senator from West Virginia [Mr. HATFIELD]?

The PRESIDING OFFICER. The question will be on the amendment offered by the Senator from West Virginia [Mr. HATFIELD].

DEFICIENCY APPROPRIATIONS

Mr. BRATTON. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and the Senate proceed to the consideration of 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.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

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

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will state the first amendment reported by the Committee on Appropriations.

The first amendment of the Committee on Appropriations was, under the heading "Legislative", on page 2, after line 1, to insert:

SENATE

To pay to Nieves Maria P. C. Walsh, widow of Hon. Thomas J. Walsh, late a Senator from the State of Montana, $9,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 5, to insert:

To pay Alice C. Howell, widow of Hon. R. B. Howell, late a Senator from the State of Nebraska, $9,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 7, to insert:

For miscellaneous items, exclusive of labor, fiscal year 1933, $20,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 9, to insert:

Police force for Senate Office Building, under the Sergeant at Arms: Fifteen privates at the rate of $1,620 per annum each, fiscal year 1934, $22,275.

Mr. McNARY. Mr. President, may I ask the Senator in charge of the bill whether the 15 officers are to be in addition to the force now looking after the building?

Mr. BRATTON. Yes, they are in addition to that force, and we are advised and believe that, due to conditions with which the Senator is familiar, the additional policemen are needed urgently. The item is supported by a budget estimate.

The amendment was agreed to.

The next amendment was, under the subhead "House of Representatives", on page 2, after line 13, insert:

To pay Lois Slayton Woodworth Briggs, widow of Clay Stone Briggs, late a Representative from the State of Texas, $8,500.

The amendment was agreed to.

The next amendment was, under the subhead "Architect of the Capitol", on page 3, after line 10, to insert:

Senate Office Building: For labor and materials and other expenses incidental thereto, for additional painting in the Senate Office Building, to remain available during the fiscal year 1934, to be expended under the direction and supervision of the Committee on Rules, acting through the Architect of the Capitol, who shall be its executive agent, $5,000.

The amendment was agreed to.

The next amendment was, on page 3, after line 17, to insert:

GOVERNMENT PRINTING OFFICE

Not exceeding $400,000 of the working capital of the Government Printing Office for the fiscal year 1934 shall be available for the purpose of enabling the Public Printer to comply with the provisions of law granting 15 days' annual leave of absence to employees with pay.

The amendment was agreed to.

The next amendment was, on page 5, line 1, to strike out the heading "Judgments, United States Courts," and insert the following:

TITLE II. JUDGMENTS AND AUTHORIZED CLAIMS

DAMAGE CLAIMS

SECTION 1. For the payment of claims for damages to or losses of privately owned property adjusted and determined by the following respective departments under the provisions of the act entitled "An act to provide for a method for the settlement of claims arising against the Government of the United States in sums not exceeding $1,000 in any one case", approved December 28, 1922 (U.S.C., title 31, secs. 215–217), and certified to the Seventy-third Congress in a communication from the President of the United States to the President of the Senate, dated May 8, 1933, under the following departments, namely:

Post Office Department, $4,227.38;
Treasury Department, $292.54;
In all, $4,519.92.

The amendment was agreed to.

The next amendment was, on page 5, line 19, to insert the subhead "Judgments, United States Courts."

The amendment was agreed to.

The next amendment was, on page 6, line 4, after the word "Congress" to insert "in a communication from the President of the United States to the Speaker of the House of Representatives, dated April 27, 1933"; so as to read:

SEC. 2. For payment of the final judgment, including costs of suit, rendered under the provisions of the act of March 3, 1887, entitled "An act to provide for the bringing of suits against the Government of the United States", as amended by the Judicial Code, approved March 3, 1911 (U.S.C., title 28, sec. 41, par. 20; sec. 258; secs. 761–765), in favor of the Columbia Planograph Co., a corporation (Supreme Court of the District of Columbia, Law No. 76808), and certified (under the Department of Commerce) to the Seventy-third Congress in a communication from the President of the United States to the Speaker of the House of Representatives, dated April 27, 1933, $670, together with such additional sum as may be necessary to pay interest on such judgment at the rate of 4 percent per annum from the date thereof until the time this appropriation is made.

The amendment was agreed to.

The next amendment was, on page 6, line 19, after the word "Congress", to insert "in communications from the President of the United States to the President of the Senate and the Speaker of the House of Representatives, dated May 8, 1933, and April 27, 1933, respectively," so as to read:

For the payment of judgments, including costs of suits, rendered against the Government of the United States by United States district courts under the provisions of an act entitled "An act authorizing suits against the United States in admiralty for damages caused by and salvage services rendered to public vessels belonging to the United States, and for other purposes", approved March 3, 1925 (U.S.C., title 46, secs. 781–789), and certified to the Seventy-third Congress in communications from the President of the United States to the President of the Senate and the Speaker of the House of Representatives, dated May 8, 1933, and April 27, 1933, respectively, under the following departments, namely.

The amendment was agreed to.

The next amendment was, on page 7, line 3, after the figures "$1,561", to insert a semicolon and the following: "Larney B. Shaw (United States District Court, Eastern District of Virginia, March 21, 1933, damages due to collision between the wooden barge *Evelyn L. Shaw* and the Navy barge *YC–270)*, $1,500; in all under the Navy Department, $3,061", so as to read:

Navy Department: The Delaware, Lackawanna & Western Railroad Co. (United States District Court, Eastern District of New York, March 23, 1933, damages due to collision between the ferryboat *Orange* and the U.S.S. *Transfer)*, $1,561; Larney B. Shaw (United States District Court, Eastern District of Virginia, March 21, 1933, damages due to collision between the wooden barge *Evelyn L. Shaw* and the Navy barge *YC–270)*, $1,500; in all under the Navy Department, $3,061.

The amendment was agreed to.

The next amendment was, on page 7, line 16, after the figures "$945.42", to insert a semicolon and "in all, under the Treasury Department, $12,160.44"; so as to read:

Treasury Department: Chester A. Poling, Inc. (United States District Court, Eastern District of New York, November 22, 1932, damages due to collision between the lighter *Poling Brothers No. 1* and the Coast Guard vessel *Trippe)*, $11,215.02; Seacoast Trawling Co. (United States District Court, District of Massachusetts, March 6, 1933, damages due to collision between the fishing vessel *Juneal* and the Coast Guard patrol boat *C.G. 212)*, $945.42; in all, under the Treasury Department, $12,160.44.

The amendment was agreed to.

The next amendment was, on page 7, after line 16, to insert:

War Department: The city of New York (United States District Court, Southern District of New York, No. 98-207, March 17, 1933, damages due to collision between the ferryboat *Queens* and the Coast Guard cutter *Manhattan*), $3,632.14.

The amendment was agreed to.

The next amendment was, on page 7, at the beginning of line 22, to strike out "in all, $13,721.44" and insert "total, judgments under Public Vessels Act, $18,853.58,"; so as to read:

Total, judgments under Public Vessels Act, $18,853.58, together with such additional sum as may be necessary to pay interest on any such judgment where specified therein and at the rate provided by law.

The amendment was agreed to.

The next amendment was, at the top of page 8, to insert:

For the payment of the final judgment, including costs of suit, rendered against the Government, under the provisions of the acts of May 1, 1926 (44 Stat. 1464), and February 26, 1927 (44 Stat. 1793), transmitted to the Seventy-third Congress, first session, in a communication from the President of the United States, to the President of the Senate, dated May 8, 1933, in favor of the Kursheedt Manufacturing Co. (United States District Court, Southern District of New York, No. 92-260, February 21, 1933, damages to cargo due to collision between steamship *Almirante* and steamship *Hisko*), under the Navy Department, $1,008.48.

The amendment was agreed to.

The next amendment was, on page 8, after line 17, to insert:

JUDGMENTS, COURT OF CLAIMS

SEC. 3. For the payment of the judgments rendered by the Court of Claims as set forth in the schedule transmitted to the Seventy-third Congress, first session, in a communication from the President of the United States to the President of the Senate, dated May 8, 1933, under the following departments, namely:

Navy Department: Peter G. Hale (Feb. 6, 1933, L-423, allowance for dependent), $3,375.14.

War Department: Hodgson Oil & Refining Co. (Mar. 23, 1933, 17381, 17395, and 17398, sale of cotton linters), $29,843.25; Buckeye Cotton Oil Co. (Mar. 23, 1933, 17495, sale of cotton linters), $541,-359.57; Planters' Cotton Oil Co. (Mar. 23, 1933, 17385, sale of cotton linters), $36,197.29; Planters' Manufacturing Co. (Mar. 23, 1933, 17442, sale of cotton linters), $33,057.71; Daniel DeBardeleben (Feb. 6, 1933, 41824, difference in pay), $974.89; Leland Oil Works (Mar. 23, 1933, D-1095, sale of cotton linters), $52,592.46; Port Gibson Oil Works (Mar. 23, 1933, D-1100, sale of cotton linters), $21,776.94; Pittsburgh & Midway Coal Mining Co. (Feb. 6, 1933, J-574, penalties deducted under purchase order for coal), $493.30; in all, under War Department, $716,295.41.

Total, judgments, Court of Claims, $719,670.55: *Provided*, That none of the judgments contained under this caption which have not been affirmed by the Supreme Court or otherwise become final and conclusive against the United States shall be paid until the expiration of the time within which application may be made for a writ of certiorari under subdivision (b), section 3, of the act entitled "An act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes", approved February 13, 1925 (U.S.C., title 28, sec. 288).

The amendment was agreed to.

The next amendment was, on page 10, after line 6, to insert:

AUDITED CLAIMS

SEC. 4. For the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the Act of June 20, 1874 (U.S.C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1930 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U.S.C., title 5, sec. 266), in the schedules transmitted to the Seventy-third Congress, first session, by the President of the United States in a communication to the President of the Senate, dated May 8, 1933, there is appropriated as follows:

LEGISLATIVE ESTABLISHMENT

For public printing and binding, Government Printing Office, $59.70.

INDEPENDENT OFFICES

For Interstate Commerce Commission, $1.75.
For medical and hospital services, Veterans' Bureau, $4,715.
For military and naval compensation, Veterans' Administration, $178.44.
For salaries and expenses, Veterans' Bureau, $11.25.
For vocational rehabilitation, Veterans' Bureau, $108.40.
For Army pensions, $95.71.

DEPARTMENT OF AGRICULTURE

For salaries and expenses, Bureau of Animal Industry, $28.62.

DEPARTMENT OF COMMERCE

For air navigation facilities, $727.04.
For enforcement of wireless communication laws, $31,924.27.
For scientific library, Patent Office, $25.

DEPARTMENT OF THE INTERIOR

For general expenses, Bureau of Education, $2.75.
For conservation of health among Indians, $75.
For pay of Indian police, $43.78.

DEPARTMENT OF JUSTICE

For books, Department of Justice, $2.50.
For detection and prosecution of crimes, $22.50.
For salaries, fees, and expenses of marshals, United States courts, $427.02.
For fees of commissioners, United States courts, $1,335.75.
For fees of jurors and witnesses, United States courts, $6.40.
For books for judicial officers, $127.
For United States Penitentiary, Atlanta, Ga., $94.47.

DEPARTMENT OF LABOR

For expenses of regulating immigration, $2,000.

NAVY DEPARTMENT

For engineering, Bureau of Engineering, $897.85.
For pay of the Navy, $1,548.25.
For pay, subsistence, and transportation, Navy, $2,635.48.
For maintenance, Bureau of Supplies and Accounts, $12.50.
For aviation, Navy, $7,000.
For pay, Marine Corps, $80.54.

DEPARTMENT OF STATE

For relief and protection of American seamen, $27.
For transportation of Foreign Service officers, $408.48.

TREASURY DEPARTMENT

For salaries and wages, mint service, major institutions, $51.91.
For collecting revenue from customs, $4.
For enforcement of Narcotic and National Prohibition Acts, internal revenue, $150.02.
For pay and allowances, Coast Guard, $3,975.22.
For fuel and water, Coast Guard, $5.
For Coast Guard, $855.06.
For pay of other employees, Public Health Service, 75 cents.
For pay of personnel and maintenance of hospitals, Public Health Service, $1.04.
For field investigations of public health, $1.
For furniture and repairs of same for public buildings, $12.36.
For general expenses of public buildings, $1.
For operating supplies for public buildings, $1.42.
For repairs and preservation of public buildings, $1.19.
For marine hospital, Carville, La., $120.86.

WAR DEPARTMENT

For pay, etc., of the Army, $26,774.34.
For pay of the Army, $10,906.83.
For mileage of the Army, $37.50.
For clothing and equipage, $42.71.
For Army transportation, $41.31.
For pay of National Guard for armory drills, $253.62.
For supplies, services and transportation, Quartermaster Corps, $181.39.
For subsistence of the Army, $6.75.
For general appropriations, Quartermaster Corps, $956.14.
For replacing ordnance and ordnance stores, $175.34.
For replacing clothing and equipage, $1.12.
For terminal storage and shipping buildings, $5,324.49.
For registration and selection for military service, $448.70.
For increase of compensation, Military Establishment, $2,437.49.
For citizens' military training camps, $1.
For mileage to officers and contract surgeons, $36.99.
For organized reserves, $51.33.
For arrears of pay, bounty, etc., $84.93.
For Reserve Officers' Training Corps, $42.
For pay, etc., of the Army, War with Spain, $15.52.
For regular supplies of the Army, $941.65.
For seacoast defenses, ordnance, $250.21.
For arming, equipping, and training the National Guard, $195.
For headstones for graves of soldiers, $1.47.
For Rainy Lake reference (State transfer to War, act May 21, 1920), $9.04.

POST OFFICE DEPARTMENT—POSTAL SERVICE

(Out of the postal revenues)

For city delivery carriers, $87.16.
For clerks, contract stations, $1.83.
For clerks, first- and second-class post offices, $7.09.
For foreign mail transportation, $51.43.
For freight, express, or motor transportation of equipment, etc., 38 cents.
For indemnities, domestic mail, $168.07.
For indemnities, international mail, $36.66.
For miscellaneous items, first- and second-class post offices, $60.
For railroad transportation and mail-messenger service, $17.42.
For rent, light, and fuel, $261.72.
For separating mails, $249.
For special delivery fees, $70.01.

Total, audited claims, section 4, $110,030.92, together with such additional sum due to increases in rates of exchange as may be necessary to pay claims in the foreign currency as specified in certain of the settlements of the General Accounting Office.

The amendment was agreed to.

The next amendment was, at the top of page 16, to insert the following additional section:

SEC. 5. For the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (U.S.C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1930 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U.S.C., title 5, sec. 266), as set forth in the schedule transmitted to the Seventy-third Congress, first session, by the President of the United States in a communication to the President of the Senate, dated May 8, 1933, there is appropriated as follows:

NAVY DEPARTMENT

For pay, subsistence, and transportation, Navy, $8,732.43.
For pay of the Navy, $4,836.67.
Total, audited claims, section 5, $13,569.10.

The amendment was agreed to.

Mr. BRATTON. Mr. President, on behalf of the committee, I send forward an amendment which I ask to have agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from New Mexico proposes the following amendment: On page 3, after line 23, to insert the following:

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

Eradication of scabies, Truxton Canyon Reservation, Ariz. (tribal funds): For assisting in the eradication of scabies in livestock of the Indians of the Truxton Canyon Reservation, Ariz., fiscal years 1933 and 1934, $10,000, payable from tribal funds on deposit to the credit of said Indians.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. Mr. President, I send forward another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the top of page 4, it is proposed to insert the following:

Attorneys' fees and expenses, Menominee Tribe, Wisconsin (tribal funds): The unexpended balance of the $20,000 of Menominee tribal funds authorized to be expended by the act of March 2, 1931 (46 Stat., p. 1468), for employment of attorneys to formulate any claims the Menominee Tribe might have against the Government of the United States, and for expenses of such attorneys in connection with their services, is hereby continued available for the same purposes until June 30, 1934.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. I offer another amendment.

The PRESIDING OFFICER. The amendment proposed by the Senator from New Mexico will be stated.

The LEGISLATIVE CLERK. On page 4, after line 24, it is proposed to insert:

DEPARTMENT OF STATE

Seventh International Conference of American States, Montevideo, Uruguay: Not to exceed $70,000 of any appropriation made for the Department of State for the fiscal year 1934 is hereby made available for the participation by the United States in the Seventh International Conference of American States to be held in the city of Montevideo, Uruguay, including personal services without reference to the Classification Act of 1923, as amended, and rent, stenographic reporting and translating services by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5); traveling expenses (and by indirect routes if specifically authorized by the Secretary of State); hire of automobiles; purchase of necessary books and documents; stationary; official cards; newspapers and periodicals; printing and binding; entertainment; equipment; and such other expenses as may be authorized by the Secretary of State, to remain available until June 30, 1934.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. I offer another amendment, to follow the amendment just adopted.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 24, after the amendments heretofore agreed to, it is proposed to insert:

Salaries of Foreign Service officers while receiving instructions and in transit: The sum of $60,000 is hereby transferred from the appropriation "Office and living quarters, Foreign Service, 1933", to the appropriation "Salaries of Foreign Service officers while receiving instructions and in transit, 1933."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. I offer a further amendment to follow the amendment just adopted.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, after line 24, after the amendment last adopted, it is proposed to insert:

Salaries of Foreign Service officers while receiving instructions and in transit: The sum of $20,000 is hereby transferred from the appropriation "Contingent expenses, Foreign Service, 1934", to the appropriation "Salaries of Foreign Service officers while receiving instructions and in transit, 1934."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. I send forward another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill, after the amendments heretofore agreed to, it is proposed to insert:

Fluctuations in rates of exchange: Not to exceed $1,500,000 of any appropriation or appropriations for the State Department for the fiscal year 1934 is hereby made available to enable the President, in his discretion or as prescribed by him, and notwithstanding the provisions of any other law, to make expenditures arising in connection with fluctuations in rates of exchange subsequent to March 1, 1933, and such action as the President may take shall be conclusive, to be immediately available and to continue available until June 30, 1934.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BRATTON. I offer another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the top of page 5 it is proposed to insert:

WAR DEPARTMENT

CORPS OF ENGINEERS

Flood control, Lowell Creek, Alaska: For necessary maintenance of the flood-control works at Lowell Creek, Seward, Alaska, authorized by an act approved February 14, 1933 (47 Stat., p. 802), to be available until June 30, 1934, $21,000.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BYRNES. Mr. President, I offer an amendment to the pending bill.

The PRESIDING OFFICER. The amendment proposed by the Senator from South Carolina will be stated.

The LEGISLATIVE CLERK. At the top of page 5, after the amendments heretofore agreed to, it is proposed to insert:

RECONSTRUCTION FINANCE CORPORATION

That paragraph (6) of section 201 (a) of the Emergency Relief and Construction Act of 1932 is amended so as to read as follows: "(6) To make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the repair or reconstruction of buildings damaged by earthquake, tornado, or cyclone in the year 1933 and deemed by the Reconstruction Finance Corporation economically useful. Obligations accepted hereunder shall be collateraled (a) in the case of loans for the repair or reconstruction of private property, by the obligations of the owner of such property secured by a paramount lien except as to taxes and special assessments on the property repaired or reconstructed, and (b) in the case of municipalities or political subdivisions of States or their public agencies, by an obligation of such municipality, political subdivision, or public agency. The corporation shall not deny an otherwise acceptable application for loans for repair or reconstruction of the buildings of municipalities, political subdivisions, or their public

agencies because of constitutional or other legal inhibitions affecting the collateral. The collateral obligations may have maturities not exceeding 10 years. Loans under this paragraph shall be fully and adequately secured. No loan hereunder shall be made after December 31, 1933. The aggregate of the loans made under this paragraph shall not exceed $5,000,000."

Mr. McNARY. Mr. President, I understand that amendment is largely based on legislation heretofore passed by Congress allowing loans to be made in cases of damage caused by cyclones?

Mr. BYRNES. That is a correct statement.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from South Carolina.

The amendment was agreed to.

Mr. BARKLEY. I offer an amendment to be inserted at the proper place in the bill.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. After the amendments heretofore agreed to, it is proposed to insert:

American group of the Interparliamentary Union: Toward the expenses of the American group of the Interparliamentary Union, including traveling expenses, subsistence or per diem in lieu of subsistence (notwithstanding the provisions of any other act), compensation for stenographic and other clerical services, printing and binding, and other necessary expenses, fiscal year 1934, $10,000, to be disbursed on vouchers approved by the president and the executive secretary of the American group.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Kentucky.

The amendment was agreed to.

Mr. JOHNSON. I offer an amendment which is intended simply to extend an appropriation which has not been used.

The PRESIDING OFFICER. The amendment proposed by the Senator from California will be stated.

The LEGISLATIVE CLERK. At the top of page 5, after the amendment heretofore agreed to, it is proposed to insert:

Palo Verde Valley, Calif.: Flood protection, the unexpended balance of the appropriation of $50,000 for the protection of Palo Verde Valley, Calif., contained in the Second Deficiency Act, fiscal year 1932, approved July 1, 1932, shall remain available for the same purposes during the fiscal year 1934.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from California.

The amendment was agreed to.

Mr. TRAMMELL. The amendments which have been offered to the pending bill have all been adopted with a great deal of expedition, and properly so, unless there is some inquiry made; but I noticed among the number an amendment that provided 60 thousand or 70 thousand dollars for the payment of Foreign Service officers in transit or something of that character. I should like to know what that really is, and why the Senate is appropriating 60 thousand or 70 thousand dollars in addition to the customary amounts?

Mr. BRATTON. As I understand, due to the changes in personnel, additional funds are needed to provide transportation for Foreign Service officers to and from the United States. The item is supported by a Budget estimate and has been thoroughly investigated.

Mr. TRAMMELL. I suppose probably the amendment is all right, but, so far as the question of being supported by a Budget estimate is concerned, that does not carry a great deal of weight with me. I find that in fixing the Budget there still remains some of that old Republican favoritism in the matter of making estimates and sending in items of appropriation. I am not going to criticize any of these items in particular, but I think there is a little liberality being dispensed here.

The Public Printer in his annual report stated that $500,000 a year could be saved to the Government in the operation of the public printing plant. I have not seen any item come in here for the purpose of curtailing or reducing the amount of expense there. There is an appropriation of $400,000 carried in this deficiency bill for the Government Printing Office. I think we had better go into the question of the Public Printing Office, for instance, for which there is an item of $400,000 in this bill.

Mr. BRATTON. Mr. President, will the Senator from Florida yield?

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

Mr. TRAMMELL. I yield.

Mr. BRATTON. The Senator from Florida is in error in that statement, and I know he does not desire to make an erroneous statement. In the recent economy bill we restored to employees of the Government Printing Office the right to leave with pay, but reduced the period to 15 days. In an earlier appropriation bill we had altogether discontinued the right of leave with pay. The result is that the employees are now entitled to 15 days' leave with pay, but no money has been provided with which to pay them. This amendment simply authorizes the use of that much of the working capital of the Government Printing Office to carry out existing law. It does not appropriate any additional money out of the Treasury, but it is to carry out the provisions of existing law. I am sure the Senator from Florida would not object to that.

Mr. TRAMMELL. I think that that ought to be provided for, but what I had in mind more particularly, to which I desire to direct the attention of the Economy Committee, is that the Public Printer has stated that $500,000—a half million dollars—per annum might be saved in the Government printing plant in connection more particularly with the expenditures by Congress. I do not care to notice any of the criticism of Congress; much of it is nothing but folderol and absolutely absurd; but the Public Printer did say that. It seems to me, if he is correct, there is a channel in which some work might be done in the interest of economy.

I notice that the public press "played it up" that mostly the savings would be in connection with the printing that is done for Congress and probably referred to the fact that, if we would exclude from the CONGRESSIONAL RECORD much matter that does not belong there under the rules, that would work a great saving.

I am in favor of economy; I have supported practically all the measures of that kind which have been presented here; but I think where a public official has made a statement such as the Public Printer has made in his report, and it has been heralded all over the country by the press, that the Economy Committee and those working in behalf of economy should make a little investigation along that line and see whether or not there is anything to it.

Mr. FLETCHER. Mr. President, may I say in reference to the remarks of my colleague, recurring to the public printing plant and its operations, that I have received a letter from the Public Printer—I have it not with me now—in which he shows savings of more than $500,000 this year that will be covered into the Treasury from appropriations heretofore made. So that I am quite sure that they are operating there in such a manner that they are actually saving money from previous appropriations and that money is being put back into the Treasury.

Mr. TRAMMELL. I am very glad to hear that.

The PRESIDING OFFICER. The question is, Shall the amendments be engrossed and the bill read a third time.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed.

RECESS

Mr. BRATTON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate took a recess until tomorrow, Friday, May 12, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 11, 1933

The House was called to order at 12 o'clock noon by the Clerk of the House of Representatives, who read the following communication from the Speaker:

THE SPEAKER'S ROOMS,
UNITED STATES HOUSE OF REPRESENTATIVES,
Washington, D.C., May 11, 1933.

I hereby designate Hon. ALFRED L. BULWINKLE to act as Speaker pro tempore today.

HENRY T. RAINEY.

Mr. BULWINKLE assumed the chair as Speaker pro tempore.

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

High above all, wrapped in tranquil infinity, our Father, yet in mercy Thou dost look upon this world with its tragedies, storms, and defeats. Give us an inspirational faith to believe that somewhere in this universe there is something waiting to fill our breasts with endless song. We praise Thee for the care and for the love which have gone into Thy children of this earth. Wherefore may we not glory in wealth, or in man, or in station, but glory in the everlasting gift with which we have been endowed. Thou, great Shepherd of the sheep, lend us strength and courage to smite temptation and guard Thy fold from polluting taint of every kind. Let us enjoy the unbroken flows of fresh, new grace while the light of eternity is burning in our breasts. In the name of Jesus. 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, with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4220. An act for the protection of Government records.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia, Mr. RANDOLPH, may have 15 minutes to address the House on the subject of Mother's Day. The lady who first suggested Mother's Day and who is the founder of Mother's Day formerly lived in the gentleman's district in West Virginia. I hope no one will object to the request at this time.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object—I am not going to object to this request—but I would like to know from the gentleman if he has any information as to whether we will meet tomorrow or not.

Mr. BYRNS. I am inclined to think we may, but I am not absolutely positive about it.

Mr. MARTIN of Massachusetts. The gentleman can possibly give us that information later in the day?

Mr. BYRNS. Yes. While I have no definite information on the subject, it is entirely possible the President may send in a message tomorrow. I do not mean to say this will be done, but if he has the message ready I think it highly important that it should be received and that the bill, which would follow, should be taken up by the committee to which it would be referred in order to let that committee proceed at once with its consideration, because I take it they will want to hold some hearings on the measure.

Mr. MARTIN of Massachusetts. Can the gentleman inform us with respect to the text of the message?

Mr. BYRNS. It is on the public works bill.

Mr. MARTIN of Massachusetts. The public works bill?

Mr. BYRNS. That is my information. I hope the gentleman will understand I am not saying the message will come in tomorrow, but there is a possibility it may; and if it does, I think the House ought to be ready to receive it.

Mr. MARTIN of Massachusetts. The gentleman does not expect a message with respect to the tariff to come in at that time?

Mr. BYRNS. No; I do not. And if this request is granted, which I hope it will be, I trust there will be no further unanimous-consent requests to address the House. I am sure we shall be pleased to grant this request and then permit the committee to proceed with the appropriation bill, as it is hoped we may get through that measure today.

Mr. MARTIN of Massachusetts. Further reserving the right to object, will the gentleman be reasonable with this side of the House if we desire a little time to discuss any message that may come in?

Mr. BYRNS. I take it we will have a lot of time at our disposal tomorrow, if we get through with the pending bill today.

Mr. WOODRUM. Mr. Speaker, reserving the right to object, and I shall not object to this request, because I think the address of the gentleman is highly appropriate, I hope there will be no further unanimous-consent requests, as the Committee is anxious to conclude the consideration of the independent offices bill today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE UNAPPLAUDED MOLDERS OF MEN

Mr. RANDOLPH. Mr. Speaker, it is with a feeling that I am treading on holy ground that I ask you to turn with me today for a few minutes to honor the immortal builder of all heroes—mother. Too long have mothers been the unapplauded molders of men, too long the true but unsung architects of destiny.

Volumes have been written about kings and emperors; historians have told of the exploits of a thousand heroes of battle; biographers have packed into colorful words the life and death of our statesmen; while painters have filled galleries with likenesses of our living great; but it remained for Miss Anna Jarvis, a West Virginia woman, untold years after the first mother had given birth to a son, to immortalize mother by having the Congress of the United States give recognition to Mother's Day through the display of our flag. The Congress established this memorial in 1914, and since that year on Mother's Day men and women turn from the turmoil of labor and by silent communion with that mother, living or dead, receive again from her the strength of mind and the pureness of soul that only can be bred in that greatest of all loves—that of a mother for her child.

Oh, if the historians, the painters, and sculptors could see through the outward acts of men to the source from which they derive their power of greatness, how different might be the lists of the honored and successful! How different would be the story of our national progress!

Behold the settling of the New World. With the Pilgrim father who sought his religious liberty in a new and unknown land came also the Pilgrim mother. She it was who endured the same hardships as her stronger mate; she it was who steadfast to her duty of wife and mother battled with him the cold of the cruel New England winters; she with him sacrificed the comparative peace and safety of the Old World for the dangers of the New; she with him fought the savage Indian; she kept his house, cooked his meals, bore him sons and daughters, and earnestly and faithfully reared them into new pioneers destined to build America.

Write, ye historians, of the mother of George Washington faithfully training that great man in the paths of duty and service. Record the story of the brave mother from the hills of western Virginia who sent her three sons to fight in the Continental Army when the British, under Colonel Tarleton, threatened invasion of the Shenandoah Valley with these words:

Go, my sons, and keep back the foot of the invader or see my face no more.

When this story was related to Washington in the darkest hours of the Revolution he said:

Leave me but a banner to plant upon the mountains of West Augusta and I will rally around me men who will lift our bleeding Nation from the dust and set her free.

Paint, ye artists, the settlement of the western America, but forget not that into that empire-building went not only the toil and blood of our pioneer men but that into it also went the immeasurable toil of pioneer women. Too often we visualize the skeletons that marked the trail across the prairies, the mountains, and deserts as the last remains of a Custer, a Lewis, a great frontiersman who died in glory defending his loved ones. Too often the true story written on the desert sands is the story of a mother's sacrifice, sometimes in the forefront of battle but more often in the burdensome strife of daily tasks that bent and broke her body. Too often the mute bones on the westward trail bespeak the death of a mother in childbirth. The story of the cradle rather than the report of the blunderbuss marks the westward course of empire.

O orators, if you would explain the greatness of Lincoln paint the vision of Nancy Hanks; fill your minds, if you can, with the glory of her mother love, catch the strains of the strange lullabies she sang to her unborn child. What fount of greatness can compare with hers? Biographers, if you would know from whence came the staunchness of Woodrow Wilson's soul, the breadth of his great vision, search out the secret gift of life and life's greatest ideals transmitted to him by his mother.

And so goes the story day in and day out, from the mothers of the great to the mothers of all men throughout the world. I wonder if any son ever knew the true depth of a mother's heart. Is there any force for righteousness and peace in the world equal to the force of a mother's daily teaching of obedience, of peace, of love, and of devotion to high ideals? Is there any nobler lesson taught than is taught by a mother's living example of sacrifice, of duty, and of love?

One September evening, several years ago, I stood on the railroad-station platform in Charleston, the capital of our State, just before the night train for Clarksburg was ready to pull out.

It was a delightful twilight, and I did not want to board the sleeper until the last minute. Just then a young man came swinging toward the car steps carrying his luggage. I know the boy, and it happened that he was leaving for Morgantown to enroll as a freshman at West Virginia University. It was the beginning of his first great life's adventure.

Standing close by, I heard the final words of parting. The father shook his son's hand with a final admonition, "I hope you'll make the football team, but go easy on the money, for your old dad has to settle all the bills." And this was a remark that many a father has made to his son. The sister said she hoped he might be pledged to the best fraternity on the campus. And then his sweetheart murmured—but I shall not report what they said, for we should never tell what sweethearts speak at parting time.

But, seriously, I shall never forget the words spoken by that mother to her boy, as she put her loving arms around his stalwart shoulders and said, "My boy, like your father, I want you to make the football team, and like your sister I want you to know the best people, but above all other things I hope you'll always remember to be a good boy."

When that mother spoke she did not mean "good boy" in the sense that she desired her son to be a wishy-washy sort of person. She meant what every mother has meant when she said those words. She simply wanted her boy to be honest, chivalrous, brave, and to stand foursquare against the evil winds that blow.

And thus do mothers write the living stories of men and nations. Behind the storm and strife and blustering of the actors most vividly before our eyes do we see the power of mother love and the fashioning of manhood and womanhood in mother's heart and hands.

I once heard a friend telling a young woman that he did not believe in any hereafter; that so far as he was concerned heaven and hell consisted of the joys and sorrows that every person experienced in this world and that when death stopped the movements of this life his body became only so much decaying matter and nothingness was the end. The young woman answered him in these words, "Do you mean to tell me that I shall never again see my mother?" And in that simple and yet boundless faith that mother and immortality were one and inseparable; in the sureness of her knowledge that when she had become weary of the labors of life there would be waiting the radiant face of her mother to comfort her and the loving arms to enfold her once more—never again to be separated in all eternity—in the light of that abiding hope and faith, all of the scientific arguments of my friend were of the nothingness of which he spoke. Against that mother-love logic was but the mere exercise of dried-up mathematics. And it is the same mother love that has enthroned the highest ideals in the hearts of all men. It has been the inspiration of the great and the comfort and hope of the lowly. Before the voice of a mother telling her son to "be a good boy" all of the pomp and splendor of the outward world fades away and

The tumult and the shouting dies,
The captains and the kings depart,
Still stands thine ancient sacrifice,
An humble and a contrite heart.

Mother's Day is the most fitting memorial that can be raised to mothers of men. When we drive about the city of Washington we proceed from circle to circle, from monument to monument. Here stands a statue of Farragut, and here a likeness of Webster, and towering over them all is the giant spire honoring the great Washington. It is fitting that a nation should honor its heroes. But no statue can be raised to mother as enduring and as inspiring as the child each mother rears herself. No writer can enclose between the backs of any book all of the wisdom of a mother's teaching. No poet can capture all of the joys and sorrows of a mother's heart. No painter has the power to transmit to his canvas the beauty of a mother's face that glows in the memory of her dear ones, no matter how homely, how grotesque, or how blank and stupid that same face may have appeared to strangers. Even the wizardry of the sculptor's hand cannot endue his cold marble with the warmth of a mother's love. No; only a special day set apart for us, sons and daughters of mothers living and mothers dead, to commune again in our thoughts with those to whom we owe our all, is a fitting memorial to Mother. Memory alone holds for us the charm of her personality. Memory alone brings back the picture of those thousands of cares and daily tasks she did for us; the joyful laughter at our successes; the loving kindness of her manner. Memory alone brings back the mother we knew, and to bring back any other mother is only to rear an unworthy monument.

Today we are living in a world of personalities. Europe bristles with names of men rather than names of nations. Stalin of Russia, Mussolini of Italy, Hitler of Germany—who knows what influence their mothers had upon them? From whence their courage, their vision, their power? A mother tapped the sources of their personality, taught them the duties and tasks of life, guarded their bodies, and filled their minds with great thoughts.

Today in our Western Hemisphere it has been said that our President Roosevelt is the outstanding and dominant personality. Fortunate are we Americans to have his mother alive. This splendid mother of our President sees him as he magnificently commands our ship of state. She remembers daily the dreams she had for him in the yesteryears when with her aid and guidance he was equipping himself for just such a momentous task of leadership. Humble, yet justly proud, she walks securely down the remaining miles on her highway of life, knowing that there follows along the trail a son who is perhaps destined to become one of the truly great leaders of mankind. And ever behind Roosevelt will remain his warm and glowing mother.

The late great poet, Henry Van Dyke, has expressed in tender words my wish and your wish when he says:

I cannot pay my debt
For all the love that she has given;
But Thou, love's Lord,
Wilt not forget
Her due reward—
Bless her in earth and heaven.

[Applause.]

INDEPENDENT OFFICES APPROPRIATION BILL, FISCAL YEAR 1934

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 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.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. McCLINTIC in the chair.

The Clerk, proceeding with the reading of the bill, read as follows:

ARLINGTON MEMORIAL BRIDGE COMMISSION

For continuing the construction of the Arlington Memorial Bridge across the Potomac River at Washington, authorized in an act entitled "An act to provide for the construction of a memorial bridge across the Potomac River from a point near the Lincoln Memorial in the city of Washington to an appropriate point in the State of Virginia, and for other purposes", approved February 24, 1925 (43 Stat., p. 974), to be expended in accordance with the provisions and conditions to the said act, $198,000, of which $25,000 shall be available for widening and resurfacing the present road from the memorial entrance of the cemetery to the southeast corner of the cemetery, conditioned upon the State of Virginia completing the construction of the Lee Boulevard link of the Virginia State highway system to the same point; and not exceeding $20,000 shall be available for clerical and accounting service, including all necessary incidental and contingent expenses, printing and binding, and traveling expenses, to remain available until expended: *Provided*, That the Commission may procure supplies and services without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5) when the aggregate amount involved does not exceed $50: *Provided further*, That no part of this appropriation shall be used to pay for the cost of reconstructing and paving Constitution Avenue east of Virginia Avenue, as provided in the approved project, except for such portions as may abut upon Government-owned property, and not in excess of 40 percent of the cost of such reconstructing and paving of that portion of the said street which so abuts.

Mr. UMSTEAD took the chair.

Mr. McCLINTIC. Mr. Chairman, I move to strike out the last word. This section deals with a subject which I dare say many new Members are not familiar with. I can remember a year ago when those interested in this subject, and who were importuning Members to vote for the same, made the statement that the State of Virginia would contribute a certain portion of its cost. There was nothing of that nature included in the legislation, but it is interesting to know that this Government of taxpayers has expended possibly $5,000,000 for the purpose of completing a macadam, hard-surface highway to Mount Vernon, serving principally the citizens of Alexandria and Washington.

In addition I am advised that we are paying the salaries of those who police the highway. We purchased the territory adjacent, and I cannot understand why it is necessary to maintain in what some might term "in perpetuity" this highway.

We not only spend money for the completion of the bridge but, if I am correctly advised, the State of Virginia did not even furnish the ground where the other end of the bridge rests.

I do not wish to criticize the distinguished gentleman from Virginia in charge of the bill. I have as high a regard for him as any person that I know of; but I am interested in the welfare of the people, and I do not think this kind of discrimination ought to go on. I think the gentleman from Virginia, in charge of the bill, ought to advise the new Members how long we are going to maintain this Commission and the activities that, in my opinion, ought never to have been authorized in the construction of the bridge.

It seems to me that there ought to be some way of bringing the matter to a conclusion. I am hoping the gentleman in charge of the bill will enlighten the House as to how long we are to continue appropriating year after year money for this purpose, when the bridge is about completed and the highway is built and the road being traveled and used daily.

Mr. BEAM. Will the gentleman yield?

Mr. McCLINTIC. I yield.

Mr. BEAM. How long has this Commission been in existence?

Mr. McCLINTIC. The gentleman from Massachusetts [Mr. LUCE], who was in charge of the bill originally, can answer that; but I think 4 or 5 years.

Mr. BEAM. Can the gentleman state the amount of money expended?

Mr. McCLINTIC. I hope the gentleman from Virginia will give us the amount. Every Member of the House is entitled to the information when we are asked to make this appropriation.

Mr. WOODRUM. Mr. Chairman, I rise in opposition to the pro forma amendment. This outburst of my good friend from Oklahoma [Mr. McCLINTIC] in the interest of the taxpayers is very interesting. Members of Congress who were here, as he was and as I was when the legislation was passed, know that it was never contemplated or stated in this House by anybody who had any authority to make any such statement that the State of Virginia would pay any part of the cost of building the Arlington Memorial Bridge. It was entirely a Government project. It was considered carefully by a legislative committee of the House. It was not a project fostered by the people of the State of Virginia or in the interest of the people of Virginia.

It is true that one end of that great memorial does rest on the sacred and holy, historic ground of Virginia and the beautiful boulevard that is a credit to the Nation, which is used daily by thousands of citizens of the United States, not only Virginians but Oklahomans and all other citizens, to visit the great Tomb of the Unknown Soldier and the home of the Father of Our Country. It begins at the Virginia end of the Memorial Bridge and goes to Mount Vernon. It is true that a few motorcycle officers patrol that Government boulevard at a very small expense. The original project, I think, called for an expenditure of about $12,000,000 or $14,000,000. The project is practically complete. This practically completes the structure, except some very drastic curtailments in the project made in the bill last year and this year with my entire and hearty approval, in the interest of economy—some ornamentation, which has been taken out, and some paving.

Everything has been deleted from the project that it was possible to take out without absolutely destroying it. When the constituents of the various Members of Congress come to Washington, this beautiful Capital City, and visit its beautiful memorials and parks and drive across that wonderful bridge and out that boulevard to the home of George Washington, not a Virginian but an American, I do not think any Member of the House need apologize to them for the few dollars that were spent to build that beautiful Memorial Bridge and highway. [Applause.]

Mr. LANHAM. Mr. Chairman, I move to strike out the last two words. By reason of a committee assignment which I hold in the House I am, ipso facto, a member of the Arlington Memorial Bridge Commission. When this matter originated a few years ago, I was a member of that same committee but not its chairman and, therefore, not a member of this Commission. I recall that I took the floor and opposed this proposition originally. I did not believe that this sum of money should be expended for the construction of this bridge, especially entirely out of Federal funds. But that contention was overruled by the vote of the House, and the expenditure was authorized. The bridge has been constructed and is practically complete. As a member of that Commission I have opposed the approval of several items of expense which, in my judgment, were not justified. One of these was an item of about $10,000, which was to be used in having certain advertising matter engraved upon the

stone of that bridge, setting forth the names of those who had done certain features of the work. It occurred to me that that information might well be preserved in official records and that the firms who were honored with that work should not have their names perpetuated in an advertising way at the expense of the United States Government. The work having been begun, and the work now being near completion, naturally it devolves upon the Congress of the United States to see that it is carried out as economically as possible in accordance with the original plan. I hope it can soon be completed, and I trust that we shall continue to eliminate any items of useless expense.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

Mr. WOODRUM. Mr. Chairman, on page 5, line 23, the word "to" should be stricken out and the word "of" substituted. It is a typographical error. I offer that amendment.

The Clerk read as follows:

Amendment by Mr. WOODRUM: Page 5, line 23, after the word "conditions", strike out the word "to" and insert in lieu thereof the word "of."

The amendment was agreed to.

The Clerk read as follows:

CIVIL SERVICE COMMISSION

For three Commissioners and other personal services in the District of Columbia, including personal services required for examination of Presidential postmasters, and including not to exceed $1,000 for employment of expert examiners not in the Federal service on special subjects for which examiners within the service are not available, and for personal services in the field; for necessary traveling expenses, including those of examiners acting under the direction of the Commission, and for expenses of examinations and investigations held elsewhere than at Washington, including not to exceed $1,000 for expenses of attendance at meetings of public officials when specifically directed by the Commission; for furniture and other equipment and repairs thereto; supplies, advertising; telegraph, telephone, and laundry service; freight and express charges; street-car fares not to exceed $300; stationery; purchase and exchange of law books, books of reference, directories, subscriptions to newspapers and periodicals, not to exceed $1,000; charts; purchase, exchange, maintenance, and repair of motor trucks, motorcycles, and bicycles; garage rent; postage stamps to prepay postage on matter addressed to Postal Union countries; special-delivery stamps; and other like miscellaneous necessary expenses not hereinbefore provided for, $1,028,000: *Provided*, That no details from any executive department or independent establishment in the District of Columbia or elsewhere to the Commission's central office in Washington or to any of its district offices shall be made during the fiscal year ending June 30, 1934, but this shall not affect the making of details for service as members of the boards of examiners outside the immediate offices of the district managers: *Provided further*, That the Civil Service Commission shall have power in case of emergency to transfer or detail any of its employees to or from its office or field force.

Mr. HOEPPEL. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. HOEPPEL: In section 1, page 10, line 7, substitute a comma for the period after the word "force" and add the following: "*Provided*, That in such transfer or detail of any of its employees husband and wife shall not be assigned to duty in the same division or section of any bureau, office, or institution of the Civil Service Commission."

Mr. WOODRUM. Mr. Chairman, I make the point of order against the amendment that it is legislation on an appropriation bill and changes the fundamental law.

The CHAIRMAN. Does the gentleman from California desire to be heard upon the point?

Mr. HOEPPEL. I do, sir. I contend that this does not change the fundamental law. It merely makes this present provision elastic. That is my contention.

The CHAIRMAN. The Chair is ready to rule. The amendment clearly changes existing law, and the Chair is therefore of the opinion that it is legislation. The Chair sustains the point of order.

The Clerk read as follows:

Total, Federal Board for Vocational Education, $2,487,700.

Mr. JENKINS. Mr. Chairman, I move to strike out the last word, to ask a question or two. I should like to ask the chairman of the Subcommittee on Appropriations or someone who knows about this, with respect to this matter: I have received some complaints and some very interesting questions from people who are highly interested. In reading this section and getting from it what I can, it seemed to me that the committee has made the reductions very carefully and without any apparent favor to any item. Is that correct?

Mr. WOODRUM. Is the gentleman speaking now of the Federal Vocational item?

Mr. JENKINS. Yes.

Mr. WOODRUM. The reduction carried in that item is accounted for by additional salary reduction, for one thing, and what is equivalent to a 15-percent reduction of the amount of Federal contribution to the States.

Mr. JENKINS. I notice that in the salaries the reduction is about uniform, but where there is a reduction from $1,500,000 to $1,275,000 in vocational-education work in agricultural home economics, it would appear to me that that reduction is larger than any other reduction.

Mr. WOODRUM. That is exactly 15 percent.

Mr. JENKINS. Am I safe in assuming that the reductions are uniform down along the line, so that no department would have any right to complain that it has been unjustly discriminated against?

Mr. WOODRUM. That is correct.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For salaries and expenses in accordance with the provisions of the "Agricultural Marketing Act", approved June 15, 1929 (U.S.C., supp. V, title 7, secs. 521–535f), not including the salaries of members of the Federal Farm Board, except the salary of the member designated as chairman, and the act creating a Division of Cooperative Marketing in the Department of Agriculture, approved July 2, 1926 (U.S.C., supp. VI, title 7, secs. 451–457), including stenographic reporting services to be obtained by the Board through the Civil Service or by contract; not to exceed $750 for newspapers and clippings; membership fees or dues in organizations which issue publications to members only or to members at a lower price than to others, payment for which may be made in advance; manuscripts, data, and special reports by purchase or by personal services without regard to the provisions of any other act; to procure supplies and services without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5) when the aggregate amount involved does not exceed $50; purchase and exchange, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles and motor trucks to be used only for official purposes; typewriters, adding machines, and other labor-saving devices, including their repair and exchange; garage rental in the District of Columbia and elsewhere; traveling expenses, including attendance at meetings concerned with the work of the Federal Farm Board; payment of actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home to any person other than an employee or a member of an advisory commodity committee whom the Board may from time to time invite to the city of Washington and elsewhere for conference and advisory purposes in furthering the work of the Board; the employment of persons, firms, and others for the performance of special services, including legal services and other miscellaneous expenses, all unexpended balances of appropriations for the Federal Farm Board, not exceeding $1,050,000, are hereby made available for the purposes enumerated in this paragraph: *Provided*, That during the fiscal year 1934, when the Federal Farm Board requires cooperative work by any department or independent establishment of the Government within the scope of the functions of such department or establishment and which such department or establishment is unable to perform within the limits of its appropriations, the Federal Farm Board may transfer from this appropriation to such department or establishment, with the approval of the head thereof, such sum or sums for direct expenditure during the fiscal year 1934, as may be necessary for the performance of such additional work: *Provided further*, That no part of this appropriation shall be used to pay any salary in excess of $10,000 per annum, or any salary in excess of $8,500 per annum except to the member of the Board designated as the chairman and not to exceed eight other officers or employees.

Mr. WOODRUM. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: Page 18, line 24, after the word "employees", strike out the period, insert a comma, and add "which number, in addition to any officers or employees who, under existing law may be so appointed and compensated, may hereafter be appointed and compensated without regard to the provisions of the Classification Act of 1923, as amended, and the Civil Service laws."

Mr. WOODRUM. Mr. Chairman, in explanation of the amendment, I would say it is simply a clarifying amendment. It does not affect the amount of the appropriation or the amount of salary. The language is suggested by the Comptroller General, because of the last proviso on page 18, which limits the number of $10,000 positions in this new set-up.

May I say that in the different boards and organizations which have been consolidated, there were sixteen $10,000 positions or executive positions, the basis salary of which was $10,000. Under this new set-up seven of those positions are eliminated, and the proviso at the bottom of page 18 limits the number of executive positions.

The language which has been suggested by the Comptroller is merely clarifying. It does not affect the appropriation at all.

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment. This is a clarifying amendment. It helps make the Civil Service Act ineffective. I hope the House will not adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. WOODRUM].

The amendment was agreed to.

The Clerk read as follows:

Total, General Accounting Office, $3,280,000.

Mr. CARPENTER of Kansas. Mr. Chairman, I move to strike out the last word. I will say by way of apology that when we were considering the paragraph regarding the Federal Farm Board the Clerk skipped to the next section before I could ask a question.

I note on page 17, line 22, this provision:

Payment of actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home to any person other than an employee or a member of an advisory commodity committee whom the Board may from time to time invite to the city of Washington and elsewhere for conference and advisory purposes in furthering the work of the Board.

I know that anyone subpenaed here should be reimbursed for his expenses. They should be provided for, but I would like to ask the committee to enlighten us why this section is necessary to pay the expenses of visitors whom the Farm Board may want to invite to Washington or elsewhere.

Mr. WOODRUM. Under the Agricultural Marketing Act the Federal Farm Board is authorized to create from time to time, as conditions may require, advisory commodity committees for the purpose of advising with various groups of agriculturists on problems particularly related to their particular commodity or activity. This language permits the Federal Farm Board to bring to Washington, whenever in its judgment it is necessary, agricultural experts to give information to those advisory groups, and to reimburse them for their traveling expenses and a small per diem.

The total amount expended under that in 1932 was less than $2,000. So, figuring the scope of the work, it is really an insignificant matter, and the Federal Farm Board tells us it enables them to bring witnesses here rather than to go to the expense of conducting expensive hearings in the field oftentimes when they are considering these specific matters.

Mr. BEEDY. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, the different points of view which Members of this body entertain upon public questions but reflects the fact that the people as a whole have varied interests and varied points of view.

I myself have never been able to understand how anybody could seriously criticize the work of the Federal Trade Commission. It has long seemed to me that this Commission, fully as much as any governmental agency, stands between the consuming masses of this country and the moneyed barons who through over-watered corporate structures all too frequently seek to prey upon them.

I myself think that if this Commission had never done any other thing than to have investigated the Insull properties it would have justified its existence and every dollar that has ever been appropriated for it.

I have very great respect for the Chairman of this Subcommittee on Appropriations. His judgment has been my judgment on many important questions where principles of right and wrong were involved. At the last session of Congress the subcommittee of which he is chairman cut down the appropriation for the Federal Trade Commission by some $500,000, as I recollect. Undoubtedly the subcommittee would not have recommended that cut unless it had felt justified, and such was my respect for the judgment of the chairman and the subcommittee itself, and such was my desire to follow the policy of economy as outlined by this House that I voted against an amendment offered on the floor of the House to increase that appropriation.

When I voted as I did I thought the reduction would in no way interfere with the continued investigation of the power companies. I think it was the judgment of the subcommittee that they would not cripple the Trade Commission by that cut in that particular work.

Now, my judgment again follows that of the committee. The committee has since found, I believe, that that cut would have seriously interfered with such investigation; and by my personal investigation I have since found that such a cut would have seriously interfered. I now desire to commend this subcommittee for increasing the appropriation for the Federal Trade Commission. I may say if they had not done so, I would have introduced an amendment to increase the appropriation recommended at the last session by $500,000 to make possible further and complete investigation of the power companies. I repeat that this highly desirable investigation work is sufficient justification for all the expenses incurred by this Commission; and I believe that when it has completed its investigation of the power interests it will have given enough facts to the public to enable it, through the proper authorities, to take such steps as will make it impossible for the great public utility companies to impose rates upon the consuming public based upon watered stock and an interlocking of corporate structure, which is in no measure justified by any sound business principle.

May I express my appreciation to the chairman of this subcommittee and the whole subcommittee for their very wise conclusion to restore to this bill an appropriation item which will enable the Federal Trade Commission to proceed with its investigation of the power corporations?

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. OLIVER of Alabama. If the gentleman will examine the hearings, he will find that this Commission in its investigation of the utility companies has disclosed escaped taxes more than sufficient to pay the expenses of the inquiry.

Mr. BEEDY. Judge Healey has made a very interesting report quite recently along this line. The revelations following an investigation of the Insull properties were of vital interest and consequence to my own State of Maine. [Applause.]

[Here the gavel fell.]

FEDERAL TRADE COMMISSION

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have no word of criticism against the Federal Trade Commission in their investigations of the Power Trust. It is not a question of what the Federal Trade Commission has done in the Power Trust investigation that I am interested in.

COMMISSION DIVERTED FROM CHARTED COURSE

The gentleman from Maine stated a few moments ago that this was a very helpful commission because it stood between the consumers and the greedy profiteers. It was organized for this purpose, and for a few years it did perform the duties set out for it by the law, but during the past few years the Federal Trade Commission has diverted from its charted and legal course to a course of action that is absolutely in violation of the law. In the portion of the bill relating to the Federal Trade Commission, page 21, nowhere will you find that an appropriation is made for the

Federal trade practice work. If it was mentioned, we could reach it with a point of order. They will not mention it in the law. If they were to mention it, we would probably have stricken it out. Their Federal trade practice work they are doing is in plain violation of the law. This is not discussed or mentioned in the appropriation bill. It seems to be the custom of the Commission to get the appropriation for something else and then divert it to this illegal work.

May I ask the chairman of the subcommittee why the language about Federal trade practice conferences is not contained in the bill?

Mr. WOODRUM. I may say to the gentleman that the language carried in lines 8 and 9 on page 21 is the same language we have had all the time.

Mr. PATMAN. Perhaps the trade practice conference work is known to be so destructive to the general welfare the Federal Trade Commission does not dare ask for a specific appropriation for that purpose.

The statement is made that the Federal Trade Commission stands between the consumer and the profiteers. Let us see if the Commission is doing this.

INVESTIGATION INSTEAD OF PUNISHMENT

What does a law violator want? He does not want punishment. He does not want to go to jail. He does not want to pay a fine. He wants to be investigated. So the Federal Trade Commission has a complaint filed against him and the Federal Trade Commission immediately sends out its advance men to make an investigation. This takes probably a year or two. A report is made to the Federal Trade Commission. The Commission holds hearings and then the Federal Trade Commission makes a report that violations of the law are disclosed. Are these people punished? No; these people are not punished. The case is turned over to the Department of Justice and the Department of Justice's advance agents go out and make another investigation. They read these reports and they read this testimony, and by the time the Department of Justice gets it in shape where something can be done the statute of limitations has run against every criminal violation and the cases are dropped.

I would like for the gentleman to name me just one person who has paid $1 of fine or has gone to jail 1 hour during the last 5 years because of the activities of the Federal Trade Commission.

Mr. BEEDY. Will the gentleman yield for a question?

Mr. PATMAN. Will the gentleman do that?

SPECIFIC CASES

Mr. BEEDY. I was going to ask the gentleman if he would tell us of one case in which he feels this Commission has failed to do its duty. It is all right to talk generally——

Mr. PATMAN. I can name 50 cases.

Mr. BEEDY. What does the gentleman have in mind?

Mr. PATMAN. One of them is the Cottonseed Oil Trust that the Federal Trade Commission organized. They had the members of that industry come before them, sitting there as members of a group, with a member of the Commission presiding, and the members of the group declared the object was to make rules and regulations for the government of their industry that would set the price that the consumers must pay and set the price that the farmers must sell to them their raw products for. Thereby entering into a conspiracy against both consumers and farmers. I believe that there are more than 50 cases involving the sale of comforts and necessities of life similar to the cottonseed oil case. It is a trust organizer.

Mr. McFARLANE. The American Petroleum Institute also went before the Federal Trade Commission, and that is another illustration.

ILLEGAL PRACTICES SHOULD BE DISCONTINUED

Mr. PATMAN. Yes; that is another case, and the Supreme Court of Alabama held that the Cottonseed Oil Trust was illegal. The highest courts in practically all the States, and in the United States have held similar rules to be in violation of the law.

I wish the Federal Trade Commission would abandon its illegal practices. It can be a useful body if it functions in the interest of the consumers and not, as it has been, in the interest of trusts and monopolies.

[Here the gavel fell.]

Mr. HASTINGS. Mr. Chairman, I am not unfriendly to the Federal Trade Commission. I think, however, it ought to be brought to the attention of the House why the committee reduced this appropriation to $500,000 at the last session of Congress.

The item in the present bill carries $920,000 for the Federal Trade Commission for the current year. The representatives of the Commission, when they came before the Subcommittee on Appropriations in January last pointed out that there were three or four investigations, including the utilities, the chain stores, and, I believe, the cottonseed investigation, and perhaps the cement investigation, which they expected to complete out of the present appropriation and before June 30 of this year.

The Federal Trade Commission has expanded its personnel wonderfully since it was created. It is my present recollection that the number of employees of the Commission, as given in the hearings of January last, was around 418.

It was testified that the appropriation for the coming fiscal year contemplated 427 employees.

I want to invite attention to pages 79 to 87 of the hearings, held during the present extra session of Congress, on the independent offices appropriation bill for 1934, where the cost of the several investigations by the Federal Trade Commission is given.

I feel sure that not many Members of the House know the enormous cost of these investigations to the taxpayers of the country. I am not saying that any investigation should not have been had, but the question I am presenting is whether the Federal Trade Commission, in the first place, is the best agency to make many of these investigations and whether some of them are not made at too great a cost to the taxpayers.

During the hearings in January last it was stated that the utilities investigation cost around $1,625,000. That is an enormous sum of money. During the present year the amount was reduced to $1,250,000.

However, on page 86 of the hearings the total cost is given at $1,598,677.13. This investigation began under a Senate resolution of February 15, 1928, more than 5 years ago. I think that if an investigation is justified that it ought to be expedited and that the main, essential facts could be secured at a very much reduced cost. Whenever this appropriation comes up for consideration in the House and when one speaks for economy in connection therewith, there is always some intimation that that person is opposed to the utilities investigation and is in some way dominated by the Power Trust. Now, I have never been afraid of my own integrity, and want to emphasize over and over again that I favor all investigations where they are necessary, but I assert in the first place that these investigations have been too expensive, and in the second place in practically all of these investigations the statute of limitations has run, so that no criminal prosecutions follow.

Now, let us examine the chain-store investigation. It was stated on page 72 of the hearings that this investigation would cost around $750,000. On page 80 of the hearings a more detailed statement is given, which shows the cost to have been $867,358.74. This investigation was authorized by a Senate resolution of May 12, 1928. This was 5 years ago, and the investigation has not as yet been completed. I assert with great positiveness that five or six good investigators, together with a few experts, could have made this investigation, assembled all the material facts, and made a report in a much shorter time and for one fifth of the expenditure.

Mr. PATMAN. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. PATMAN. Is it not a fact that the facts and information compiled by the Commission 3 years ago in that investigation are not now useful?

Mr. HASTINGS. That is quite true, and I do not believe there is a Member of this House who believes that this

enormous sum of the taxpayers' money was necessary to have been expended in this chain-store investigation.

A few days ago we saw in the public press a statement by the Secretary of the Interior with reference to the bids for cement for the continuation of the work on the Boulder Dam.

If you will turn to the bottom of page 79 of the hearings, you will find that the Federal Trade Commission by Senate resolution of February 16, 1931, was directed to make an investigation of the cement industry.

This investigation began more than 2 years ago. The Commission should have assembled all the facts and should have made a report, so that the Secretary of the Interior would be able to secure from the Commission now all the material facts.

What I am bringing to your attention is that it requires too long a time for the Commission to make these investigations and they are too expensive. This cement investigation up to the present time has cost $68,734.36. I feel sure that a small body of men, properly equipped, could have made this investigation, collected all the material facts, and made a report within a few months.

Mr. PATMAN. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. PATMAN. What was accomplished by reason of that investigation? Did the Federal Trade Commission have the Cement Trust prosecuted or was an effort made to disclose the facts to the public?

Mr. HASTINGS. I have never heard of any prosecutions as a result of this investigation.

Mr. PATMAN. And nobody went to jail or paid a fine?

Mr. HASTINGS. No; and the Secretary of the Interior, in a statement recently given out, makes the statement that all bidders for cement for the continuation of work on the Boulder Dam project submitted the same bid and that, therefore, there must be a Cement Trust, or perhaps I should say a price understanding.

The point I am trying to emphasize is that I am not unfriendly to any one of these legitimate investigations. I am in entire sympathy with them, but here is what happens; some Member of the Senate introduces a resolution providing for an investigation of the Federal Trade Commission without any estimate of the cost and without making provision for the expense of the investigation.

Mr. McFARLANE. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. McFARLANE. Does not the gentleman think that the Department of Justice ought to take notice of the facts found by the Commission and prosecute?

Mr. HASTINGS. If the gentleman from Texas will examine the time when these several resolutions were passed and then notice the dates of the reports of the Commission, he will find that by the time the Commission has assembled the facts and made the reports the statute of limitations has run in almost every case.

I would not say that these reports have been of no practical value but will say that I think the investigations ought to be expedited so that if it be found that there have been any violations of the criminal statutes the parties criminally liable could be prosecuted.

Mr. McFARLANE. Does not the gentleman think that the Congress of the United States ought to remedy the situation so that the Federal Trade Commission can really function and cooperate with the Department of Justice?

Mr. HASTINGS. I think the Federal Trade Commission has too many employees. If you will examine the breakdown of the Bureau of the Budget in making its estimates for the Federal Trade Commission you will find the detailed figures showing that this Commission has perhaps more higher paid employees than any other commission for which we make an appropriation.

I think the Department of Justice itself in many of these cases could better make the investigation by its experts. All of the essential facts could be secured in a much shorter time and at much less expense.

Mr. MOTT. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. MOTT. Is not the principal object of the investigation by the Federal Trade Commission to determine whether any violation of law has occurred and to furnish the Department of Justice with the facts?

Mr. HASTINGS. I think that is one of the principal reasons for the investigation.

Mr. MOTT. If that is the case why could not the Department of Justice make the investigation itself?

Mr. HASTINGS. That is what I am trying to emphasize. I think in a great many instances the investigation could better be done by the Department of Justice; but in certain cases I feel sure that the Federal Trade Commission is better equipped. I want to be entirely fair with the Commission, but I was unwilling to permit the criticism to go unnoticed, on account of the reduced appropriations reported in the last session of Congress, without an explanation.

The committee thought that $500,000 would be sufficient for the Federal Trade Commission for the coming fiscal year, provided that if any special investigation should be ordered by the Senate, provision should be made for funds for the payment of each investigation.

You will note that the following proviso is added to the paragraph making appropriations for the Federal Trade Commission:

Provided, That hereafter no new investigation shall be initiated by the Commission as the result of a legislative resolution except the same be a concurrent resolution of the two Houses of Congress.

The thought being that a more careful estimate would be made of the cost and an appropriation made to meet the expenses.

Mr. BEEDY. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. BEEDY. I commend the committee for the careful judgment they exercised, and I know they proceeded in good faith; but, in discussing this question, does not the gentleman think it is fair to the House and to the Federal Trade Commission to say that that body was never designed as a prosecuting agency? They could not prosecute. If there is anything to prosecute on the facts, it is for the Department of Justice.

Mr. HASTINGS. In answer to the gentleman from Maine, my criticism is that the investigations by the Federal Trade Commission have not been expeditious enough. They have been too tedious; it has taken them too long to find the facts, and by the time the facts are found and the report made the statute of limitations has run, so that no prosecution could follow. When Members of the House criticise the amount of the appropriation, I feel that they do not know how much has been expended in these several investigations. You will find a list of investigations on pages 79 to 87, inclusive, of the hearings. I do not have the time to examine each and discuss them. I believe that all will agree that these investigations have cost altogether too much money.

Mr. MOTT. Will the gentleman yield for another short question?

Mr. HASTINGS. Yes.

Mr. MOTT. What is the object of the investigations of the Federal Trade Commission other than to ascertain whether or not the law has been violated?

Mr. HASTINGS. There are many other reasons stated in the act creating the Commission or in the resolutions which provide for the investigations.

The CHAIRMAN. Will the gentleman from Oklahoma yield to the Chair?

Mr. HASTINGS. Certainly.

The CHAIRMAN. Does the gentleman know whether or not the Federal Trade Commission has ever recommended to either branch of Congress certain legislation for the purpose of bringing about changes?

Mr. HASTINGS. I do not recall any. Of course, I am on the Committee on Appropriations, which does not have leg-

islative authority. I am not familiar with what, if any, legislation has been recommended by the Federal Trade Commission to the legislative committees of the House or to Congress, nor have I examined the report of the Federal Trade Commission to ascertain what recommendations, if any, it has made.

In addition to the 3 or 4 investigations to which I have especially referred, the Members can refer to the hearings, at the pages I have indicated, and they will find a complete report of all special investigations by the Federal Trade Commission and the cost of each.

The cottonseed investigation, frequently referred to, was under Senate resolution of October 21, 1929, and cost $141,009.81. This investigation was so voluminous and so long-drawn-out that it resulted in no benefit and no prosecutions.

I have made a somewhat hurried examination of the investigations reported in the hearings on pages 79 to 87, and I have not found in any case where the Commission examined the facts and reported them and where a criminal prosecution followed.

Let me repeat again that I favor, by some agency, every legitimate investigation and by the Federal Trade Commission those investigations where they are best equipped to make them. However, I repeat that it is the duty of Congress to the taxpayers of the country to make an estimate as to the cost of these investigations when they are ordered.

I felt that it was my duty to make this explanation of the attitude of the Subcommittee on Appropriations, which prepared the independent offices appropriation bill in January and February last, and recommended a reduced appropriation. The committee thought the amount adequate for the general expenses of the Commission, provided that additional appropriations were made when concurrent resolutions were passed providing for special investigations.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate upon this section close in 7 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WHITE. Mr. Chairman, I move to strike out the last two words. I think the function of the Federal Trade Commission is one of the most vital things in our body politic. I look upon the functions of the Federal Trade Commission as a gland in the body politic, and when that Commission fails to function, then the whole political and business structure of the country becomes diseased. I say that the business structure of this country, through the operation of price-fixing measures on the part of the big industrial organizations in the country, has become diseased, and I would point out to you a few of the effects of that disease. We know that the price of commodities in many cases is fixed and that they do not follow the influence of the law of supply and demand through the operation of competition. If you are engaged in a primary productive activity in this country, such as agriculture, lumbering, or mining, you will find that apparent.

I know that in the West hides today are rotting, and the price of leather is fixed; that we are paying 60 cents a pound for common side leather and a dollar a pound for sole leather. I know that the price of lead is 3 cents a pound, and I know that the price of paint ingredients, white lead and red lead, is fixed at 14½ cents a pound. I know that there are enough buildings in the cities and farming communities of the West deteriorating and decaying for the lack of paint that would consume all of the lead produced in this country if the law of supply and demand could operate to supply the need for paint. I know that we could use the idle labor and surplus lead to make paint if small enterprises and small business organizations could be allowed to produce under the law of supply and demand protected from unfair competition and unfair trade practices. These big industrial organizations, by profiteering at the expense of the producing industries, have piled up huge surpluses, drained from the producers of the country. They made such large profits that they could not disburse those profits through the medium of dividends, and were forced to stock split-ups and dividends, and the public was enticed into a speculative market, and profits were made on what was taken from our producers. When the banking interests of the country saw that we were getting into an unsafe speculative market and sought to check the flow of money to these speculators and raised the discount rates, money continued to flow into these speculative markets and prices were driven up to unsafe levels. Our writers called that bootleg money, because they did not know the source of it. It was finally determined that this money was flowing from the surpluses of these big manufacturing organizations, attracted by the high rates paid by the speculators, and as our markets continued to rise to unsafe levels we were finally overtaken by the crash that has brought ruin and destruction to the banking and financial institutions of the country. If the Federal Trade Commission would function, if the Department of Justice would do the thing that the Interstate Commerce Commission did with our big railroad companies when they promulgated their rule for safety appliances, we would be in much better condition than we are today.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

Mr. WHITE. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

Mr. LOZIER. Mr. Chairman, I yield the 2 minutes that the Chairman reserved for me in closing the debate in 7 minutes.

Mr. WHITE. It is possible to curb these unfair trade practices, because we have done that thing in respect to the operation of the big transportation companies. When the Interstate Commerce Commission promulgated its safety-appliance rules and the big transportation corporations refused to comply, they were checked up and haled into court on counts for failure to comply with the safety-appliance rules, and they were penalized, and as a result they were forced to comply. If we would broaden and strengthen the laws under which the Federal Trade Commission operates and give this country a real Federal Trade Commission, many of the things that we are suffering from now on the farms of the West and in the producing industries of the country would be cured and we would be protected.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. MARTIN of Oregon. Did I understand the gentleman to say he is opposed to price fixing?

Mr. WHITE. I certainly am opposed to price fixing. I am in favor of the operation of the law of supply and demand, through unrestricted competition in this country, as a matter of readjustment to bring prices into line.

Mr. MARTIN of Oregon. Is the gentleman opposed to fixing farm prices?

Mr. WHITE. I think that is an expedient that we must use.

Mr. MOTT. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. MOTT. Is it the gentleman's opinion that the Federal Trade Commission has done anything to remedy the situation of which he complains?

Mr. WHITE. I should say it has not. It has had one investigation after another, and the whole benefit has been emasculated by the matter of procedure.

Mr. MOTT. Is it the gentleman's opinion that the Federal Trade Commission is not functioning?

Mr. WHITE. It certainly is not.

Mr. MOTT. Is the gentleman in favor of this appropriation?

Mr. WHITE. I am.

The CHAIRMAN. The time of the gentleman from Idaho [Mr. WHITE] has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

INTERSTATE COMMERCE COMMISSION

SALARIES AND EXPENSES

General administrative expenses: For 11 Commissioners, secretary, and for all other authorized expenditures necessary in the execution of laws to regulate commerce, including 1 chief counsel, 1 director of finance, and 1 director of traffic at $10,000 each per annum, traveling expenses, and contract stenographic reporting

services; $2,250,000, of which amount not to exceed $2,155,000 may be expended for personal services in the District of Columbia, exclusive of special counsel, for which the expenditure shall not exceed $50,000; not exceeding $3,000 for purchase and exchange of necessary books, reports, and periodicals; not exceeding $100 in the open market for the purchase of office furniture similar in class or kind to that listed in the general-supply schedule: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

Mr. MAY. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAY: On page 23, line 24, strike out "$2,250,000" and insert in lieu thereof "$1,750,000."

Mr. MAY. Mr. Chairman, the purpose of my amendment is not to either decrease or increase the general appropriation for the Interstate Commerce Commission. While this amendment itself would decrease this appropriation $500,000, I expect to offer another amendment on page 27 which will transpose or transfer this $500,000 reduction, if it is made, so as to increase the amount allotted to the land-appraisal department, and raise that from $1,000,000 to $1,500,000.

My reason for offering the amendment at this time is based on a careful reading of the testimony before the committee, shown on pages 104, 105, and those following of the hearings, which shows that it was the intention of the committee. This section provides for an appropriation of $2,250,000, $2,155,000 of which may be expended in the District of Columbia for personal services. The reason the committee did that, according to the hearings, was this: The Commission proposes to bring from throughout the country, from every nook and corner thereof, to Washington every one of your constituents who has a case pending before the Interstate Commerce Commission, instead of sending a Commissioner or an examiner down into the country to hold a hearing. For instance, it is shown in the testimony of one of the witnesses that they will transfer hearings that are already set at Wichita Falls, Tex., to Washington; from New York to Washington; from Kansas City to Washington; from Florida to Washington; from Raleigh, N.C., to Washington; from Columbia, S.C., to Washington; and from Jacksonville, Fla., to Washington. I undertake to say it is going to be infinitely unjust and unfair to require all persons who have cases before the Interstate Commerce Commission to bring a large number of witnesses to Washington instead of having an examiner sent down into the country to have the hearing there and submit the case to the Commission.

Mr. WOODRUM. Will the gentleman yield?

Mr. MAY. Yes; I yield.

Mr. WOODRUM. The gentleman is complaining about the committee cutting money out of the appropriation, which will necessitate those hearings being held in Washington, yet the effect of the gentleman's amendment is to further cut the fund from which they get the money to hold hearings in the field. The gentleman's amendment cuts out an additional amount.

Mr. MAY. I take the position that it is not necessary to have $2,250,000 or $2,155,000 expended in Washington while they curtail the land-appraisal department $1,313,000, and which will result in the discharge of 600 of the 913 employees of the land-appraisal department; that the difference in the cost of the hearings before an examiner in the country in the hundreds of pending cases, as compared with bringing them to Washington, justifies the cut. In view of the approaching legislation we are about to have, which will bring about a coordination and consolidation of the railroads into four great trunk systems, you will find a discontinuance of branch lines and the elimination of industry and manufactures out on branch lines everywhere. It will bring about the necessity of a reappraisal of all branch lines and it will coordinate everything in Washington, and this is the first step. That is the reason why I think it should not be done. I think this House should give careful and serious consideration to this amendment, because it simply means that instead of having hearings before an examiner out in the country they must bring two or three hundred people from the State of Texas, for instance, to Washington or from California to Washington as witnesses, and it will take thousands and thousands of dollars out of the pockets of the people in order to make it convenient for the Commission to have everything heard in Washington. I think this reduction ought to be made, and that it should be put in on the other branch of the work. It does not increase the appropriation in any way. I think you will agree with my amendment if you will give it serious consideration.

Mr. McFARLANE. Will the gentleman yield?

Mr. MAY. I yield.

Mr. McFARLANE. Is it not a fact that when they have these hearings in Washington and some Commissioner hears them they then refer the matter to the Commission, and the Commissioner could go down into the field and it would save the taxpayers thousands of dollars of money if they would send them down there instead of letting "Mohamet come to the mountain."

Mr. MAY. That is true; but it would be infinitely more economical and cheap for the people who are concerned in the hearings that the Commissioner or examiner go down there instead of bringing 40 people to the city of Washington as witnesses in every case.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. MAY] has expired.

Mr. WOODRUM. Mr. Chairman, I am not out of sympathy with the purpose that my colleague from Kentucky has in mind. I think the gentleman is not exactly accurate in the conclusion that he draws from the appropriation which the committee has recommended. The amendment offered by the gentleman, on page 23, line 24, reduces that appropriation $500,000. The gentleman gives notice that if that amendment is adopted he will move to increase the appropriation later on in the bill.

Now, it is true that in the bill it says $2,155,000 may be expended for personal services in the District of Columbia. May I call my friend's attention to the fact that while these are employees of the Interstate Commerce Commission in the main office in the District of Columbia, yet from this force come the people who go out into the field and conduct the hearings which my friend says he wishes continued rather than have the hearings held in Washington. If we take the $500,000 away, we simply further reduce the field activities of the Interstate Commerce Commission.

Mr. MAY. The gentleman from Virginia does not understand my point. The purpose I have in mind is to save the people of the country who have cases before the Commission the expense of having to gather here in Washington, pay hotel bills and railroad fares, and the expense of bringing witnesses here, when an examiner can be sent in the field.

Mr. WOODRUM. Yes; I think I understand the gentleman's point of view, but this amendment takes money out of the bill in such a way as to force them to cut down these hearings in the field.

Mr. MAY. The effect already has been that they have ordered 15 big cases to Washington.

Mr. WOODRUM. I may say to my friend from Kentucky that it is an old custom among bureaus and commissions of the Government that whenever you take 5 cents away from them they will begin to holler that you have curtailed the particular activity they know Members of Congress and their constituents are going to be interested in. For instance, if you curtail appropriations for the Agricultural Department, they immediately say that next year they will not be able to publish the Agricultural Yearbook, feeling that some of us Congressmen who want the yearbook will have an amendment put in the bill putting it back.

So it is also when we come to the Interstate Commerce Commission. We have cut them pretty deep, I will admit, but no deeper than we have cut everybody, including our soldiers, ourselves, and our employees.

When we cut them they said, "We will not be able to have as many hearings in the field as we have had before." Our committee feels that perhaps it will not be necessary to have

as many hearings in the field. But, Mr. Chairman, if experience shows it is necessary to have these hearings and they do not have sufficient funds to conduct the necessary hearings in the field, this committee and the Congress will be willing to give it to them. However, we want to put them on starvation rations for a little while, as we are doing with every activity of the Government, and see how it works out by the time we come here next year.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MAY. Does the gentleman care to refer to page 105 of the hearings where he himself examined one of the witnesses and where the witness, McManamy, answered a question by Mr. WOODRUM. The gentleman from Virginia [Mr. WOODRUM] asked this question:

After July 1 you are not going to set any of these cases?

That is referring to a large number that he testified about on the previous page and on that page.

Mr. McManamy answered:

No; these are the cases that we had to call to Washington. During the next fiscal year there will be a great many more.

In other words, he states there—and it is not contradicted—that they are going to bring the United States to Washington regardless of the expense to the litigants.

Mr. WOODRUM. Mr. Chairman, I may say to the gentleman that it is true the Interstate Commerce Commission complained about this cut, as I have stated. They undertook to base their claim for a more liberal appropriation upon the fact they had to have these hearings. But our committee feels that we have not cut them unreasonably. We do not believe the right of any constituent is going to be interfered with by this cut we have made. If it is, then we are ready to come back and recommend an additional appropriation when the time comes.

Mr. MAY. Why not take care of it now?

Mr. ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. ROGERS of Oklahoma. I notice in the hearings that the committee, as far as I can understand, did not agree that the cut would cause all of these hearings to be held in Washington of necessity. That is merely the testimony of one of the Commissioners.

Mr. WOODRUM. That is right.

Mr. ROGERS of Oklahoma. As I understand it, the committee does not feel it will be necessary to bring all these cases to Washington. Is that right?

Mr. WOODRUM. The committee felt that the Interstate Commerce Commission, if it tries to cooperate with the committee and with Congress in our economy efforts, will be able to conduct their hearings in the field, although they may possibly have to bring some of the cases to Washington.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Virginia be extended 2 minutes, that he may answer another question.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. The gentleman from Virginia understands, no doubt, that the President is prepared now and will soon send to Congress during this session—and it will be enacted into law—a proposed merger of all the railroads; and the message announced that the bill will be so drawn that the railroads may coordinate, consolidate, and eliminate branches.

Suppose this bill goes through and operations under it are started. Suppose it is proposed to discontinue a 50-mile railroad somewhere in the country. Can the Commission, without going to the place or having somebody down there view the premises and take the hearings, get the right picture of the situation? Can this be done by having the people come here to Washington?

Mr. WOODRUM. I think the gentleman need not be uneasy about the Commission not being supplied with funds necessary to take care of any new activity the administration puts on it.

This is the appropriation the Director of the Budget sent to Congress and the President himself said it would be sufficient to run the Interstate Commerce Commission. The committee did not cut it any. We have given just what the Director of the Budget and the President of the United States said it was right for the Interstate Commerce Commission to have.

Mr. MAY. Will the gentleman yield?

Mr. WCODRUM. I yield.

Mr. MAY. I wonder how much investigation of the facts and figures in connection with this matter the President has had the time to make since March 4.

Mr. AYRES of Kansas. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. AYRES of Kansas. This item of $2,250,000 is the amount that is used for the field-service work. If the amendment of the gentleman from Kentucky [Mr. MAY] should be agreed to, then we would have less field work done and more centralization here in the city of Washington.

Mr. WOODRUM. That is exactly the point I tried to make.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. ROGERS of Oklahoma. Is it not a fact that the total reduction here under the 1933 appropriation is less than 15 percent?

Mr. WOODRUM. That is correct.

Mr. ROGERS of Oklahoma. And is it not also a fact that the reduction in some of the items is more than 15 percent?

Mr. WOODRUM. The gentleman is correct.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. McFARLANE. I notice on page 104 of the hearings that Mr. McManamy states that this item of appropriation is $2,692,000, which has been cut, as shown by the bill, to $2,250,000, or $442,000. I wish the gentleman would tell us how many men they have available for this field work to go out and hold these hearings, and if the gentleman knows, also tell us how much it is going to cost the people concerned to come to Washington to attend these hearings. In other words, let us see how much we are going to save the taxpayers of this country by forcing all the people in the country who are interested in these matters to come here to attend the hearings, when we could send a Commissioner or an examiner which would only be one railroad fare, whereas under the other plan, we are causing thousands of people to come to Washington just to accommodate some little commissioner who does not want to leave the footlights of the capital.

Mr. WOODRUM. The gentleman has made a speech and I really do not know what his question is.

Mr. McFARLANE. The question is whether or not you are cutting the bill $442,000——

Mr. WOODRUM. That does not all come out of this item. A good portion of that is the regular salary reduction and the rest is the percentage cut that we are giving all these departments to compel them to economize in this period of emergency. When we have had to cut our veterans by reason of the present emergency, we are also going to cut the departments and make them economize.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment.

The appropriation for 1933 for this service was $2,600,000. This was some reduction under the previous appropriation, but not very much. They tell us that under this appropriation they are having difficulty in going out into the field

and holding these hearings. I believe that this is just a bureaucratic idea that they should not work the way they ought to work in the interest of the people.

It is from this appropriation that money is provided to go out in the field and take the testimony there. If we cut this appropriation they will have less money to work on in the field.

Mr. MAY. Will the gentleman yield?

Mr. TABER. Yes.

Mr. MAY. Then why do you confine it to being expended in the District of Columbia, if you want them to go out in the field?

Mr. TABER. This is for the employees who are based here in the District.

Mr. MAY. Then you are going to spend $2,155,000 on employees in the District of Columbia?

Mr. TABER. These employees are the ones who go out in the field. They are stationed here, but they are sent out in the field to hold these hearings. The employees who hold the hearings are not stationed in the field but are stationed here in Washington.

Mr. McFARLANE. Will the gentleman yield?

Mr. TABER. Yes.

Mr. McFARLANE. If the gentleman will refer to line 1, page 24, of the bill, it is shown there that this appropriation may be expended for personal services in the District of Columbia. Why should we not provide that it may be expended Nation-wide, so we would have an opportunity to send these commissioners out in the field? If you are going to spend this money in the District of Columbia, that limits it to the District alone.

Mr. TABER. They can spend this money to go out in the field the way the language is now, and they have never had any trouble with the Comptroller's Office in doing this. The item to which the gentleman from Kentucky [Mr. MAY] refers, and to which he proposes to add certain money, is $1,000,000 for the Valuation Division. This $1,000,000, it was stated to us by the Commissioner who has charge of this work, Mr. Lewis, will be sufficient for them to do everything that is required to be done, with the recapture provision out, without the least bit of trouble, and they probably in the future may be able to get along with less. It does not seem to me we ought to cut down the work of sending these people out by cutting this appropriation, but we should really allow the cut of about 15 percent to stand—it is not quite 15 percent, because we are $40,000 above a 15 percent cut in this appropriation—but I believe we should see if they cannot do all of the work with this appropriation, and I believe they can if they have the proper amount of ginger.

Mr. HOPE. Will the gentleman yield?

Mr. TABER. Yes.

Mr. HOPE. What I should like to know is whether the language of this provision is any different from what has been carried in the previous appropriation bills.

Mr. TABER. It is exactly the same language, and the Comptroller has ruled that this is sufficient to permit them to operate.

Mr. HOPE. And they have been holding these hearings in the field under the authority of previous bills, which contained the same language.

Mr. TABER. Yes.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. GREEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall probably not consume all the 5 minutes, but I do want to call the attention of the committee to the technicalities and the unworkability of the Interstate Commerce Commission's rules and regulations.

It is almost as difficult to present your case to the Interstate Commerce Commission as it is to the Supreme Court of the United States. Entirely too much delay and red tape.

The melon growers in my district planted a rather large acreage this year, contemplating that they would enjoy the same freight rates they had been enjoying for the past few seasons. But the Interstate Commerce Commission, in the face of the panic and the business collapse, has permitted the freight rates to be increased from $10 to $50 per car. It seems to me utterly inconsistent and absurd for the Interstate Commerce Commission to have found that the melon growers should now pay from $10 to $50 more per car to get their melons to the market, especially when our growers are hardly breaking even. In fact, many of them have lost money during the past few seasons. From my district they now pay about $200 per car to New York and eastern markets; some $250 to $300 per car to Michigan. The railroads get this transportation charge because a guaranty is required before the melons are moved from shipping point. Sometimes the melons fail to bring even the freight charges. Often nothing at all is left for the grower. This is also very often the case with our shippers of other vegetables and fruits. Why does not the Interstate Commerce Commission see that they have the same rates accorded the steel and other highly financed monopolies? Why the vast difference in these rates?

The Congress has created bureau after bureau and commission after commission undertaking to help our constituents, the plain, everyday people of America, only to find that in the due course of time the commissions are in many instances devoured by the special interests and monopolies and trusts.

I think, instead of the amendment of my friend from Kentucky, we may do more good toward the American people if we would indiscriminately abolish and scrap and junk practically all of the so-called "service commissions" and "bureaus" and then vigorously enforce our antitrust laws through the Department of Justice. [Applause.]

Why should the Interstate Commerce Commission advise me to have my people present a petition and proceed in some set, cut-and-dried, and drawn-out manner? If we did that, we probably could not get before the Commission before the melon season was over. O, Mr. Chairman, why have these commissions so far forgotten the needs of our people?

Why do not they send a Commissioner or an inspector down to Florida, and in 5 days he could make a report on the melon rates as to whether they should be reduced to the same as we enjoyed last season. Our growers contemplated the lower rate when they planted this crop. Now, when it is about ready to ship, the rates are liberally raised. Is this fair?

The red tape of the bureaus—the Commission—is so wound around by complicated rules that you cannot get any action out of them. Why should not the Commission suspend the enforcement of these rates? They have made their own rules and hide behind them.

I doubt if we should appropriate the huge amount here asked for. I am inclined to think that my friend's amendment should be adopted until we can get some reaction, some cooperation, and some service from some of the bureaus and commissions to which we are paying high salaries, allowances, and traveling expenses to help raise the freight rate of my constituents.

It may be that I am a little radical on these things, but somehow I cannot help it when I see these abuses, long delays, evasions, buck passing, and a general lack of interest for the down-and-out American citizens, the farmers in particular, because if anyone is now hard hit it is our farmers. They have been sandbagged and robbed, literally speaking, until they have nothing left. It is a shame.

I submit one or two of the telegrams recently received and the reply of the Interstate Commerce Commission, as follows:

LIVE OAK, FLA., *April 17, 1933.*

Hon. R. A. GREEN,
Washington, D.C.

DEAR SIR: Enclosed you will find a petition submitted by watermelon growers of Suwannee County for your consideration. This petition is self-explanatory.

The grievance is that with the low prices received by growers for melons for the past 3 years that freight rates are so high that they are prohibitive. For example, a grower in Live Oak, Fla., shipping melons to New York has to guarantee the freight under bond before the railroad company will move the car, and the freight is more than $200 per car. The net returns to farmer for last season was about $35 per car. Thus, the railroad gets practically all and the farmer nothing.

This condition is causing farmers to seek truck conveyance into large cities, and the railroads are going to suffer.

This appeal is in no way to ask unjust cuts in rates on melons, but merely to request a fair rate so that our growers can continue to grow melons. If something is not done to relieve this situation, the melon growers of this State will be forced to discontinue growing melons.

Correspondence regarding this petition should be directed to Mr. J. A. DeBerry, Live Oak, Fla., sending copy to me.

Thanking you for consideration of above, I am,

Yours truly,

N. G. THOMAS, *County Agent.*

TRENTON, FLA., *April 27, 1933.*

Hon. R. A. GREEN,
United States Congressman, Washington, D.C:

The advance tariff on watermelons affecting present growing crop Florida and Georgia from ten to more than fifty dollars per car will cause growers lose money and eventually force them to quit growing this commodity for market. Imperative this advance taken off, restoring old rates. Please use your best efforts.

S. G. GAY.

INTERSTATE COMMERCE COMMISSION,
OFFICE OF THE SECRETARY,
Washington, May 2, 1933.

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.

MY DEAR MR. GREEN: Please be referred to your letter of the 28th ultimo, addressed to the chairman, concerning a telegram received from Mr. S. G. Gay, Trenton, Fla., with respect to increased freight rates on watermelons.

The rates involved are evidently those found justified by the Commission in its decision of February 18, 1933, in I. & S. Docket No. 3706, *Watermelons from, to, and between southern points* (191 I.C.C. No. 534).

This investigation came about through schedules filed to become effective February 23, 1932, wherein the carriers proposed to cancel commodity rates and establish in lieu thereof rates based, generally speaking, 30 percent of first class, in order to remove irregularities prohibited by the long-and-short-haul clause of the Interstate Commerce Act. Upon protest of the regulatory authorities of Georgia, Florida, and others, the rates were suspended for investigation to determine the propriety thereof.

Following hearing in this case the Commission found the proposed rates justified, with certain modifications. Those found justified were allowed to become effective March 22, 1933, and the modified rates were made effective May 1, 1933.

The adjustment was of widespread effect, involving both increases and reductions in existing rates, and such rates were permitted to become effective only after full hearing of parties interested.

In the event shippers consider it advisable and desire to attack any specific rate adjustment, their recourse lies in the filing of a formal complaint in accordance with the Commission's rules of practice.

Respectfully,

G. B. MCGINTY, *Secretary.*

MCINTOSH, FLA., *May 9, 1933.*

Hon. CONGRESSMAN R. A. GREEN,
Washington, D.C.:

Right on verge beginning shipments watermelons from Florida and Georgia, railroads have, in our opinion, unjustly advanced rates this commodity, which is one of their foremost agricultural products. Advancing rates at this time certainly no cooperation with farmers and is duly unjust. L. E. Holloway, president Melon Distributors Association, wired President Roosevelt protesting against this unjust advance. We urge you to lend your supreme effort handling Interstate Commerce Commission to place these rates back same basis as last year, remembering all shipments watermelons require bond guaranteeing freight.

CHRISTIAN & NEAL,
By J. B. NEAL,
Secretary and Treasurer, Marion County,
Democratic Committeeman.

TRENTON, FLA., *May 4, 1933.*

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.:

Immediate action necessary. Please urge Interstate Commerce Commission reestablish former freight rates watermelons from southeastern territory. Recent published rates absolutely prohibitive, will bankrupt growers, as old rates were already too high. Many cars selling below charges. Please use influence; get emergency action, thereby saving important industry.

D. H. BROWNING,
M. L. LANGFORD,
A. F. RUTLEDGE.

I joined in these protests and urged that they be given consideration. These new rates should be suspended until at least the present crop could be harvested, then let our growers be advised in advance as to future increases, then probably fewer would try to grow melons.

The following communication has just been received from the Commission:

INTERSTATE COMMERCE COMMISSION,
Washington, May 10, 1933.

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.

MY DEAR MR. CONGRESSMAN: I have your favor of 8th instant, with which you enclosed a communication dated 6th instant and addressed to you by Mr. R. H. Pennington, secretary of the Melon Distributors Association, Evansville, Ind., and telegram dated 4th instant and addressed to you by Messrs. D. H. Browning, M. L. Langford, and A. F. Rutledge, of Trenton, Fla., relating to rates for the transportation of watermelons from points in southeastern territory.

Upon inquiry I learn that the rates referred to became effective on the 1st day of this month, and that they are supposed to be in harmony with a decision of division 3 of the Commission, rendered on February 18, 1933, in *Watermelons from, to, and between southern points* (199 I.C.C. 435). As a practical matter, therefore, the rates cannot be interfered with by the Commission except after the hearing provided for in section 15 pursuant to a complaint filed in accordance with the provisions of section 13 of the Interstate Commerce Act. Under the provisions of the act carriers are free to initiate rates and cannot be required by the Commission to change them after they have become effective unless and until the hearing mentioned has been held, and then only for the purpose of making effective one or more of the provisions of the act.

Many telegrams and other communications similar to those of your correspondents have reached the Commission recently, but because of the restrictions above set forth you will readily understand why it is impossible for the Commission to take such quick action concerning rates of transportation as interested parties appear to desire.

Very respectfully,

P. J. FARRELL, *Chairman.*

Now, may I ask my colleagues why the Congress should maintain bureaus and commissions? I await an answer. If the Commission is not at fault and new legislation is needed, I call on our administration and leaders to offer such remedial legislation.

[Here the gavel fell.]

Mr. GLOVER. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, I am going to vote for the amendment of the gentleman from Kentucky to strike out $500,000 from the bill, and then I am going to vote against the next amendment to put it back in, as he wants to do.

I congratulate the committee in having cut out more than $2,000,000 of this appropriation bill, and it is carrying now twice as much as it ought to carry.

I want to say to you that, in my opinion, the condition that the railroads are in today is by reason of the fact that we have given the Interstate Commerce Commission the right to fix the rates for them on every article of commerce that is shipped in interstate commerce. They have been the means of pauperizing the railroads. If you will take off the orders by which the railroads are tied today, with the restrictions put upon them, whereby they cannot reduce their rates, then the railroads will come out without trouble. They are now penalized if they undertake to reduce the rate fixed by this Interstate Commerce Commission anywhere in the United States, and that is what is the matter. This Commission is running around and investigating the disobedience of some little order of the Commission. I have introduced a bill in this Congress—and have introduced it before—to provide that the Interstate Commerce Commission shall fix only the highest rates that could be charged by the railroads and express companies for carrying freight, and thus leave the railroads open for competition with each other, so that they could make some of these reductions in freight rates. The gentleman from Florida [Mr. GREEN] a moment ago stated the freight rates with respect to fruit in his State, and

I can point back to the day when this same Commission destroyed one of the most profitable businesses in my State.

We were shipping thousands of crates of cantaloupes, carloads of them, throughout the entire United States. As soon as the Interstate Commerce Commission got to the point where it could fix a rate it put those men out of business. I should be glad today, as an experiment at least, to absolutely abolish this Commission and the Federal Trade Commission, which was discussed a moment ago, which carries $900,000. It has accomplished no good whatever, in my opinion. I believe that if you will continue to reduce the appropriations for these Commissions every year we will finally know whether or not they ought to be continued; I think it will be disclosed then that these Commissions are some of the greatest detriments that we have to trouble us now. We are living under an administration of bureaus and commissions, under a commission government, under a bureaucratic government. When the Attorney General wants to find out what the law is on some point, he has to hunt some little bureau to find out what kind of an order it has made by reason of the power given to it by Congress. I am tired of that kind of government. I want to see this Congress legislate, pass laws, fix a rate that is right, and let it be enforced by the court, and do away with the bureaucratic government now existing in this country. As one gentleman said, do away with the red tape. Let us turn the railroads loose to compete with each other and we will have better times in this country and they will prosper.

Mr. THOMASON of Texas. Does the gentleman know of any good reason why we need 11 of these high-powered Commissioners to do the work of the Interstate Commerce Commission? Could it not be done just as well by 3 or 5?

Mr. GLOVER. Three would do just as well as 11.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. Yes.

Mr. GREEN. It costs $250 to $300 per car to ship our watermelons to the State of Michigan.

Mr. GLOVER. I was down in my State a year or so ago and they were shipping out a carload of cabbages and the man shipping it said that he sold the carload in the market, and that he was paying almost as much to get it to market as he got for the whole carload.

The CHAIRMAN. The time of the gentleman from Arkansas has expired. All time has expired. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken.

Mr. MAY. Mr. Chairman, I demand a division. Several Members desire to have the amendment read. I ask unanimous consent that before the vote is taken on the division the amendment be again reported by the Clerk.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection, and the Clerk again reported the amendment of Mr. MAY as follows:

Page 23, line 24, strike out "$2,250,000" and insert in lieu thereof "$1,750,000."

The Committee again divided; and there were—ayes 29, noes 45.

So the amendment was rejected.

The Clerk read as follows:

Regulating accounts: To enable the Interstate Commerce Commission to enforce compliance with section 20 and other sections of the act to regulate commerce as amended by the act approved June 29, 1906 (U.S.C., title 49, sec. 20), and as amended by the Transportation Act, 1920 (U.S.C., title 49, sec. 20), including the employment of necessary special accounting agents or examiners, and traveling expenses, $750,000, of which amount not to exceed $172,000 may be expended for personal services in the District of Columbia: *Provided*, That for the portion of the fiscal year 1933 remaining after the date of enactment of this act the amount which may be expended for personal services in the District of Columbia from the 1933 appropriation for the purposes included in this paragraph shall be at the annual rate of $175,000.

Mr. McFARLANE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: Page 24, line 25, after the figures at the end of the line, insert a colon and the words "*Provided*, That no part of this appropriation shall be used to hold hearings in the District of Columbia."

Mr. WOODRUM. Mr. Chairman, I make the point of order against the amendment that it is not germane to this section. This section is the section providing for the personnel for the accounting division in the District of Columbia. It is not a section relating to the holding of hearings.

Mr. McFARLANE. Mr. Chairman, then I ask unanimous consent that the amendment be made to apply to line 10. While I was preparing the amendment the Clerk read on down the page. I want this amendment to apply to the first section.

Mr. WOODRUM. Mr. Chairman, I would have to make the point of order to that.

Mr. McFARLANE. Mr. Chairman, I think it is good where it is, and I want to be heard.

The CHAIRMAN. Is there anything in this paragraph that provides an appropriation for the holding of hearings?

Mr. WOODRUM. No. The information of the committee is that the appropriation which provided for the hearings, to which the gentleman from Texas doubtless refers, is an appropriation carried in the first paragraph. That begins on line 23 and the appropriation was for $2,250,000. We have passed that section.

Mr. McFARLANE. I call attention to the amendment and the section under which it is carried and the wording of the paragraph, which reads:

Including employment of necessary special accounting agents or examiners and traveling expenses, $750,000, of which amount not to exceed $172,000 may be expended for personal services in the District of Columbia.

That shows that traveling expenses are involved. It shows that special investigators, agents, and so forth, are involved in the amendment.

Mr. WOODRUM. That is true, but by an examination of the organic law, section 20, it will be found that section 20 of the act to regulate commerce is the section providing for valuation accounts of the railroads and for the policing of those accounts.

Mr. McFARLANE. Does the gentleman have that section before him?

Mr. WOODRUM. I do not have it here, but I know what the organic law is.

Mr. BLANTON. Mr. Chairman, the present existing law permits hearings in Washington. The amendment offered by the gentleman would change existing law.

Mr. McFARLANE. Mr. Chairman, in answer to that, I should like to call attention to the fact that it is not legislation attached to an appropriation bill, but it is a limitation upon the appropriation itself, and I do not think the point of order raised by the gentleman from Texas is well taken.

The CHAIRMAN. Will the gentleman from Virginia, chairman of the subcommittee, advise the Chair what he has in mind when he uses the word "policing"?

Mr. WOODRUM. I can answer the Chair better by referring to page 315 of the hearings on the original bill in the last session of Congress:

Functions of Bureau of Accounts: (1) to prescribe and revise uniform systems of accounts for all classes of carriers under our jurisdiction;

(2) To enforce these systems of accounts by test examinations; and

(3) To make such special accounting examinations as our duties may require—

And so forth.

It does not refer at all to rate cases, in which hearings the gentleman is interested. That appropriation is carried in the section of the bill which we have just debated, and to which the gentleman from Kentucky [Mr. MAY] offered an amendment which failed. The amendment offered by the gentleman from Texas is not germane to this paragraph.

The CHAIRMAN (Mr. McCLINTIC). The Chair is ready to rule. The Chair thinks that the amendment as offered is not germane to this paragraph.

The Chair therefore sustains the point of order.

Mr. McFARLANE. Mr. Chairman, I ask unanimous consent that the amendment may be offered at the end of line

10 on page 24, and I ask unanimous consent to return to that portion of the bill.

Mr. BLANCHARD. Reserving the right to object, I shall not object to offering the amendment, but I certainly shall object to any further debate.

Mr. WOODRUM. Mr. Chairman, in view of the action of the House in just voting on this amendment, I am compelled to object. I do not want to be discourteous to my good friend from Texas, but I shall be forced to object to the unanimous-consent request.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

Valuation of property of carriers: To enable the Interstate Commerce Commission to carry out the objects of the act entitled "An act to amend an act entitled 'An act to regulate commerce', approved February 4, 1887, and all acts amendatory thereof", by providing for a valuation of the several classes of property of carriers subject thereto and securing information concerning their stocks, bonds, and other securities, approved March 1, 1913 (U.S.C., title 49, sec. 19a), including 1 director of valuation at $10,000 per annum, 1 supervisor of land appraisals, 1 supervising engineer, 1 supervisor of accounts, and 1 principal valuation examiner, at $9,000 each per annum, and traveling expenses, $1,000,000: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

Mr. MAY. Mr. Chairman, I offer an amendment which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAY: On page 27, line 16, after the word "expenses", strike out "$1,000,000" and insert in lieu thereof "$1,500,000."

Mr. MAY. Mr. Chairman, it is somewhat discouraging, in the face of the previous action of the House when I undertook to reduce an appropriation, to now undertake to increase one; but a mere reading of this subsection of the bill will convince any of you who will just think about it a while that this appropriation is entirely too small for the purpose.

Under this provision of the bill, the valuation department of the Commission, which includes the valuation of all property of the carriers, is required not only to view and inspect 400,000 miles of railroad in the United States, 250,000 of which is trunk line, but they must go into an investigation, under the provisions of this bill, that will secure information concerning stocks and bonds and other securities held by the railroads. It is not only an appraisal and valuation department as to lands and physical properties but it includes all securities. Most of those securities are now in the hands of the United States Government, or rather its agent, the Reconstruction Finance Corporation. When we pass new legislation that we will all vote for, perhaps, under the lash of the whip, as we have been in the habit of doing, you will find there is going to be an overhauling and housecleaning of the railroads of this country from one end to the other, not only of the main lines but the branch lines, and there will be a discontinuance of lines and railroad and transportation facilities; and the branch of the Commission that has charge of the valuation department will be compelled to revalue all those properties. That is just what the railroads want to do. They want to cripple that valuation department so that they cannot get a fair valuation, and then they can dicker with the Reconstruction Finance Corporation and the Treasury Department with the Government blind and its hands tied. I think this appropriation should be increased so that this branch of the activities will not be curtailed under the important and crucial position we are going to be in within the next few months with these changing conditions under the new deal we are going to have.

The importance of this appraisal department is emphasized over and over by past events one or two of which I shall point out here. In 1931 the Post Office Department was planning the building of 2 large and expensive public buildings in 2 of our great cities, New York and Chicago. At New York the lowest price they were offered on the site at Grand Central Station was $14,500,000, and somebody with foresight enough to think of it asked the land department of the Interstate Commerce Commission for their valuation which was furnished very promptly and which resulted in a finding that the proper value of that particular property was not $14,500,000, the authorized contract price, but $7,000,000; and by reason of the efficiency of this department the Government made an actual net saving of $7,500,000, which is one and one half times the amount of money contained in this bill for the entire Commission. Quite a nice little saving for one case. The same thing occurred in Chicago where the saving was no mean sum but a handsome little bagatelle of $5,000,000, almost the amount of this entire appropriation, and yet some wise men in the name of economy would materially cripple if not destroy this valuable activity. [Applause.]

Mr. WOODRUM. Mr. Chairman, I rise in opposition to the amendment.

The Bureau of Valuations of the Interstate Commerce Commission is that part of the activity which has to do largely with making the primary valuation and keeping the valuation up-to-date on properties of the common carriers.

Congress is just about in the act, I think, of repealing section 15a of the Transportation Act which calls for the recapture of excess earnings of railroads, which is a ludicrous phrase in this day and time, because "There ain't any such animal" now as excess earnings of railroads.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MAY. It means to give back to the railroads about $360,000,000 that is charged up to them, about $10,000,000 of which is in the Treasury.

Mr. WOODRUM. No; it does not mean that because we have been able to get only a small portion of that into our hands, two or three millions of dollars in real cash.

Mr. MAY. But this amount today is due under the recapture clause.

Mr. WOODRUM. Oh, there is a lot of it due, but how are the railroads ever going to be able to pay the Government what they owe it under the recapture clause? They will have to borrow money from the Reconstruction Finance Corporation to pay back to the Government money they owe under the recapture clause of the Interstate Commerce Commission Act for the Government to pay back to the railroads, an utterly paradoxical and incongruous situation.

Mr. MAY. In other words the Government has played the part of Santa Claus until it proposes to change the Valuation Act and let the railroads say what they think they are worth.

Mr. WOODRUM. No more absolutely unjustifiable provision was ever written into a transportation act than that which in effect said to the railroads that when times were good and they were prosperous they would be limited to a certain percentage of earnings, yet when times get bad the railroads must look out for themselves, although every other man in business individually or every other concern is enabled under the law to lay up a little something against a rainy day.

Some of the railroads by careful economy and good management in prosperous times were able to make money, yet the Government undertakes to take it away from them and not guarantee them against loss when conditions fall off.

Even with the reduction the appropriation for this purpose is still $1,000,000, which is quite a considerable sum. It leaves them a skeleton organization with which to carry on until Congress and the President finally decide what the national policy is going to be with reference to railroads.

Mr. MAY. Mr. Chairman, will the gentleman yield for a further question? I dislike to interrupt the gentleman, for he is so courteous in his general demeanor to all of us, but does the gentleman think it is exactly fair to give back to the railroads by new legislation $360,000,000 that we could compel them to pay and at the same time take away from the veterans of the World War $560,000,000, and then say that we will not keep in touch with and keep our hands on these railroads, which we guarantee may earn 6 percent?

Mr. WOODRUM. If my friend from Kentucky has kept abreast of the situation with reference to this recapture of

excess earnings, as I am sure he has, he will know that the Government is faced with litigation from now until the crack of doom before it can ever collect these excess earnings. With the exception of one or two railroads, none of them would be financially able to pay any of it. If we had valid judgments against them today, they could not be collected.

On the other hand, speaking of our veterans, if we rehabilitate the railroads, if we put them back to work, if we start them running their railroad engines and rolling stock, calling back into service their engineers and brakemen, putting into service their passenger-carrying facilities, then the veterans over this country will have some opportunity to get a job, some place where they can hope to get one. The one thing they want above all else in the world from the Federal Government is a fair, square chance to have what every American citizen ought to have, an opportunity to work and earn a living.

Mr. ROBERTSON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. ROBERTSON. Is it not a fact that if the Government did recover from the few railroads that have made excess earnings that the money would not go into the Treasury but the great bulk of it would go to railroads that have not earned the interest on their capital investment?

Mr. WOODRUM. I thank the gentleman for that suggestion. I may remind the gentleman from Kentucky that if we collected all the $360,000,000 today, not one red copper penny of it would go back into the pockets of the people who paid them. The excess earnings go into a revolving fund to make up the deficits of mismanaged railroads.

Mr. MAY. Mr. Chairman, will the gentleman yield further?

Mr. WOODRUM. I yield.

Mr. MAY. Has the chairman of the committee made any investigation of this subject to know how many presidents and vice presidents of these mismanaged railroads are receiving salaries in excess of $100,000 a year?

Mr. WOODRUM. Oh, a great many, too many, are receiving high salaries, I may say to the gentleman from Kentucky.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from Kentucky.

The amendment was rejected.

The Clerk read as follows:

Not to exceed $2,500 of the appropriations herein made for the Interstate Commerce Commission shall be available for expenses, except membership fees, for attendance at meetings concerned with the work of the Commission.

Mr. McFARLANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: Page 28, between lines 7 and 8, after the word "Commission", insert a new section, to read as follows:

"Not to exceed $200,000 for traveling expenses, reporting service, and other expenses incurred in the holding of hearings outside the District of Columbia."

Mr. WOODRUM. Mr. Chairman, I make a point of order against the amendment that, in the first place, it is not germane to the portion of the bill to which it is offered; and, in the second place, it changes existing law. Existing law authorizes the holding of hearings in the District of Columbia, and the amendment seeks to change this.

Mr. McFARLANE. Mr. Chairman, in answer to the gentleman's point of order, I call the attention of the Chair to the fact that this is offered at the close of the Interstate Commerce Commission section of the independent offices appropriation bill, and that the item for general administrative expense carries an appropriation of a certain sum which shall be expended within the District of Columbia, and according to the hearings, on page 107, it has been brought out that—

For the fiscal year 1932 the reporting expense was $100,000 and the travel expense was $116,000, practically all of which was for field hearings. The official reporting expense this year, up to and including March 31, has been $61,000, in round numbers, and the traveling expense has been $40,000.

This is not a change in existing law and it is not legislation on an appropriation bill. It is a provision such as the paragraph above, and if a point of order is good to this section it is good to the one above, because it is worded in the same language—not to exceed a certain sum shall be expended in a certain way for certain expenses which have been permissible under the law all along or up until the appropriation was cut out at this session.

The CHAIRMAN (Mr. McCLINTIC). The Chair is ready to rule.

The gentleman from Texas offers an amendment in the nature of a new paragraph, which reads:

Not to exceed $200,000 for traveling expenses, reporting service, and other expenses incurred in the holding of hearings outside the District of Columbia.

In view of the fact that the first paragraph of this title deals with this subject, the Chair thinks it is not germane to the portion of the bill to which it is now offered, and therefore sustains the point of order.

Mr. TREADWAY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD on the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, it is not my purpose to go into detail regarding the method being pursued by the Appropriations Committee to continue the Democratic gag-rule system, nor to enter into extended arguments regarding items contained in the independent offices bill.

I gladly voted for the Roosevelt economy bill, and I am in accord and sympathy with the President's efforts to bring about marked economies in governmental expenditures. This is a much better way to aid in balancing the Budget than continuously suggesting, as the Democratic majority is doing, new forms of expenditures and camouflaging them under the cloak of bond issues.

There is, however, one item of economy in the pending bill which I think goes too far. It appears on page 44, where the amount provided for carrying on the work of the Veterans' Administration for the next fiscal year is fixed at $77,273,000. It seems to be understood that this reduced figure involves the abolition of the regional offices of the Bureau. While all savings are desirable, it is my opinion that the doing away of the regional offices will bring about unintentional and severe hardships. My district covers the western part of Massachusetts. A year or so ago it was reported that the Springfield branch of the Bureau, which contacted veterans in that section and handled their preliminary physical examinations and other matters, was to be closed. This caused almost an uprising among the veterans in the western part of the State. Their protest was so great that it was finally decided to continue the Springfield station. The presence of this station made it unnecessary for veterans living west of the Connecticut River to make the long journey to Boston. On May 1, however, the Springfield branch was closed, and now it is proposed to also close the regional office in Boston.

This will leave the veterans without any opportunity for personal contact with officials who must pass upon their claims and will require them to present all matters in writing. Such a procedure will impose an undue handicap on many veterans. The majority of them are not expert letter writers. Many of them have not the education and training necessary for the proper presentation of their claims in writing. To deprive these veterans of the opportunity of personal contact with physicians and other representatives of the Veterans' Administration is, in my opinion, an extreme injustice.

It will be difficult enough for the Administration to convince veterans that the recent reductions in their compensa-

tion are fair and just; but to withdraw from veterans their opportunity to present their cases verbally to persons with sympathetic ears and understanding is something they will not understand. No amount of formal routine correspondence from the Bureau here will take the place of this personal contact.

My relations with the Boston regional office have been highly satisfactory. I consider that Colonel Blake is certainly an outstanding official and that his office has been conducted most efficiently. I sincerely hope that for the sake of the veterans of Massachusetts that office will not be discontinued.

The department commander of Massachusetts, the American Legion, is in Washington and has interviewed the members of the Massachusetts delegation. Commander Rose has stressed the desirability of maintaining the Boston office. I quote from his statement, as follows:

Nor is it necessary for us to bring to the attention of Massachusetts Members the humane side of this question. The Federal Government is about to stop the compensation and allowances of thousands of veterans. Practically all of those will seek some explanation of their removal from the lists. If this explanation is given them personally by a sympathetic attaché of the Veterans' Bureau, the blow will not fall quite so hard. But if the veteran is told that he cannot even get a hearing, that his court of appeal has been abolished, our elected officials are breeding distrust, if not outright hate, for the Government in whose defense he once offered his life.

The amount which would be saved by abolishing the regional offices is not sufficiently large to upset the economy program. On the other hand, the benefits to be derived from the continuation of these offices, from a humanitarian standpoint, as well as the mental attitude of the veterans, are fully sufficient to warrant the expense involved.

It is noted from this morning's press that the President's advisers have seen the handwriting on the wall and have made what appears to be a formal announcement that not all regional offices will be abolished. It is, of course, safe to assume that among the number retained will be the one at Boston, as the amount of business which has been transacted there would give that office a leading place on the list of those to be favorably considered. The veterans in the district which I represent naturally will receive this announcement with satisfaction.

The Clerk read as follows:

Total, Office of Public Buildings and Public Parks of the National Capital, $3,322,500.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word in order to interrogate the chairman of the subcommittee. At the bottom of page 31 there is a provision for the "demolition of buildings." I desire to ask the chairman whether any money carried by this appropriation can be used to wreck and destroy the present Post Office Department Building?

Mr. WOODRUM. It is the understanding of the committee that this does not include any funds for that purpose.

Mr. LOZIER. I thank the gentleman for this assurance. For several years under the Hoover administration repeated and persistent efforts were made to have Congress appropriate money to tear down the Post Office Department Building. On several occasions I have joined my colleagues in defeating appropriations of funds to destroy this perfectly good public building that is built of Maine granite and, if not deliberately demolished, will stand for a thousand years. It is one of the best and most substantial buildings in Washington. But under the Coolidge-Hoover administration those who had charge of the public-building program ruthlessly sought to destroy every public building that did not conform to the classic Greek type of architecture. They also marked the Southern Building and the District Building for destruction. They proposed to spend several million dollars reconstructing the War, Navy, and State Department Building. I am proud of the fact that I have had a part in defeating these proposals several times. So long as I am a Member of this House I will continue to oppose the wanton destruction of these splendid buildings. To wreck the Post Office Department Building, the Southern Building, and the District Building and to remodel the State and War Building would be an act of vandalism and indefensible extravagance.

The Clerk read as follows:

American ethnology: For continuing ethnological researches among the American Indians and the natives of Hawaii, the excavation and preservation of archæologic remains under the direction of the Smithsonian Institution, including necessary employees, the preparation of manuscripts, drawings, and illustrations, the purchase of books and periodicals, and traveling expenses, $50,000.

Mr. McFARLANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: Page 33, line 18, strike out "$50,000" and insert "$25,000."

Mr. McFARLANE. Mr. Chairman, in this paragraph we are appropriating $50,000 for continuing ethnological researches among the American Indians and the natives of Hawaii.

This would make a fine junketing trip this summer for the bone hunters over here in the Smithsonian Institution and allow them to go over the country looking up skeletons and old bones while people Nation-wide are starving. I think we can well afford to at least cut this appropriation half in two and save that much money.

I do not care to make any extended remarks on the subject. This ought to appeal to your sense of fairness, and it seems to me this appropriation ought to be at least cut in two. I think for at least another year we can give these bone hunters a vacation.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. BROWN of Kentucky. Does the gentleman have any facts he can give us to show that they can do this work on $25,000?

Mr. McFARLANE. I have this information, I will say to the gentleman from Kentucky. If we can save this $25,000, we can at least have that much money in the Treasury of the United States to feed some of the starving people in this country.

Mr. BROWN of Kentucky. Does the gentleman have any information that would lead him to believe or lead the House to believe that the remaining $25,000 would be of any benefit at all?

Mr. McFARLANE. If it is not, the money will remain in the Treasury, and we will not be out that amount of money. We ought to save all of this money, I will say very frankly to the gentleman.

Mr. BROWN of Kentucky. Then why did not the gentleman offer an amendment to that effect?

Mr. McFARLANE. I shall be pleased to accept such a substitute, striking out the full amount.

Mr. WOODRUM. Mr. Chairman, the work of the Bureau of American Ethnology, according to the hearings, will be limited, under this appropriation, to the preservation and study of information already gathered concerning the American Indians and will not include field work or the initiation of new research work.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. McFARLANE. It says here in the bill that you are going over to Hawaii and see the girls dance. [Laughter.]

Mr. WOODRUM. I am assuming that the gentleman is speaking facetiously. I want to say seriously that the appropriation has been cut from $61,000 to $50,000. The Bureau of the Budget went into the matter thoroughly with the Board of Regents of the Smithsonian and cut every item to the bone, and then some. It does not call for any new work in the field or any new exploration. I see my good friend from Oklahoma is on his feet, and I remember that when the bill was up before he tried to cut the appropriation, but failed. I hope he is not going to object to this small amount.

Mr. McCLINTIC. Mr. Chairman, I move that we strike out the last word. The chairman is correct; I did offer such an amendment when the bill was under consideration before. I will say that I have visited the National Museum

and I found the cellar and garret was filled with many kinds of various ancient objects, and I understand that the Smithsonian has also a large collection that the archeologists have brought to Washington. In view of the fact that we have more than can be housed properly at the present time, it would seem to me wise to postpone the further collection of such objects until conditions would warrant.

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. PARKER of Georgia. Is this the same excavating and exploration party that the gentleman said last year could be done by one man?

Mr. McCLINTIC. I do not remember saying that, but I did say that I had witnessed some of these archeologists when exploring the western part of the United States during the summer time. Apparently they were having a delightful vacation, and when the winter or cooler months came they returned to Washington and spent the winter in preparing their reports.

It seems to me that when the Nation is in the red and nearly everyone is broke all such activities should be curtailed. I think that the amendment of the gentleman from Texas has merit. I regret exceedingly to take an opposite position to the chairman of the subcommittee, but I hope the House will adopt this amendment.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. O'MALLEY. Was any part of this exploration and expenditure made in the State of Oklahoma?

Mr. McCLINTIC. I do not know; but it makes no difference whether it is in Oklahoma or any other State.

Mr. O'MALLEY. The gentleman is not afraid that they might dig up something that ought not to be dug up?

Mr. McCLINTIC. If they did, it would not be comparable to what they might dig up in the gentleman's State. [Laughter.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Chairman, I am opposed to the pending amendment. If this were a proposal to spend $50,000 to advertise and sell wooden nutmegs in Hawaii, hooks and eyes in darkest Africa, automobiles in Europe, steel rails in Manchuria, no objection would probably be offered to the appropriation, because you would say that the appropriation and expenditure would help sell our manufactured products and promote trade and commerce. But here we have a proposal to expend a little money for cultural purposes; for ethnological researches among the American Indians and the natives of Hawaii; to excavate and preserve archeologic remains of prehistoric animals under the direction of the Smithsonian Institution; to preserve for posterity and civilization the remains of prehistoric animals and men.

Why should we not secure and preserve these ethnological specimens? If they can be discovered now and preserved, we shall have accomplished something worth while. Have we no appreciation of the past? Have we no desire to preserve the fossils that record the history of the genesis and evolution of plant life, animal life, and of the human species? Have the American people become so sordid and selfish that they are indifferent to culture and the preservation of these specimens of prehistoric ages when this old world was in a process of creation?

I believe it was Lord Macaulay who said that the English people could think only in terms of pounds, shillings, and pence; and I am wondering if the American people are becoming so sordid, self-centered, and cynical that they cannot think except in dollars and cents. Take the Library of Congress, one of the most marvelous and valuable possessions of the American people. Its millions of books preserve the culture, the wisdom, the literature, and the philosophy of all past ages. It is the greatest school of learning, the one all-important and outstanding university in the world. The value of this Library cannot be measured in dollars and cents; yet many of us fail to avail ourselves of its treasures and deny ourselves the sources of information it offers.

The Smithsonian Institution, founded by an Englishman, has made a priceless contribution to the education and culture of the American people. It is preserving these priceless specimens of prehistoric ages for the oncoming generations. Some of us may not appreciate the treasures in the Smithsonian Institution and other national museums, but there are millions of people in the United States who do appreciate these mute yet eloquent records and legacies from prehistoric ages, and as the years come and go thousands of students will visit this institution, study its many thousand specimens which tell the history of the creation of the world, the origin and development of plant life, the evolution of animal life from the lowest conceivable order to the human species. The students and myriad millions in the near and distant future will rise up and call you blessed, because you gave your approval to this appropriation which but carried out the plan of our Government for more than a century to secure and preserve these mute memorials of the world's creation and of the development of animal and plant life. This little appropriation will increase the treasures of the Smithsonian Institution, and I hope you will vote down the amendment which seeks to withhold this fund. We cannot afford to be parsimonious in an educational and cultural matter like this.

The CHAIRMAN. The time of the gentleman from Missouri has expired. All time has expired. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. McFARLANE) there were—ayes 29, noes 49.

So the amendment was rejected.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TABER. Mr. Chairman, I rise for the purpose of saying to the Members of the House that when the reading of the bill has been concluded and it has come into the House, I propose to offer a motion to recommit, to wipe from the bill section 6, authorizing the President to abolish contracts. That appears on page 52 of the bill. I shall do this because I believe that a proper case for this authority has not been made out, and I believe if it is carried into operation along the lines that have been presented here to the House in the arguments for it, it will result in great consequential damages being recovered against the United States, and not in a saving but in a large increase of expenditures.

The Clerk read as follows:

Total, United States Shipping Board, $310,000.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto be closed in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FULMER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and gentlemen of the Committee, I regret that I could not be on the floor of the House when the Federal Trade Commission item was being considered. In 1928 a Trade Practice Conference was held at Memphis, Tenn., under the auspices of the Federal Trade Commission in the interest of this great industry which operates largely in the South.

This Trade Practice Conference was presided over by a member of the Federal Trade Commission. Trade-practice rules and code of ethics for doing business on the part of this industry were worked out, adopted by the representatives from the various States representing the cottonseed-oil industry at the conference, and these rules were endorsed by the Federal Trade Commission. In less than 2 years complaints from the various cotton-growing States in the South were coming up to Members of Congress from farmers, cottonseed buyers, cotton ginners, and those gen-

erally interested in the producer of cotton as well as those who consumed the products of the cottonseed-oil industry.

Around the first of 1930 I made a thorough investigation of these complaints and found to my own entire satisfaction that the cottonseed-oil industry had taken advantage of these trade practice rules as endorsed by the Federal Trade Commission and had formulated a real monopolistic price-fixing combination.

At that time I charged that, under the operation of these trade-practice rules on the part of the cottonseed-oil industry, independent cottonseed buyers had been driven from the market, competition in buying cottonseed, on the part of cottonseed-oil mills, had been wiped out, and the farmers were being robbed of thousands of dollars annually under this monopolistic scheme. I further charged that the Southern Cotton Oil Co., the Buckeye Cotton Oil Mills owned by Procter & Gamble, refiners and manufacturers of various products, and the Swift Cotton Oil Mills owned by the Swift & Co., meat packers, had gone into a conspiracy to force cotton ginners and independent cotton mills to stay in line with their fixed prices.

These complaints as referred to were so strong, especially on the part of farmers, that a resolution was adopted in the Senate calling for an investigation of the cottonseed-oil industry by the Federal Trade Commission.

For the past 3 years the Federal Trade Commission has been making a thorough investigation. The testimony taken at the hearings in connection with this investigation at Washington and in the various States contained about 12 or 15 volumes. When I made these charges against the cottonseed-oil industry, Mr. B. F. Taylor, secretary to the South Carolina division of the National Cottonseed Products Association, who had charge of sending out all cottonseed prices in South Carolina, ramped all over me in a newspaper article in the Columbia State, denouncing my charges. I received a telegram from Mr. Taylor February 25, 1930, stating:

> Your statement that there are no individual buyers of cottonseed in the South is without foundation. Your statement that there are no competitive prices on cottonseed is equally unfounded. When one of our own Congressmen joins in the hue and cries in total disregard of his constituents' rights and of the facts, we think it high time he should be required to inform himself in the facts in the case instead of blindly following the leader and approving the statements of those who are wholly unacquainted with the conditions in the State and, we believe, in the South.

I am glad to state to the House that after 3 years patiently awaiting on the Federal Trade Commission to make a report as to its findings I am informed that my charges against this industry have been proven without a shadow of doubt.

I quote from information just received in regard to the result of this investigation on the part of the Federal Trade Commission:

> I am pleased to inform you that the commission has in the last day of two thrown out the so-called "cottonseed rules", adopted at a trade-practice conference, bag and baggage, and ordered the chief counsel to institute a proceeding against the whole layout.

It appears from this that my good friend TAYLOR and many others that agreed with him apparently were not informed themselves or, if so, they were anxious to keep their information away from the public.

I am hoping that inasmuch as this report on the part of the Federal Trade Commission is coming at a time when we are serving under a Democratic administration that the Attorney General will take his gloves off and teach this industry a few things and let them know that the antitrust laws are still in full force, and that the great masses of people, individual producers and individual distributors, are entitled to free and open competition and a square deal at the hands of this industry.

The Clerk read as follows:

VETERANS' ADMINISTRATION

MILITARY SERVICES

Administration, medical, hospital, and domiciliary services: For all salaries and expenses of the Veterans' Administration, including the expenses of maintenance and operation of medical, hospital, and domiciliary services of the Veterans' Administration, in carrying out the duties, powers, and functions devolving upon it pursuant to the authority contained in the act entitled "An act to authorize the President to consolidate and coordinate governmental activities affecting war veterans", approved July 3, 1930 (U.S.C., supp. VI, title 38, secs. 11–11f), and any and all laws for which the Veterans' Administration is now or may hereafter be charged with administering, $77,273,000: *Provided*, That not to exceed $3,500 of this amount shall be available for expenses, except membership fees, of employees detailed by the Administrator of Veterans' Affairs to attend meetings of associations for the promotion of medical science and annual national conventions of organized war veterans: *Provided further*, That this appropriation shall be available also for personal services and rentals in the District of Columbia and elsewhere, including traveling expenses; examination of estimates of appropriations in the field, including actual expenses of subsistence or per diem allowance in lieu thereof; for expenses incurred in packing, crating, drayage, and transportation of household effects and other property, not exceeding in any one case 5,000 pounds, of employees when transferred from one official station to another for permanent duty and when specifically authorized by the Administrator; furnishing and laundering of such wearing apparel as may be prescribed for employees in the performance of their official duties; purchase and exchange of law books, books of reference, periodicals, and newspapers; for passenger-carrying and other motor vehicles, including purchase, maintenance, repair, and operation of same, including not more than two passenger automobiles for general administrative use of the Bureau in the District of Columbia and three for the Washington, D.C., regional office; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to utilize Government-owned automotive equipment in transporting children of Veterans' Administration employees located at isolated stations to and from school under such limitations as he may by regulation prescribe; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to procure actuarial services by contract, without obtaining competition, at such rates of compensation as he may determine to be reasonable; for operating expenses of the Arlington Building and annex, and the Wilkins Building, including repairs and mechanical equipment, fuel, electric current, ice, ash removal, and miscellaneous items; for allotment and transfer to the Public Health Service, the War, Navy, and Interior Departments, for disbursement by them under the various headings of their applicable appropriations, of such amounts as are necessary for the care and treatment of beneficiaries of the Veterans' Administration, including minor repairs and improvements of existing facilities under their jurisdiction necessary to such care and treatment; for expenses incidental to the maintenance and operation of farms; for recreational articles and facilities at institutions maintained by the Veterans' Administration; for administrative expenses incidental to securing employment for war veterans; for funeral, burial, and other expenses incidental thereto for beneficiaries of the Veterans' Administration accruing during the fiscal year 1934 or prior fiscal years: *Provided further*, That the appropriations herein made for the care and maintenance of veterans in hospitals or homes under the jurisdiction of the Veterans' Administration shall be available for the purchase of tobacco to be furnished, subject to such regulations as the Administrator of Veterans' Affairs shall prescribe, to veterans receiving hospital treatment or domiciliary care in Veterans' Administration hospitals or homes: *Provided further*, That the appropriations herein made for domiciliary care shall be available for continuing aid to State or Territorial homes for the support of disabled volunteer soldiers and sailors, in conformity with the act approved August 27, 1888 (U.S.C., title 24, sec. 134), as amended, including all classes of veterans admissible to the Veterans' Administration homes: *Provided further*, That the Administrator of Veterans' Affairs may, with the concurrence of the Attorney General, transfer to the Department of Justice such personnel and/or funds as may be deemed necessary in connection with the defense of suits against the United States under section 19 of the World War Veterans' Act, 1924, as amended.

Mr. McCORMACK. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

> Amendment offered by Mr. MCCORMACK: Page 44, line 6, strike out the figures "77,273,000" and insert in lieu thereof the following: "85,273,000: *Provided*, That not to exceed $8,000,000 of this amount shall be available for all expenses and maintenance of all regional offices of the Veterans' Administration.

Mr. McCORMACK. Mr. Chairman, this amendment, prepared and drafted by my distinguished friend from North Carolina [Mr. BULWINKLE] and myself, and which I am submitting for both of us, is probably one of the most important amendments that will be offered to this bill. I hope my friend from Virginia [Mr. WOODRUM] will permit liberal debate upon the amendment. I am sure there are many Members anxious to have their views on this amendment expressed, and for that reason I hope that ample time will be allowed so that Members on both sides of the aisle and of the question may have opportunity to express the same.

Mr. WOODRUM. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. WOODRUM. I wonder if it would be possible to reach some agreement on the entire veterans' title. Mr. Chairman, for the purpose of having something as a basis for starting I know there are a number of gentlemen interested in this subject and there are a number of paragraphs, and, of course, we are very anxious to conclude the bill this afternoon, and there will probably be other parts of appropriation relating to veterans which Members will want to discuss. I ask unanimous consent that there be 40 minutes' debate under the 5-minute rule on the entire veterans' title, and that during that 40 minutes Members have an opportunity to present amendments, and the Chair can use his own discretion in dividing the time.

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman arrange it so that this side can get half of the time?

Mr. WOODRUM. I thought perhaps the Chairman would be in a position to exercise his discretion in recognizing Members for and against amendments.

Mr. MARTIN of Massachusetts. There are a great many requests on this side, and I suggest that the gentleman make it 1 hour.

Mr. McCORMACK. I suggest the gentleman make it 1 hour on this paragraph.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that we have 1 hour's debate on the entire veteran's title and all amendments thereto. My purpose is to allow Members ample opportunity to debate the entire title.

The CHAIRMAN. The entire title has not yet been read. Does the gentleman want to endeavor to limit debate before the entire title is read?

Mr. WOODRUM. I think we could do that by unanimous consent.

Mr. McFARLANE. Mr. Chairman, I object.

Mr. BLANTON. My colleague will surely realize that he can get much more time by the sort of an arrangement proposed by the Chairman.

Mr. McFARLANE. I asked the gentleman for time yesterday and he had plenty of time to give, and he would not give me a minute.

Mr. BLANTON. But we are getting liberal time under the proposed arrangement. If the gentleman forces the Chairman to the strict observance of the rules, many who want to discuss these questions will not be able to get time. We will get much more time by agreement than we will by arbitrary rules.

The CHAIRMAN. The Chair suggests it might be better to limit time on this paragraph and all amendments thereto, and that will save much discussion and probably will be satisfactory to all Members.

Mr. WOODRUM. I suggest 20 minutes on this paragraph.

Mr. HOEPPEL. Reserving the right to object, I wish to know whether I will be able to speak 5 minutes on my amendment to this paragraph?

Mr. MARTIN of Massachusetts. Mr. Chairman, there are several Members on this side who want to speak on this section. This is very important.

Mr. WOODRUM. Mr. Chairman, I will change the form of my request. I am only trying to help the gentlemen get time to discuss their amendments.

I ask unanimous consent that the Clerk proceed to read the remainder of the title and that then we have 1 hour's debate and that amendments may be offered to any portion of the title within that hour.

Mr. LEMKE. Reserving the right to object, I would ask the Chairman if he would not consent to 1 hour and 30 minutes? This is a vitally important question.

Mr. HOEPPEL. I endeavored to get time on this bill yesterday, and I am going to object unless I am assured of 5 minutes' time on my basic amendment.

The CHAIRMAN. The gentleman from California [Mr. HOEPPEL] objects. The gentleman from Massachusetts [Mr. McCORMACK] is recognized for 5 minutes.

Mr. HOEPPEL. I will withdraw that objection if I am assured of 5 minutes.

Mr. MONTET. Mr. Chairman, the regular order.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph that has just been read and all amendments thereto, close in 30 minutes.

Mr. BOILEAU. Reserving the right to object, Mr. Chairman, we find so many times when we go into this procedure that Members who have bona fide amendments to offer have no time in which to discuss them. The entire 30 minutes may be consumed in discussing pro forma amendments. We have plenty of time this afternoon. This title is the only title that offers any opportunity for amendment. It seems to me we could well afford to spend 2 hours on this vitally important subject.

Mr. McFARLANE. Mr. Chairman, I object.

Mr. BLANTON. If my colleague, Mr. WOODRUM, will change his request and ask that the entire title be read and then there shall be 1 hour and 20 minutes' debate, in which all amendments may be offered, I think probably we can get an agreement.

Mr. WOODRUM. I make that request, Mr. Chairman.

Mr. BOILEAU. I object.

The CHAIRMAN. Will the gentleman from Virginia state his request, please?

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that the Clerk proceed to read all of the title, and that then amendments be in order to any portion of the title, and that debate on all amendments to the title be limited to 1 hour and 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. BOILEAU. Mr. Chairman, I object.

Mr. WOODRUM. Mr. Chairman, I move that all debate on this paragraph that has just been read and all amendments thereto close in 30 minutes.

Mr. BOILEAU. Mr. Chairman, a point of order.

The CHAIRMAN. The question is on the motion of the gentleman from Virginia.

Mr. BOILEAU. Mr. Chairman, I make the point of order that the motion is not in order. We have not started debate on this paragraph.

The CHAIRMAN. The point of order is sustained.

Mr. WOODRUM. Mr. Chairman, the gentleman from Massachusetts was debating the paragraph, and yielded to me. The gentleman offered an amendment and was debating it and then yielded to me.

The CHAIRMAN. It is the understanding of the Chair that the gentleman from Massachusetts [Mr. McCORMACK] yielded to the gentleman from Virginia [Mr. WOODRUM] to prefer a unanimous consent request, but there was no debate on the amendment. The time of the gentleman from Massachusetts has not yet started to run.

Mr. SAMUEL B. HILL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SAMUEL B. HILL. If the motion of the gentleman from Virginia [Mr. WOODRUM] should prevail, limiting the debate on this paragraph to 30 minutes, how much time can be consumed on any one amendment?

Mr. HOEPPEL. Mr. Chairman, how much time can be consumed by one Member? I desire to offer an amendment. I wish an opportunity to discuss my amendment, and do not want all the time taken up by others.

The CHAIRMAN. The Chair will recognize in regular order, so far as the Chair can, those who have notified the Chair of their desire to speak.

Mr. WOODRUM. Mr. Chairman, I wish to call the Chair's attention to the RECORD. The RECORD will show that the gentleman from Massachusetts offered an amendment and proceeded to debate the amendment. The RECORD will show that the gentleman spoke for a minute, or half a minute at least. He said:

> This is one of the most important amendments that will be voted on and I hope my friend from Virginia will be liberal and allow gentlemen opportunity to debate this amendment.

Then I asked him if he would yield to me.

This is debate on the section, and, under the rule, I have the right to move to close debate.

The CHAIRMAN. The gentleman from Massachusetts has the floor and may proceed if he so desires. After he has used his 5 minutes the Chair will then recognize the gentleman from Virginia to make such motion as he may desire.

Mr. McCORMACK. Mr. Chairman, the purpose of this amendment is to add $8,000,000 to the $77,273,000 provided for in this bill and to assure the continuance of the present regional offices which, if this bill is passed without amendment, will ultimately be abolished.

It is a plain, simple question as to whether you want regional offices of the Veterans' Bureau throughout the United States to be abolished or whether you want to have all veterans' activities emanate from Washington.

So far as I am concerned, I am opposed to abolishing the regional offices of the Veterans' Bureau. I am opposed to making the men come to Washington from all parts of the country to file a claim or to prosecute any appeal they are taking from any decision which has been rendered against them. I am opposed to many things which will flow as a result of the regulations issued pursuant to the passage of the Economy Act. The regulations issued clearly justify my vote against the economy bill.

A statement appeared in this morning's papers purporting to come from President Roosevelt to the effect that the regulations recently issued are to be liberalized. I sincerely trust there will be a liberalization of these regulations, because an examination of the same will show that veterans with direct service-connected disabilities are affected anywhere from 20 percent to 55 percent, together with other far-reaching effects. There is no question but what there is plenty of room and justification for liberalization, and if this happens, there is no question but what regional offices will have to be retained.

The adoption of my amendment will mean that the regional offices throughout the country will continue to exist and serve veterans. It will provide the appropriation necessary to enable the executive branch of the Government to continue all regional offices.

I have a very interesting telegram which I am going to read into the RECORD. It was sent to me yesterday by Karl C. Payne, of Boston, who has, apparently, seen the error of his ways. This telegram reads as follows:

> Veterans' division, National Economy League, urges retention of regional office of Veterans' Bureau in Boston. Absolutely essential for proper handling of the deserving veterans.

That is the Economy League. If it is deserving to hold the office in Boston it is just as deserving to hold the regional offices in any other city in the United States. While I am fighting to retain the regional office in Boston, the adoption of my amendment will also mean the retention of the regional offices throughout the United States.

Mr. GRANFIELD. Will the gentleman yield?

Mr. McCORMACK. I gladly yield to my distinguished friend, Mr. GRANFIELD, from Massachusetts.

Mr. GRANFIELD. I am absolutely in accord with amendment offered by my good friend, Mr. McCORMACK, and I sincerely trust it will be adopted.

Mr. McCORMACK. I thank my good friend, Mr. GRANFIELD, for his contribution and his views on the amendment which I have offered. I also want to say that I know of no man who better serves his district and is more loyal to the needs of the veterans than Mr. GRANFIELD.

Those who voted for the economy bill, never intending by their vote to have the regulations go as far as they have gone, can do the best thing possible by voting to retain the regional offices.

I sincerely trust that in plain justice and fairness, and as a message to the American people and to our veterans, that we are going to do everything we reasonably and properly can to have the regulations liberalized. The adoption of this amendment will send such a message to the country.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. McGUGIN. Will the gentleman's amendment really preserve these regional offices?

Mr. McCORMACK. At least the amendment will be a message that we desire them retained. It provides for their retention at least, so far as the appropriation is concerned, and, so far as we are concerned, we will be doing everything we possibly can when we adopt it.

Mr. McGUGIN. But its adoption does not necessarily mean the retention of the regional offices.

Mr. McCORMACK. But, so far as we are concerned, it will show the people we want to retain them and we will have done everything within our power. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 30 minutes.

Mr. BOILEAU. Mr. Chairman, reserving the right to object, did the gentleman ask unanimous consent that debate close on the section or on the paragraph?

Mr. WOODRUM. I asked unanimous consent that all debate on this paragraph and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BLANTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. Has not the Chair the discretion to recognize the various Members who have requested time, say, for 2 or 3 minutes each? Quite a number of Members have indicated they wish to be heard on this paragraph.

The CHAIRMAN. The Chair thinks the Chair would have the right to do so if it is satisfactory to the individual Members.

Mr. BLANTON. I think such procedure would give those who wish to be heard on the paragraph an opportunity to present their views.

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent that all speeches on amendments to this paragraph be limited to 2 minutes.

Mr. HOEPPEL and Mr. DIRKSEN objected.

Mr. HOEPPEL and Mr. MEAD rose.

Mr. MEAD. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes and have the time deducted from the 30 minutes allowed for debate.

The CHAIRMAN. Is the gentleman in favor of the amendment?

Mr. MEAD. Yes.

The CHAIRMAN. The Chair would prefer to recognize at this time someone in opposition to the amendment.

Mr. HOEPPEL. Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The gentleman is recognized for 3 minutes.

Mr. HOEPPEL. Mr. Chairman, I am opposed to the additional appropriation of funds as provided in this amendment, not that I am opposed to the maintenance of regional offices, but I have an amendment lying on the desk which will positively save this Government $20,000,000, or more, if the Veterans' Administration, which I term the largest racket in Government, will use the facilities of the Army and Navy hospitals, which are available to them. Thus this additional appropriation will not be necessary.

It is my opinion Al Capone and his ilk are virgins and saints compared with the keymen in the Veterans' Administration. I have investigated them and I know. They are inefficient, incompetent, and unsympathetic. They are interested in their own politically acquired sinecures and not in justice to the veteran. Hospitalization in the Veterans' Administration hospitals costs 97 cents per day more per patient than does hospitalization in Army or Navy hospitals. There are 6,000 available beds in Army and Navy hospitals, which the Veterans' Administration should utilize because of decreased cost per patient. Instead of using these cheaper and more competent permanent facilities the Veterans' Administration is withdrawing patients from them and endeavoring to build additions to their present hospitals in

an endeavor to retain their higher-paid medical and service personnel, which is a distinct loss to the taxpayers.

It is reported such activities are now taking place at Fort Lyons, Colo., and at San Francisco at an unnecessary expense to the taxpayers.

It is contrary to the President's policy of economy not to accept the cheapest and best facilities available.

I am not opposing the regional offices, but I aver economies can be effected which will save $25,000,000 or $30,000,000 if the services of officers to be furloughed are also utilized in these facilities. There are 6,000 beds now available which if utilized at a saving of 97 cents per day will make a saving of over $171,000 per month over and above savings in personnel salaries. Veterans' Administration doctors receive up to $5,800 per annum, while the salary of the average Army and Navy doctor is $4,000. Instead of furloughing these officers at half pay for life, which is a pure loss to the taxpayer, it would be more profitable to retain them in service and release the higher-salaried, incompetent, and aged doctors in the Veterans' Administration.

This Government should use every available facility of the Army and Navy hospitals, not only in the interest of economy but likewise maintaining the high standard of efficiency and morale now existing in these services.

Mr. SWICK. Mr. Chairman——

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 3 minutes.

Mr. SAMUEL B. HILL. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. SAMUEL B. HILL. Are these speeches being made on the amendment now pending, one speech for the amendment and one speech against?

The CHAIRMAN. As near as the Chair can determine that fact; yes.

Mr. SAMUEL B. HILL. Mr. Chairman, my point of order is that one speech for and one speech against the amendment is all the time allowed on one amendment.

The CHAIRMAN. But there can be a motion to strike out the last word, which would entitle them to recognition. The Chair will endeavor to be fair and try to divide the time so as to include everyone.

The gentleman from Pennsylvania, a member of the committee, is recognized for 3 minutes.

Mr. SWICK. Mr. Chairman, I want to speak for a moment with reference to the hospital situation in the United States.

We have at the present time 32,542 beds in Veterans' Bureau hospitals. We have in the national soldiers' homes 6,070 beds. There are 12,009 cases in the veterans' hospitals that are service connected. In the other hospitals there are 8,012 that are service-connected cases. About 20,000 of the 41,439 beds that are available are occupied by service-connected cases.

As I understand the policy of the administration, after this law goes into effect the non-service-connected cases will be cast out of the hospitals, and I am just wondering whether this will be best for our country—that is, when we have these beds available whether it will be the best thing for us to cast aside these men who are unable to take care of themselves and throw them back on the various communities from which they have been sent to the hospitals.

With the inauguration of President Roosevelt and the convening of this special session of Congress, I, like the great majority of my Republican colleagues, threw partisanship to the four winds and determined to follow the leadership of the Chief Executive in his avowed program of economy in Government, tempered with mercy and justice to those who were to be affected by the reduction in expenditures.

The Congress by overwhelming majority enacted the President's economy bill, giving the President unprecedented powers, and repealing laws affecting millions of men and women who served their country in time of peril, which were the result of countless hours and days—yes, years of sincere deliberation by Members of the Congress. We were told that the President would deal liberally with those whose disabilities were service-connected. During the Presidential campaign the Democratic Party fanned the flame of hatred in the breasts of the veterans against Herbert Hoover and Republicans in Congress, leading them to believe that only by the election of the Democratic candidates could their legislative programs become a law, with the result that leaders of the great veteran organizations appeared in the front-line trenches of the Democratic Party, and it is probably conservative to say that 80 percent of the veteran vote supported the "new deal."

By our votes we became a party to the proposed wholesale dismissals in the ranks of Federal workers and subscribed to the 15-percent reduction in all salaries, to which in many instances must be added administrative furloughs without pay ranging from 30 to 90 days. Men and women who have served their Government in departmental and field service faithfully and well at mediocre salaries, because they felt that they were protected by Civil Service laws, making it possible for them to look forward to security in their old age, are now faced with the specter of unemployment as the result of the "new deal", which in the same breath calls upon private employers to increase wages and employment.

While we are throwing thousands of faithful Civil Service employees into the ranks of unemployed, we are at the same time asked to create new governmental activities, requiring the services of thousands of persons, who will be recruited from the ranks of political workers, who can prove their active support of the Democratic candidate even before his nomination for the Presidency. I am convinced that the cry of economy as applied to the dismissal of Federal workers is camouflage, and that when the smoke has cleared away we will find that the personnel of the Government will be as large, if not larger than before, except that we will have scrapped the Civil Service ideals of the first Roosevelt for the patronage hand of the "new deal."

Twelve months ago thousands of veterans and their families were spurred on to Washington by the encouraging words of men in this House, who insisted on the payment of the adjusted-service certificates with printing-press money. The administration at that time did not favor that kind of currency. The veterans themselves made an honest effort to shake off their backs those among their number who were infected by the insidious disease of communism, which is obnoxious to all sound-thinking Americans. During the presidential campaign the eviction of the Bonus Expeditionary Force, greatly exaggerated by the propagandists, was used with telling effect by the adherents of the "new deal", Today we have gathering in the Capital another such force, divided as before in two camps, one with the sanction of the administration, whose leaders are known communists, whose prime purpose is the overthrow of our Government and the advancement of Soviet Russia. The other group, who cling to American ideals, are not admitted to the councils at the other end of the Avenue unless they affiliate themselves with Levine, the red leader, but instead are told that they can only remain 24 hours, after which they will presumably be removed by the police. In the meantime Congress has given the President authority to expand the currency, which he will likely do. I voted against that authority. Is it not strange that those men who urged the payment of the adjusted-service certificates with that kind of money 12 months ago are today silent; they now say they have no desire to "throw a monkey wrench in the machinery." It is evident, therefore, that their purpose last year was to throw a monkey wrench in the machinery of the Republican Party and not that of aiding the veteran.

I have today received letters from veterans of the World War and the Spanish-American War whose disabilities are of unquestioned service origin who have received notice that they were either to be seriously cut in the amount of compensation they receive or removed from the rolls completely. One, a World War veteran, who had received a total permanent award together with insurance payments, is now advised that he is 25 percent permanently disabled and will receive $20 per month. Another, a Spanish-American War veteran, who was awarded a pension at a time when service

connection was required, had been advised that his pension will be discontinued.

These two cases are similar to thousands of others being reported to the Members of this House; they indicate the spirit of justice and mercy that the administration is imbued with in reviewing the cases of disabled veterans. To me such action is convincing evidence that every Member of Congress who voted to grant these autocratic powers to the President were misled by the leaders of this House when they assured us as spokesmen for the administration that such things would not occur. I have always felt that there was plenty of room for economy in our Federal structure, even to the extent of the appropriations for veterans' activities, but certainly did not imagine for one minute that we would deny those who suffer from disabilities incurred in the war-time service a just rate of compensation.

I note in this morning's paper that the President expects to allay the drastic results of his regulations. It is evident that he failed to grasp the import of them when issued. Are we to experiment with human lives? Are we to create human misery? It is said that Congress will adjourn within the next 3 or 4 weeks—the President desires it. Shall we pull down the flag, without knowing what course the Ship of State will steer? It is time we pause and take our bearings, before the threatening storm obscures the landmarks and engulfs our craft.

Mr. BULWINKLE. Mr. Chairman, I request that the Membership vote for this amendment which was drafted by the gentleman from Massachusetts [Mr. MCCORMACK] and myself. At this particular time it would be a great hardship on the disabled veterans of America to abolish these regional offices. There are some 350,000 men who have been drawing disability allowance. These men, many of them, have service-connected cases before them. If these regional offices are abolished, you will find that it will be impossible for these men for months to come to be able to get any kind of hearing at all. The amendment is merely directory; it merely expresses the approval of Congress that for the present year we want to continue the regional offices so that every man, as I have said, whose disability would have permitted the right to go and have sufficient force to investigate and find out whether he has service-connected disability or not.

Mr. HOEPPEL. Will the gentleman yield?

Mr. BULWINKLE. I cannot, for I have only 3 minutes. In these cases, and I have been in the hospitals from one end of the country to the other, I know of hundreds of cases of men drawing disability allowance who should have had service-connected disabilities. I have known men in my own county and State and elsewhere, who, under this rigorous policy that the law has placed upon them at this time, ought to have the opportunity to have the protection of this great Government thrown around them for their services in the past. [Applause.]

[Here the gavel fell.]

Mr. BLANTON rose.

The CHAIRMAN. Is the gentleman from Texas for or against the amendment?

Mr. BLANTON. I am supporting the committee.

The CHAIRMAN. The Chair will recognize the gentleman for 3 minutes.

Mr. SAMUEL B. HILL. Mr. Chairman, I desire to offer an amendment, and I should like to inquire the proper time to offer it.

The CHAIRMAN. Is the gentleman's proposed amendment to the pending amendment?

Mr. SAMUEL B. HILL. It has no relation to the pending amendment.

Mr. BOILEAU. Mr. Chairman, a parliamentary inquiry. How many amendments are there pending?

The CHAIRMAN. There is only one amendment pending.

Mr. BOILEAU. I understand that there are several amendments to be offered to this paragraph, and I should like to know if the Member offering the amendment cannot have a minute or two to explain it?

The CHAIRMAN. When the gentleman from Texas concludes, the Chair will have all the amendments read for information.

Mr. BLANTON. Mr. Chairman, in the State of Texas there are 2 regional offices, 1 at San Antonio in the southwestern portion of the State and the other at Dallas, they being nearly 300 miles apart.

The San Antonio office has jurisdiction of the cases of veterans living in about a third of the counties in my district, and the Dallas office has jurisdiction of the cases of the veterans living in the remaining counties of my district.

Ever since the close of the war practically all of the veterans in my district have gotten me to handle their cases. This handling had to be done either with the regional office at San Antonio or the regional office at Dallas. When Congress was not in session, and I could be at home in Abilene, I could handle their cases with dispatch. But Congress is in session much of the time, and my official duties have required me to be here in Washington, about 2,000 miles from my constituents, much of the time. At first, when I would be in Washington, veterans would call on me to help them file application for compensation or for hospitalization, and it would take 4 days for their letter to come from my district to Washington, and then it would take 4 more days for my letter to the regional office at San Antonio or Dallas to get the application blank and other data sent them; and frequently it was necessary for them to write me back and forth before completing their application and proof, and then it would take 4 more days for them to send the completed papers to me, and 4 more days for me to send the completed papers back to Dallas or San Antonio, and sooner or later in most of the cases I finally would have to take them up with the Administration in Washington before they reached a conclusion. This back-and-forth process of coming 2,000 miles from my district to Washington and mailing back 2,000 miles from Washington to my district caused such interminable delays that I was forced to establish an office in Abilene, open the year round, so that veterans could be aided in preparing their various kinds of cases.

I rented two rooms in Abilene devoted exclusively to official business at a cost to me out of my own funds of $600 per year, and out of my own funds I went to the expense of furnishing and equipping it, and I keep there the year round a secretary to help veterans prepare their applications for compensation, insurance, hospitalization, and all other relief authorized by law, furnishing to them free notary service wholly without charge. My Texas office helps them get up all of their proof, obtaining certified copies of certificates of marriage, certificates of birth, decrees of divorce, certificates of death, physicians' certificates of examination and treatment, military records, hospital records, and various affidavits of every kind, nature and description from witnesses scattered all over the United States, and some even from foreign countries, to make for them the proof required by the administration. If I had not gone to that trouble and expense, their cases could not have been handled with dispatch, and they would have suffered delays which in instances meant life and death to them.

I have maintained at my own expense this contact office in Texas not only to benefit the veterans of the World War but also to render service to the veterans of the Spanish-American War, and of the Indian Wars and Ranger service performed on the early frontiers.

In Hon. Read Johnson, regional manager of the Dallas office, we have an able, efficient, worthy, and patriotic official, warmly sympathetic with the disabilities and problems of all veterans; but I have found that many veterans are wholly dissatisfied with the action taken by regional offices, and they insist constantly that they may have the privilege of having their cases reviewed by the administration at Washington. I have had many veterans to appeal to me saying, "For God's sake take my case away from the regional office and get it to Washington." And ultimately

many of the cases have to be reviewed in Washington, necessitating much duplication, much expense, and much dissatisfaction.

In many instances when veterans apply for immediate hospitalization, when the need is serious and urgent, it is necessary for the regional office to get instructions and permission from Washington before the veteran can be admitted to a hospital.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I regret that I have not the time, otherwise I would gladly yield to my friend.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry that I have not the time, otherwise I would gladly yield to my friend from North Carolina. I am not sure that veterans have been benefited by having regional offices. I am not sure that the veterans themselves are satisfied altogether with the services given them by regional offices. If it were left to the vote of the veterans themselves, I am not sure that they would want the regional offices continued. It is problematical. After all, we are the ones who handle the cases for them.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield to me? I yielded to him yesterday.

Mr. BLANTON. Oh, I always yield to my very distinguished colleague, the esteemed gentlewoman from Massachusetts. I could not refuse her request.

Mrs. ROGERS of Massachusetts. Does not the gentleman spend some of his time in Texas? Does he not want to handle cases in the Texas office when he is in Texas?

Mr. BLANTON. Certainly, but when the Texas office does not do as they want it to do, I finally have to have them reviewed in Washington. Ultimately we all have to have many cases handled by Washington, and ultimately the final decision is made in Washington. This is a duplication of effort, and is a duplication of expense, and in many instances is most unsatisfactory to the veterans themselves.

However, regardless of whether the regional offices are beneficial or not, today's press brings us a message from the White House assuring us that these regional offices will not be abolished. President Roosevelt is going to have his administration retain them, hence we need not worry here about any fear of having them abolished. They are not going to be abolished. And since this is the only bill that appropriates money for veterans, we must pass it. If we do not pass it, there will be no money for hospitals, or for compensation, or for pensions. It is suggested that the bill be recommitted back to the committee. That means no bill. That means to kill it. That means no funds for veterans or for hospitals. Unless we pass this bill before we adjourn, there will be no help whatever for any veterans after the first day of July.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. SAMUEL B. HILL] to offer an amendment for information.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. SAMUEL B. HILL: Page 46, line 15, after the colon, insert "*Provided further*, That the appropriations herein carried for maintaining hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $5,000, for experimental purposes to determine the value of certain types of treatment."

Mr. SAMUEL B. HILL. Mr. Chairman, this amendment inserts in the present bill a provision that is carried in the current appropriation act for the independent offices, except that it reduces the amount from $15,000 to $5,000. This requires no increase in the appropriation of moneys provided in this bill, but simply makes available out of that money—that is, the money that is provided for hospitalization and medical care—a fund of $5,000, and not to exceed $5,000, for the treatment of certain diseases in an experimental way, being intended in particular for the treatment of Buerger's disease. This same appropriation in a larger amount is carried in the current appropriation act for the Veterans' Administration.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. WOODRUM. If I may supplement what the gentleman says, this merely permits the Veterans' Administration to use as much of its appropriation as it may deem necessary, not to exceed $5,000, for certain types of treatment, and is aimed particularly at treatment being given to some veterans at Soap Lake, Wash.

Mr. SAMUEL B. HILL. Yes.

Mr. WOODRUM. An authorization that has been carried in this bill heretofore and was originally put in by our former colleague, Dr. Summers. So far as the committee is concerned, we have no objection to the amendment of the gentleman from Washington.

Mr. SAMUEL B. HILL. Mr. Chairman, in view of the statement of the gentleman from Virginia [Mr. WOODRUM], chairman of the subcommittee, I offer my amendment and yield back the remainder of my time.

Mr. KNUTE HILL. Mr. Chairman, I want to support the amendment of the gentleman from Washington [Mr. SAMUEL B. HILL]. This amendment provides a $5,000 appropriation for treatment of veterans for Buerger's disease at Soap Lake, Wash., which is in the Fourth District, which I represent.

Last year the appropriation was $15,000. We have reduced that to $5,000.

Of all the casualties of the World War, I believe none is more pathetic than the veteran who is afflicted with what is known as Buerger's disease, which means a slow death, literally inch by inch; and I think inasmuch as we have appropriated here $50,000 to dig up the bones of old, prehistoric animals, we can at least appropriate $5,000 to save the bones of living veterans who offered to make the supreme sacrifice in the World War.

The cases at Soap Lake are pitiable. They have sought relief everywhere else in vain. The suffering is so intense that it drives them almost to insanity. Amputations are frequent, and eventually result in complete loss of the limbs. At Soap Lake they have secured relief, with hope of ultimate recovery.

In one case a wife writes for extension of appropriation as they have purchased a home, expecting to spend his remaining days there. He has secured relief there, and she begs that he be not sent back to the saw and knife.

One who has been greatly benefited flew recently from Soap Lake to Washington, D.C., to present his case before General Hines. His comrades furnished the funds. General Hines, I am informed, was impressed by the improved condition of this veteran to the extent of promising continued experiments if appropriation was made by Congress.

Affidavits from all these veterans attesting to the remedial effects secured at this place and by these treatments are on file in our offices and at the Veterans' Bureau.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. SHOEMAKER] to offer an amendment for information.

Mr. SHOEMAKER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER to the amendment offered by Mr. MCCORMACK: Strike out "$85,273,000" and insert in lieu thereof "$110,538,514."

Mr. SHOEMAKER. Mr. Chairman, I do not want to see any cut made. I have been around veterans' hospitals, and I know the situation. In fact, just a week before I came down here, I came out of a veterans' hospital at Fort Snelling. We are talking about saving these regional hospitals. I have here newspaper clippings from Minneapolis and St. Paul, showing that 86 doctors, dentists, and nurses have been left off up there and put out of their work. Not only that, but 300 more are slated to go up there, and they are figuring on boarding up that hospital. I know that for years it has

been almost impossible for the veterans to get into that hospital. I have hundreds of them who are clamoring to get into that hospital, and who are in dire need of hospitalization. I feel this should not be cut at all, and for that reason my amendment calls for the original appropriation we had in the last year, bringing it back up to where we can take care of these people, these people that are sick and need attention. I hope that at least we will be able to do something for the sick soldiers. It is bad enough to take a lot of compensation from those who do not happen to be as sick as some who need hospitalization and cannot get it. I am opposed to further placing the burden of taxation upon our local taxpayers and further taking it off the large-income-tax dodger who supports the National Economy League. That is why I submit the amendment under discussion and why I shall support it. And I trust that this House will at least try to offset some of the damage that was brought about through the passage of the so-called "economy bill." Why take more crutches away from crippled soldiers? [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. TABER. Mr. Chairman, I move to strike out the last word. There are reasons why the regional offices ought to be maintained to a certain extent to carry on the functions that have been carried on. A very large number of them can be carried on at a great deal less expense than they have in the past, and a large number of them can be consolidated with hospital activities in the different places. Frankly, we had an appropriation of about $110,000,000 laid out for this year. I do not believe that with the 15-percent cut, taking into consideration the operating expenses, and the way they probably will be cut, with the reduction in those who will be entitled to admission to hospitals, we will require nearly as much money as we did before. The President has control of this situation, and it does not make any difference how much money we carry. Only such money will be used as he feels is necessary to run the hospitals on the basis of the regulations that he proposes.

He has it figured up what will be required. I do not see why we should give more money than he has requested on the basis of what he figures he is going to do.

Another thing, this does not take effect until July 1, and it is possible with the appropriation, the way it stands in the bill, to carry along beyond such time as may be necessary to complete the adjudication of those cases, where no consolidation with a hospital can take place in the district. I really believe we ought not to crowd on to the President more money than he has asked for.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. TABER. I yield.

Mrs. ROGERS of Massachusetts. My understanding is that in asking for only $34,000,000 the Veterans' Administration had to eliminate a large sum of money that it really needed for the proper care of veterans in the hospitals.

Mr. TABER. That is not what General Hines told us.

Mrs. ROGERS of Massachusetts. If the gentleman will send to the Veterans' Administration he will find it to be true that if $8,000,000 is spent for the regional offices, a very drastic cut must be made in the care of the veterans. Yesterday the President stated he would keep them open. This was done after vigorous protests against their closing had been made by many of us. Legion Post No. 87, of Lowell, Mass., made a very strong protest. We must take care of the TB cases and other sick veterans. We do not want them to die for lack of proper care, as they easily can. The responsibility clearly belongs to the President to take humane care of the veterans. Congress gave him the power to do so. He has stated only recently that he will liberalize the very drastic regulations. It is our responsibility to see that money is appropriated for that purpose.

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. TABER. The bill carries $77,000,000 for this purpose and not $34,000,000. The cut in this appropriation is $34,000,000. The 15 percent salary cut would account for half of this and the balance is accounted for in reductions in hospital and administration expenses. I do not believe that any needed activity will suffer from the defeat of this amendment.

Mrs. ROGERS of Massachusetts. The gentleman is correct. I did not mean to say $34,000,000, as I know that is the amount cut in the appropriation. The amount of the appropriation is approximately $77,000,000——

Mr. ROGERS of New Hampshire. Mr. Chairman, I yield to no Member of this House in my desire to go 100 percent in enforcing and maintaining economy in this Nation, but when we go so far as to pass legislation in this body which effects the lives, the future, and welfare of the men who were wounded, injured, and suffered in defense of our country in the World War, I say we must call a halt. Therefore I propose to vote for the amendment offered by the gentleman from Massachusetts [Mr. MCCORMACK] in respect to the regional offices in connection with this bill.

We ourselves are under a solemn obligation, not only in the interest of our own districts, of our own States, and of our own Nation, to do everything that is legally and morally possible to further economy in this Nation, but we are also under an equally persuasive obligation to see to it that the men who protected the integrity of this Nation in the World War shall not be left behind. We talk about a new deal. Let us have a square deal, an honest deal, and let us do our part to enable this administration to do what it is ready to do in a statement reported in today's papers as coming direct from the White House, to wit:

> By reason of the burden incident to rerating, and in order that undue hardship will not be imposed upon veterans in their application for adjudication of their cases, regional offices of the Veterans' Administration will not be closed as has been reported, except where it has been clearly demonstrated that regional facilities are not necessary.
>
> It is not contemplated that Government hospitals will be closed pending a careful, studious survey of the entire hospital situation. This, of necessity, will require considerable time.
>
> These conclusions are in line with the President's original statement that the regulations and schedules would be drafted so as to effect the most humane possible treatment of veterans purely disabled in war service.

Let us give the administration an opportunity to say that the Congress, the voice of the people, does not desire to have these regional offices closed, and in keeping them open we will be doing our share toward rendering our thanks for the deeds of valor, bravery, patriotism, and honor by those who fought and bled and were ready to give their very lives for us in the great World War.

I hope this amendment will be adopted. [Applause.]

The CHAIRMAN. The time of the gentleman from New Hampshire [Mr. ROGERS] has expired.

Mr. MALONEY of Connecticut. Mr. Chairman, I think the distinguished gentleman from Massachusetts, in answer to an inquiry by the able gentleman from Kansas, expressed a very wise thought. The gentleman said that this was an opportunity for us at least to let those in authority, and the people on the outside, know how Congress feels about this all-important matter.

I voted for the economy bill, and I have been prepared, and am prepared, without apology, to go down this uncertain path with the leader of my party and the leader of our country; but I think we have a very definite chance today, and perhaps the last chance, to give this expression of opinion, referred to by the gentleman from Massachusetts [Mr. MCCORMACK].

In this morning's paper we were advised there was to be some change in the method of procedure, and we who know of the bleeding hearts of those who are threatened with suffering because of the regulations originally announced are very hopeful, as a result of what was said in the press this morning, that the soldiers themselves will be given a chance to be heard in connection with how the matter will be handled from this time on. Those high in authority have had the benefit of the opinion of the cold, practical side. Those who were maimed in war and robbed of whatever romance there may be in war have yet to be heard officially,

and I do not think anyone here would deny them a chance to be heard now.

I have the same great faith in President Roosevelt that I had as I voted with him in his economy efforts. I am satisfied he would burn at the stake rather than sacrifice his fixed opinions; but before his opinion is finally and fully formed I hope the heads of the Veterans of Foreign Wars, the Disabled American Veterans, and the Veterans of the Spanish-American War, as well as the Legion head, may get a chance to present their side of the case. I do not think this great leader of ours will permit his group of supporters in this Congress to go around with bowed head and a crushed conscience. I know he will bring about a correction. I hope we may continue the faith we have, the patience that we need, and give him the chance that is so necessary to rectify the mistakes that have been made, and to keep faith with the defenders of the Nation. [Applause.]

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

The CHAIRMAN. The Chair wishes to announce that the time has been limited. Twenty-five minutes have been consumed. The Chair arbitrarily reduced the time to 3 minutes for each speaker. There are only 5 minutes remaining.

Five Members have not had an opportunity to speak, but the Chair feels the Chair should recognize the chairman of the committee to close the debate.

Mr. WOODRUM. Mr. Chairman——

Mr. JEFFERS. Mr. Chairman, will the gentleman yield, that I may submit a unanimous-consent request?

Mr. WOODRUM. I should like to finish, but I yield.

Mr. JEFFERS. Mr. Chairman, no member of the Committee on Veterans' Affairs has had an opportunity to be heard. The gentleman from Massachusetts [Mr. CONNERY] and myself have both asked for time. We are the ranking members on the floor.

I ask unanimous consent that the gentleman from Massachusetts [Mr. CONNERY] and myself be allowed to speak for 2½ minutes each.

Mr. MARTIN of Massachusetts. Mr. Chairman, reserving the right to object, I think if this extension is granted these gentlemen that the same length of time should be granted to the gentleman from Illinois [Mr. DIRKSEN].

Mr. MEAD. Mr. Chairman, reserving the right to object, I believe if the request were modified so as to permit each Member who has an amendment pending on the desk the same amount of time, there would be no objection.

The CHAIRMAN. Will the chairman of the subcommittee accept as a compromise a request that these gentlemen and those who have amendments pending at the desk be allowed to proceed for 1 minute each? It has not been possible for the Chair to recognize five Members who have sent amendments to the desk.

Mr. WOODRUM. I make that request, Mr. Chairman.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that each Member who has an amendment pending at the desk be allowed to proceed for 1 minute. Is there objection?

There was no objection.

Mr. JEFFERS. Mr. Chairman, thousands of veterans in every State have received notice that they are going to be cut off the 1st of July. They received notice at the same time that as soon as possible after that date they would have an opportunity to refile their cases and make an effort to prove service connection, if possible. It would be an absolute physical impossibility for all these veterans to come to Washington to present their evidence after filing their claims anew. To require them to do so would bring about a condition of utter chaos and confusion.

It is essential, therefore, that the regional offices be continued so that the men can get to the regional offices to renew their claims and so field workers can go out from regional offices and contact the men when necessary.

The regional offices should not be cut off, and this expression from the legislative branch providing funds so that regional offices can be retained will, I feel, be information which our Chief Executive will welcome. I am in entire agreement with the gentleman from Massachusetts [Mr. MCCORMACK] who has offered this amendment, and I sincerely trust it will be adopted as an expression of sentiment in this House in favor of the retention of these regional offices in our respective States. I am naturally especially concerned about the one located in my own State, at Birmingham, Ala. I hope the amendment will pass. [Applause.]

Mr. DIRKSEN. Mr. Chairman, some years ago Congress appropriated $3,000,000 to eradicate the fruit fly from the orange groves of Florida.

They spent $25,000 to preserve order at Harding's inauguration.

They spent $5,000 to hang Coolidge's picture in one of these galleries.

They granted $50,000,000 for Muscle Shoals.

They gave $500,000,000 lavishly for relief.

Now comes the beseeching veteran and says, "Please give us $8,000,000 so we can keep the regional offices open."

The question is whether their demand and their beseechings will fall on deaf ears or be given the same consideration that was given to some of the material and commercial things for which we have literally broadcast and scattered millions of dollars—yes, billions of dollars. This is identified with a humane cause. The answer lies with the Membership of the body.

[Here the gavel fell.]

Mr. HEALEY. Mr. Chairman, the reason the amount of increase was fixed at $8,000,000 in the amendment was because at a recent conference of officials of the American Legion at Indianapolis it was estimated it would cost about $8,000,000 to maintain the regional offices. I have offered the same amendment, which is at the Clerk's desk.

If the regional offices are closed, about 2,000,000 cases will be returned to Washington for revision and adjudication.

The Federal Government is about to stop the compensation and allowances of thousands of veterans and is about to substantially reduce compensation and allowance to thousands of others. These men will naturally ask for hearings. If they cannot go to their local regional offices and present their cases, the right of hearing will effectually be denied them. These men are going to realize that their court of appeal has been removed from them, for most of them will not have the money to pay the expenses of a trip to Washington, and we will have taken away the right of appeal from these men who wore the uniform of their country.

If we abolish the regional offices and thus in effect deny a day in court to the veteran who was wounded in the service of his country, you will certainly be doing him a grave injustice.

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, I am in favor of the amendment offered by the gentleman from Massachusetts [Mr. MCCORMACK], and I trust it will be adopted by the Committee. I am opposed to the closing of the regional offices of the Veterans' Bureau because there is no economy in it. It will increase the cost to the Government. We could just as well have closed these regional offices a year after the World War as we can now. When we passed the economy bill, with its revolutionary revision of rates, when the Veterans' Administration issued regulations affecting some 2,000,000 cases, and when the President of the United States, in a reported statement emanating from the White House last night, signified his willingness to review these cases, the work of these regional offices increased, and they will be more necessary now than at any time within the past 10 years.

This is the wrong time to close these offices. Such a reduction would strike with undue severity the poor veteran who, either because he cannot afford to come to Washington or because his case is not in a favored class, will have to pay his own way if he desires to have his case heard. Economy, efficiency, and fairness will result in the adoption of this amendment.

We may close these offices sometime, but this is surely the wrong time. [Applause.]

Mr. CONNERY. Mr. Chairman, I disagree with my colleague the gentleman from Texas [Mr. BLANTON] as to the efficiency of the Washington office and the regional offices. The Washington office has always been nothing but a rubber stamp, anyway. All your appeal boards down here you might as well throw out the window. The veteran gets nothing in Washington. Whatever little he does get he gets from the regional offices. They should be retained, if the veteran is to get anything at all.

I hope the McCormack amendment will be agreed to.

Mr. GLOVER. Mr. Chairman, as has just been stated, if there ever was a time when we needed these regional offices, it is now.

The President has stated, according to the press, that there have been some grave injustices done under his order, and as the days go by many more will be discovered by him. If the regional offices are not retained, where these men can have a hearing, I will say to the gentleman from Texas, who states that he has an office established there now, he will need 2 or 3 more of them if he has to do this work.

I think these offices ought to be retained, and I do believe that if they are retained much of the injustice that has been done to many of the soldiers, as we see it now, will be corrected by the regional offices without having to have it done here.

Mr. THOMASON of Texas. I am supporting the McCormack amendment and hope it will be adopted. The chairman of the committee made the statement yesterday that more than 10,000 are now drawing compensation who did not join the Army until after the armistice was signed. It may be true that many are on the rolls who do not deserve to be there. Many civilians who have ample finances have received free hospital treatment. These abuses are going to be corrected. But we are now dealing with the sick and disabled, and I am going to do everything in my power to see to it that they get just and fair treatment. Some of the rules and regulations promulgated by the Veterans' Bureau cannot be defended. I am happy to see by the Associated Press today that the President says that the cut in service-connected cases was deeper than intended. He assures us that justice will be done in every case, and I have implicit faith in him always doing the right and fair thing.

I am opposed to closing the regional offices. I have personal knowledge of the fine work they have done. The main office in my part of the country is at Albuquerque, with a branch office in my city of El Paso. I have made vigorous protest against closing the El Paso office. They have handled several thousand cases. It should not be forgotten that hundreds of veterans have gone to the high, dry climate of the Southwest, suffering from tuberculosis. Many of them are bed-ridden. That is a country of great distances. Many of the men are physically unable to personally look after their claims. The representatives of the regional office have gone out in the field when the men could not come to the office and have rendered valuable assistance. They should not have to write Washington and suffer long delays in order to get their claims adjusted. There is no economy in it, because extra men will be required here if the district offices are closed. All doubts should be resolved in favor of the sick and disabled. I am for economy and am supporting the President's program, but let us be sure in dealing with sick veterans that justice is done.

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent to proceed for 10 seconds.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Chairman, I just want to say that if we do not keep these regional offices open, every Member of Congress is going to be a regional office after they are closed. [Laughter and applause.]

Mr. WOODRUM. Mr. Chairman, I hope I may have the undivided attention of the Committee. The debate for the last 30 minutes demonstrates pretty clearly how far we can go when we allow sometimes our zeal and our feelings to overshadow our better judgment.

Now, I know how deeply interested Members of Congress feel in this matter of the regional offices, and the debate here has been practically unanimous that they are to be kept open.

The interesting part of it is that the President has already said that they are going to be kept open, because yesterday the national commander of the American Legion came to Washington, saw the President, and the morning press carried an article which I am sure most of the Members of Congress have read. I want to read it to you. It is as follows:

The White House announced last night that economies to be effected through reduction of payments to veterans for service-connected disabilities would be reviewed with a view to making the cuts less severe.

A statement issued by Stephen T. Early, Secretary to the President, said:

"As a result of conferences between the President, the national commander of the American Legion, Louis Johnson, and the Director of the Budget, the following conclusions have been reached:

"As a result of the application of the veterans' regulations, it now seems that the cut in compensation of service-connected World War veterans with specific injuries has been deeper than originally intended. The regulations and schedules in this respect will therefore be reviewed so as to effect more equitable levels of payment. Careful study also will be made of the other regulations and their effects.

"REGIONAL OFFICES SAVED

"By reason of the burden incident to rerating and in order that undue hardship will not be imposed upon veterans in their application for adjudication of their cases, regional offices of the Veterans' Administration will not be closed, as has been reported, except where it has been clearly demonstrated that regional facilities are not necessary.

"It is not contemplated that Government hospitals will be closed pending a careful, studious survey of the entire hospital situation. This of necessity will require considerable time.

"These conclusions are in line with the President's original statement that the regulations and schedules would be drafted so as to effect the most humane possible treatment of veterans purely disabled in war service."

I hold in my hand a statement by the Director of the Budget and the Administrator of Veterans' Affairs, made at the request of the Chairman of the Appropriations Committee, stating that it is not necessary to increase the funds in this appropriation bill on account of the regional offices:

MAY 11, 1933.

Hon. JAMES P. BUCHANAN,
Chairman Committee on Appropriations,
House of Representatives.

MY DEAR MR. BUCHANAN: Having reference to the statement appearing in the newspapers this morning with respect to the veterans' regulations, I enclose a letter from General Hines which states that no increase will be necessary in the present estimates of appropriation. With this conclusion I agree.

Very truly yours,

L. W. DOUGLAS, *Director.*

MAY 11, 1933.

Mr. LEWIS W. DOUGLAS,
Director Bureau of the Budget, Washington, D.C.

MY DEAR MR. DOUGLAS: Reference is made to the press release issued by the White House on May 10, 1933, concerning the regulations promulgated under Public, No. 2, Seventy-third Congress.

The policies outlined in the release are those which have been in effect since the President signed these regulations, as is indicated in the last paragraph of the release.

Insofar as reduction of compensation in service-connected cases is concerned, the Veterans' Administration from the date of issuance of the regulations, in accordance with the instructions of the President, has been studying the effects of the new rating schedule and will continue to do so on the basis of reports being received as to its application in individual cases. When estimates were made and submitted covering this item, allowance for any necessary adjustments as might be required was included.

As to the closing of regional offices and hospitals, the release outlines the policy which is being followed.

I can see no necessity, by reason of the above-referred-to release, for increasing the amounts now contained in the independent offices appropriation bill which is now pending before the House of Representatives.

Very truly yours,

FRANK T. HINES, *Administrator.*

Now, gentlemen, I plead with you here today to trust the President in formulating and promulgating his regulations. It has been demonstrated that the President is going to take

a reasonable view of the matter in response to the interview with the commander of the Legion and that he is not going to close these offices.

It does not do any good to put money in the bill if he does not want to use it. There is sufficient money provided for the regional offices. Let us give the President a chance; let us give him an opportunity to work it out, because I say to you again what I said when we adopted the economy bill, that I am willing to trust the President to give the veteran a square deal. Some cuts may seem drastic, and many of them will no doubt be reviewed and changed.

I ask you to give the President a fair chance to work this thing out under the regulations he has formulated.

Mr. MARTIN of Colorado. The gentleman ought to have made this speech before we began this debate.

Mr. ANDREW of Massachusetts. In the report that was made in explaining the reduction of $34,000,000, it was stated that it was on the ground that there would be a curtailment of hospitalization, and among other measures adopted the abolishment of the regional offices. How can the gentleman say that if all the regional offices are to be retained?

Mr. WOODRUM. If we do not have money enough to keep the offices open for the year, we can make an additional appropriation when we come here in January.

Mr. BULWINKLE. You have enough money appropriated—you do not reduce the amount going to the hospitals.

Mr. WOODRUM. Oh, no; we are not going to reduce anything because of keeping these offices open. The gentleman knows that we will be back here in January.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. SNYDER. Mr. Chairman, last evening the national commander, Mr. Johnson, had a conversation with the President, and issued a statement with reference to the Veterans' Act. I ask unanimous consent to insert it in the proceedings at this point.

The CHAIRMAN. Is there objection?

Mr. CONNERY. Mr. Chairman, I reserve the right to object. The national commander of the American Legion is the man who came out the day after the economy bill was passed and told soldiers to be patriotic. I do not propose to have him get any national publicity after double crossing the veterans. [Applause.] I object.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection?

Mr. WOODRUM. Mr. Chairman, I reserve the right to object. Of course I am defenseless in the presence of a request coming from the charming lady from Massachusetts, but I think we have had liberal debate on this matter and after the lady is through I shall object to any further requests.

Mr. GRAY. Mr. Chairman, I have been promised one half minute on this, and I want at least a minute.

The CHAIRMAN. The Chair will state to the gentleman from Indiana that after the lady from Massachusetts has finished her remarks, he may proffer a unanimous-consent request, if he so desires.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I was at the Veterans' Administration this morning and was told that there was enough money in the $77,000,000 to keep all of the regional offices, but that if $8,000,000 were used for that purpose, that amount must be taken away from hospital and other needed expenditures for veterans' care. I am stating a fact. We shall need the additional $8,000,000.

Mr. WOODRUM. Mr. Chairman, I call the attention of the lady to the letter which the Veterans' Administration wrote to me in which it is stated they did have the money.

Mrs. ROGERS of Massachusetts. Yes; but General Hines did not state that he would have all he needed for hospital care of the men if that $8,000,000 were used for regional offices. At the hearings they told the gentleman that the money must come either out of the hospitals and other activities or the regional offices. I talked with General Hines, and that is what I was told. We need the $8,000,000 carried in the amendment. The paragraph on this section in the committee's own report of this independent offices appropriation bill clearly shows the need for this additional amount. The report reads as follows:

> Administration, medical, hospital, and domiciliary services: The appropriation under this heading has been reduced from $111,273,634 to $77,273,000, a cut of $34,000,634. The reduction is accounted for partly by the additional 6⅔ percent salary cut, and partly by curtailment of hospitalization resulting from the President's Executive order made pursuant to the act to maintain the credit of the United States. Among other measures which will be adopted to bring about the reduction it is intended to abolish all the regional offices.

I pray that the President will liberalize his extremely severe regulations. Before the regulations went into effect I asked him to be liberal. I realize the terribly difficult task that he has. I also know that he asked us to give him the power to regulate veterans' benefits. He had repeatedly said he wanted justice for the veterans. General Hines has been very bitterly attacked by these regulations. Have those attacks been fair? If something is done in your office or in my office by one of our office force that is wrong, is it not our responsibility? Until the Congress takes away the authority it gave to the President the responsibility belongs to him if the rules are unjust and to see that justice is done.

The CHAIRMAN. The time of the gentlewoman from Massachusetts has expired.

Mr. GRAY rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. GRAY. I rise to let the Chairman comply with his agreement with me to grant me a minute.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent to address the Committee for 1 minute, notwithstanding the fact that he was promised a half minute. The Chair hopes the Committee will grant this request. Is there objection?

There was no objection.

Mr. GRAY. Mr. Chairman, I am not now and never have been in sympathy with that part of the economy program providing for the reduction or scaling down of wages or the reduction of pensions and disability allowances, the whole of which is being used and is necessary for wage earners and pensioners to live.

It is now the unanimously adopted, universally agreed, and the determination, conclusion, and judgment of all economic students and political economists that the depression has resulted and is being prolonged by a continued failure and destruction of the buying and consuming power of the masses of the people, brought about by a sudden fall of values, the price level, and the wage scale, and such cause has been found and determined by Congress and the administration and the remedy agreed and entered upon.

Regardless of the merits of existing pensions and disability allowances, and regardless of the wage scales, with the food and clothing commodity prices rising and where all earnings and income are being used and are insufficient or barely sufficient to provide the necessaries of life and for the bare comforts and conveniences required for existence, reduction of such wages or disability allowances is an economic error which will intensify and aggravate the condition under which the people are suffering.

Everything I say here or I am trying to express regarding wages and wage earners I want to apply with equal force to pensions and the common soldier. And everything I say here regarding pensions and adjusted disability allowances awarded to the common soldiers is equally applicable to wages and wage earners.

It is an economic error to reduce wages and adjusted disability allowances before bringing a restoration of employment, an opportunity otherwise to provide the means to live. It is an economic error to reduce wages and disability allowances without and before restoring earnings, wages, and income necessary and required by men for their support and the support of those who by nature are dependent upon them.

It is more than an economic error to take from men the only means and income to live and leave them to suffer the stigma and humiliation of public or private charity.

It is more than an economic error to take from wage earners and the common soldier classes any part of their wages or income required to live and to provide for their families while wealth is left reveling in luxury and splendor with their surplus incomes untouched. It is a political and social misconception and oversight. It is a step without realization of the condition of the masses, without appreciation of the temper and mind of those suffering, in want and distress, in the midst of plenty and great abundance.

It is a false, hazardous, fatal maneuver to take from the thousands of men, women, and children their last means and substance and leave them standing before great mountains of food perishing for want of use, begging for labor, hungry and famished; leave them standing shivering before great mountain storehouses of clothing and raiment depreciating in waste, while they suffer cold and exposure.

It is more than an economic error, more than a political, social oversight, misconception, or hazard. It is a policy jeopardizing civil order. It is not only opening the door but is driving men on, goading them in desperate strain to take a stand in defiance and at bay, to maintain their right to live.

It will be vain and useless to counsel, advise, and urge private employers to raise wages and thereby restore buying and consuming power and inspire confidence in the policy urged, while we are reducing wages and disability allowances to soldiers, and thereby destroying the buying and consuming power by positive force of law among a great mass and multitude of people. Certainly we will lose the moral force of our advice and recommendation urged upon private employers if we deliberately follow a contrary rule to be observed with public employees and the holders of adjusted disabilities and pensions.

It is the desire and nature of all men to conserve peace and order and tranquillity under which to live and rear their children. It is their ambition to pay and meet their obligations as they mature and maintain themselves in loyalty and patriotism in obedience to the law and the support of their government and the existing order of things established by custom and usage in the course of life.

But the natural impulse of men to live, to provide for themselves and those who by nature are dependent upon them, is a higher and more controlling impulse in men than to pay taxes, meet their obligations, or even to abide by the law. The impulse to live is a higher and more controlling impulse in men than to observe peace and order. And when men are compelled to choose between the impulse to live and the obligation to pay taxes and observe the laws of the land they will choose to act under the natural impulse to live. By taking away from men the means to live and provide for those and theirs we will be driving men to choose and act under the higher and more controlling impulse of nature, the impulse of men to live.

With the farmers of 17 States already declaring for a farm holiday; with 14,000,000 people unemployed, living on half or insufficient rations, in enforced idleness, in a land of plenty and great abundance; with soldiers returning from the battlefield, where they breathed the fatal breaths of gas, bared their breasts to steel, the mowing machine guns, to give property its worth and value and make secure liberty and human rights, now marching in rags and tattered raiment, hungry, without shelter, begging at the door of industry and of those whose property they gave value and worth for a bare living sustenance; with laboring men organized and united, demanding without recognition their share of the fruits of their toil and labor; with a movement looking to the organization uniting all these common labor, toiling factions to make common cause for their right to live upon the earth and enjoy the fruits of their toil—surely there is a failure of a proper appreciation of conditions and of the state of the wavering mind and the tense impulse induced by want and suffering and distress in the midst of plenty and great abundance.

There are many flagrant abuses of the pension system which must be remedied, eradicated, and cured in the interest of the honest and deserving soldiers and to save the pension system from discredit and the pensioners from disrepute and suffering a revolt from the overburdened taxpaying public. But even these abuses and these unjustifiable pensions should not be summarily adjusted, reduced, or cut off and the pensioners, long led to rely upon this source of income, left without means or sufficient opportunity for employment to provide for themselves and their families the vital necessaries of life.

We are now to realize a rise of values and the price level, which will automatically increase the cost of living, and which calls for readjustments on a higher level of wages, pensions, and disability allowances, and which rise of values and the price level I have long favored and now favor as the only way for economic recovery and a restoration of normal prosperity. When conservative values and price level have been reached, as they must be reached and stabilized, then wages, pensions, and adjusted disability allowances must be promptly readjusted to a higher level of values and commodity prices. Before that time comes no fair or equitable readjustment can be made.

Balancing the Budget is flaunted as a prosperity measure to restoring the earnings and income of the people. It has no such a relation either as farm or industrial relief. The Budget must be balanced, not because it will restore prosperity to the people but because the honor, dignity, and credit of the Government must be upheld and maintained before the people and the nations of the world. The people are left with less after the Budget is balanced than before, and with a policy of reducing wages and soldiers' adjusted compensation to balance the Budget, they are reduced by both withholding and taking from them.

But the Government's Budget is not the only budget to be balanced and kept balanced. The wage earners and the common soldiers have a budget to be balanced, not only to maintain their honor and credit before their fellow men but to provide the vital necessaries for themselves and those who by nature are dependent upon them and look to them for support and maintenance.

The Federal Budget is largely balanced from imposed taxes and excise duties levied upon the vital necessaries of life and more largely used, consumed, and paid by the masses of the people than the certain special few, owning and controlling 80 percent of the wealth of the country and taking a like amount of the national income. Certainly, any further taking necessary to balance the Budget ought to be taken from the owners of the 80 percent of the property and the takers of a like amount of the national income, instead of withholding from the owners of the 20 percent of the property and from those taking a meager part of such income.

I voted for the economy measure in approval of many provisions and with mental reservations, passive resistance, and in disapproval of some provisions. I voted for the economy measure first, because there was no opportunity allowed to separate what I approved of from what I disapproved of. And second, I voted for the economy measure because I felt and realized it my solemn and imperative duty to maintain the united support and solidarity of the new administration before the country, then facing a crisis, to maintain peace, order, and stable government before the wavering public mind. And I would so vote again under like conditions and facing the same emergency. But no such conditions are here to be met. This is a separate, independent measure. Solidarity of action upon this one section of the bill is not imperative to sustain governmental prestige before the country.

I shall vote to recommit this bill back to the committee for deliberate, regular, and orderly consideration to maintain existing wages, and adjust disability allowances until opportunity for employment, wages, and income and the consuming power of the masses shall have been restored.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all Members who have spoken on these amendments may have permission to extend their remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The first vote comes upon the amendment of the gentleman from Minnesota [Mr. SHOEMAKER] to the amendment of the gentleman from Massachusetts [Mr. MCCORMACK], which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. SHOEMAKER to the amendment of Mr. McCORMACK: Strike out "$85,273,000" and insert in lieu thereof "$110,538,514."

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now is on the McCormack amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MCCORMACK: Page 44, line 6, strike out in line 6 the figures "$77,273,000" and insert in lieu thereof "$85,273,000: *Provided*, That not to exceed $8,000,000 of this amount shall be available for all expenses and maintenance of all regional offices of the Veterans' Administration."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. WOODRUM) there were—ayes 140, noes 29.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Washington [Mr. SAMUEL B. HILL].

The Clerk read as follows:

Amendment offered by Mr. SAMUEL B. HILL: Page 46, line 15, after the colon, insert: *"Provided further*, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $5,000, for experimental purposes to determine the value of certain types of treatment."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Pensions: For the payment of pensions, gratuities, and allowances, now authorized under any act of Congress or regulation of the President based thereon, or which may hereafter be authorized, including emergency officers' retirement pay and annuities, the administration of which is now or may hereafter be placed in the Veterans' Administration, $231,730,000, to be immediately available: *Provided*, That Navy pensions shall be paid from the income of the Navy pension fund, so far as the same shall be sufficient for that purpose, and the amount so expended shall be accounted for separately.

Mr. LEMKE. I offer an amendment, Mr. Chairman, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 48, line 10, after the word "Administration", strike out "$231,730,000" and insert in lieu thereof "$381,730,000."

Mr. LEMKE. Mr. Chairman, in considering the appropriations in this bill a great deal has been said in regard to our national defense; we are told that we should subsidize the merchant marine, because they are a part of our national defense, but little has been said of the real national defense—the veterans of this Nation. Without soldiers, sailors, and marines there can be no defense; without them warships, submarines, and airplanes will stand still and cannons, machine guns, and rifles remain silent. Therefore, I am interested in the veterans—in the human side, in the human flesh and blood of our national defense. I witnessed several hundred of our beragged, tired, hungry, disheartened veterans with the flag of this Nation, marching by the House Office Building yesterday with policemen directing them off the Capitol Grounds, and I cannot help but think of the difference when these boys proudly marched forth to defend this Nation's honor and future glory, how we lauded and praised them then, and what miserable and contemptible treatment we have given them since and are giving them now.

While these boys went forth, willing to give their lives and their limbs for this Nation, many of the stay-at-homes wrapped the flag of glory around them and grabbed everything in sight. They made millions and billions out of the blood, the tears, and the agony of an agonized world. During the war we made 17,000 new millionaires and a few billionaires. We paid common labor as high as $8 and $10 a day and ordinary skilled labor as high as $20 to $100 a day. But when these boys returned and asked, not for a just compensation, but merely a few paltry dollars with which to get a start in life again, then we yelled that if they insisted upon that they would wreck the Nation; that the national credit and honor were at stake.

The treatment of our soldiers and veterans during the war and since the war is a national disgrace. Quoting from the Chicago Tribune of May 21, 1920:

Every soldier knows the training camps were located not for training purposes but to bring money to favored communities.

Every soldier knows that of the money not deliberately misspent, fully one half was wasted, because it was administered by miserable incompetents appointed for political advantage.

Every soldier knows what an infinitesimal fraction of war-time expenditures ever reached the battlefield.

Every soldier knows that both his comfort at the rear and his safety on the battlefield were sacrificed.

Every soldier knows that throughout the war his interest was sacrificed to that of the slacker and profiteer.

Every soldier knows that the only suggestion of national economy has been to economize at his expense.

The bill under consideration is, so far as the veterans are concerned, carrying out the provisions of the so-called "economy bill" which we passed so hurriedly at the opening of this session. It is carrying out the provisions of the international bankers' Economy League bill—that we passed without knowing what it contained, and relying upon misinformation—it is carrying out these provisions with a vengeance, so far as the disabled veterans are concerned. It is carrying out these provisions under the most cruel, brutal, and inhuman suggestions made by the Director of the Budget Bureau, a young man of 38, utterly devoid of human feeling.

If we do not check this mad young man in his insane desire to become a coupon clippers' hero, he will virtually strangle the disabled veterans and their widows and orphans. These veterans upheld the honor and the glory of this Nation in the filth, the mud, the slime, the blood, and the gas in the trenches of foreign battlefields. They pulled the chestnuts out of the fire for our international bankers, who gave credit in the form of war material, food, and clothing to the Allied Governments to the extent of billions of dollars before we entered the war. These international bankers had bet on the wrong horse over in Europe and were about to lose when this Nation took up the gage of battle to make the world safe for democracy. Now, these racketeers ask that the soldiers' pension and disability compensation be cut so that they will be sure that there will be enough money in the United States Treasury with which to pay the interest on the bonds they hold.

Frankly speaking, if we do not check the Director of the Budget Bureau, not only he but this splendid administration, this humane administration, will go down in history as giving the most barbarous, the most cruel treatment that any government ever gave to its defenders and its protectors. Let us not permit that cruel stain to be put upon our Government—upon our manhood and decency—as Members of this Congress. We passed the so-called "national economy bill" under misinformation. Let us now rise to the occasion and make partial amends by at least letting up on the persecution of the disabled veterans. Let us call and stay the hand of this cruel peace-time hero, who has deserted his comrades. Let us say to him, "You will not be permitted to make a name for yourself as an efficiency expert at the expense of the disabled veterans and their widows and orphans; you will not be permitted to put that stain upon the American people."

Chickens are coming home to roost. At the time that the so-called "economy bill" was up for consideration, the Wall Street racketeers, who saw here a chance to cut their income tax, saw to it that we were flooded with hundreds of telegrams asking us, in the sacred name of the credit and honor of this Nation, to pass the so-called "economy bill." The

telegrams coming to us now bear a different message. They ask us to help save the disabled veterans and the widows and orphans of disabled veterans from becoming public charges; they ask us to help save their veterans' bureau, their veterans' hospital—begging for help they come, admitting that they have been misled, the same as this Congress.

Under these circumstances it is not too late for this Congress to correct its blunder. Let us have sufficient courage to amend this bill and to make sufficient appropriation to take care of the disabled veterans and of the orphans and widows of disabled veterans.

At the time that the economy bill was up, I suggested that so far as crucifying the veterans was concerned it was false economy. I suggested you could not bring back prosperity by adding to human misery. I suggested that we should practice economy where it ought to be practiced. I suggested that we should give the President authority to suspend the interest on the bonds of the United States for a period of 3 years. That would have put the burden of economy where it belonged—upon those who profiteered and made millions out of the blood, the misery, and the tears of an agonized world. We can still do this. Why not in this crisis, if this Nation's credit and honor are at stake, suspend the interest on these bonds?

In conclusion, permit me to ask you to stay the merciless hand of the Director of the Budget Bureau—the hand that would take pennies from dead men's eyes in no man's land, in the name of a false economy. This Nation owes a duty to the boys that so valiantly upheld its honor and its glory upon the foreign battlefields. Let us correct our blunders; let us liberalize our appropriation so that the President can liberalize the veterans' slashes.

The President, according to this morning's news, intends to liberalize these slashes of the veterans' disability compensation. I am with the President; I know he is sincere, and for that reason let us now give him enough money so that he can undo the wrong and the injustice that has already been done to many veterans. [Applause.]

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. LEMKE] has expired.

Mr. BOILEAU. Mr. Chairman, I ask for recognition in favor of the amendment.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

Mr. DIRKSEN. Mr. Chairman, reserving the right to object, I should like to have 5 minutes. I do not believe we have been accorded our full time over here. We received only 1 minute on the other.

Mr. WOODRUM. Mr. Chairman, I will modify my request to make it 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. DIRKSEN. If I get 5 minutes I will not object.

Mr. KVALE. Reserving the right to object, I want to merely make sure that it applies only to this paragraph.

Mr. WOODRUM. To this paragraph and all amendments thereto.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. BOILEAU. Mr. Chairman, this amendment, as I understand it, would increase the amount of money for the relief of veterans suffering from service-connected disabilities in the sum of $150,000,000.

That amount is just about what would be needed to restore to those men with service-connected disabilities the amount they were receiving before this so-called "economy bill" was put into effect.

In other words, if this money were appropriated the President might make new regulations to restore the benefits that were previously paid to those men who were wounded in line of duty, those men who received service-connected disability.

At the time the economy bill was up for consideration we were told the President would be fair and just in the administration of that bill and in the making of regulations for the benefit of ex-service men. We were also told, at that time, that by enacting the so-called "economy bill" we would effect an economy or a saving of approximately $385,000,000 or $400,000,000. I do not wish to impugn any unfairness to the President of the United States, but I do want to say that any man who voted for the economy bill must have expected just exactly what we got, because we were told that if we passed the economy bill these reductions in benefits to ex-service men would come; and we got exactly what we were told we would get.

The estimates now are that we will save only $375,000,000 on compensation to veterans, plus $34,000,000 for hospital care, and $50,000,000 on the fund to retire the adjusted-service benefits. So that actually we have cut the ex-service men about $460,000,000. Thus, you got exactly what you voted for, and I hope no Member of this House will try to defend his vote on the economy bill by saying that the President promulgated regulations that were more drastic than he expected, because we were told exactly what was going to happen.

If you believe there should be some fairer treatment of veterans, if you believe that the regulations should be liberalized, there is only one way you can possibly show that you mean it, and that is by voting for this amendment or some such amendment, increasing the appropriation.

If you want the President to be fair, and the President stated that it is his intention to be fair, and I want to repeat I do not doubt the fairness of the President, I submit to you that if you expect to liberalize these regulations in line with the statement of the President recorded in the press this morning, you will vote for this amendment. You will be doing your duty by the President if you give him the money with which to restore the compensation to men suffering from service-connected disabilities instead of requiring him to ask Congress next January for a deficiency appropriation. That would not be fair to the people of the country.

The distinguished gentleman from West Virginia in closing his remarks a minute ago said, "Do not forget we are coming back here in January."

If we are coming back in January for a deficiency appropriation we are not being fair with the American people, for we told them we would not spend so much, yet we are spending more.

Let us be fair. The President said he intended to liberalize the rules. Back in your districts you would not say, "Yes; I favor returning compensation allowances to those men with service-connected disabilities." If there is a single man or woman in this House who would tell the soldier back home that he or she is against giving the former compensation for service-connected disabilities, I wish he or she would stand up; I would like to see such a person.

So vote for this increase and you will be fair not only to the veterans but to the people of the country and to the President. If you want the President to liberalize the regulations, give him the money so he can do it. [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I think every Member should have definitely in mind the thing to which he gives approval when he votes for the $231,000,000 that is recited in the bill. The minute you approve that amount as a sequel to the economy bill here is what you are doing: You are letting word go out to the ex-service man who is 24 percent disabled and who has bared his breast to the shot and shell of the Argonne and Chateau-Thierry that he is worth only $8 per month. You are saying to the ex-service man who is 49 percent disabled that he is worth only $20 a month.

When you approve this amount you also approve the presumption that he was physically fit when he went into the Army, even though he may have had some physical defect and patriotic fervor made him enlist, conceal physical defects, and fight for his country.

You also place approval on the fact that the wife, the little child, the little son or daughter of a veteran who died

from service-connected injuries is entitled to receive only $20 a month.

Now, ask yourself this question: Would you be willing to have your kids go out and fight the battles of life and get for themselves a primary and secondary education for $240 a year, or $20 per month, particularly after you had made the highest sacrifice for this Nation?

You can express your approval of such an attitude by approving the $231,000,000 in this bill.

Let me mention burial expenses. Seventy-five dollars is provided for funeral and burial expenses and transportation.

The boys who wrote the Executive order were so niggardly that they at first forgot to include the American flag to which the soldier is entitled.

Imagine a man who went into the Argonne, into Chateau-Thierry, or the St. Mihiel, and went through the mire of the shell holes and the rat-infested trenches with a bayonet fixed, crawling up behind a creeping barrage at 4 o'clock in the morning—and I was there—a man who fought for that flag, and yet they were so unmindful of his sacrifices that they forgot to give him the flag, and then went back and wrote it in the regulations. So out of great generosity they decided he could have a flag when he died so it could be placed over his casket.

They allowed $75 to transport him and bury him. If he has $75 to his credit in the Administration, the clammy, slithery hand of the Veterans' Administration will reach in and take away that last $75. It is in the Executive regulations.

This is the thing you are going to approve with the $231,000,000. Do not blame it on President Roosevelt. He does not know what is in the regulations. Blame it on the unsympathetic men who have operated the Veterans' Bureau all these years and who stand up coldly like a stone wall against the desires of the veterans, namely, General Hines and his corps down in the central office.

I just want you to know the thing you are going to approve when you approve the $231,000,000 in the bill as written.

A widow of a Spanish-American War soldier gets only $15. If she were the widow of a World War veteran, she would get $30. I wonder why the difference in widows. The surviving child of a Spanish-American War veteran gets $12 and the surviving child of a World War veteran gets $20. Why the difference of $8? Is there any difference in the children of those who fought for that flag, as a matter of fact?

Then, so far as medical care is concerned, for those who have service-connected disabilities, it provides that within the discretion of the Administrator in that big building down town he can provide it "as may be found necessary", but you put it in the hands of a man who has never shown any sympathy for the veterans, to determine whether or not they need such medical treatment.

If you want to approve all this sort of thing as a supplement to the economy bill, then vote for the $231,000,000. If you want to give the soldiers a square deal, if you want to lift them out of the stink and agony and sweat in which they are found on the highways and byways and in the hospitals of the country today, then I say to you you would better raise it to the amount carried in the amendment. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, the kind of argument just made by the eloquent and attractive gentleman from Illinois [Mr. DIRKSEN] is not the kind of argument that is really going to help the American veterans today. The gentleman knows, and I know he knows, because he is a man of intelligence as well as of eloquence, that it would not matter if you put $1,000,000,000 more in here. This would not give one red copper penny to any veteran, under the regulations, unless the President of the United States sought in his good judgment to change the regulations.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. Not right now, if you please.

I want to plead with you again to give the President of the United States an opportunity to see the effect of the regulations that he has promulgated, and may I remind you that they have not yet gone into effect except as to hospitalization and some few other things.

Mr. HOEPPEL. Will the gentleman yield for one question?

Mr. WOODRUM. Not just now, if the gentleman will permit me to continue.

We have very present evidence of the fact that the President is not insensible to certain inequalities that may come into these regulations and that he is ready to counsel with accredited representatives of the veterans and to treat the veterans just and fair. And I say to you that it is not fair to him, and I want to make an appeal to my Democratic colleagues on this side of the aisle, because, after all, it is your particular duty and your particular responsibility.

The President of the United States has not asked you for any more money for these pensions. If they are to be liberalized, he will liberalize them and let us give him an opportunity to do it. If he needs more money, he will come to the Congress, through the Budget, and ask for it, and we will be ready to give it to him.

I may also say to the House that this report comes to you as the unanimous report of the Appropriations Committee of this House, and I want to say further, with great respect and admiration for my Republican colleagues on this committee, that they are ready to cooperate and ready to give the President of the United States an opportunity and a chance to work out this very great problem that is just as close to his heart as it is to the heart of any man who sits on the floor of this House.

Mr. Chairman, it would be a vain thing to increase the amount of this appropriation. If these regulations show injustices to veterans, then I am ready to join with any Member of Congress as a delegation to wait upon the President and ask for their modification; and I think I know the American people well enough to know that if the President should refuse to lend ear to such an appeal, as I know he would not, this Congress can exercise its right to change the regulations by law. But I want to again plead with the House to give the President an opportunity to carry into effect these regulations and see the effect of them before we vainly add more money to this bill, which, as I have said, would not give one red copper penny to any veteran unless the regulations were changed.

Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The question was taken; and on a division there were 63 ayes and 80 noes.

Mr. McFARLANE. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. LEMKE and Mr. WOODRUM as tellers.

The Committee again divided; and the tellers reported that there were 76 ayes and 119 noes.

So the amendment was rejected.

The Clerk read as follows:

For military and naval insurance accruing during the fiscal year 1934 or in prior fiscal years, $123,000,000.

Hospital and domiciliary facilities: For carrying out the provisions of the act entitled "An act to authorize an appropriation to provide additional hospital, domiciliary, and out-patient dispensary facilities for persons entitled to hospitalization under the World War Veterans' Act, 1924, as amended, and for other purposes", approved March 4, 1931 (46 Stat., p. 1550), $1,000,000, to remain available until expended.

Mr. HOEPPEL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 48, line 24, substitute a comma for the period after the word "expended", and add the following: "*Provided*, That the facilities of the Army, Navy, and Public Health Service are first utilized to full capacity where available."

Mr. WOODRUM. Mr. Chairman, I make the point of order that the amendment is contrary to the regulations vested in the administration promulgated with authority

given by Congress, which is now the law until Congress changes it.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

Adjusted-service certificate fund: For an amount necessary under the World War Adjusted Compensation Act (U.S.C., title 38, secs. 591–683; U.S.C., supp. VI, title 38, secs. 612–682), to provide for the payment of the face value of each adjusted-service certificate in 20 years from its date or on the prior death of the veteran, and to make loans to veterans and repayments to banks in accordance with section 507 of the act, as amended (U.S.C., supp. VI, title 38, secs. 642, 647, 650; act July 21, 1932, 47 Stat., pp. 724–725), $50,000,000, to become available July 1, 1933, and remain available until expended.

DEFICIENCY APPROPRIATION BILL

Mr. McFARLANE. Mr. Chairman, I move to strike out the last word. Mr. Chairman and gentlemen of the Committee, I wish to address myself to the present status of veterans' legislation that we now have before us.

We are now considering the present status of veterans' legislation appropriations for the Veterans' Administration. We have been told by the chairman of the subcommittee that we are to deduct $460,000,634 in the operation alone of the Veterans' Administration, and $7,740,411 is deducted in the rest of the bill for all departments the appropriations cover in this measure.

You gentlemen remember how speedily the so-called "Economy Act" was rushed through, without being referred to the regular committee. It was referred to a special committee, every one of whom was known to be favorable to the bill. It was put through without Members of Congress having an opportunity to read the provisions of the bill. We went into a Democratic caucus, and after the caucus had debated the amendment, agreeing to a 25 percent reduction, in keeping with the Democratic platform—after we defeated the move to bind the Democrats to support the so-called "economy bill" in the caucus, the economy committee together with certain Democratic leaders rushed into the House and, under a gag rule, put the bill through.

HOW THE BILL WAS PUT OVER

The people of the country are entitled to know, especially the veterans of the country are entitled to know, how this piece of legislation was enacted into law.

THE PROPAGANDA OF THE NATIONAL ECONOMY LEAGUE AND THE UNITED STATES CHAMBER OF COMMERCE

You are all familiar with the bitter campaign of propaganda carried on by the National Economy League and the United States Chamber of Commerce, and the Manufacturers' Association through the press, the magazines, and the radio, to poison the minds of the public against the rights of the disabled war veterans. Thousands of dollars have been spent in this ruthless campaign by these organizations to put over the program of the repeal of all veteran laws, all of which they have realized under this so-called "economy bill." And to think that such a program can be put over by a group of law violators themselves, such as the National Economy League who has been one of the chief leaders of this campaign of lies and misrepresentations carried on against the rights of the disabled veterans. The so-called "National Economy League" is now an outlaw organization and a violator of our corrupt practices act for they have failed and refused to file statements under its provisions, which would let the people of this country know how much it has cost big business to put over this so-called "economy bill" that has literally cut the throats of the disabled war veterans and their dependents.

The RECORD will show that a resolution was quickly adopted waiving all points of order against the bill and limiting debate to 2 hours, all of which time was placed in control of members of the so-called "Economy Committee." When the Democratic caucus was called there were not even any printed bills available for the Members to read and study, and the committee report on the bill was not available. The RECORD will show that very few minutes were given to those who opposed the bill. Very little opportunity was given to even speak upon it, and no amendments were permitted.

VETERANS AFFECTED

It affects the rights of more than a million disabled war veterans and their dependents. Many of us recognize the wrongs that were done under this method, under the rules and regulations promulgated by Director Hines and Mr. Douglas, and, according to the Stars and Stripes, this whole economy act and the rules and regulations thereunder has all been put over under the direction of Mr. Barney Baruch.

THE AMOUNT CUT

It seems that the veteran is to take a cut under this bill of $460,000,634, even more than the $400,000,000 it was said they would be cut when the bill was before the House.

When Director Hines was before the Senate Finance Committee, March 10, the matter was carefully gone into in the limited time of two hours and a half hearing. Two men were before the committee, Director Hines and Budget Director Douglas. The statement is made and itemized on page 40 of this confidential Executive session hearing, in which it was proposed that $383,530,000 was to be deducted from the veterans. Mr. Chairman, I trust the membership of the House will carefully study the revised itemized account, contained in these hearings, as to how these sums of money have been deducted from the different war veterans and their dependents.

It is futile to try to amend this bill, as has been well stated, because after all, it is the so-called "economy law" that has done the damage, and under it the President has enacted his rules and regulations carrying into effect the $460,000,000 cut to the veterans. What other cuts have we made? What other sacrifices have been made other than those placed on the veterans and the Federal employees? Hundreds of thousands of men have been let out of the Government service. Many departments have been consolidated, and what has been done toward taxing the wealth of this country? Wall Street is now receiving a bonus in interest paid them on tax-exempt Government bonds of more than $725,000,000 annually, and this is the group that put over this so-called "economy bill." [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TRUAX. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: Page 49, line 5, after the word "in", strike out "twenty" and insert "one"; and in line 6, strike out the word "years", and insert the word "year"; and in line 10, strike out "$50,000,000", and insert "$2,400,000,000."

Mr. WOODRUM. Mr. Chairman, of course the amendment is subject to the point of order and I make the point of order. It is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Ohio desire to be heard on the point of order?

Mr. TRUAX. I desire to be heard on the point of order. My amendment, Mr. Chairman, merely changes the time of payment from 20 years to 1 year. It merely changes the amount of the appropriation from $50,000,000 to $2,400,000,000 to pay the soldiers now. [Applause.] Mr. Chairman, we authorized the President of the United States to expand the currency by $3,000,000,000. There is no better place for that new currency than to pay these soldiers.

The CHAIRMAN. Will the gentleman kindly confine his remarks to the point of order.

Mr. TRUAX. Mr. Chairman, I am trying to do so. As I stated before, the only way in which this bill is changed is to make this payable in 1 year instead of 20 and change the amount from $50,000,000 to $2,400,000,000 to pay the soldiers' bonus now.

The CHAIRMAN. The Chair is ready to rule. The existing law would be materially changed if this amendment were adopted. The Chair, therefore, sustains the point of order and the Clerk will read.

The Clerk read as follows:

SEC. 4. No part of the appropriations contained in this act or prior appropriation acts shall be used to pay any increase in the salary of any officer or employee of the United States Government

by reason of the reallocation of the position of such officer or employee to a higher grade since June 30, 1932, by the Personnel Classification Board or the Civil Service Commission.

Mr. WOODRUM. Mr. Chairman, I offer a committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM: On page 52, line 8, strike out the word "since" and insert "after"; on page 52, line 9, after the word "commission", insert the following: "and salaries paid accordingly shall be payment in full."

The committee amendment was agreed to.

Mr. TABER. Mr. Chairman, all amendments to the bill from this point on are prevented, and I ask unanimous consent that the reading of the balance of the bill be dispensed with, and that the bill be printed in the RECORD.

Mr. WOODRUM. Mr. Chairman, I concur in that request.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. TABER]?

Mr. SHANNON. Reserving the right to object, I want to ask in open session that the committee offer an amendment to strike out section 12. That section is a clear violation of the rule as to an appropriation bill offering legislation which disturbs existing law. I ask the committee to offer that amendment. I ask in open session that the committee do that and not commit this Congress to a piece of petty larceny such as this is.

Mr. WOODRUM. Of course, the gentleman knows perfectly well that I have no authority——

Mr. SHANNON. Oh, the gentleman's committee has authority. This is taking $150,000 from a lot of boys.

Mr. WOODRUM. The committee cannot agree to the amendment. That will settle that matter very quickly.

The CHAIRMAN. The Chair will state to the gentleman that, according to the terms of the resolution, no amendment could be offered to this section of the bill unless the amendment came from the committee.

Mr. SHANNON. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SHANNON. I would like to have the rule read that bars me from offering this amendment.

The CHAIRMAN. Without objection, the Clerk will read the rule.

There was no objection.

The Clerk read as follows:

No amendment 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.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. TABER]?

Mr. MEAD. Reserving the right to object, under the rule no amendments are permissible, and I am not going to offer any objection on that point, but there are a number of irregularities that should be corrected. I am wondering if the Chairman of the Committee on Appropriations would not allow at least 10 minutes' discussion after this particular part of the bill is read. For example, men who were called upon to work from the 1st to the 10th of July and were then denied their retirement, are denied repayment of that retirement in this bill. Then again, this bill reduces the compensation of injured workmen. I do not believe that was the intention of the committee. It, evidently, is an oversight. I think if the record could be corrected, at least the Senate could straighten it out.

The regular order was demanded.

The CHAIRMAN. This resolution was passed by the House, and the House is now in Committee of the Whole House on the state of the Union. The Committee of the Whole House on the state of the Union would not have authority to grant the gentleman's request.

Mr. MEAD. Except by unanimous consent.

The CHAIRMAN. Not even by unanimous consent in Committee of the Whole House on the state of the Union.

Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

The remainder of the bill is as follows:

SEC. 5. Title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, to the extent that it provides for the impoundment of appropriations shall not operate to require such impoundment under appropriations contained in this act.

SEC. 6. Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancelation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

SEC. 7. Whenever the President, after investigation, shall find that the charge or charges established by or in accordance with existing law for any service rendered or article sold by any executive department, commission, or other executive agency of the United States is less than the cost of such service or thing determined by the President in accordance with sound principles of accounting, he is hereby authorized, in his discretion, by Executive order to increase such charge or charges in such amount as he may determine will return to the Government the cost of such service. The authority granted to the President to order increases in charges hereunder shall cease upon the expiration of 2 years after the date of the enactment of this act.

SEC. 8. (a) Whenever at any time hereafter prior to July 1, 1935, any employee of the United States or the District of Columbia to whom the Civil Service Retirement Act, approved May 29, 1930 (U.S.C., title 5, ch. 14), applies, who has an aggregate period of service of at least 30 years computed as prescribed in section 5 of such act, is involuntarily separated from the service for reasons other than his misconduct, such employee shall be entitled to an annuity computed as provided in section 4 of such act, payable from the Civil Service retirement and disability fund, less a sum equal to 3½ percent of such annuity: *Provided*, That when an annuitant hereunder attains the age which would have been the retirement age prescribed for automatic separation from the service applicable to such annuitant had he continued in the service to such retirement age, such deduction from the annuity shall cease. If and when any such annuitant shall be reemployed in the service of the District of Columbia or the United States (including any corporation the majority of the stock of which is owned by the United States), the right to the annuity provided by this section shall cease, and the subsequent annuity rights of such person shall be determined in accordance with the applicable provisions of retirement law existing at the time of the subsequent separation of such person from the service.

(b) In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

SEC. 9. (a) Until July 1, 1934, in cases in which the number of officers and employees in any particular service is in excess of the number necessary for the requirements of such service, the heads of the several executive departments and independent establishments of the United States Government and the municipal government of the District of Columbia, respectively, are hereby authorized to furlough, without pay, any officers and employees carried on their respective rolls for such periods as in their judgment may be necessary to distribute, as far as practicable, employment on the available work in such service among all the officers and employees of such service in rotation: *Provided*, That no employee under the classified Civil Service shall be furloughed under the provisions of this section for a total of more than 90 days during the fiscal year 1934 except after full and complete compliance with all the provisions of the Civil Service laws and regulations relating to reductions in personnel. Rules and regulations shall be promulgated by the President with a view to securing uniform action by the heads of the various executive departments and independent Government establishments in the application of the provisions of this section. The provisions of this section relating to furloughs shall not apply to carriers in the Rural Mail Delivery Service, but the President is authorized to suspend or to reduce for the duration of the fiscal year 1934 the allowance paid to such carriers for equipment maintenance.

(b) Section 216 of the Legislative Appropriation Act for the fiscal year 1933, and such section as continued and amended for the fiscal year 1934, are hereby repealed.

SEC. 10. The President is authorized to place on furlough such officers of the Army, Marine Corps, Public Health Service, Coast

Guard, or Coast and Geodetic Survey, as he, in his discretion, shall deem desirable. While on furlough, officers shall receive one half the pay to which they would otherwise have been entitled, but shall not be entitled to any allowance except for travel to their homes.

SEC. 11. The President is authorized, in his discretion, to suspend the extra pay or reduce the rate of extra pay allowed to commissioned officers, warrant officers, and enlisted men of the Army, Navy, Marine Corps, and Coast Guard while on flying duty, and to distinguish between degrees of hazard in various types of flying duty and make different rates of extra pay applicable thereto: *Provided*, That no such rate shall be in excess of $1,440 per annum.

SEC. 12. So much of the act of August 5, 1882 (22 Stat. 285), as is contained in the proviso at the end of section 1057, title 34, United States Code, is hereby amended by repealing the words "and 1 year's sea pay", so that the said proviso will read as follows: "*Provided*, That if there be a surplus of graduates, those who do not receive such appointments shall be given a certificate of graduation and an honorable discharge."

SEC. 13. From the date of the approval of this act and until July 1, 1934, the compensation of all officers and employees of the insular possessions of the United States which is now fixed by acts of Congress and which is not subject to reduction under the provisions of title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, is hereby reduced 15 percent: *Provided*, That nothing herein shall be construed as applying to officers whose compensation may not, under the Constitution, be diminished during their continuance in office.

SEC. 14. For the period of the fiscal year ending June 30, 1933, remaining after the date of the enactment of this act and during the fiscal year ending June 30, 1934, the retired pay of judges (whose compensation, prior to retirement or resignation, could not, under the Constitution, have been diminished) is reduced by 15 percent.

SEC. 15. The compensation authorized by sections 3, 4, and 10 of the act of September 7, 1916, as amended, accruing during the fiscal year 1934, shall be reduced below the amounts prescribed by the said act by the same percentage as that prescribed for the reduction of compensation of officers and employees under section 8 of title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933: *Provided further*, That the monthly pay as defined in section 40 of the act of Septemer 7, 1916, shall be determined without regard to the temporary reductions in pay required by the act of March 20, 1933: *Provided further*, That the funds made available for the purposes of the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933, shall be available for the payment of compensation for injuries as required by section 3 of said act, but such payment shall be made through the Employees' Compensation Commission.

SEC. 16. For the fiscal year ending June 30, 1934, every pension payable under any private relief act, not subject to the provisions of sections 1 and 17 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, shall, irrespective of the provisions of section 18 of title I of such act, be reduced by the same percentage as that prescribed for the reduction of compensation of officers and employees under section 3 of title II of said act.

SEC. 17. This act hereafter may be referred to as the "Independent Offices Appropriation Act, 1934."

Mr. WOODRUM. Mr. Chairman, under the rule, I move that the Committee do now rise and report the bill back to the House with sundry amendments with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and Mr. BULWINKLE, the Speaker pro tempore, having resumed the chair, Mr. MCCLINTIC, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 5389) 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, directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The SPEAKER pro tempore (Mr. BULWINKLE). Under the special rule the previous question is ordered.

Is a separate vote demanded upon any amendment?

Mr. HEALEY. Mr. Speaker, I ask a separate vote on the McCormack amendment.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

The other amendments were agreed to.

The SPEAKER pro tempore. The Clerk will report the amendment upon which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. MCCORMACK: Page 44, line 6, strike out "$77,273,000" and insert in lieu thereof "$85,273,000: *Provided*, That not to exceed $8,000,000 of this amount shall be available for all expenses and maintenance of all regional offices of the Veterans' Administration."

The question was taken, and the amendment was agreed to.

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

Mr. LEMKE. Mr. Speaker, I offer a motion to recommit.

Mr. TABER. Mr. Speaker, I offer a motion to recommit the bill. I am opposed to the bill.

The SPEAKER pro tempore. The gentleman from New York, a member of the committee, is recognized to offer a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. TABER moves to recommit the bill to the Committee on Appropriations.

Mr. TABER. Mr. Speaker, upon this motion I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ZIONCHECK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. ZIONCHECK. When we vote to recommit, we do not vote against the cancelation of contracts on air mail, do we?

The SPEAKER pro tempore. The question is on the motion to recommit the bill. The Clerk will call the roll.

The question was taken; and there were—yeas 116, nays 255, not voting 60, as follows:

[Roll No. 38]

YEAS—116

Allen	De Priest	James	Rogers, Mass.
Andrew, Mass.	Dirksen	Jenkins	Seger
Andrews, N.Y.	Ditter	Johnson, Minn.	Shoemaker
Arens	Dondero	Kahn	Simpson
Bacharach	Douglass	Kelly, Pa.	Sinclair
Bacon	Dowell	Kinzer	Stalker
Beedy	Dunn	Knutson	Stokes
Black	Eaton	Kurtz	Strong, Pa.
Blanchard	Edmonds	Kvale	Sutphin
Boileau	Eltse, Calif.	Lemke	Swick
Bolton	Englebright	Luce	Taber
Britten	Evans	Lundeen	Taylor, Tenn.
Brumm	Focht	McGugin	Thurston
Burke, Calif.	Foss	McLean	Tinkham
Burnham	Frear	Mapes	Tobey
Carter, Calif.	Gibson	Martin, Mass.	Traeger
Carter, Wyo.	Gilchrist	Merritt	Treadway
Cavicchia	Goodwin	Millard	Turpin
Chase	Gray	Mitchell	Watson
Christianson	Guyer	Mott	Welch
Clarke, N.Y.	Hancock, N.Y.	Muldowney	Whitley
Cochran, Pa.	Hartley	Murdock	Wigglesworth
Collins, Calif.	Healey	Parker, N.Y.	Withrow
Condon	Hess	Peavey	Wolcott
Connery	Hoeppel	Perkins	Wolfenden
Connolly	Hollister	Powers	Wolverton
Crowther	Holmes	Ransley	Wood, Mo.
Culkin	Hooper	Reece	Woodruff
Darrow	Hope	Rich	Zioncheck

NAYS—255

Adair	Caldwell	DeRouen	Granfield
Adams	Cannon, Mo.	Dickinson	Green
Allgood	Carden	Dickstein	Greenwood
Arnold	Carley	Dies	Gregory
Ayers, Mont.	Carpenter, Kans.	Dingell	Griffin
Ayres, Kans.	Carpenter, Nebr.	Dobbins	Griswold
Bailey	Cartwright	Dockweiler	Haines
Beam	Cary	Doughton	Hamilton
Beiter	Castellow	Doxey	Harter
Berlin	Celler	Drewry	Hastings
Biermann	Chapman	Driver	Henney
Bland	Chavez	Duncan, Mo.	Hildebrandt
Blanton	Church	Durgan, Ind.	Hill, Ala.
Bloom	Clark, N.C.	Eagle	Hill, Knute
Boehne	Cochran, Mo.	Eicher	Hill, Samuel B.
Boland	Coffin	Ellzey, Miss.	Hoidale
Boylan	Colden	Faddis	Howard
Brennan	Cole	Farley	Huddleston
Brooks	Colmer	Fernandez	Hughes
Brown, Ky.	Cooper, Tenn.	Fitzpatrick	Imhoff
Brown, Mich.	Corning	Flannagan	Jacobsen
Browning	Cox	Fletcher	Jeffers
Brunner	Crosby	Fuller	Jenckes
Buchanan	Cross	Fulmer	Johnson, Okla.
Buck	Crosser	Gambrill	Johnson, Tex.
Bulwinkle	Crump	Gasque	Johnson, W.Va.
Burch	Cullen	Gavagan	Jones
Burke, Nebr.	Darden	Gillespie	Kee
Busby	Dear	Gillette	Keller
Byrns	Deen	Glover	Kelly, Ill.
Cady	Delaney	Goldsborough	Kennedy, Md.

Kenney	Mansfield	Ramsay	Swank
Kerr	Marland	Ramspeck	Sweeney
Kleberg	Martin, Colo.	Randolph	Tarver
Kloeb	Martin, Oreg.	Rankin	Taylor, Colo.
Kniffin	May	Reilly	Taylor, S.C.
Kocialkowski	Mead	Richards	Terrell
Kopplemann	Meeks	Richardson	Thom
Kramer	Miller	Robertson	Thomason, Tex.
Lambertson	Milligan	Robinson	Thompson, Ill.
Lambeth	Montet	Rogers, N.H.	Truax
Lanham	Moran	Rogers, Okla.	Turner
Lanzetta	Morehead	Rudd	Umstead
Larrabee	Musselwhite	Ruffin	Utterback
Lea, Calif.	Nesbit	Sadowski	Vinson, Ga.
Lehr	Norton	Sanders	Vinson, Ky.
Lesinski	O'Brien	Sandlin	Wallgren
Lewis, Md.	O'Connell	Schaefer	Walter
Lindsay	O'Connor	Schuetz	Warren
Lloyd	O'Malley	Schulte	Wearin
Lozier	Oliver, Ala.	Scrugham	Weaver
Ludlow	Oliver, N.Y.	Sears	Weideman
McCarthy	Owen	Secrest	Werner
McClintic	Palmisano	Shallenberger	West, Ohio
McCormack	Parker, Ga.	Shannon	West, Tex.
McFarlane	Parks	Sirovich	White
McGrath	Parsons	Sisson	Whittington
McKeown	Patman	Smith, Va.	Wilcox
McMillan	Peterson	Smith, Wash.	Williford
McReynolds	Pettengill	Snyder	Wilson
McSwain	Peyser	Steagall	Wood, Ga.
Major	Pierce	Strong, Tex.	Woodrum
Maloney, Conn.	Polk	Stubbs	Young
Maloney, La.	Prall	Studley	

NOT VOTING—60

Abernethy	Disney	Kemp	Rayburn
Almon	Doutrich	Kennedy, N.Y.	Reed, N.Y.
Auf der Heide	Duffey	Lamneck	Reid, Ill.
Bakewell	Fiesinger	Lee, Mo.	Romjue
Bankhead	Fish	Lehlbach	Sabath
Beck	Fitzgibbons	Lewis, Colo.	Smith, W.Va.
Brand	Ford	McDuffie	Snell
Buckbee	Foulkes	McFadden	Somers, N.Y.
Cannon, Wis.	Gifford	McLeod	Spence
Claiborne	Goss	Marshall	Sullivan
Collins, Miss.	Hancock, N.C.	Monaghan	Sumners, Tex.
Cooper, Ohio	Harlan	Montague	Underwood
Cravens	Hart	Moynihan	Wadsworth
Crowe	Higgins	Pou	Waldron
Cummings	Hornor	Ragon	Williams

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Reid of Illinois (for) with Mr. Underwood (against).
Mr. Doutrich (for) with Mr. McDuffie (against).
Mr. Beck (for) with Mr. Bankhead (against).
Mr. Higgins (for) with Mr. Kennedy of New York (against).
Mr. Goss (for) with Mr. Auf der Heide (against).
Mr. Gifford (for) with Mr. Pou (against).
Mr. Somers of New York (for) with Mr. Ford (against).
Mr. Bakewell (for) with Mr. Ragon (against).
Mr. Lehlbach (for) with Mr. Cravens (against).
Mr. McLeod (for) with Mr. Fiesinger (against).
Mr. Marshall (for) with Mr. Lamneck (against).
Mr. Waldron (for) with Mr. Harlan (against).
Mr. Moynihan (for) with Mr. Duffy (against).
Mr. McFadden (for) with Mr. Sullivan (against).

Until further notice:

Mr. Rayburn with Mr. Snell.
Mr. Abernethy with Mr. Cooper of Ohio.
Mr. Collins of Mississippi with Mr. Wadsworth.
Mr. Sumners of Texas with Mr. Buckbee.
Mr. Almon with Mr. Reed of New York.
Mr. Disney with Mr. Fish.
Mr. Montague with Mr. Spence.
Mr. Williams with Mr. Crowe.
Mr. Brand with Mr. Claiborne.
Mr. Hancock of North Carolina with Mr. Lee of Missouri.
Mr. Romjue with Mr. Monaghan.
Mr. Hart with Mr. Lewis of Colorado.
Mr. Fitzgibbons with Mr. Cummings.
Mr. Kemp with Mr. Smith of West Virginia.

The result of the vote was announced as above recorded.

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WOODRUM. If the House should adjourn now, would the first order of business tomorrow be the vote on the passage of the bill?

The SPEAKER pro tempore. This would be the unfinished business and therefore the first order of business tomorrow.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KLOEB, for Monday and Tuesday, May 15 and 16, on account of important business.

FARM MORTGAGES

Mrs. JENCKES. Mr. Speaker, I have just been successful in stopping the foreclosure of an Indiana farm mortgage. I propose at a later date to tell more of the farm-mortgage situation in Indiana, but I rise now to ask unanimous consent to extend my own remarks in the RECORD by inserting therein the brief that I have prepared.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

Mrs. JENCKES. Mr. Speaker, I have just been successful in preventing the foreclosure of a mortgage on an Indiana farm, and I propose to address the House on this subject at a later date. I now ask unanimous consent to extend my own remarks in the RECORD by inserting a short brief on the unfair conditions surrounding certain farm mortgages held by our Federal land banks.

The brief is as follows:

On April 28, 1933, Mr. Samuel L. DeMars, a citizen of Lebanon, Ind., telegraphed Representative VIRGINIA E. JENCKES, advising that the Connersville (Ind.) National Farm Loan Association, C. E. Brookbank, secretary-treasurer, had recommended foreclosure proceedings on a mortgage on his 177-acre farm on account of the removal of some timber of little or no value. The Federal Land Bank of Louisville, Ky., Mr. A. G. Brown, vice president, approved this action, notwithstanding the fact that the loan was not delinquent, and also notwithstanding that Mr. DeMars has owned the farm for 6 years.

Upon receipt of the telegram from Mr. DeMars, Representative JENCKES personally called upon Mr. Paul Bestor, president of the Federal land bank, Washington, D.C., and requested that he issue the necessary orders to hold up the foreclosure until she could make an impartial investigation. Mr. Bestor immediately communicated with Mr. Brown, and the foreclosure was held up. The Federal Land Bank of Louisville, Ky., advised Representative JENCKES by telegram that the reason for the foreclosure was that Mr. DeMars had cut some timber from the farm and that the farm was "grossly neglected", and that while the loan was not delinquent the foreclosure was warranted. Representative JENCKES immediately telegraphed the Federal Land Bank of Louisville, Ky., to hold up the foreclosure until she could make a fair and impartial investigation, as it had been brought to her attention officially.

Mrs. JENCKES' investigation developed the following information, which is supported by affidavits on file in Mrs. JENCKES' office:

(1) A sworn statement over the signature of Mr. Alonzo P. Faulkinbury, real-estate dealer, of Boone County, Ind., as follows: "That he has been engaged in the buying and selling of real estate for the past 10 years and that he has visited the farm of Mr. Samuel L. DeMars in Posey Township, Franklin County, Ind., and that he has observed the timber growing thereon, and that he believes the timber growing on the farm 2 years ago was second-growth timber; that the farm is a rough farm not suitable for a grain farm; but that the same, when properly cleared, will be suitable for a stock farm, and that the second-growth timber would be worth very little if anything on the market, and that the removal of the timber would injure the value of the farm very little or none."

(2) A sworn statement by Mr. Cleo F. Green, of Boone County, Ind., who is the present tenant: "That he saw and inspected the farm after Mr. DeMars acquired it, and that the farm and improvements in general today are in at least twice as good condition as they were upon first inspection."

(3) A sworn statement by Mr. Elmon L. Walker, of Boone County, Ind., "that he has been engaged in buying and selling timber for 10 years and that he has examined the farm of Samuel L. DeMars, and that all of the timber is of little or no value to the farm; that the farm is not injured by the removal of the second-growth white poplar therefrom; and that the farm is worth as much without the timber as with it."

(4) A sworn statement by Mr. Cris Witmer, of Boone County, Ind., as follows: "That the farm is worth as much or more without the timber growing thereon, and that there are no evidences of the farm's being neglected."

(5) A sworn statement of Mr. Thomas A. Grant, 906 North West Street, Lebanon, Ind.: "He is familiar with the farm, has examined the farm on three different occasions; that the farm has not been neglected, and that the farm is in better condition now than when Mr. Samuel L. DeMars first obtained title to it, and that the timber cut has no cash value, and that valuable improvements have been made to the farm."

(6) A statement by Mr. Elza O. Rogers, a prominent member of the Indiana bar, of Lebanon, Ind., advises "that Mr. Samuel L. DeMars is a very high grade citizen; he is engaged in the grocery business in Lebanon, Ind., and expected to have this farm for his old age."

On May 9, 1933, Representative JENCKES filed certified copies of these affidavits with Mr. Paul Bestor, president of the Federal Land Bank of Washington, D.C., with the request that he direct the

Federal Land Bank of Louisville, Ky., to immediately terminate all foreclosure proceedings in the DeMars loan and to accept any settlement Mr. DeMars might care to make, if any.

Representative JENCKES also requested President Bestor to advise her immediately if the Federal Land Bank of Louisville refused to do this, in order that Mrs. JENCKES might ask for a congressional investigation of this loan and all other loans of a similar character where farmers were subject to the loss of their farms for unreasonable conditions.

Here is a case of where an Indiana farmer was threatened with the loss of his farm due to incomplete investigation on the part of the Federal land-bank agencies. This is contrary to the "new deal" promised farmers, and as an Indiana farmer, as well as a Member of Congress, I am prepared to ask the Congress and President Roosevelt to intervene to prevent such unfair foreclosures.

Mrs. VIRGINIA ELLIS JENCKES,
Member of Congress.

WICHITA NATIONAL FOREST AND GAME PRESERVE IN OKLAHOMA

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an excerpt from a Government bulletin giving information on the Wichita National Forest.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I am happy to state that the director of the forest camps now being established under the Reforestation Act recently passed by Congress has today announced the designation of one camp of 200 men for a period of 6 months to be located soon in the Wichita National Forest and Game Preserve in Oklahoma. I have just returned from the White House where the President signed the order establishing the camp in this area. The purpose of this camp is not only for forestation, but included also in the program are some important flood-control and erosion projects; several lakes, ponds, and earthen basins are to be constructed on this reservation of more than 61,000 acres and, when the entire project is completed, it will convert this national forest, already picturesque and beautiful with its trickling streams and shady nooks, mountains and lakes, into a veritable paradise.

The announcement today of a forest camp in the Wichitas marks a new era in the development of that region, and generations yet unborn will rise up and bless those who are responsible and who have been leading the fight in Oklahoma for governmental participation in a real, comprehensive, and constructive program on this reservation.

I wish it were possible to name all of those who have been outstanding in this great movement, but time does not permit. Let me say in passing that to the Izaak Walton League of Oklahoma goes the lion's share of the praise. My lamented friend, the late Judge Burford, of Oklahoma City, was one of the originators of this movement and made several trips to Washington in an effort to convince what then seemed to be an unfriendly Forest Service of the practicability and public demand for lake improvement in the Wichitas.

I have in mind many other gentlemen who have been patient but enthusiastic in an endeavor to secure adequate consideration by the Government for this important project. I wish I could name them all. In passing I think it is only fair to say, however, that both of our distinguished United States Senators from Oklahoma, as well as the entire delegation in Congress from our State, have cooperated in this undertaking in a wonderful way.

May I say, Mr. Speaker, that soon after my first election to Congress I began urging what was then known as the "Izaak Walton League program" in the Wichita Mountains. At first the Forest Service did not look with favor on the projects, but later was induced to send a representative to Oklahoma to make a survey of the situation, and we were given assurance by a representative of the Forest Service that at least a large part of our program would be recommended to Congress. Because of the economic conditions, however, the promised recommendation never materialized.

When the President's reforestation program was presented to Congress our delegation from Oklahoma supported it to a man, not because we believed that our State would secure a great amount of benefit under its provisions but because of our desire to stand by the President and help him in his unselfish desire to put 250,000 idle men to work.

The Wichita National Forest and Game Preserve, however, fits into the President's program in every particular. The projects proposed in the Wichitas come clearly under the provisions of the act. Although the Forest Service has been very reluctant to give the Wichitas any consideration until now, let me say that the local forester, Harry French, has been enthusiastic and helpful in support of a construction program. I am glad to say it is largely because of his recommendation that I am enabled to announce that the untiring efforts of those sponsoring this program have finally culminated in a successful conclusion.

Let me say that in this area the citizens of the city of Lawton, Cache, Indiahoma, Okla., and surrounding cities, towns, and communities have cooperated in this great undertaking. For example, the progressive citizens of Lawton, believing that native rock could be used in construction work and that concrete dams are unnecessary for holding water, especially in the smaller lakes, put in an experimental project in that area a few years ago with rubble masonry, known as "Lost Lake." The dam was constructed some 35 feet in height, and although several feet of water runs over it at flood stages it has shown no signs of weakness, although for years it has held up under the pressure of 35 acres of water.

It is significant, Mr. Speaker, that last year more than 300,000 people visited the Wichita National Forest and Game Preserve, showing clearly that the public is vitally interested in this oasis that God has placed in the center of our almost treeless plains.

The realization of this dream that many of us have had for several years will when accomplished convert the Wichita National Forest and Game Preserve into one of the real beauty spots of the great Southwest.

The following quotations are taken from Miscellaneous Circular No. 36, issued by the Forestry Service, and will, I believe, be of especial interest to the public. It is not only interesting but authentic information:

LOCATION

The Wichita National Forest and Game Preserve is a tract of 61,500 acres, embracing the major portion of the Wichita Mountains in southwestern Oklahoma, the entire area lying within Comanche County. It is 117 miles southwest of Oklahoma City and 60 miles north of Wichita Falls, Tex., on the Quanah branch of the St. Louis-San Francisco Railway. The Ozark Trail, a transcontinental automobile highway, leading from St. Louis to Amarillo, Tex., where it intersects the Santa Fe Trail, passes 4 miles south of the forest boundary at Cache, Okla. The Meridian Highway, a north-and-south through route, comes within 6 miles to the west. The city of Lawton, Okla., is 16 miles southwest, and the Fort Sill Military Reservation (50,000 acres) adjoins the national forest on the east.

HISTORY

Southwestern Oklahoma is rich in historical interest. Between 1850 and 1860 Generals Sheridan, McClellan, and Scott campaigned in the Wichita Mountains and the surrounding prairies against the Kiowa, Comanche, and Wichita Indians. Geronimo, famous Apache chief, was held a prisoner at Fort Sill for some 25 years, until his death in 1911. Quanah Parker, last chief of the Comanches, made his home immediately south of the present boundary of the Wichita National Forest for 40 years prior to his death on February 23, 1911.

TREE GROWTH

When compared with the bountiful hardwood forests of the Appalachians, the pineries of the South, or the magnificent timber of the Pacific Northwest, the somewhat scrubby and scattered white-oak groves of the Wichita National Forest seem insignificant. Nevertheless, when one considers the hundreds of square miles of almost treeless prairies which stretch away beyond the range of vision on all sides from the Wichita Mountains, these shady groves, sheltering springs of sparkling mountain water and affording delightful resting places for relief from the heat of the plains, assume an importance both economic and esthetic.

TREE PLANTING

About 15 years ago six plantations were started on the forest. These are designated as Cedar Creek planting, Panther Creek planting, Elm Springs planting, Pleasant Valley planting, Reck planting, and Baker Peak planting. Native juniper, Osage-orange, black locust and honeylocust, black walnut, and mulberry were planted. Some of the plantations have been very successful and are among the show spots of the forest. The juniper and Osage-orange plantations known as Cedar Creek planting and Elm

Springs planting are almost perfect stands with forest conditions completely established.

These planted groves serve as excellent refuges for birds and game and have justified themselves from that standpoint alone. A more extensive program of planting is being considered on the basis of economic as well as wild-life value.

WILD LIFE

Knowing that the newly established Wichita Game Preserve embraced some of the best grazing grounds of what was once the great southern herd of American buffalo, it occurred to Dr. William T. Hornaday, director of the New York Zoological Park, that an opportunity had been created for the founding of a Government bison herd under exceptionally favorable conditions.

In view of the light snowfall in Oklahoma, and the fact that millions of buffalo had previously inhabited the plains of Oklahoma and Texas all the year round, subsisting by grazing, it seemed evident that it would be entirely possible for buffalo to maintain themselves on the Wichita National Forest in the same way. Since no species of large quadrupeds can be bred and perpetuated in the confinement of zoological parks and gardens, even where the enclosures are as large as those of the one in New York, it was believed that the only way to insure perpetuation of the buffalo would be through the creation of herds maintained by the Government on large areas of grazing grounds.

The grazing grounds are practically surrounded by several high round-topped or rock-capped hills, and cliffs and ridges of red granite. Heavy growths of blackjack oak cover most of the slopes, and near the bases of the elevations blackjack and post-oak groves extend down into the level country for a quarter of a mile. In several portions of the forest there are trees 60 feet in height. The mountains, hills, and timber together afford abundant shelter for the buffalo from the fiercest storms of winter.

VALUE FOR RECREATION

Situated just aside from a main transcontinental highway, in the center of a vast open-prairie country and yet within easy reach of populous sections of the Southwest, the Wichita National Forest and Game Preserve is rapidly becoming a public recreation center of great value. The Forest Service recognizes that public recreation is an important national-forest resource. It invites the public to come, use, and enjoy the forests and places no restrictions upon such use or enjoyment except the ordinary common-sense requirements as to sanitation and care with fire.

The area lying to the south of the scenic highway, known as the "Lost Lake and Camp Boulder region", is dedicated to recreational use. Six choice areas have been designated as public camp grounds and are being made more convenient and enjoyable as rapidly as funds are provided to finance the necessary sanitation, water supply, and playground improvements. The use of these areas is free to all.

SCENERY

In scenic value the Wichita National Forest and Game Preserve ranks high among the national forests of the country. Geologists affirm that the Wichita Mountains are the oldest mountain range in continental United States, and even to the untrained or unscientific eye their appearance seems to bear out this assertion. Disintegration is far advanced, and the countless strange and interesting formations, coupled with indescribably beautiful colorings resulting from the play of the elements upon the crumbling rocks, yield scenic effects at once unique and of compelling attractiveness. The forested groves are cherished by the local people; they grant you that the Wichita National Forest and Game Preserve is the property of all the people, but in their eyes it particularly belongs to their part of Oklahoma and the sense of prideful ownership is strong.

No matter how much one enjoys the beauty of the Wichita Range in general, the buffalo, elk, deer, and antelope, the birds, the trees and flowers, the hours in the campfire's friendly circle, no visit to this national forest is complete without a jaunt to Boulder Canyon, where West Cache Creek breaks through the mountains into the open plain. Here the forces of nature have combined to create a Garden of the Gods in miniature. The towering canyon walls, the rugged peaks, the jumble of massive boulders, and the delicate and ever-changing colors are profoundly impressive. And with it all there is the crystal stream, edged by wooded and grass-carpeted parks—ideal camping grounds where thousands whose homes and workshops are in the cities or on the prairies may and do find rest and the joy of life close to nature in her most pleasing moods and aspects.

REGIONAL OFFICES, UNITED STATES VETERANS' ADMINISTRATION

Mr. STUDLEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a telegram from Dr. George J. Lawrence, commander American Legion, Department of New York.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. STUDLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following telegram received by me from Dr. George J. Lawrence, commander American Legion, Department of New York:

NEW YORK, N.Y., *April 26, 1933.*

Hon. ELMER E. STUDLEY,

House of Representatives, Washington, D.C.:

American Legion here in New York State registers strenuous opposition to proposal of committee handling veterans' appropriations which would eliminate all Veterans' Administration regional offices and discharge 6,000 employees. Under such an arrangement a grave injustice would be done to the disabled veteran, both from the viewpoint of adjudicating his claim and the hospitalization phase. I cannot urge too strongly that you oppose that move. May I hear from you?

Dr. GEORGE J. LAWRENCE,
Commander American Legion, Department of New York,
305 Hall of Records, New York City.

MY PROTEST AGAINST THE UNJUST TREATMENT OF THE JEWISH PEOPLE IN GERMANY BY ADOLPH HITLER

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to insert therein a protest against the unjust treatment of the Jews in Germany by Hitler.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I take the floor to protest against the brutal and unwarranted treatment of the nationals of Jewish extraction in Germany by Adolph Hitler.

Our forefathers fled from oppression to New England. We from that section especially sympathize with any persecuted race. Our heritage demands that a protest be made. Some will say that we should not interfere with the private affairs of the German people or with the internal affairs of that country. We must take note of such unjust and inhuman treatment as has been dealt out in Germany of late.

This race, so renowned for its ancient culture, its love of peace and simple living, has been persecuted for 30 centuries. The Jewish people have been driven from land to land, until they have become wanderers seeking a haven of rest and contentment in a world which does not hesitate to profit by their standards of culture and their example of loyalty to family and home.

America is deeply indebted to more than 300,000 young Jewish men who responded to the call to arms in 1917 and 1918. Their relatives are being subjected to this unwarranted treatment in Germany today. They are being driven from their homes. They are being forced to abandon their trades and professions without recourse to trial or law. They ask for nothing but simple justice—an opportunity to pursue the even tenor of their ways.

Under the Versailles Peace Treaty they were promised protection with other German minorities. They were granted all civil and political rights enjoyed by German nationals. They have the right to expect that these promises will be fulfilled.

Is it little wonder that these oppressed people look to America for help? When we recall the early history of our own Nation we must expect the eyes of the less fortunate to be turned toward us for help. The action of the Hitler regime is so contrary to our ideas of justice and good government that we cannot at first comprehend the severity and cruelty of it all.

The Hitler order is directed against such renowned men as Albert Einstein, the scientist; Richard Willstatter, the chemist; Max Liebermann, the painter; and Jacob Wassermann, the novelist. Even their books and scientific researches are being burned in Germany today. It may be jealousy. It may be vindictiveness. Whatever it is, it is wrong. It is an outrage against a peaceful, home-loving people.

Mr. GREEN. Mr. Speaker, I ask unanimous consent to extend my remarks by including therein a letter from the Interstate Commerce Commission.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, I should like to ask the majority leader if he could tell us what the

program is going to be tomorrow outside of the pending vote?

Mr. BYRNS. There are several rules on the calendar which will be in order, provided they are called up.

Mr. MARTIN of Massachusetts. But the gentleman from Tennessee does not know what they are?

Mr. BLANTON. Mr. Speaker, if the distinguished gentleman from Tennessee should give us full information, he would be compelled to say that some of them are good and some of them are bad. I can say that; but, as our majority leader, he cannot thus prognosticate.

Mr. BYRNS. I am not passing judgment on any of them.

Mr. MARTIN of Massachusetts. The gentleman is just telling us what the order of business will be. He is not indicating any preference.

Mr. BYRNS. There are several rules on the calendar.

One is a resolution by the gentleman from New York [Mr. CELLER], and relates to the investigation of bankruptcies.

Mr. CELLER. The investigation is to be made by the Judiciary Committee of the House and not by a special committee.

Mr. BYRNS. Then there is the Sirovich resolution.

Mr. MARTIN of Massachusetts. That provides for an investigation of the moving-picture industry.

Mr. BYRNS. Yes. Then there is one that will be offered in a moment relating to the suspension of mining assessments in the West. I do not know whether there is any other rule or not.

Mr. MARTIN of Massachusetts. There is a discharge rule, but I do not suppose that will come up tomorrow.

Mr. BYRNS. I was not aware of that, and that could not come up tomorrow under the rule anyway.

ASSESSMENT WORK ON MINING CLAIMS

Mr. COX, from the Committee on Rules, submitted the following privileged report from that committee for printing under the rule, which was referred to the House Calendar:

House Resolution 138

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 7, an act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Mines and Mining, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

NOVEL WAY FARMERS BENEFIT BY RECONSTRUCTION FINANCE CORPORATION AID

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for one half minute.

Mr. MARTIN of Massachusetts. Will the gentleman tell us on what subject?

Mr. PATMAN. I want to ask unanimous consent to put something in the RECORD and I want to describe what it is.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, the Members of Congress and all the people are interested in any plan that will assist farm families in bettering their condition and especially any plan that will better enable these families to produce their living at home by preserving and canning the wonderful fruits, vegetables, and meats grown on the farm. We are also interested in knowing how the Reconstruction Finance Corporation money can be used to the very best advantage. The county in Texas where I was born and reared has recently benefited so greatly by the farmers working for the Reconstruction Finance Corporation for $1 a day building plants and turning the money back for steam-pressure cookers, preparing themselves to live at home and have cotton for a cash crop, I believe the plan is interesting from a national standpoint; its publicity will probably cause the people of other counties to adopt similar methods.

I therefore ask unanimous consent to insert in the CONGRESSIONAL RECORD a statement about this work that was prepared by Mr. Victor H. Schoffelmayer, of Dallas, Tex.

Mr. TABER. Mr. Speaker, reserving the right to object, how long is the description?

Mr. PATMAN. I assure the gentleman it is not lengthy.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The statement is as follows:

STATEMENT BY VICTOR H. SCHOFFELMAYER, AGRICULTURAL EDITOR OF THE DALLAS MORNING NEWS, DALLAS, TEX.

Cass County recently established a high-water mark when within 1 week its business men, farmers, extension forces, and vocational agriculture teachers distributed 100 steam-pressure cookers, mostly of the hotel size, and their complement of sealers to communities in 85 school districts out of a total of 102 in the county. This achievement was made possible because of the teamwork among the forces of such towns as Atlanta, Linden, Marietta, Hughes Springs, and Avinger, all backing a common program, in which the work of Miss Willie Terrell, home demonstration agent; M. C. Jaynes, county agent; George D. Holland, secretary of the Atlanta Chamber of Commerce and teacher of vocational agriculture in the high school; and F. B. Sullivan, occupying a similar position at Linden, stands out foremost.

There are many more men to mention, such as T. R. Richey, chairman of the county committee for the Reconstruction Finance Corporation; E. W. King, president of the Atlanta Chamber of Commerce; A. O. Brabham, president of the Atlanta Rotary Club, which played host to the 300 persons who attended the distribution day celebration; and others.

FINANCE IDEA IS NOVEL

The distinctive feature of the Cass County canning program is this:

Funds for the purchase of the canning equipment were provided by the Reconstruction Finance Corporation committee after Mr. Holland, Mr. Jaynes, and others had worked out a method by which each community desiring to install a community canning plant received the sum of $45. This money was actually paid to farmers in each community as a wage of $1 a day, allowing 45 days for a man to erect a community canning house of native pine logs or other home material.

This wage of $45 in turn was paid back by farmers to a central committee, which was empowered to buy the steam-pressure cookers and sealers in such volume as to insure savings. Without the Reconstruction Finance Corporation funds it would have been largely impossible for the various communities to have raised the necessary money. Furthermore, without a central community canning plant the communities could not have been mobilized as a whole to share in the benefits of such food canning.

Now that the equipment has been distributed, Cass County will launch the greatest food preservation campaign in its history, which is expected to exceed greatly the 650,000 cans and glass jars of home-raised food put up by the farm women last year.

PRELIMINARY SPEAKING TOUR

In order to arouse the remotest community in Cass County, Mr. Jaynes and his cooperators got 65 business men and bankers from Cass and adjoining counties to take part in a whirlwind speaking campaign at every schoolhouse at night meetings for a month previous to the final placing of the canning equipment. The best of spirit prevailed at all times. The eastern side of Cass County was worked under direction of Mr. Holland, and Mr. Sullivan had charge of the central districts. The home demonstration agent and county agent worked all parts of Cass County, but concentrated on the western side. These forces carried the message of the need for providing an adequate home food supply in every community and thus become absolutely independent of Red Cross and Reconstruction Finance Corporation aid next winter.

A total of 6,792 persons attended the community meetings of which 3,000 were adults. From Marion County John Ericson, veteran county agent, came to aid in the campaign. The Texas & Pacific Railway lent its agricultural agent, Cy M. Evans. From Marshall came Bryan Blalock, former manager of the chamber of commerce there, and T. B. Cameron. Roy W. Snyder, meat specialist of the extension service, gave demonstrations how to prepare home-killed meat for canning. Women specialists assisted Miss Terrell in teaching the farm women leaders of each community so that they could not only lead in canning and preserving their own food, but could carry the knowledge into the nearby communities. In this way the work became cumulative in scope.

BUILD PINE LOG HOUSES

Soon the sound of razor-edged axes through the wooded hills of Cass County and community canning plants of glistening barked pine logs took shape. These were 20 by 24 feet and 8 feet high each, fitted with a furnace of ironstone native to the county. Also, there were built-in benches and tables along the walls of each community house. Those erected in sections outside of the piney woods used commercial saw timber and native stone. The log buildings were properly chinked with mud to make them tight. In a few weeks the earliest garden vegetables and products of the

fields will be put up in these plants, with each community setting aside days for members to do their canning in group action.

Mr. Holland completed the arrangements for purchase of the 100 canners and sealers, which cost roughly around $4,000. Two different makes were bought.

COMMUNITIES HAVE THEIR DAYS

Toward the end of April the different communities took part in the various distribution days, Atlanta leading with a total of 43 canners; Linden second with 28; Marietta, 17; Hughes Springs, 7; Avinger, 5. There were special speakers at these different celebrations. Now all the communities have a definite objective. More gardens have been planted than ever before. Extra rows of sweet corn or field corn have been added. While every farmer grows some cotton, all of them now raise their supply of food.

Surrounding counties are making preparation to go in for similar projects as did Cass County. County agents and home agents, secretaries of chambers of commerce, and bankers are interested in adopting definite food programs which will insure their people against shortage.

So far the season has been backward in northeast and north Texas. There is no certainty that as much food will be raised as is necessary to supply the farms unless special efforts are put forth. Farmers have no money with which to buy food or feed, so they are marking every effort to grow it. The Cass County example will be stimulating in many parts of Texas.

NEW REGULATIONS FOR VETERANS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the proposed regulations reducing veterans' benefits.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, the White House announcement appearing in the newspapers this morning is of interest to all veterans in my district. The proposed liberalization of the regulations reducing veterans' benefits is the most humane course to follow at this time. I am glad to state that I fought the passage of the so-called "economy bill" because of the unjust provisions contained therein, and I voiced my objections to its provisions in a letter to the President on March 24. I feel that my plea, together with the hundreds of others he received, was of material assistance in bringing about the revision which will take place under the President's new orders.

My letter to the President was as follows:

MARCH 24, 1933.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States,
The White House, Washington, D.C.

MY DEAR MR. PRESIDENT: Painful as the task is for me to describe the dark side of the Federal employees and veterans' affairs, it sometimes becomes a matter of duty and necessity. I desire to inform you candidly of the discontent which at this moment prevails universally.

The complaints of evils, particularly with the veterans, which they suppose almost remediless, are the total lack of money or the means of existing from one day to another, the heavy debts they have already incurred, the loss of credit, the distress of their families, and the prospect of poverty and misery before them. It is useless, Mr. President, to suppose that veterans will acquiesce contentedly with small rations, when many of those in a civil walk of life are enjoying certain privileges and recreations. While the human mind is influenced by the same passions and have the same inclinations to indulge, this cannot be. A veteran has the same predilection to sociability as a person in civil life. He conceives himself equally called upon to live up to his rank, and his pride is hurt when circumstances restrain him.

The act to maintain the credit of the United States gives you the power to determine the actual percentage of reduction. It has been generally expressed that your consideration will be fair and just to all. I trust you will, in the case of Federal employees, exempt salaries of $83.33 a month ($1,000 per year) or less from the proposed reductions and temper the cut to other low-salaried workers.

In the case of veterans, I feel sure you will bear in mind the fact that this country has been rescued by their armies from impending ruin, and our debt of gratitude should not remain unpaid.

Very truly yours,

ALFRED F. BEITER.

CURTAILMENT OF THE WORK OF THE NAVAL RESERVE

Mr. LEHR. Mr. Speaker, I ask unanimous consent to insert in the RECORD three short letters relative to curtailment of the work of the Naval Reserve.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, it has not been the custom in the past to permit the insertion of such letters. I shall not object, because that is the duty of the majority; but I may say it is contrary to custom.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LEHR. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter from George W. Akers, of Detroit, also a memorandum of the Secretary of the Navy and a letter to the President:

DETROIT, MICH., *April 27, 1933.*

Hon. JOHN C. LEHR,
House Office Building, Washington, D.C.

DEAR MR. LEHR: Apparently well-authenticated rumors come from Washington that executive cuts of the Army and Navy appropriations for the coming fiscal year contemplate the complete elimination of drills and field and ship training for the National Guard and Naval Reserve.

The necessity of the National Guard as a vital arm of our national defense and State protection is well known, and its certain impairment by the withdrawal of Federal support would take years to overcome, even if we were so fortunate as to maintain a peace-time condition.

The drilling units of the Naval Reserve, being confined to 83 cities and comprising only about 1,200 officers and 8,800 enlisted men, is not so well known, but is perhaps even more vital to the national defense. With all naval vessels undermanned, many of them rotating in commission and others out of commission entirely, the immediate availability of the drilling units of the Naval Reserve is absolutely necessary to just get what ships we now have ready to go to sea.

Should this country be called upon to fight a defensive war, the Navy would have to have these trained men if it hoped to prevent our land forces, including the National Guard, from being thrust into battle before they were ready. In fact, one of the cardinal features of the present plan of rotating ships in commission is this immediate availability of the Naval Reserve.

The total Naval Reserve appropriation is only about 1 percent of the Navy appropriation. Any savings effected are bound to be insignificant as compared with the total savings required, yet the elimination of drills and ship training means about an 85 percent cut of the Naval Reserve budget. No ship training was given last summer, and it was definitely a set-back to the morale and efficiency of this force. Should training be again denied this coming summer, the result would be well-nigh fatal.

Drill attendance without pay was tried in 1921 and 1922 and was not satisfactory, even though cruises with pay were authorized at that time. The cruises were attractive to recruits and were the main incentive for drill attendance, but when the novelty wore off the recruit would drop away. The result was a continuous recruiting campaign, a turnover of upward of 80 or 90 percent, and training and instructions limited to the rudiments for those few who appeared at the armories on drill nights. How much less satisfactory will drilling be with drill pay and training duty both eliminated?

The nominal drill pay of the individual members of the National Guard and Naval Reserve is today in a substantial majority of cases, their sole means of support. If this is taken away, an additional burden is bound to be thrown on the local welfare agencies. The Federal Government will thus be enabled to unload a comparatively small amount of expense onto the States and municipalities, but it will lose the training investment it has made in thousands of the most patriotic of its young men, most of whom give freely of their leisure time, over and above the actual drill requirements, to increase their value to the national defense and to become better citizens.

As representative of one of the foremost States in patriotic and national-defense activities, won't you protest this proposed disproportionate cut of one of our necessary national services?

Sincerely yours,

GEO. W. AKERS.

NAVY DEPARTMENT,
Washington, April 25, 1933.

From: The Secretary of the Navy.
To: All ships and stations.
Subject: Local emergency-relief work by Naval Reserve.

1. The Secretary of the Navy takes great pleasure in bringing to the attention of the service the valuable aid rendered by the Naval Reserve during the recent earthquake in the vicinity of Long Beach, Calif.; during the recent Ohio River flood at Cincinnati; and during the search operations off Barnegat, N.J., in connection with the wreck of the U.S.S. *Akron*.

2. Under the provisions of law the Naval Reserve may not be called out without their own consent except during war or a national emergency. No funds are contained in the annual appropriations for active-duty pay or allowances for Reservists except training duty or active duty in connection with the instruction, training, and drilling of the Naval Reserve, and the amounts are barely sufficient for these purposes. The duties performed by individuals or organizations of the Naval Reserve during local emergencies are therefore entirely voluntary and without pay or allowances.

3. During the earthquake emergency in southern California the presence of ample regular forces obviated the necessity for calling upon local Reserve organizations for patrol or other rescue work. However, through the network of volunteer-communication Reserve stations, most of which are owned and operated by Reservists themselves, communication was established with the stricken area and with the outside world within less than 2 hours after the first shock. When the emergency call went forth, practically all volunteer-communication Reserve stations within the stricken area were manned, and remained in operation continuously until commercial communication lines were reestablished the following day. A large number of messages were handled, principally for the Red Cross and the California National Guard, dealing with the emergency.

4. A sudden flood emergency developed at Cincinnati, Ohio, Saturday night and Sunday, March 19, on account of the overflow of the Ohio River and its tributaries. This emergency became critical on Sunday morning and, at the request of the mayor, the local Naval Reserve division was mobilized and the volunteer-communication Reserve network was placed in operation for maintaining communications throughout the stricken area. Eighty-five percent of the Naval Reserve division promptly responded to the call and performed patrol and relief work until Monday morning, when most of them were obliged to return to their regular employment. The mayor requested that official orders be issued maintaining them on duty for a longer period, but this could not be done under the law. As in the case of the California and other disasters, the volunteer-communication Reserve functioned in sending and receiving emergency messages dealing with relief wherever commercial communication lines had failed or did not reach.

5. In connection with the search problem involved on account of the wreck of the dirigible *Akron*, about midnight of April 3, it was necessary to utilize the services of Naval Reserve aviators and Naval Reserve planes from the Naval Reserve aviation base at Floyd Bennett Field, N.Y., and the Naval Reserve aviation base, naval aircraft factory, Philadelphia. About 3 a.m. of April 4, news of the disaster having reached the stations, the various Naval Reserve aviation officers and men belonging to the organizations were communicated with by telephone, and at daylight all available planes from both stations began taking off to participate in the search over the sea. This hazardous and exacting duty was continued by various Reservists day after day until the search was discontinued on April 7. As in other disasters, volunteer-communication Reserve stations were manned and communications maintained with the searching planes and with the district headquarters. The unusual communication load placed on district headquarters at Philadelphia was handled by Naval Reservists, who stood regular radio watches, and several acted as radio operators on the planes and assisted in the search. Approximately 100 Naval Reserve officers and men qualified for the performance of this duty, volunteered therefor, and actual flying was performed during the search by approximately 20 Naval Reserve and Marine Corps Reserve aviation officers.

6. The best traditions of the naval service have been upheld by the Naval Reserve during these emergencies.

CLAUDE A. SWANSON.

APRIL 29, 1933.

President FRANKLIN D. ROOSEVELT,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: According to information in the press and otherwise which I have received, it appears that a considerable reduction in appropriations for the Regular Army is being considered, as well as for the training of the R.O.T.C., the C.M.T.C., and Reserve officers.

I supported your economy program because I felt that it was perfectly justified in view of all the circumstances and conditions in which we find ourselves, but I do wish to go on record as being strongly in favor of an adequate national defense, and I hope and trust that nothing will be done which in any way will tend to affect adequate national defense, both for the Army and Navy. I believe that the peace and security of this country should not be jeopardized by economy in this line, and in particular I wish to urge that no reduction be made in appropriations for the training of the R.O.T.C., C.M.T.C., and Reserve officers. I feel that because of your own experience during the World War and your intimate knowledge of the conditions as it existed then, you will agree with these sentiments.

In brief, I feel that this is one place in which we dare not sacrifice efficiency for the purpose of economy.

Respectfully yours,

J. C. LEHR, *Member of Congress.*

HOUR OF MEETING TOMORROW

Mr. BROWN of Kentucky. Mr. Speaker, inasmuch as the floor leader announced earlier in the week that we would adjourn tomorrow afternoon over Saturday, I should like to ask the floor leader if he has any objection to meeting at 11 o'clock tomorrow instead of 12 in order that those who want to take a week-end trip may have an extra hour in which to get away?

Mr. BYRNS. Personally I have not the slightest objection to meeting at 11 o'clock tomorrow if that is satisfactory to the House.

Mr. BROWN of Kentucky. I should like the majority leader to put the request.

Mr. BYRNS. Mr. Speaker, in line with the suggestion of the gentleman from Kentucky, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 51 minutes p.m.) the House, in accordance with its previous order, adjourned to meet tomorrow, Friday, May 12, 1933, at 11 o'clock a.m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, May 12, 10 a.m.)

Continuation of the hearings on H.R. 5500. The Emergency Transportation Act, 1933.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

60. A letter from the secretary of the Reconstruction Finance Corporation, transmitting report of the operations of the Reconstruction Finance Corporation for the first quarter of 1933, January 1 to March 31, 1933, inclusive, and for the period from the organization of the corporation on February 2, 1932, to March 31, 1933, inclusive (H.Doc. No. 34); to the Committee on Banking and Currency and ordered to be printed.

61. A letter from the Secretary of the Treasury, transmitting draft of a proposed bill, the purpose of which is to enable the Treasury to afford relief to holders of national-bank notes, Federal Reserve bank notes and Federal Reserve notes, which may not be redeemed under present law because they have been so defaced that the identity of the issuing banks cannot be ascertained; to the Committee on Banking and Currency.

62. A letter from the Secretary of the Treasury, transmitting a draft of a proposed joint resolution to amend the Settlement of War Claims Act of 1928 for the purpose of extending for 1 additional year from March 10, 1933, the time within which American nationals who have obtained awards from the Mixed Claims Commission, United States and Germany, or from the Tripartite Claims Commission, United States, Austria, and Hungary, may make application to the Treasury for the payment of such awards; to the Committee on Ways and Means.

63. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated April 27, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Cumberland River, Ky. and Tenn., for the purposes of navigation and efficient development of its water-power, the control of floods, and the needs of irrigation (H.Doc. No. 38); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H.R. 3524. A bill to amend section 23 of the Immigration Act of February 5, 1917 (39 Stat. 874); without amendment (Rept. No. 125). Referred to the Committee of the Whole House on the state of the Union.

Mr. CORNING: Committee on Interstate and Foreign Commerce. H.R. 5394. A bill authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and oper-

ate a bridge across the East River between Bronx and Whitestone Landing; with amendment (Rept. No. 126). Referred to the House Calendar.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. House Joint Resolution 118. Joint resolution to provide for the return to the Philippine Islands of unemployed Filipinos resident in the continental United States, to authorize appropriations to accomplish that result, and for other purposes; with amendment (Rept. No. 127). Referred to the Committee of the Whole House on the state of the Union.

Mr. COX: Committee on Rules. House Resolution 138. Resolution providing for the consideration of S. 7, an act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; without amendment (Rept. No. 128). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 5607) to amend an act entitled "An act to amend an act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916"; to the Committee on the Judiciary.

By Mr. SABATH: A bill (H.R. 5608) to amend sections 13 and 14 of the Federal Reserve Act, as amended, with respect to rediscount powers of the Federal Reserve banks; to the Committee on Banking and Currency.

By Mr. JOHNSON of Minnesota: A bill (H.R. 5609) to authorize owners of resort property and certain retail business establishments to secure from the home-loan banks loans secured by mortgages, and to authorize such banks to lend to members on the security of such mortgages; to the Committee on Banking and Currency.

By Mr. McLEOD: A bill (H.R. 5610) to extend and broaden the powers of local administration of the Commissioners of the District of Columbia, promote the efficiency of the local government therein, and assist the Congress in dispatch of its business; to the Committee on the District of Columbia.

By Mr. FISH: A bill (H.R. 5611) to provide for the forfeiture of vessels, vehicles, or other means used to transport or conceal unstamped narcotic drugs, or to facilitate the purchase and sale thereof, and for other purposes; to the Committee on the Judiciary.

By Mr. CONNERY: Resolution (H.Res. 142) providing for the consideration of S. 158; to the Committee on Rules.

By Mr. BLACK: Resolution (H.Res. 143) requesting the Secretary of State to instruct the American delegates to the World Economic Conference not to enter into any arrangements or understandings affecting Spain, Mexico, or Germany, directly or indirectly, until the Governments of these three countries give assurances that all religious persecutions in their countries shall be ended; to the Committee on Foreign Affairs.

By Mr. PARKER of Georgia: Joint resolution (H.J.Res. 179) designating May 22 as National Maritime Day; to the Committee on the Judiciary.

By Mr. SABATH: Joint Resolution (H.J.Res. 180) to exempt admission to the Second Gymnastic Festival of the American Sokol Union from the admission tax; 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. CANNON of Wisconsin: A bill (H.R. 5612) for the relief of William J. Graff; to the Committee on Military Affairs.

By Mr. FITZPATRICK: A bill (H.R. 5613) for the relief of the children of William Wheeler Hubbell and his wife, Elizabeth Catherine Hubbell, both deceased; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 5614) granting an increase of pension to Margaret E. Laidig; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5615) granting a pension to William Cloyd Fisher; to the Committee on Invalid Pensions.

By Mr. HARLAN: A bill (H.R. 5616) granting a pension to James F. Deal; to the Committee on Pensions.

By Mr. KRAMER: A bill (H.R. 5617) for the relief of Harry McCollister; to the Committee on Military Affairs.

By Mr. LEA of California: A bill (H.R. 5618) granting a pension to Mary L. Burgess; to the Committee on Pensions.

By Mr. McLEOD: A bill (H.R. 5619) for the relief of Francis M. Dent; to the Committee on Claims.

By Mr. MEEKS: A bill (H.R. 5620) granting a pension to Herman Samuel Coons; to the Committee on Pensions.

By Mr. MERRITT: A bill (H.R. 5621) granting a pension to Emma Hodge; to the Committee on Pensions.

By Mr. SANDLIN: A bill (H.R. 5622) for the relief of Joseph Crockett Cleveland; to the Committee on Naval Affairs.

PETITIONS, ETC.

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

999. By Mr. ARENS: Petition of E. N. Myers, secretary North Western Carmen's Association, St. Paul, Minn., protesting against the continuance of the waste of public funds through the diverting of freight to an extravagant and hugely subsidized competing form of transportation, approving President Roosevelt's position that waterway projects included in the public-works program should be confined to projects that are self-liquidating and for the use of which facilities a tonnage tax can be collected on water craft sufficient to pay for the maintenance of such waterways as well as to eventually retire the Government's investment therein, and favoring the investigation of the feasibility and practicability of water transportation on the upper Mississippi; to the Committee on Rivers and Harbors.

1000. Also, petition of Capt. Martin O. Ness, International Shipmasters Association, Duluth, Minn., opposing any reduction in personnel or appropriations for national defense appropriated by the last Congress, and also if appropriations are reduced for personnel in the Regular Establishment for the civilian components should be increased; to the Committee on Military Affairs.

1001. Also, petition of the Minneapolis Hide & Tallow Co., 240 Gateway Building, Minneapolis, Minn., retail and wholesale meat dealers of Minnesota, urging the Congress of the United States for the immediate consideration of adequate duties on all imports of animal, marine, and vegetable oils and fats, as well as the oil content of all raw materials from which such oils and fats are processed, and also adequate duties on hides and skins; to the Committee on Ways and Means.

1002. By Mr. BACHARACH: Petition of Mayor Nathaniel Rosenfeld; Woodbine Clothing Co.; Baron de Hirsch Lodge, No. 222, I.O.O.F.; George Feldman and Harry Feldman, residents of Woodbine, N.J.; William C. Hunt, of Wildwood, N.J.; and the Wildwood Chapter of Hadassah, Wildwood, N.J., protesting against the inhuman acts of the Hitler government against the Jewish race; to the Committee on Foreign Affairs.

1003. By Mr. BERLIN: Petition of Greensburg (Pa.) Jewish community at a public meeting under the auspices of Greensburg Lodge, No. 194, U.S. Order Brith Sholom, protesting against the atrocities practiced upon Jewish people of Germany and urging action that will result in the discontinuance of discrimination against the Jews; to the Committee on Foreign Affairs.

1004. By Mr. COCHRAN of Missouri: Memorial of King David Lodge, No. 120, Progressive Order of the West, M. Cytron, president, Al Cohen, secretary, of St. Louis, Mo., protesting against the persecution of Jews in Germany and urging action by the United States with a view to bringing about a speedy termination of discrimination against the Jews; to the Committee on Foreign Affairs.

1005. By Mr. CULLEN: Petition of the Brooklyn Council, Kings County, Veterans of Foreign Wars of the United States, opposing all such issues of tax-exempt obligations and urging Congress to take the necessary procedure to prevent the issuance of such tax-exempt obligations in the future and also, where possible, to subject all existing obligations and the income therefrom to the tax laws of the Government; to the Committee on the Judiciary.

1006. By Mr. GIBSON: Petition of Crippen-Fellows Post, No. 50, American Legion, Castleton, Vt., opposing removal of the regional office of the Veterans' Administration at Burlington, Vt.; to the Committee on World War Veterans' Legislation.

1007. By Mr. GRANFIELD: Petition of the City Council of the City of Cambridge, memorializing Congress to enact House Joint Resolution 191 and Senate Joint Resolution 105; to the Committee on the Post Office and Post Roads.

1008. By Mr. JOHNSON of Texas: Petition of the Senate of the State of Texas, urging that the Wagner relief bill be amended so that funds appropriated thereunder may be used for the construction of roads; to the Committee on Banking and Currency.

1009. By Mr. JOHNSON of Minnesota: Resolution of the International Shipmasters Association, of Duluth, Minn., expressing opposition to reductions in the Naval Reserve appropriations; to the Committee on Appropriations.

1010. By Mr. LESINSKI: Petition of the Wayne County Council, Veterans of Foreign Wars of the United States, urging retention of regional office of the Veterans' Administration at Detroit, Mich.; to the Committee on Appropriations.

1011. By Mr. LINDSAY: Petition of Steinway & Sons, New York City, piano manufacturers, opposing House bill 3759; to the Committee on the Judiciary.

1012. Also, petition of William S. Gray & Co., New York City, opposing House bill 3759; to the Committee on the Judiciary.

1013. Also, petition of National Rural Letter Carriers' Association, Washington, D.C., concerning the independent offices appropriation bill; to the Committee on Appropriations.

1014. By Mr. McCORMACK: Petitions of Patrick J. Connelly, president Dorchester Board of Trade, Dorchester, and employees of Aeolian-Skinner Organ Co., Inc., 215 Sydney Street, and Albre Marble & Tile Co., Inc., 64 Mount Vernon Street, Dorchester; American Stay Co., 299 Marginal Street, East Boston; Barney & Carey Co., Dorchester and Milton; Block Jones Photo Co., Inc., 27 Von Hillern Street, and Boston Insulated Wire & Cable Co., 65 Bay Street, Dorchester; D. R. Campbell Machine Co., 55 Mildred Avenue, Mattapan; Frost Coal Co., 488 Neponset Avenue, Freeport Marble & Tile Co., 264 Adams Street, Harrison Square Foundry Co., 110 Gibson Street, Healey-Seaver Co., 90 Freeport Street, McGovern Coal Co., 188 Geneva Avenue, Joseph Pollak Corporation, 79–85 Freeport Street, and Shawmut Engineering Co., 195 Freeport Street, Dorchester; and Thompson Wire Co., 41 Mildred Avenue, Mattapan, all of the State of Massachusetts, protesting against the passage of the so-called "Black-Connery 30-hour week labor bill", referred to Committee on Labor.

1015. Also, petition of the United Irish-American Societies of New York, James MacDermott, secretary, 205 East Sixty-seventh Street, New York City, opposing further reduction of foreign debts due the United States and the transferring of the weight of Eureopean war debts to the shoulders of the already overburdened people of the United States; to the Committee on Foreign Affairs.

1016. By Mr. McFARLANE: Petition of the Texas House of Representatives, urging amendments to the Wagner bill so that the Reconstruction Finance Corporation funds to be appropriated to the Texas Relief Commission may be used for the building of good roads; to the Committee on Banking and Currency.

1017. By Mr. MERRITT: Petition of the Common Council of Bridgeport, Conn., urging that the one hundred and fiftieth anniversary of the naturalization of Brig. Gen. Thaddeus Kosciusko be commemorated by the issuance of a memorial series of stamps; to the Committee on the Post Office and Post Roads.

1018. By Mr. RUDD: Petition of Steinway & Sons, New York City, opposing the passage of House bill 3759; to the Committee on the Judiciary.

1019. Also, petition of William S. Gray & Co., New York City, opposing the passage of House bill 3759; to the Committee on the Judiciary.

1020. By Mr. TRAEGER: Petition of the Assembly and the Senate of the State of California, dated May 2, 1933, urging enactment of the Ludlow unemployment bill, H.R. 1553; to the Committee on the Judiciary.

1021. Also, petition of the Legislature of the State of California, dated April 26, 1933, urging a tariff on rubber, and to include in the Government supply bills a requirement that rubber purchased be grown in the United States; to the Committee on Ways and Means.

1022. By Mr. WOLVERTON: Telegraphic petition of Samuel Shane, chairman, representing 2,000 citizens of Camden, N.J., protesting against the unjust persecution of Jews in Germany, and urging action that will result in the discontinuance of discrimination against the Jews; to the Committee on Foreign Affairs.